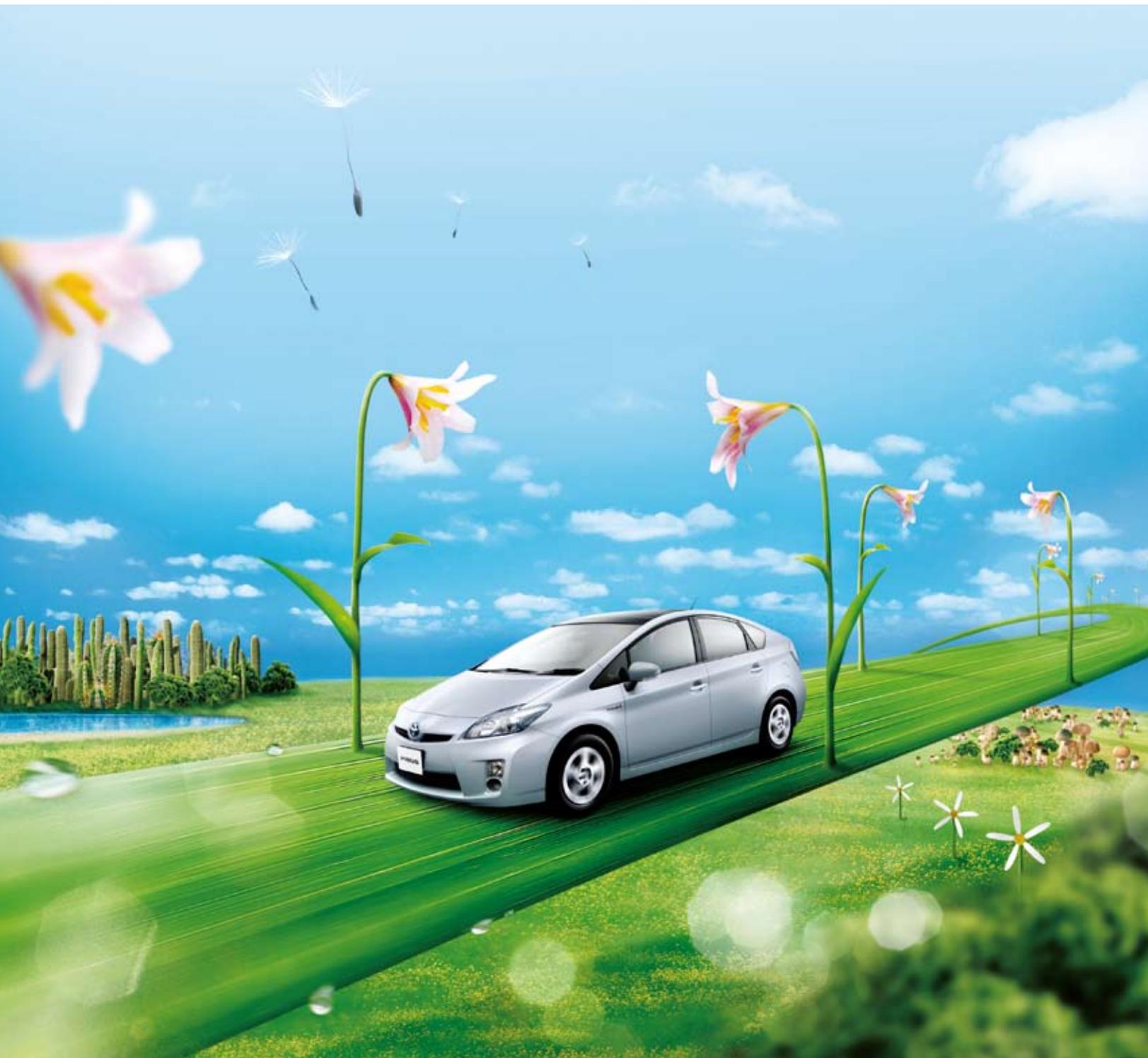


TOYOTA MOTOR CORPORATION

Sustainability Report 2009



Sustainability Report 2009

Editorial Policy

Sustainability Report 2009 describes the concepts and policies that serve as the foundation for Toyota's environmental and social initiatives conducted primarily during FY2008 (April 2008 to March 2009).

The economic situation underwent a drastic change in FY2008, and Toyota announced a net loss for the year. It is precisely because of these challenges that we now face that this year's report reflects again on the fundamental orientation of Toyota, which is to contribute to society through manufacturing of automobiles. The page numbers for key issues are indicated to the right. The message from the new President and the three special reports, in particular, incorporate the fundamentals of Toyota origins and present ideas for putting that into practice.

Given our current business situation, we decided to print this report in black and white, aiming to balance the presentation of information, the primary purpose of the report, with cost efficiency and substantial content (Please note that a color version of the report is available online at: <http://www.toyota.co.jp/en/csr/report/09/download/index.html>). Printing the report in black and white will also have the benefit of reducing CO₂ emissions by 0.33 tons.

A questionnaire is included at the end of this report for readers to provide feedback that Toyota can use to further improve the quality of reports in the future.

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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. An online edition of the report has also been created as an abridged version to be used along with the printed version (available at: <http://www.toyota.co.jp/SR/en09repo/>).

Period Covered

The period covered in the report's data is from April 2008 to March 2009. For major ongoing initiatives, the most recent status update in 2009 has been included.

Scope of Report

Environmental Aspects: Includes Toyota Motor Corporation's (TMC) own initiatives and examples of those of its overseas consolidated subsidiaries, as well as the progress of consolidated environmental management in Japan and overseas.

Social Aspects: Includes TMC's own initiatives and examples of those of its overseas consolidated subsidiaries.

Economic Aspects: Includes a summary of the TMC Annual Report

TMC's Main Information Disclosure Tools

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

Annual Report 2009

The Right Way Forward

 <http://www.toyota.co.jp/en/ir/library/annual/index.html>

Toyota In the World 2009

Databook

 http://www.toyota.co.jp/en/about_toyota/in_the_world/index.html

Company Outline

Name:	TOYOTA MOTOR CORPORATION
Date of establishment:	August 28, 1937
Principal operations:	Manufacturing and sales of automobiles and housing
Capital:	397.0 billion yen

Number of shareholders:	653,433
Total number of shares issued:	3,447,997,000
Stock exchanges on which the shares are listed:	Japan: Tokyo, Nagoya, Osaka, Fukuoka and Sapporo Overseas: New York and London

Note: Capital and number of shareholders are as of the end of March 2009
Capital less than 0.1 billion yen is omitted

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Major production bases in Japan

Automobile: Honsha Plant, Motomachi Plant, Kamigo Plant, Takaoka Plant, Miyoshi Plant, Tsutsumi Plant, Myochi Plant, Shimoyama Plant, Kinuura Plant, Tahara Plant, Teiho Plant, Hirose Plant
Housing: Kasugai Housing Works, Tochigi Housing Works, Yamanashi Housing Works

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Contributing to Society through the Manufacture of Automobiles

First of all, I would like express my sincere gratitude to everyone who has supported Toyota. Since its founding, the philosophy of Toyota has been to “be of service to society” and “contribute to society through the manufacture of automobiles.” To accomplish this, Toyota has put in place a corporate culture that places the customer and frontlines first, and that develops technology by emphasizing creativity and innovation. As the global economic crisis worsens, I would like everyone at Toyota to reacquaint themselves with company’s founding philosophy, embrace that outlook, and reapply those ideas to overcome the difficulties we face.

Looking back on the history of the automobile, we see that the mass production of automobiles began with introduction of the Ford Model-T. In the hundred years that followed, the automobile industry developed rapidly, in line with an ample supply of inexpensive oil. In the near future, however, it is said that the era of “peak oil,” where the demand for oil surpasses production, is certain to arrive. This means that, along with carefully using our precious oil supplies, we will need to accelerate the development of automobiles that run on alternate forms of energy. Meanwhile, current debate is also focused on global warming as an urgent issue. Given this situation, Toyota has placed the priority on developing environmental technologies, including hybrid technology, knowing that they will be absolutely essential in the upcoming era.

In order to expand the use of environmentally considerate automobiles, however, it is also essential to enhance the characteristic charm of automobiles. Getting in a car and driving it should be a source of enjoyment, fun and inspiration. Above all, Toyota wants to provide automobiles at affordable prices that encourage customer purchases. In order to put all of these elements in place, Toyota is carrying out initiatives that include achieving technological breakthroughs and reducing costs.

In order to have automobiles accepted by people and society at large as an essential mode of transport over the next hundred years as well, even in the midst of a challenging business environment Toyota will never slow the pace of technological development that drives our future growth, or of the productivity improvements that keep us competitive. Toyota will respond to the needs of society and enrich people’s lives through the manufacture of automobiles. And we will never lose sight of our gratitude toward our customers and other stakeholders. Based on that mindset, we will aim to contribute to the building of a new automobile society in the twenty-first century by gathering together the capabilities of our dealers, suppliers, and affiliated companies in a combined effort of the entire Toyota group.

In closing, I would like to express my hope for your continued support in the future.

September 2009

Akio Toyoda
President, Toyota Motor Corporation



All-out Emphasis on Customer First and *Genchi Genbutsu*, and Contributing to Society through *Monozukuri* and Automobile Manufacturing

It is time to return to Toyota's origins to realize the philosophy handed down since its founding

Since its founding, Toyota has advocated and strived to realize the philosophy of contributing to society through *monozukuri* (manufacturing) and automobile manufacturing.

At the basis of this philosophy is a way of thinking that emphasizes the principles of Customer First and *Genchi Genbutsu* (on-site, hands on). While the 70-year history of Toyota has been filled with challenges our suppliers, dealers and employees have worked together to overcome each crisis. There is now felt to be a need to return again to Toyota's origins. Introduced here is the story of Toyota's beginnings that has been passed down unbroken since its founding days.

Toyota's Origins: To Contribute to Society through *Monozukuri* and Automobile Manufacturing

Toyota's beginnings and the origins of its industrial endeavors, trace back to Sakichi Toyoda, who created the Toyoda Automatic Loom. He was born in 1867 into a family that lived in a poor village along the shores of Lake Hamana in Shizuoka Prefecture. His father was a farmer who worked as a carpenter on the side, and his mother wove cloth on a loom at home to supplement the family income. Sakichi felt the looms being used by his mother and other villagers were inefficient, and he wanted to improve them. He helped his father with carpentry work but never forgot for a moment his wish to invent a loom or other machine for the benefit of society. His thinking was first of all to help his mother and others in the village through his inventions, and thus to contribute to society. In 1890, Sakichi invented a loom equipped with a unique non-stop shuttle-change function.

Sakichi traveled to the United States in 1908 and was surprised by many of the things he saw there, particularly the automobile, which he witnessed for the first time on the Manhattan Bridge in New York. He strongly felt at that time that some day the automobile would make its way to Japan.

Among the many sayings attributed to Sakichi are the words, "Open the window, it's a big world out there," which dates back to the time he decided to enter overseas markets with his automatic loom. That saying can be interpreted as showing a willingness to accept new challenges at all times, and suggests the need to undertake a dialogue with society while conducting business. Based on such thinking, Toyota always has kept its windows open wide to its customers and to society, and has continually asked what

it must do to make people's lives more prosperous.

Sakichi's oldest son, Kiichiro, joined his father's loom business as an engineer after graduating from college, in time to contribute toward perfecting the Type G Automatic Loom. Following the Great Kanto Earthquake of 1923 that destroyed the streetcar systems, Kiichiro observed first-hand the way motor vehicles were used as a means of transportation. He realized anew that society needed automobiles, and felt strongly that "Japan, too, must build outstanding motor vehicles; and no matter what, we must build them ourselves." He thus came to hold a strong wish to enter the automobile business. The automotive industry depends on an extremely wide base of support industries, and Kiichiro entered the industry with the philosophy of "Building an automotive industry and serving a social role by making society more prosperous." The foundation of that philosophy is the way of thinking that emphasizes the principles of Customer First and *Genchi Genbutsu*.



The A1 prototype passenger car departing from Toyota for a test drive (1935)

In Focus

Sakichi Toyoda's thinking was codified in five principles in 1935 and called the Five Main Principles of Toyoda (formerly known as the Toyoda Precepts.) They have been passed down to the present, serving as a spiritual pillar and behavioral guidelines for Toyota and Group companies. Although the original Five Main Principles of Toyoda are written in a literary style, causing the wording to differ in some respects from contemporary wording, the spirit they contain is understood as well today as it was when the principles were formulated. Examples are "Make good products and contribute to society," "Conduct R&D ahead of the times, and attach importance to making things with added value," "Value the essence of things, and avoid frivolousness," "Lay emphasis on team work, and respect the partnership with suppliers and dealers," and "Take care of our stakeholders."

"Five Main Principles of Toyoda"

- Always be faithful to your duties, thereby contributing to the Company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for God, and remember to be grateful at all times.

Customer First—Users Come First, then the Dealers and, Lastly, the Maker

The starting point of Toyota's Customer First policy is providing products and services to satisfy the company's customers. In order to do so, Toyota has conducted constant *kaizen* initiatives and engaged in the production of automobiles that reflect a consideration of safety, the environment, product quality and their original function of being fun to drive.

The thinking behind the Customer First attitude has been nurtured in Toyota since its founding days. In the aftermath of the Pacific War, Shotaro Kamiya, who Kiichiro invited to join Toyota to head the company's sales and marketing efforts, turned first of all to rebuilding the sales network. Automobiles are products that require after-sales service, and it is the dealer, at the front line of sales, who is in direct contact with customers. In order to construct a sales network that could also provide after-sales service that meets the needs of customers, therefore, Kamiya's first step was to call together independent local dealers who had handled products since before the war. He introduced Toyota's sales policies and thoughts concerning a sales organization in a presentation and had them observe how Toyota makes cars, out of a desire to have them understand Kiichiro's true intentions concerning the production of automobiles. At the time, he said: "Users come first, then the dealers and, lastly, the maker." This refers to the order of priority in receiving benefits from automobile sales. That same Customer First orientation has continued unbroken to this day.

Up to that point, regarding automobile sales in Japan, no one had placed the dealers before the manufacturer. For that reason, influential dealers, even some who sold the products of other automakers, began to sell Toyota products. That is a key reason for

Toyota's sales success in Japan. The attitude of "Taking good care of our customers and dealers" has continued over the years and is still very much alive today.



Hinode Motors (today's Aichi Toyota Co. Ltd.) of Nagoya City, the first Toyota car dealer (1935)



Inaugural General Assembly of Toyota Motor Sales Union (1946)

Genchi Genbutsu—Go to the Worksite and Confirm Things in Person

From the time that it was founded, Toyota has always placed great emphasis on the *genchi genbutsu* way of thinking, the stance of producing automobiles by closely observing the worksite, making decisions based on what is seen, and implementing those decisions. Based on that approach, employees learn to visit the production or sales worksites, understand the situation in person, and make decisions accordingly. Newly recruited employees are taught the importance of *genchi genbutsu* by frequent inquiries on whether they have visited worksites and experienced the situation firsthand. The reason for the importance of worksites is that they allow the observer to "go to the source of an issue." Kiichiro Toyoda also paid close attention to the way of considering worksites as the source of everything. He said, "When a problem arises, the shortest route to final resolution is to return to the source and pinpoint what is truly wrong." After viewing the worksite, it is important for employees to carefully think through what they have seen, and then take action. In order to respond quickly to issues at production sites or to anticipate them in advance and thereby prevent them from occurring, it is necessary to possess thorough knowledge and high-level skills that have been acquired and polished at worksites. Employees are encouraged to persistently ask "Why?" over and over again when an issue arises, which leads to an understanding of the real cause and the true way to resolve issues.

One of Kiichiro's favorite phrases was "An engineer who does not have to wash his hands at least three times a day is not a good engineer." He frequently visited the plants and if he spotted a young engineer, he would ask him to put out his hands to check whether the engineer's hands were dirty or not. In handling things at worksites, a person's hands get oily. Even washing one's hands with soap will not remove all the oil. Streaks of black always remain. Kiichiro encouraged engineers whose hands were not streaked with black by asking them "How can you expect to do your job without getting your hands dirty!" Kiichiro himself thus always passed on to others the importance of the *genchi genbutsu* principle and of thinking things through.



Using a molding machine at the Koromo Plant (1938)

The Hybrid System - The Key to Sustainable Mobility Aiming to Install the Hybrid System in all Vehicle Models

The third-generation Prius achieves excellent fuel efficiency and comfortable driving characteristic of a hybrid vehicle

Twelve years have passed since introduction of the Prius, the world's first mass-produced hybrid vehicle aimed at widespread use from a customer perspective. Sales of the third-generation Prius began after thorough preparations involving a total of 2,200 engineers, designers and other experts. Amidst great expectations for it to become the driving force behind further expansion of the hybrid system, the new Prius provides fuel efficiency of 38km/L and retails from 2.05 million yen. Plans call for marketing it in around 80 countries, double the number of its predecessor. As the Prius evolves, Toyota aims to incorporate hybrid technologies into all its vehicles series in order to further popularize the use of hybrid vehicles with their excellent environmental performance.

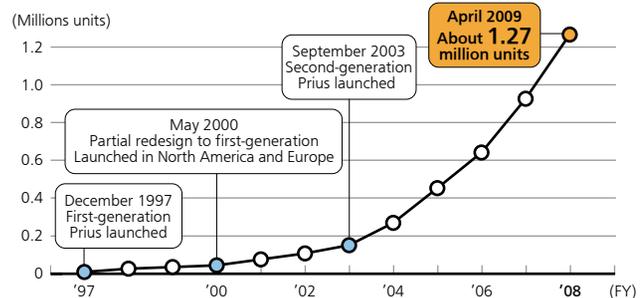
The First-generation Prius Embodied the Vehicle of the 21st Century; the Second-generation Prius Contributes to the Environment by Shifting from Quality to Quantity

The first-generation Prius development project started in 1993, directly after the burst of the economic bubble in Japan and amidst a recession induced by the rapid appreciation of the yen. Its aim was to develop a car that would embody the 21st century with the innovative goal of achieving double the fuel efficiency of existing vehicles. The new Prius was to be introduced within the limited time available in the run up to the new millennium. The basic development concept of the Prius for realizing sustainable mobility in the future was embodied in the three major issues of reducing CO₂ emissions, diversifying energy sources, and preventing atmospheric pollution. The core technology for realizing the development concept was the hybrid system. Among the various systems available, was the Toyota Hybrid System (THS), a new powertrain for passenger cars that combined a gasoline engine with an electric motor for its power source. Since, unlike existing electric cars, the hybrid vehicle did not require external recharging, it fit well into the existing fuel supply infrastructure. Furthermore, the THS also has the potential to achieve roughly double the fuel efficiency of conventional gasoline engines. Based on the belief that this vehicle would transform the automobile market, the name "Prius" was chosen for this new car, meaning, "to precede" in Latin.

The first-generation Prius debuted in December 1997 as the world's first mass-production hybrid vehicle. The second-generation Prius was launched in September 2003. Its fuel efficiency and driving performance were both improved over the first-generation model, and its utility was also enhanced. In pulling together the overall image of the second-generation Prius, an important source of information was first-generation Prius owners. For customers who said they wanted actual fuel efficiency to be increased while having a more enjoyable ride, Toyota used the THS-II system to simultaneously achieve high levels of environmental performance and power. And in response to demand from customers for a stronger sense of "driving the future," Toyota added a number of innovative features, including driving as an electric vehicle, an Advanced Parking Guidance System, a push-type ignition switch, a Smart Key, and an electronically controlled gearshift. Sales began increasing after the launch of the second-generation Prius, and total worldwide sales reached 1.27 million units as of April 2009. Since its launch in 1997, Prius sales resulted in cumulative reductions of about seven million tons of CO₂ emissions.*

*The CO₂ emissions equivalent of the reduction in fuel consumption (fuel consumption of an existing gasoline-powered vehicle used for comparison - fuel consumption of the Prius)

Cumulative Sales of the Prius Worldwide



The Third-generation Prius Replete with Exciting New Features and Futuristic Styling in Addition to Environmental Considerations

The third-generation Prius was introduced in May 2009. Akihiko Otsuka, chief engineer of the third-generation Prius project, says the two key points in developing the new Prius were an affordable price and improved fuel efficiency. As measures related to energy and global warming issues, it is necessary to expand the use of highly fuel-efficient vehicles such as the Prius. For that reason, setting the price of the Prius—Toyota's entry model hybrid vehicle—at an affordable level was seen as one of Toyota's missions. "Although we tackled development with a fuel efficiency target of 38km/L, it was a tough level to achieve because engine efficiency had already been substantially improved," explained Otsuka regarding the difficulties met in improving fuel efficiency. "In order to lower the vehicle's overall energy loss, we aimed at increasing system efficiency to 60% and vehicle efficiency to 40%."



The development staff of the third-generation Prius

In order to combine an affordable price with improved fuel efficiency, particular efforts were made to improve engine efficiency and reduce the size and weight of parts. To improve engine efficiency, the inline four-cylinder engine was switched from the previous 1.5-liter model to a newly developed 1.8-liter one. The increased displacement gave the engine more output torque, making it possible to reduce engine rpm during high-speed driving, thereby improving engine efficiency in all speed ranges and improving fuel efficiency. The new Prius also has a 0.25 coefficient of drag, contributing to a 0.3km/L improvement in fuel efficiency. To reduce the size of parts and make them lighter, all 30,000 parts used in the Prius were checked carefully over and over. Using fewer raw materials in hybrid systems resulted in about a 20% size reduction, at the same time lowering costs by 30% and improving fuel efficiency. To reduce costs further, the new Prius shares 90% of the parts in the platform and 50% of the parts in the suspension with existing models. Toyota's basic stance is to prioritize the setting of prices that customers can afford and the reduction of costs to realize those prices. These combined efforts helped to achieve a fuel efficiency of 38km/L for the third-generation Prius. Besides environmental performance, safety features were also bolstered, such as through the use of Steering-assisted Vehicle Stability Control (S-VSC), Supplemental Restraint System (SRS) side impact airbags, and SRS curtain-shield airbags. Retail prices in Japan start at 2.05 million yen, and sales will cover 80 countries, double the number for the second-generation Prius. Toyota also introduced the Prius Cup, an initiative for drawing cars and customers closer together in a move to nurture the automobile culture (see pp 8-9 for more details). The new Prius seeks to achieve a balance between advanced environmental features, driving performance that is unique to a hybrid vehicle, and the excitement of 'driving the future' as an electric car when running on batteries. In the first month after launch, sales in Japan topped 180,000 units. The third-generation Prius is not simply an environmentally-considerate vehicle: it is a next-generation vehicle that will satisfy even car enthusiasts.

The Hybrid System - The Key to Sustainable Mobility

Ever since the launch of the original model, the Prius has been a driving force towards realizing sustainable mobility, and through redesigns it has evolved over the years. Hybrid technology allows the simultaneous realization of improved fuel efficiency, reduced CO₂ emissions and cleaner exhaust emissions. It also makes it possible to combine various power sources, including gasoline engines, diesel engines and fuel cells, thus responding to the issue of diversification of energy sources that is key to achieving sustainable mobility in the twenty-first century. For that purpose, the hybrid system is a core technology for realizing sustainable mobility, and the advancement of hybrid technology to enable the use of diverse fuels is a more realistic solution to the issue of energy source depletion in the future. Advances in battery technology also contribute greatly to the practical application of electric vehicles (EV). Based on such thinking, Toyota is making efforts to expand and improve the range of vehicle series in its product line fitted with hybrid systems to follow up on the continuing success of the Prius. As early as possible in the 2010s, Toyota is aiming for annual global sales of one million hybrid vehicles. In the 2020s, Toyota intends to employ hybrid technology in every vehicle series it manufactures. With the current hybrid system as the base, a plug-in hybrid vehicle that allows a longer electric motor-only cruising range will be made available on a lease basis from the end of 2009. About 200 units will be leased in Japan, and about 300 in Europe and the United States. The hybrid system used in the original Prius was considered special technology for responding to environmental concerns. With the expanding use of the Prius, it has now become firmly established as a technology that is indispensable for improving fuel efficiency and reducing CO₂ emissions. In the future, Toyota will continue to expand the scope of application of the hybrid system plug-in hybrid vehicles, fuel cell hybrid vehicles (FCHVs), electric vehicles, and other environmentally-considerate vehicles, and take further steps toward realizing sustainable mobility.

In Focus

Widespread Introduction of the Third-generation Prius at Toyota Rental/Lease Dealers Enables More Customers to Experience the Car's Appeal

Hybrid vehicles are highly popular even in the car rental business. As of August 2008 Toyota Rental/Lease dealers owned some 4,000 units of the Prius, accounting for 73% of all hybrid vehicles available in the car rental and leasing industry in Japan. In May 2009, to allow even more customers to experience driving a hybrid vehicle, Toyota Rental/Lease dealers lowered the rental charge for these vehicles. Rentals of the third-generation Prius at all Toyota Rental/Lease dealers began in July 2009. The Prius was first introduced into the car rental business in 2005, and since then the THS-II has been extremely well received, and customers have remarked not only on its fuel efficiency but also on how it performs better than expected on the road. Travel agencies also have commented on how many of their customers want to drive hybrid vehicles while on trips. Many Prius owners first experienced the appeal of the "strong hybrid vehicle," with its advanced capability for running on the electric motor alone, on a rental car. Toyota Rental/Lease dealers have introduced the third-generation Prius early on in order to showcase the car's appeal, with its enhanced product features, and hopes to contribute toward providing a boost to the Japanese automobile market.

For details on Toyota Rental/Lease dealers please visit the following website:

 <http://rent.toyota.co.jp/en/index.html>



Second- and third-generation (left) Prius models at Toyota rental/lease dealers

Filming cooperation: Toyota Rental/Lease Kanagawa

To Ensure that Cars Continue to be Appealing Products, Toyota Wants People to Rediscover their Appeal and Enjoyment by Seeing and Experiencing them First Hand

Toyota seeks to expand the number of car fans by highlighting their appeal

While markets around the world have been expanding up to now, the Japanese market has been contracting. Today, in the midst of a changing world economy, Toyota is being compelled to return to its origins, as a Japanese automobile manufacturer, and conduct activities that are firmly rooted in the Japanese market. Toyota first of all intends to provide the kind of cars that appeal to customers and fully convey to them the appeal of those cars, positioning Japan as its home market, where the company established and developed its business.

Trends in the Japanese Market that Differs Qualitatively from Other Markets Around the World, Including those of Other Developed Countries

After peaking in 1990, new car sales in Japan have been on a downward trend. In FY2008 new car sales (excluding minivehicles) were around 2.89 million units, a 16% year-on-year decline, marking the first time in 37 years for sales to dip below the three-million-unit mark. In particular, sales of cars to younger drivers who have just acquired a driver's license have been sluggish. In 1999, the percentage of the "pre-entry" segment (composed of men and women aged 18 to 24) who used cars stood at 71.6% for men, but by 2007 that figure had fallen by 3.6 percentage points, to 68%. Meanwhile, 69.9% of women in this segment used cars in 1999, but by 2007 the percentage was 62.8%, a 7.1 percentage-point drop. An emerging trend saw more young people sharing their parents' cars. Also, because of an increase in the opportunities for families to ride in cars together, there was a decrease in frequency of use. Furthermore, young people today are surrounded from an early age by personal computers, cell phones, video games, and various other new products and services, which has led them to become relatively disinterested in cars. The reason why young people do not have or feel a need for their own car is that there has been a change in the external environment, so that now people can communicate at any time without leaving home, leading to less frequent opportunities to use a car, which may have weakened people's motivation to purchase cars. According to a survey by the Japan Automobile Manufacturers Association, Inc. (JAMA), when today's 40- and 50-year-olds were in college cars ranked seventh in terms of products they were interested in; whereas today's college students are more interested in PCs, fashion items, portable music players and communication devices, so that cars only rank 17th among them.

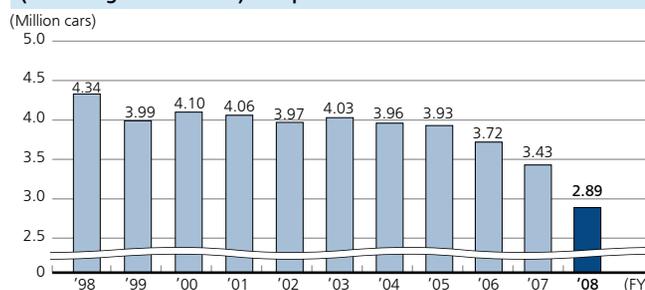
In response to these qualitative differences in the Japanese market compared to markets in other countries, Toyota is communicating the appeal of cars to customers from various angles, premised on offering attractive cars, including hybrid vehicles such as the Prius. With the Japanese market as its base, Toyota is also moving to create an environment that facilitates the use of cars and to introduce new sales methods, while developing medium- and long-term initiatives aimed at stimulating interest in cars and convincing customers of their appeal through direct hands-on experiences.

For details on JAMA's Fiscal 2008 Passenger Car Market Trends Survey please visit the following website:

<http://www.jama-english.jp/release/release/2009/090408.html>

Annual Registrations of New Cars (excluding minivehicles) in Japan

Source: JAMA data



Percentage of Personal Car Users

Source: JAMA data

Percentage with driving licenses	1999	2001	2003	2005	2007
All ages	53.1	53.4	52.1	48.5	50.4
Total for men (18-24)	54.8	55.5	53.8	42.1	51.5
(18-24)	71.6	75.2	68.8	71.6	68.0
Total for women (18-24)	48.2	48.3	48.3	40.8	48.4
(18-24)	69.9	67.1	65.4	52.2	62.8

Various Measures to Convey the Appeal of Cars by Offering Customers Hands-on Experiences

The best way to appreciate the performance and features of cars that are constantly evolving is to actually experience them first-hand. Toyota is communicating information on plans and projects that allow customers to experience the appeal and enjoyment of cars for themselves, while striving to offer new ways of enjoying cars and new services. At the same time, Toyota is developing measures to raise the confidence and product knowledge of its dealers and to strengthen the mutual bonds of trust with them. In a word, Toyota is making an effort to invigorate its sales personnel, who are in direct contact with customers.

Driving Festival

The Driving Festival is the first two-day test drive event to be held over a weekend by an automobile manufacturer that is intended to enable participants to experience the appeal and advances of cars. The event allows customers to rediscover the appeal of cars by giving them the rare opportunity to experience features first-hand. Visitors also have the opportunity to drive both on a circuit and off-road, as well as to participate in lively out-of-the-ordinary events such as "Eco-run," and programs that let customers experience new technology from various angles, such as technologies related to safety and automatic parking functions. In FY2008, events were held in Sendai (14,000 visitors), Sapporo (12,000 visitors), and Okayama (10,000 visitors). A total of about 50,000 people have attended the

Driving Festival since the first event was held at Odaiba in Tokyo. Each event has attracted more visitors than originally expected. Some 97% of respondents to a questionnaire distributed at the Odaiba event said they would like to attend another event in the future. The Driving Festival provides Toyota, as a manufacturer, with the opportunity to directly meet customers. Based on the response of customers to the events, Toyota realized that there is a strong interest among customers to learn more about cars. The know-how gained from the Driving Festival can also be put to good use by the dealers.



Executing 270° and 360° turns to experience the superb maneuverability of the iQ

Prius Cup

The Eco-Run Automobile Race and Service Competition are events in which employees from Toyota dealers in all sales channels throughout Japan test their skills as a way of directly experiencing the enjoyment of cars through motor sports. The events are aimed at raising the energy level of sales and service engineers, who are in direct contact with customers at dealers, and provide opportunities for discussion and widening the circle of car fans. In FY2008, the events were held in the Shikoku, Hokkaido, Chugoku, Tohoku, and Tokai regions. The events were well received by the roughly 100 participating dealers, who were particularly impressed by how a sense of unity was fostered among them. Some of the comments made by the engineers who participated were that the events "renewed an awareness of the importance of team work" and "provided experiences that cannot be gained at work."



Engineers vie for maintenance precision and speed in the Service Competition

Original Car Experience Program Through Five Senses

The Original Car Experience through Five Senses is a program aimed at elementary school children who comprise the next generation of car drivers. Participants are provided the opportunity to experience and learn about the appeal and enjoyment of cars through original experiences that involve the use of all of their senses to convey to them a feeling of excitement and delight. Two programs are provided: one aimed at fourth-grade students, called the Original Car Experience for Kids through Five Senses; and one aimed at fifth-grade

students, called the Program to Learn Entirely About Cars and the Environment Classroom. Both programs tie in with the overall elementary school curriculum as well as the science and social-studies classes. The main theme of the Original Car Experience for Kids through Five Senses is "Power & Control." Experimental classes have been held at elementary schools in Oita Prefecture and Tokyo, using actual cars as well as replicas. In an age when experience via virtual reality is on the rise, it was impressive to hear children, in the presence of real things, say that the experience was fun and that they wanted to learn more about how cars are made, the materials used in making them, and other car-related information.



An air engine car used in a classroom experiment

Promoting the Use of Cars and Responses to Latent Demand for Vehicles

Executive Vice President Yoichiro Ichimaru, in charge of sales in Japan, interprets trends in the Japanese automobile market in terms of "ownership structure" and "replacement structure." With regard to the former structure, he says "Social changes after the bubble economy burst—including the falling birthrate and aging population—led to a mature market and changes in the style of vehicle ownership. Meanwhile, in terms of the latter structure, a change has occurred in consumption trends, including the set of values that consumers have toward automobiles." As an automobile manufacturer, Toyota can make an effort to respond to many aspects related to that latter change. "We came to understand that young people are definitely not moving away from automobiles. There is much that Toyota can do, and must do," says Ichimaru, based on what he has learned from Toyota's initiatives taken to date. By getting customers interested again, tackling the task of making cars that respond to latent demand among customers, and also striving to create opportunities for them to actually experience the appeal of cars, Toyota is convinced that it can foster customers' appreciation of the inherent usefulness and enjoyment of cars and strengthen their willingness to purchase one. Toyota will return to the business spirit it adopted at the time of its establishment, while listening closely to customers and boldly undertaking the challenge of achieving innovation without being bound to the past, so that automobiles continue to be attractive products throughout the 21st century.

In Focus

Toyota Metapolis: Experience a Virtual World of Cars

The Toyota Metapolis, which debuted on the Internet in April 2008, allows viewers to experience a virtual world of cars. It is a 3D city aimed at young people in the contemporary age. Visitors to the site customize an avatar by freely choosing a face, clothes, hairstyle and so forth, thereby becoming a resident of the city. It is possible, of course, to test drive and purchase a virtual Toyota car, and virtual events are held at different times, attended by several thousand avatars, facilitating direct communication between Toyota and Toyota Metapolis users. As of the end of June 2009, total visitors numbered 660,000. One outstanding feature is that the percentage of repeat visitors is high. Some 64% of the responses to a questionnaire survey indicated that users had gained an interest in automobiles by visiting Toyota Metapolis, while 55% said that they had gained an interest in Toyota. In May 2009, a virtual launch was held to coincide with the launch of the third-generation Prius. Those participating in the virtual event offered comments that included the observation that "witnessing the launch led to a sudden interest in the Prius." In addition to strengthening interest in the actual vehicles, an important task for the future is to communicate with customers about future means of transportation and the mobile society, while striving to make that vision a reality.



A function held to mark the virtual launch in May 2009

Corporate Philosophy

Seeking Harmony between 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 Precepts Passed on since Toyota's Foundation

The Toyoda Precepts, passed on from the time of Toyota's foundation up to the present day, have acted as the core of Toyota management. The Precepts 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.

▶ Please see pages 4-5 Special Feature "Return to the Starting Point" for additional information

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 that it has embraced since its foundation. TMC, 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.

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
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management
6. Pursue growth in harmony with the global community through innovative management
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships

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

For details on the Charter of Corporate Behavior, please visit the following website:
 <http://www.keidanren.or.jp/english/policy/cgcb.html>

CSR Policy: Contribution towards Sustainable Development

In January 2005, Toyota drafted and announced the Contribution towards Sustainable Development, an interpretation of the Guiding Principles at Toyota that takes into consideration Toyota's relations with stakeholders. This was revised in July 2008 to become the CSR Policy: Contribution toward Sustainable Development to take into account subsequent environmental changes and heightened societal interest in CSR.

TMC has shared the statement with its consolidated subsidiaries and is taking relevant action. Toyota also expects business partners to support this initiative and act in accordance with it.



For details on the CSR Policy, please visit the following website:

 <http://www2.toyota.co.jp/en/vision/sustainability/index.html>



Toyota's CSR Structures

TMC established the CSR Department within the CSR & Environmental Affairs Division in January 2007 as a specialized organization. The CSR Department is responsible for drafting CSR policies; responding to CSR issues; implementing activities to raise awareness of CSR within TMC, and with regard to subsidiaries and business partners; disseminating CSR-related information; and communicating with stakeholders.

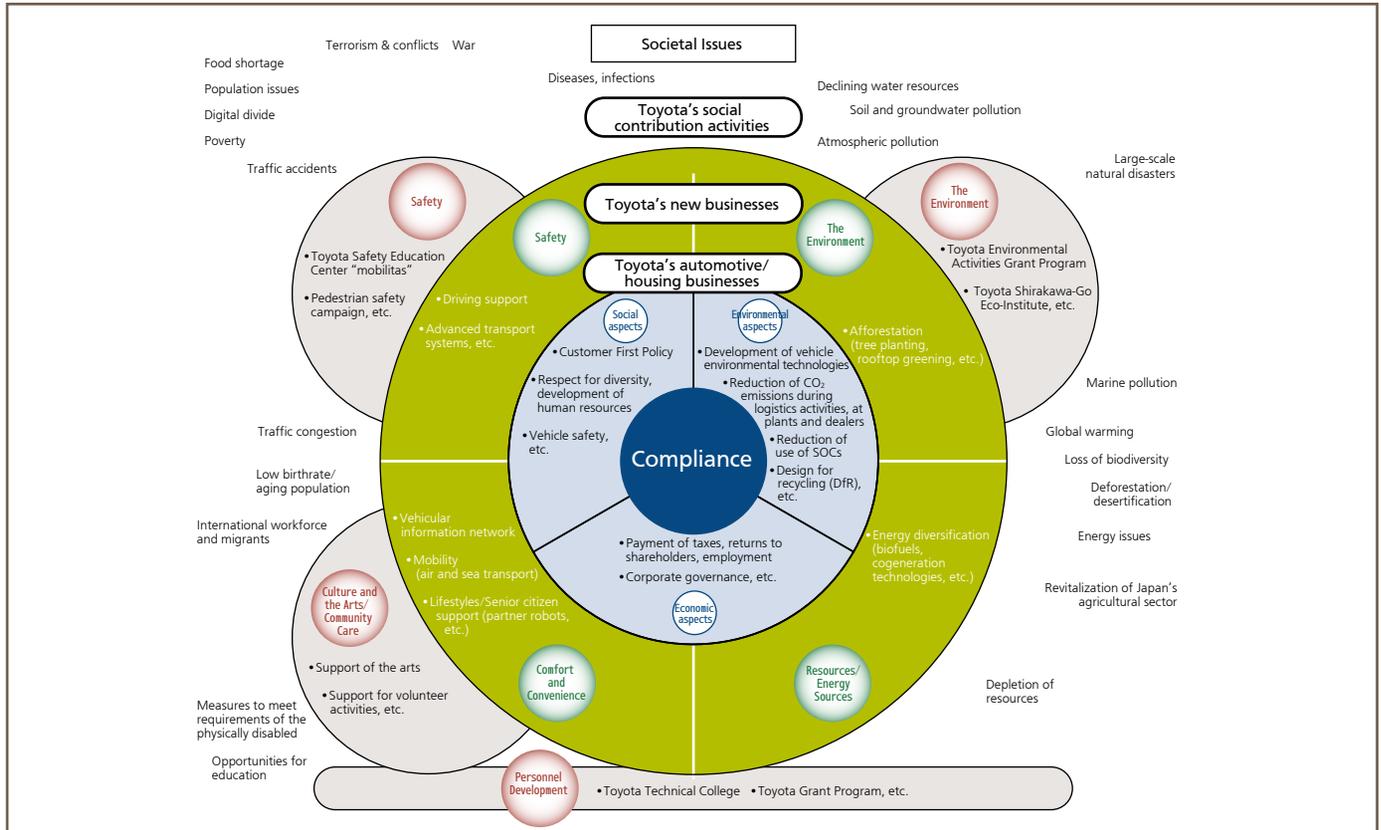
Corporate Philosophy

In October 2007, TMC established the CSR Committee, whose membership includes directors at the vice president and higher level and a representative of the corporate auditors. The CSR Committee is comprised of the Corporate Ethics Subcommittee, Corporate Citizenship Activity Subcommittee and the CSR Planning Subcommittee. In FY2008, the committee met four times to deliberate and report on topics such as drafting of CSR policies, activities to check for legal compliance, internal controls, social contribution activity policies, CSR guidelines for suppliers, and responses to biodiversity issues.

Structures



Overview of Toyota's CSR Activities



Toyota Global Vision 2020

The environment surrounding the automotive industry is undergoing drastic changes, with economic development accelerating in a number of regions throughout the world and environmental and energy-related issues having an impact on a global scale. Amid these changes Toyota endeavors to remain a useful member of the global and local communities and toward this end has formulated its "Global Vision 2020," which provides a future vision for Toyota's place in the world.

● Slogan

TOYOTA GLOBAL VISION 2020
Open the Frontiers of Tomorrow
 through the energy of people and technology

Currently, Toyota is employing "Open the Frontiers of Tomorrow" as the slogan for Global Vision 2020. This slogan expresses the commitment of Toyota and each and every employee to never be satisfied with the status quo, to create a path to a new world and to work steadily towards the realization of society's dreams. This progress is to be achieved "through the energy of people and technology."

● Where Toyota would like to be in 2020



As it looks ahead to 2020, Toyota believes that re-examining the relationship between nature and industry and pursuing harmony between *monozukuri*, people, society in general, and nature is extremely important. Also, by seeking harmony between *monozukuri* and the cycles of nature, Toyota is helping promote efforts toward finding a harmonious balance between the cycles of nature and the cycles of industry. We believe that it is our mission to tackle challenges in new fields in order to achieve this.

Corporate Philosophy

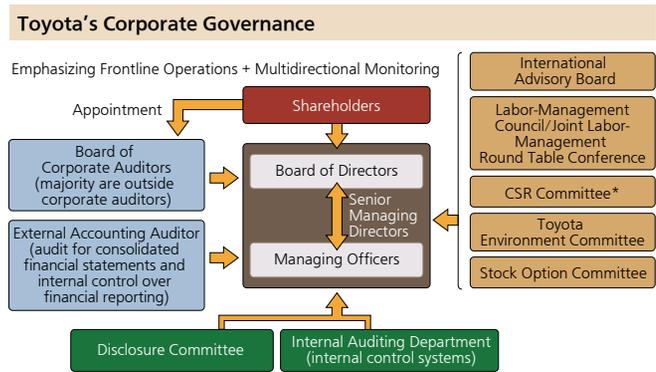
Corporate Governance

Toyota's Basic Approach to Corporate Governance

Specifically, Toyota has introduced a unique management system focused on prompt decision making for developing our global strategy and speeding up operations. Furthermore, 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 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. Toyota's management team and employees conduct operations and make decisions founded on that common system of checks and balances and on high ethical standards.

Systems for Ensuring Appropriate Management and Basic Approach to Internal Controls

Regarding the current managerial system, which was introduced in 2003 and encompasses various operational functions across the entire company, the Senior Managing Directors, who are directors, serve as the highest authorities of their specific operational functions while non-board Managing Officers implement the actual operations. To monitor the management, Toyota has adopted an auditor system that is based on the Japanese Corporation Act. In order to increase transparency of corporate activities, four of Toyota's seven corporate auditors are external auditors. 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 ten distinguished advisors from overseas with backgrounds in a wide range of fields, including politics and economics. Through the IAB, Toyota receives advice on diverse business issues from a global perspective. Additionally, an internal control system has been developed under the following basic policies organized in May 2006.



*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.

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. In addition, in order to reinforce compliance systems, Toyota initiated activities that include subsidiaries. Internal checks were conducted in FY2008. The results of these activities were reported to the CSR Committee, and improvements based on the inspection results have already been started.

Education and Training to Ensure Thorough Compliance

To ensure that awareness of compliance extends from senior managers to all other employees, TMC 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 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 TMC 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

Compliance Hotline Heartful Net e-club	Gender Harassment Prevention Hotline Mental and Physical Health Hotline
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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
2. Retention and management of information relating to the execution of responsibilities by Directors
3. Regulations and other systems related to the management of risk of losses
4. Efficiency of execution of responsibilities by Directors
5. Legal compliance by employees
6. Appropriateness of the business operations of the group
7. Employees assisting the Corporate Auditors
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

Highlights in FY2008

Environmental Aspects

Environmental Philosophy

14 – 19 ▶

In FY2008, the middle year of the Fourth Toyota Environmental Action Plan, reviews were conducted based on the progress status of initiatives in all areas.

Energy/Global Warming

20 – 27 ▶

Despite the economic crisis, Toyota steadily implemented measures related to energy and global warming issues. Toyota promoted product development centered on improving conventional engines and increasing the number of hybrid vehicles, while implementing measures toward achieving low-carbon plants worldwide.

1.8 million vehicles, 10 million tons

Cumulative hybrid vehicle sales and cumulative CO₂ emissions reduction benefit

Recycling of Resources

28 – 31 ▶

The year 2008 saw major fluctuations – in the first half of the year, an extremely tight supply of raw materials caused prices to surge followed, in the second half of the year, with a fall in demand that caused prices to plummet. Constantly bearing in mind resource productivity, Toyota steadily implemented responses to automobile recycling laws in Japan and overseas, while also promoting effective resource utilization, reduction of water consumption and development of vehicles based on the Design for Recycling concept.

Substances of Concern

32 – 33 ▶

Based on the fundamental policy of implementing thorough measures to totally eliminate substances of concern from all vehicles, Toyota is managing substances of concern through a company-wide system and is taking actions globally in the areas of both products and production. With regard to the EU REACH Regulation, Toyota completed pre-registration.

Atmospheric Quality

34 – 35 ▶

To help maintain atmospheric quality, in the area of products, Toyota is developing low-emissions technologies and introducing low-emissions vehicles suited to the conditions in each country. 100% of Toyota vehicles produced meet or exceed the Ultra Low-Emission Vehicle (U-LEV) level in Japan. In the area of production, Toyota is continuing to implement VOC emissions reduction measures.

100%

Toyota vehicles produced that meet or surpass the Ultra Low-Emission Vehicle (U-LEV) level

Environmental Management

36 – 43 ▶

In line with the United Nations' move to designate 2010 as the International Year of Biodiversity, Nippon Keidanren (Japan Business Federation) created and announced the Declaration of Biodiversity by Nippon Keidanren. Toyota also participated in the preparation of the declaration and in line with the spirit of the declaration, is taking action under the Toyota Biodiversity Guidelines.



Further, in recognition of sustainable plant activities based on the concept of "a plant that fully utilizes natural resources while operating in harmony with the natural environment" Toyota won the Sustainable Management Pearl Award of the Seventh Japan Sustainable Management Awards.

Sapporo Toyopet Helps Polar Bears with the Prius

Housing Business

44 – 45 ▶

The Housing Business is steadily implementing measures in accordance with the Toyota's Housing Business Environmental Action Plan 2010. The product development concept for FY2008 was centered on the environment from the two perspectives of increasing home lifespan and saving energy and creating energy. Toyota developed and sold houses with world leading levels of environmental performance, under the brand vision of "Sincerely for you," assuring customers of Toyota Home's after-sales service activities.

Social Aspects

Relations with Customers

50 – 53 ▶

Reaffirming the spirit of showing determination, and passion in undertaking the challenge of achieving customer-focused manufacturing, Toyota is promoting the development of products that have the essential qualities of attractive vehicles. With regard to Partner Robots, in FY2008 Toyota made particular efforts in the areas of nursing and medical care and personal transport, and promoted the development of robots such as "Robina" and "Mobi-ro."



Robina

Mobi-ro

Relations with Employees

54 – 59 ▶

Toyota took action based on the two pillars of the Toyota Way: "Continuous Improvement" and "Respect for People." Positioning human resource development as a top priority item, Toyota concentrated on personnel development and improving the work environment.

Relations with Business Partners

60 – 62 ▶

Toyota believes in the importance of collaboration with suppliers in CSR activities and, towards that end, drafted the Toyota Supplier CSR Guidelines. Toyota has held meetings in Japan for 1,100 suppliers.

1,100 companies

The number of suppliers to which the Toyota Supplier CSR Guidelines have been expanded

Relations with Shareholders

63 ▶

A substantial contraction of the automotive market and the rapid appreciation of the yen have resulted in a very difficult set of circumstances. In an effort to achieve a quick earnings recovery, Toyota will return to the origin of its growth and promote the creation of a corporate structure capable of meeting both economic and environmental demands.

Global Society/Local Communities

(Initiatives for Improving Traffic Safety)

64 – 67 ▶

Toyota adopts a comprehensive approach based on the Safety: Basic Concept that seeks to develop safer vehicles and work together with society. In order to enhance understanding of the comprehensive approach, Toyota's Approach to Safety Technology and Vehicle Development is explained here for the first time.



Driving Simulator that is used to estimate the effectiveness of different active safety features

Global Society/Local Communities

(Social Contribution)

68 – 75 ▶

Seeking to be good corporate citizen of the world that is trusted by society, Toyota is engaged in various social contribution activities to enrich society and realize its sustainable development.



Students at a model school of Toyota Teach study technology

Global Society/Local Communities

(Communication with Society)

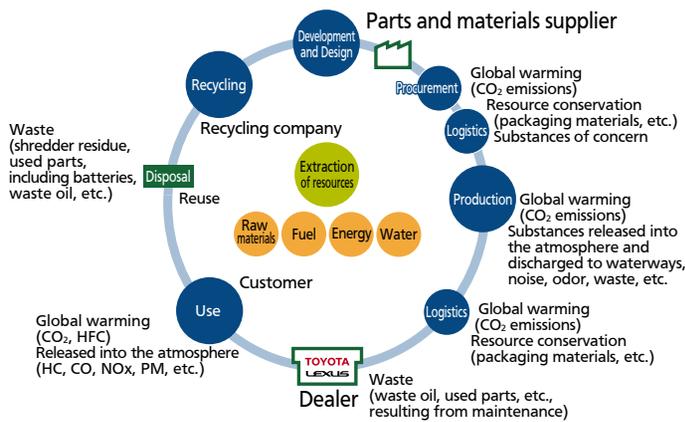
76 – 77 ▶

The Toyota vision and corporate activities were introduced at numerous cultural facilities. The first "Meeting to Read the Sustainability Report" for employees was held in FY2008 to improve the report for its on-site role.

Environmental Philosophy

Initiatives to Reduce Environmental Impact and Recycle Resources at All Stages of Business Activity

The business environment surrounding industry is undergoing dramatic changes, such as the worldwide economic crisis and environmental and energy-related issues of global scale. Given this situation, Toyota is working to reduce CO₂ emissions and other environmental impact, at all stages from vehicle development to production, use, disposal, and recycling, while also promoting resource recycling. Towards this end, Toyota is undertaking environmental activities in all its business areas, including housing, information technology, biotechnology, and afforestation. Additionally, in order to conduct environmental activities at the highest levels in every country and region, Toyota has established environmental management systems in all regions and areas of operation and working with related companies in Japan and overseas to implement consolidated environmental management and promote environmental management on a global scale.



respective country or region. TMC also supports environmental management by affiliates through the sharing of best practices and exchanges of information to mutually strengthen relationships, as well as audit training, etc. The percentage of vehicles produced and sold by companies subject to consolidated EMS worldwide was 99% and 92% respectively.

Toyota Earth Charter

I. Basic Policy

- Contribution toward a prosperous 21st century society**
Contribute toward a prosperous 21st century society. Aim for growth that is in harmony with the environment, and set as a challenge the achievement of zero emissions throughout all areas of business activities.
- Pursuit of environmental technologies**
Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment and economy to coexist harmoniously.
- Voluntary actions**
Develop a voluntary improvement plan, based on thorough preventive measures and compliance with laws, that addresses environmental issues on the global, national, and regional scales, and promotes continuous implementation.
- Working in cooperation with society**
Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation including governments, local municipalities, related companies and industries.

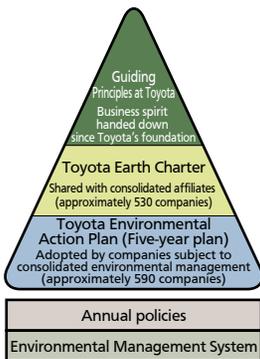
II. Action Guidelines

- Always be concerned about the environment**
Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization, and disposal
 - Develop and provide products with top-level environmental performance
 - Pursue production activities that do not generate waste
 - Implement thorough preventive measures
 - Promote businesses that contribute toward environmental improvement
- Business partners are partners in creating a better environment**
Cooperate with associated companies
 - Participate in the creation of a recycling-based society
 - Support government environmental policies
 - Contribute also to non-profit activities
- As a member of society**
Actively participate in social actions
- Toward better understanding**
Actively disclose information and promote environmental awareness

III. Organization in Charge

Promotion by the Toyota Environment Committee which consists of top management (chaired by the president)

Conceptual Diagram of the Toyota Environmental Action Plan



Principles, Policies and the Toyota Environmental Action Plan

The Toyota Earth Charter (formulated in 1992, revised in 2000) is based on the Guiding Principles at Toyota formulated in 1992 (revised in 1997), and embodies Toyota's comprehensive approach to environmental issues. The Toyota Earth Charter has been adopted by approximately 530 affiliates worldwide to date. In accordance with the Toyota Earth Charter, Toyota Motor Corporation (TMC) has formulated the Fourth Toyota Environmental Action Plan, a five-year plan with medium-term goals covering the period from FY2006 to FY2010 to facilitate the promotion of environmental initiatives by each company.

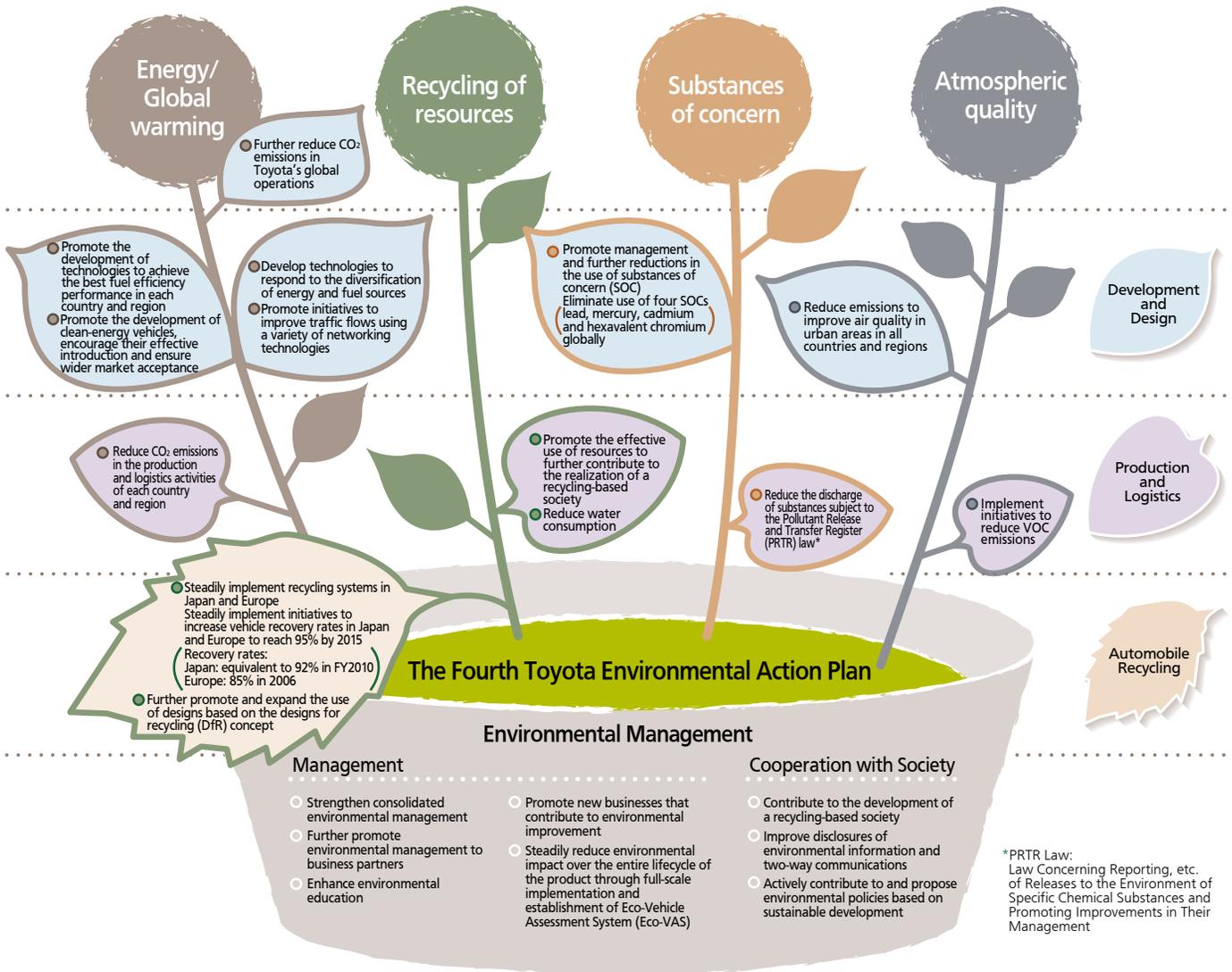
Promotion of Consolidated Environmental Management

As Toyota's business expands on a global scale, TMC introduced a consolidated environmental management system (consolidated EMS) in FY2000 to promote environmental action in concert with consolidated subsidiaries.

TMC presents its environmental policy 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

Fourth Toyota Environmental Action Plan

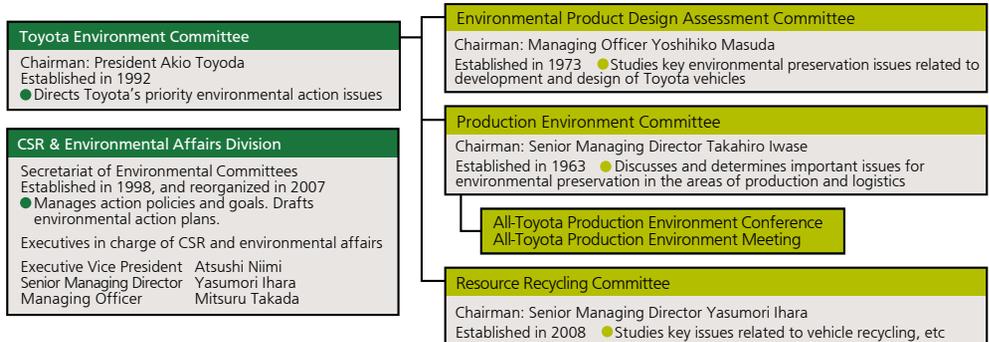
Toyota has formulated the Fourth Toyota Environmental Action Plan specifying the activities which must be implemented between FY2006 and FY2010 in order to realize the corporate image that Toyota seeks to pursue—a leader and driving force in global regeneration by implementing the most advanced environmental technologies.



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 response policies in their respective areas of responsibility. Each committee collaborates with all relevant divisions to promote company-wide action.

Organization Framework



Environmental Philosophy

The Fourth Toyota Environmental Action Plan Interim Review (Including FY2008 progress check)

In FY2008, the middle year of the Fourth Toyota Environmental Action Plan, a review of all 22 action items in the different areas was conducted. In the area of energy and global warming, progress was made in improving the fuel efficiency of products; not only were the regulations of each country complied with, but Toyota also maintained fuel efficiency in Japan and the United States at levels above the industry average. Initiatives are also being steadily implemented to develop clean-energy vehicles and technologies for a diverse range of fuels, as well as improve traffic flow through collaboration with relevant organizations. In the area of production and logistics, the 2010 targets were achieved ahead of schedule by global implementation of energy-saving activities. Even more challenging new goals were set in June 2008. However, the decline in production volume caused by the global economic crisis that began in the second half of FY2008 resulted in an increase in emissions per unit of production. Moving forward, Toyota will continue efforts to reduce emissions per unit of production at all affiliates.

In the area of resource recycling, steady progress was made in reducing the volume of waste discharged per unit of production, and the usage

	Action items	Specific actions and goals
Energy/ Global Warming	1) Reduce CO ₂ emissions in Toyota's global operations	<ul style="list-style-type: none"> Adopt and steadily implement medium- and long-term scenarios
	2) Promote the development of technologies to achieve the best fuel efficiency performance in each country and region	<ul style="list-style-type: none"> Japan: Steadily promote improvements in fuel efficiency to surpass the 2010 Fuel Efficiency Standards Europe: Steadily implement initiatives to realize Japan Automobile Manufacturers Association's commitment to reduce CO₂ emissions to 140g/km by 2009 North America: Steadily promote the development of technologies aiming to achieve the best fuel efficiency among competing vehicles of the same class China: Achieve the new fuel efficiency standards in the short-term and realize leading fuel efficiency levels by vehicle class
	3) Promote the development of clean-energy vehicles, encourage their effective introduction and ensure wider market acceptance	<ul style="list-style-type: none"> Further improve the performance of hybrid systems, increase the number of hybrid vehicle series and introduce them in more markets Develop and quickly introduce next-generation fuel cell vehicles in light of the diversification of energy sources
	4) Develop technologies to respond to the diversification of energy and fuel sources	<ul style="list-style-type: none"> Assess and develop corresponding technologies for various types of bio fuels and synthetic fuels that will contribute to reductions in CO₂ emissions and energy security
	5) Promote initiatives to improve traffic flows using a variety of networking technologies	<ul style="list-style-type: none"> Promote initiatives to improve traffic flows in cooperation with relevant organizations, aiming to introduce to society traffic systems that use ITS from the three-fold perspective of "cars," "traffic infrastructure" and "people"
	6) Reduce CO ₂ emissions in the production and logistics activities of each country and region	<p>Production</p> <ul style="list-style-type: none"> Dramatically increase productivity through measures such as the development of innovative production technologies, thus reducing CO₂ emissions Develop technologies that will enable the use of "new energy" and study their introduction <p>Logistics</p> <ul style="list-style-type: none"> Promote CO₂ emissions reduction activities through improvements in transportation efficiency
Recycling of Resources	7) Promote the effective use of resources to further contribute to the realization of a recycling-based society	<p>Production</p> <ul style="list-style-type: none"> Reduce the volume of materials discarded by taking action at the source, such as improving yields and other measures (reduce the volume of valuable materials such as scrap metal and waste and maintain zero landfill waste generation) <p>Logistics</p> <ul style="list-style-type: none"> Reduce packaging and wrapping material usage by keeping packaging to a minimum and increasing the use of returnable containers
	8) Reduce water consumption	<ul style="list-style-type: none"> Set separate goals for each country and region and continue implementing measures to reduce water consumption
	9) Steadily implement recycling systems in Japan and Europe	<ul style="list-style-type: none"> Steadily implement measures to achieve a vehicle recycling/recovery rate of 95% in 2015 Develop recycling technologies for newly developed parts (FC and HV parts, etc.) and create collection networks
	10) Further promote and expand the use of designs based on the designs for recycling (DfR) concept	<ul style="list-style-type: none"> Promote and expand the development of vehicles that are easy to dismantle and recycle Expand the usage of renewable resources such as Toyota Eco-Plastic, and of recycled materials (establish technologies that enable use of 15% resin parts by 2010) Develop and increase use of designs based on the DfR concept for newly developed parts
Substances of Concern	11) Promote management and further reductions in the use of substances of concern (SOC) <ul style="list-style-type: none"> Eliminate use of four SOCs (lead, mercury, cadmium and hexavalent chromium) globally 	<ul style="list-style-type: none"> Introduce vehicles in Japan and Europe that use zero amounts of the four banned substances starting in FY2006 (complete elimination, with some exemptions, by 2007) Eliminate worldwide usage of the four banned substances in accordance with Toyota's global standards in the short term Reduce cabin VOC levels in all new vehicles launched globally by 2010 Develop air conditioners that use coolants with a small global warming potential
	12) Reduce the discharge of substances subject to the PRTR law* <p>*Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management</p>	<ul style="list-style-type: none"> Reduce the discharge of substances subject to the PRTR law, focusing on vehicle painting processes

Environmental Philosophy

of packaging and wrapping material in logistics, thus achieving almost all 2010 goals. With respect to recycling end-of-life vehicles, Toyota steadily responded to the recycling laws of Japan and other countries, while also examining the recycling of hybrid vehicles in Japan, the United States, and Europe, identifying related issues, and studying revisions. In the future, Toyota will continue efforts to maintain and stabilize vehicle recycling/recovery rates, develop recycling technologies for hybrid vehicle parts, and expand the use of recycled materials and renewable resources. With regard to substances of concern, Toyota implemented measures, according to plan, to manage and reduce the usage of such substances in materials used during product design and production. Toyota also made steady progress in responding to new regulations. With respect to consolidated environmental management, Toyota implemented Eco-Factory activities when establishing new plants and completed the creation of a system to determine CO₂ emissions by consolidated non-production companies. The disclosure of environmental information was also enhanced, with the publication of environmental reports by three overseas affiliates for the first time.

Status of action		Actions to be undertaken in 2009 and beyond																												
<ul style="list-style-type: none"> Formulated the roadmap for Toyota's global CO₂ emissions reduction activities (plants and vehicles) 		<ul style="list-style-type: none"> Review and steadily implement the roadmap for CO₂ emissions reduction activities, taking into consideration changes in the business environment 																												
<ul style="list-style-type: none"> Japan: Fuel efficiency standards met in all categories. Exceeded industry averages in all categories Europe: Low-CO₂ emissions vehicles steadily introduced towards achieving 140g/km goal North America: Average fuel efficiency for passenger vehicles maintained at the highest levels China: Compliance with phase 2 fuel efficiency regulations (effective as of FY2008) completed 		<ul style="list-style-type: none"> Steadily achieve, maintain, and exceed the standards of each country 																												
<ul style="list-style-type: none"> Hybrid vehicles steadily introduced. Cumulative sales reached 1.8 million units in March 2009. Verification testing of plug-in hybrid vehicles conducted in Japan, North America, and Europe The Toyota FCHV-adv, an improved fuel cell vehicle, was developed and leasing began in September 2008 		<ul style="list-style-type: none"> Begin widespread sales of plug-in hybrids Continue development of low-cost fuel cell systems 																												
<ul style="list-style-type: none"> Compatibility with E10 fuel achieved for all vehicles sold worldwide. Established a collaborative structure with six private companies for the development of bio-ethanol technology Continued development of technologies for the production of fuels that do not compete with foodstuffs 		<ul style="list-style-type: none"> Encourage the adoption of standards on fuel properties in preparation for the diversification of fuels 																												
<ul style="list-style-type: none"> Used probe communication traffic information to determine optimal routes and avoid traffic congestion, thus reducing CO₂ (this feature of the G-BOOK mX telematic service began in April 2007) Continued development of systems that work in collaboration with infrastructure to improve traffic flow, such as a system that uses traffic signal information to prevent delayed startup at traffic signals Cooperated with Toyota City for its development as a low-carbon community ("Eco-Model City" concept), based on the "Hybrid City" basic concept; and also carried out initiatives to verify the operation of the new types of mobility (e.g., plug-in hybrids) and to improve employee commuting 		<ul style="list-style-type: none"> Implement measures to enhance the volume and quality of traffic information using probe communication traffic information Develop commercial products that can make use of various systems that contribute to improving traffic flow Collaborate and cooperate with regard to action plans to support low-carbon programs 																												
<table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Item</th> <th>2010 Goal</th> <th>FY2008 results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Production</td> <td>Worldwide</td> <td>Emissions volume/sales unit</td> <td>20% reduction from FY2001</td> <td>27% reduction</td> </tr> <tr> <td rowspan="2">TMC</td> <td>Emissions volume/sales unit</td> <td>35% reduction from FY1990</td> <td>50% reduction</td> </tr> <tr> <td>Emissions volume</td> <td>20% reduction from FY1990</td> <td>37% reduction</td> </tr> <tr> <td rowspan="2">Logistics</td> <td>Japan</td> <td>Emissions volume</td> <td>10% reduction from FY1990</td> <td>32% reduction</td> </tr> <tr> <td>Overseas</td> <td>Determine actual figures by FY2007 and make a shift to management of objectives</td> <td></td> <td>Shift almost completed</td> </tr> </tbody> </table>			Region	Item	2010 Goal	FY2008 results	Production	Worldwide	Emissions volume/sales unit	20% reduction from FY2001	27% reduction	TMC	Emissions volume/sales unit	35% reduction from FY1990	50% reduction	Emissions volume	20% reduction from FY1990	37% reduction	Logistics	Japan	Emissions volume	10% reduction from FY1990	32% reduction	Overseas	Determine actual figures by FY2007 and make a shift to management of objectives		Shift almost completed	<ul style="list-style-type: none"> Continue actions to further reduce CO₂ emissions per sales unit 		
	Region	Item	2010 Goal	FY2008 results																										
Production	Worldwide	Emissions volume/sales unit	20% reduction from FY2001	27% reduction																										
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	Region	Item	2010 Goal	FY2008 results																										
Production	Japan	Volume of materials discarded/sales unit	3% reduction from FY2003	27% reduction																										
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Logistics	Japan	Usage volume of packaging material	43% reduction from FY1995	40% reduction																										
	Overseas	Grasp usage volumes and expand reduction activities		Partially implemented																										
<ul style="list-style-type: none"> Each company implemented voluntary reduction activities 		<ul style="list-style-type: none"> Continue activities to reduce water consumption in all countries and regions 																												
<ul style="list-style-type: none"> Japan: Vehicle recycling/recovery rate goal for FY2015 cleared since FY2007 (FY2006 rate: 94%; FY2007 rate: 96%; FY2008 rate: 97%) Europe: Put in place a collection network in 23 of the 27 EU countries. Measures are being taken in the remaining four countries in line with their governmental situation In Japan, North America, and Europe, examined the recycling of hybrid vehicles, identified issues, and studied revisions 		<ul style="list-style-type: none"> Japan: Maintain and stabilize the vehicle recycling/recovery rate Europe: Formulate a scenario for achieving a vehicle recycling/recovery rate of 95% by 2015 Continue technology development and promote reviews of the collection network and logistics systems 																												
<ul style="list-style-type: none"> Incorporated easy-to-dismantle designs, such as pull-tab type terminals and the use of improved dismantling marks for all new models launched from 2006 (FY2006 to FY2008: 25 vehicle series) With regard to the usage of recycled materials and expanded use of Toyota Eco-Plastic¹, a recyclable resource, developed a technology that enables 8% usage of Toyota Eco-Plastic in resin parts Enhanced ease of removal (reduced the time) of hybrid vehicle batteries (12% improvement on the new Prius) 		<ul style="list-style-type: none"> Continue the incorporation of easy-to-dismantle designs developed by Toyota Continue development of technologies for the use of recycled materials (such as used bumpers) and of renewable resources (Toyota Eco-Plastic and plant-based materials) Continue improvements in hybrid vehicle battery removal 																												
<ul style="list-style-type: none"> Basically eliminated the use of the four banned substances globally by the end of 2007 Completed pre-registration under the new EU REACH regulations Efforts underway to achieve goals for new vehicles and to achieve voluntary industry standards for fully redesigned vehicles launched in Japan Developing air conditioners that use new coolants with a lower global warming coefficient 		<ul style="list-style-type: none"> Continue measures for complete elimination. Implement responses to additional regulations on substances such as solder Implement registration without any omissions and reliably respond to the issue of substances of very high concern Reliably adopt measures for new and completely redesigned vehicles launched in Japan Continue development and strive for rapid commercialization 																												
<table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Item</th> <th>2010 Goal</th> <th>FY2008 results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Production</td> <td>Japan</td> <td>Discharge volume</td> <td>55% reduction from FY1998</td> <td>72% reduction</td> </tr> <tr> <td>TMC</td> <td>Discharge volume</td> <td>70% reduction from FY1998</td> <td>83% reduction</td> </tr> <tr> <td>Overseas</td> <td>Set goals that are stricter than each country's regulations and implement reduction activities</td> <td></td> <td>Being implemented</td> </tr> </tbody> </table>			Region	Item	2010 Goal	FY2008 results	Production	Japan	Discharge volume	55% reduction from FY1998	72% reduction	TMC	Discharge volume	70% reduction from FY1998	83% reduction	Overseas	Set goals that are stricter than each country's regulations and implement reduction activities		Being implemented	<ul style="list-style-type: none"> Achieved 2010 targets in FY2008. Continue improvements with a focus on reducing VOCs 										
	Region	Item	2010 Goal	FY2008 results																										
Production	Japan	Discharge volume	55% reduction from FY1998	72% reduction																										
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1. Eco-Plastic: A type of plastic developed by Toyota for use in automobiles that contains plant-derived materials, featuring improved heat resistance and shock resistance as compared to general bio-plastics

Environmental Philosophy

Action items	Specific actions and goals
Atmospheric Quality 13) Reduce emissions to improve air quality in urban areas in all countries and regions 14) Implement initiatives to reduce VOC emissions	<ul style="list-style-type: none"> Promote the development of ultra-low emissions technologies and introduce the best-performing low-emissions vehicles according to conditions in each country Continue development of high-efficiency clean diesel vehicles
	<ul style="list-style-type: none"> Implement measures to further reduce the volume of cleaning solvents used in vehicle painting processes and expand the use of waterborne paints
Environmental Management 15) Strengthen consolidated environmental management 16) Further promote environmental management to business partners 17) Enhance environmental education 18) Promote new businesses that contribute to environmental improvement 19) Steadily reduce environmental impact over the entire lifecycle of the product through full-scale implementation and establishment of Eco-Vehicle Assessment System (Eco-VAS) 20) Contribute to the development of a recycling-based society 21) Increase disclosure of environmental information and bidirectional communication 22) Actively contribute to and propose environmental initiatives based on sustainable development	Production affiliates <ul style="list-style-type: none"> Implement global Eco-Factory activities that ensure the incorporation of environmental measures from the planning stages Zero instances of non-compliance and complaints, minimizing environmental risks, and achieving leading levels of environmental performance in each country and region Non-production affiliates <ul style="list-style-type: none"> Manage and enhance affiliates' environmental performance (CO₂ emissions, etc.) on a global scale
	Suppliers <ul style="list-style-type: none"> Management of SOCs contained in parts, raw materials, production facilities and other items supplied to Toyota Request voluntary initiatives by suppliers to improve environmental performance Japanese dealers <ul style="list-style-type: none"> In addition to proper disposal of waste and treatment of wastewater, undertake active steps to address a broad range of issues such as reducing CO₂ emissions Support dealer initiatives to reinforce and enhance their environmental management functions Overseas distributors <ul style="list-style-type: none"> Create support and monitoring systems to assess, manage, and reduce CO₂ and other emissions of overseas distributors. Support initiatives to ensure appropriate disposal of waste, wastewater and air conditioner coolants at overseas dealers
	<ul style="list-style-type: none"> In addition to raising employee environmental awareness, continue conducting environmental training that contributes to improvement in actual work activities Enhance global environmental education and include consolidated affiliates
	<ul style="list-style-type: none"> Expand existing and establish new biotechnology and reforestation businesses Promote development and launch of stationary fuel cells Expand businesses that reduce environmental risk, such as management of SOCs, etc
	<ul style="list-style-type: none"> Implement on models that undergo redesigns and new models in Japan and expand to all vehicles, including those produced in Europe and America
	<ul style="list-style-type: none"> Promote basic environmental research, such as development of technology to reduce CO₂ emissions, and make proposals Implement philanthropic programs that contribute to development of environmental technologies, environmental education, and the preservation of biodiversity <ul style="list-style-type: none"> Continue implementing and further enhance the content of activities such as the Toyota Environmental Activities Grant Program (in commemoration of winning the Global 500 Award) and the establishment of the TOYOTA Shirakawa-Go Eco-Institute
	<ul style="list-style-type: none"> Increase the provision of information on environmental technologies Provide eco-drive information to consumers Enhance the environmental reports of each country and region Improve communication with each region Engage in dialogue and enhance mutual understanding with a wide range of stakeholders
	<ul style="list-style-type: none"> Participate in debates concerning the creation of governmental environmental policies and frameworks both in Japan and overseas Promote environmental measures proposed by the World Business Council for Sustainable Development (WBCSD), Nippon Keidanren, Japan Automobile Manufacturers Association (JAMA) and industry organizations

TMC Environment-related Accidents

As indicated in the table to the right, there were three environment-related accidents in FY2008. All three accidents concerned water quality and occurred at locations other than production bases. In response to the incidents, TMC is implementing measures to address environmental risk management at locations other than production bases. Particular emphasis will be placed on reinforcing risk assessment relating to construction and other non-ordinary activities; thoroughly confirming inspection points and incorporating risk management into procedures; and reconfirming emergency response procedures for non-compliance and implementing comprehensive inspections to prevent reoccurrence.

Environmental Philosophy

Status of action		Actions to be undertaken in 2009 and beyond																			
<ul style="list-style-type: none"> Achieved or surpassed Ultra-Low Emission Vehicle (U-LEV) levels for 100% of vehicles produced Continue development of high-efficiency clean diesel vehicles 		<ul style="list-style-type: none"> Take actions in anticipation of new developments in regional regulations Continue development of high-efficiency clean diesel vehicles 																			
<ul style="list-style-type: none"> Implemented measures to reduce VOCs from body painting process <table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Item</th> <th>2010 Goal (average of all lines)</th> <th>FY2008 results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Body painting processes VOC</td> <td>Japan</td> <td>Emissions/unit of painted area</td> <td>35g/m² or less</td> <td>32g/m²</td> </tr> <tr> <td>TMC</td> <td>Emissions/unit of painted area</td> <td>25g/m² or less</td> <td>24g/m²</td> </tr> <tr> <td>Overseas</td> <td colspan="2">Conduct activities to reduce VOC emissions at the highest levels in each country</td> <td>Being implemented</td> </tr> </tbody> </table>			Region	Item	2010 Goal (average of all lines)	FY2008 results	Body painting processes VOC	Japan	Emissions/unit of painted area	35g/m ² or less	32g/m ²	TMC	Emissions/unit of painted area	25g/m ² or less	24g/m ²	Overseas	Conduct activities to reduce VOC emissions at the highest levels in each country		Being implemented	<ul style="list-style-type: none"> Continue VOC reductions through daily management, such as reducing the volume of cleaning solvent used 	
	Region	Item	2010 Goal (average of all lines)	FY2008 results																	
Body painting processes VOC	Japan	Emissions/unit of painted area	35g/m ² or less	32g/m ²																	
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	Overseas	Conduct activities to reduce VOC emissions at the highest levels in each country		Being implemented																	
<ul style="list-style-type: none"> Implemented Eco-Factory activities at 22 plants in worldwide (FY2006-FY2008) Twelve incidents of non-compliance and zero complaints worldwide (FY2008) Put in place a system that assesses CO₂ emissions, centering on consolidated subsidiaries (introduced Environmental Performance Indicators (EPI) and currently conducting monitoring) 		<ul style="list-style-type: none"> Continue implementation of Eco-Factory activities (from planning to operational stages) Reinforce preventive activities to prevent recurrence Shift to early management of objectives 																			
<ul style="list-style-type: none"> Issued new and revised procurement guidelines by May 2008 (for 8 companies in Japan and 23 companies overseas) Incorporated into revised procurement guidelines Assessed environmental performance data for CO₂ emissions and other substances from consolidated dealers Increased the number of dealers in Japan adopting the CSR Declaration (370 of 404 dealers or 92%) Trial implementation of energy conservation measures at 15 outlets (January to December, 2008) Introduced and currently implementing EPI at main consolidated overseas distributors 70% of dealers met the requirements for the overseas major distributor Dealer Environmental Risk Audit Program (DERAP), covering dealers operating under major 38 distributors 		<ul style="list-style-type: none"> Continue to follow up on guidelines previously issued in Japan and overseas Complete the determination of current conditions and shift to early management of objectives Carry out initiatives aimed at 100% of dealers in Japan making a CSR declaration Confirm and implement energy-saving measures suitable for dealers through use of the Energy Service Company (ESCO) Investigate handling of small-scale consolidated distributors and non-consolidated distributors Continue measures to reach an attainment rate of 80% of dealers under the authority of the subject distributors 																			
<ul style="list-style-type: none"> Implemented Toyota Global Environment Month activities worldwide (including a message from the president, posters, e-learning, eco-life examples) Cooperated with the CO₂ reduction campaign (a movement to reduce CO₂ by 1kg per person, per day); implemented Coolbiz and Warmbiz activities Distributed a compilation of improvement best practices, including measures to help for preventing global warming, to affiliates worldwide (annual activity) 		<ul style="list-style-type: none"> Continue Toyota Global Environment Month activities Actively cooperate with national policies in Japan such as Coolbiz and Warmbiz Continue preparation and distribution of compilation of best practices 																			
<ul style="list-style-type: none"> Formulated Toyota's approach to greening and created and began implementing a development plan with a focus on specialized greening materials (launched one variety of plant that helps improve the environment and one type of greening material) Contributed to addressing environmental issues (odor countermeasures) in the livestock industry through the livestock biomass business Continued appropriate tree cultivation management for the Australian tree planting business, contributing to environmental improvement (fostering water resources recharge, preventing damage from salt etc) Participated in a trial project for Polymer Electrolyte Fuel Cell (PEFC) (total of 76 units between FY2006 and FY2008) Began development of Solid Oxide Fuel Cell (SOFC) cogeneration system (starting in March 2009), in cooperation with Osaka Gas, Kyocera, and Aisin Seiki Promoted chemical substance management and reduced the release and transfer of substances subject to PRTR, through the use of the PRTR calculation system of the subsidiary Eco Research 		<ul style="list-style-type: none"> Encourage development of specialized greening materials based on the development plan (for roof gardens, greening of walls, etc.) Improve products and implement sales promotion activities to expand the scale of business even further Harvesting and shipment of materials for use as paper pulp are scheduled to begin in FY2009 Support the joint development of the SOFC cogeneration system by the four companies and consider the commercialization of products Conduct reduction activities by assessing the environmental impact from chemical substances used 																			
<ul style="list-style-type: none"> Implemented for all vehicles. LCA assessment was steadily implemented in stages for newly developed vehicles and new parts (a total of 40 vehicle series between FY2006 and FY2008) 		<ul style="list-style-type: none"> Continue LCA for newly developed vehicles, new mechanisms, and new systems (such as batteries) 																			
<ul style="list-style-type: none"> Supported the basic research activities of the Global Climate and Energy Project (GCEP) via Stanford University and the development of atmospheric models with The Energy and Resources Institute (TERI) based in India Biodiversity: Formulated and announced the Toyota Biodiversity Guidelines Provided support to 77 projects in Japan and overseas over the three years from FY2006 to FY2008. Starting in FY2008, the focus has been on biodiversity and global warming issues Toyota Shirakawa-Go Eco-Institute: Steadily expanded hands-on environmental education programs (13,440 people participated in environmental programs in FY2008) 		<ul style="list-style-type: none"> Continue to support basic environmental research Implement activities to conserve biodiversity including cooperation with COP10 Consider continuation of the project and efficient operation Continue to improve and expand the Toyota Shirakawa-Go Eco-Institute environmental education programs 																			
<ul style="list-style-type: none"> Provided environmental information on products and technologies in a timely manner through brochures, the internet, and the green purchasing network Prepared and distributed pamphlets (235,000 copies, of which approximately half were distributed to customers on request) and posted information on the Internet Newly issued by affiliates in Brazil, China, and Malaysia. Together with reports currently being issued; a total of 14 countries and regions issued reports Cooperated with Toyota City in the Eco-Model City initiative from the time applications began, with an emphasis on traffic, industry, and forests; the city was selected as a model city in January 2009 Each year, topics are selected and Stakeholder Dialogue are held 		<ul style="list-style-type: none"> Continue to provide environmental information on products and technologies Provide expertise to Eco-model cities, etc Issue even higher-quality reports through the mutual exchange of information Continue cooperation with the city's implementation plans Set topics based on interests inside and outside the company, and continue dialogue with stakeholders 																			
<ul style="list-style-type: none"> Participated in policy debates (regarding global warming, fuel efficiency, etc.) through organizations such as Nippon Keidanren and JAMA Participated in WBCSD activities such as policy recommendations for the UNFCCC* process and the Mobility for Development project <p>* United Nations Framework Convention on Climate Change</p>		<ul style="list-style-type: none"> Continue participation in policy debates concerning key issues such as the post-Kyoto framework and new issues Participate in activities to make proposals through the WBCSD concerning the post-Kyoto framework and to contribute to the realization of sustainable mobility 																			

Date	Location	Category	Details and Causes	Measures to Prevent Recurrence
November 2008	Higashifuji Technical Center	Water quality	Improper operation of a wastewater valve during construction to replace a control panel in the wastewater treatment plant resulted in the flow of some untreated water into a river.	Assessment of environmental risks at construction sites will be reinforced. Preliminary and final confirmations will be more thoroughly implemented. Sites where water is released directly into rivers will be listed and reassessed.
January 2009	Kamigo Logistics Center	Water quality	Stormwater that had collected in an improperly cleaned and sanitized stormwater collection tank at a construction site flowed into a public waterway before treatment.	Risks that can affect the environment from changes at a construction site will be identified and management points clarified and incorporated into procedures. Procedures concerning responses in the event of irregularities will be prepared and implemented thoroughly.
March 2009	Meiko Center	Water quality	Stormwater that seeped into the ground at a construction site leaked into an existing manhole and water that exceeded pH standards flowed out.	Seepage of rainwater at construction sites will be prevented. Existing manholes will be repaired to bolster water resistance. Identification of sites where construction waste water flows will be clarified, with new risks borne in mind and thorough water-quality confirmations standardized.

Energy/Global Warming

Steadfastly Promoting the Creation of Vehicles with Lower CO₂ Emissions, Based on the Recognition that Global Warming is the Most Crucial Issue Facing Humanity

FY2008 was a year of great turmoil. In the first half, rapid economic development in emerging nations pushed energy prices into previously uncharted territory. Then, in a sudden turn-around in the second half, the global recession triggered by the financial crisis caused energy prices to tumble and the automobile market to shrink. Based on the firm conviction that energy resources are finite, and that global warming is one of the most serious issues facing the human race, Toyota is committed to continue working to implement countermeasures.

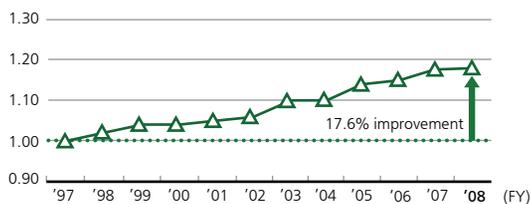
Development and Design Management

Further reducing CO₂ emissions in global business activities

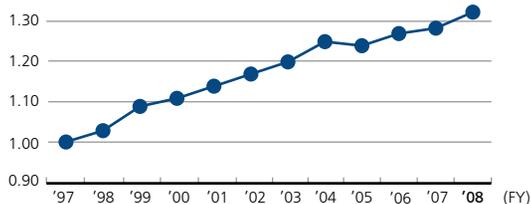
Steadily Implementing Measures Related to Energy and Global Warming Issues Despite the Economic Crisis

The 15th session of Conference of Parties to the United Nations Framework Convention on Climate Change (COP15) will be held at the end of 2009 and is expected to set global greenhouse gas emission goals up to around 2020. Based on a medium- to long-term perspective, Toyota plans to continue taking steady actions to contribute to the achievement of those goals. In order for measures related to energy and global warming issues to be sustainable and acceptable to consumers, Toyota believes that the measures must address both environmental and economic concerns. Toyota is continuing to develop technologies capable of providing cars that are comfortable yet offer excellent driving performance, superior fuel efficiency, and lower CO₂ emissions; while at the same time working to reduce production costs. Toyota is committed to continue providing customers with products that are cost-effective and offer superior fuel efficiency, by taking advantage of the feedback received from customers over the course of selling in excess of 1.8 million hybrid vehicles in more than ten years since introduction (as of the end of April 2009) and by utilizing our economy of scale. As part of its global business expansion, Toyota has set CO₂ emissions goals related to automobile production for affiliates both in Japan and overseas, and is taking actions to achieve these goals in all areas of its business—from development, design, and production to logistics and sales.

Average Fuel Efficiency for Toyota Vehicles in Japan, North America and Europe (with a value of 1 assigned to the FY1997 level)



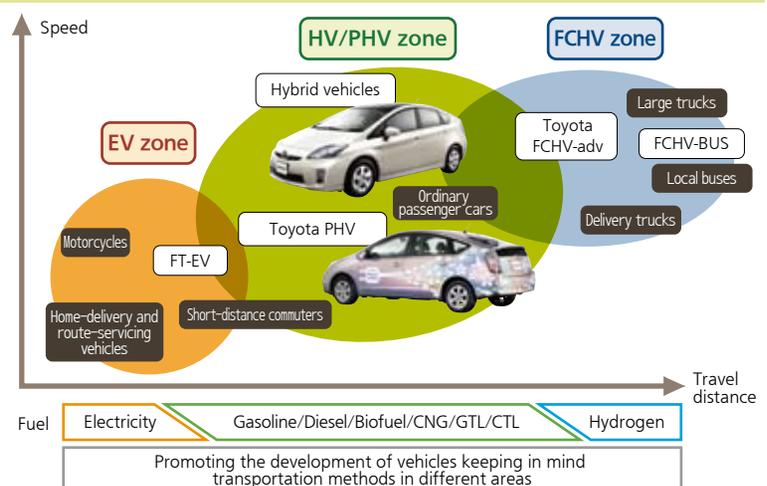
Average Fuel Efficiency for Toyota Vehicles in Japan



Product Development Centered on Improving Conventional Engines and Increasing the Number of Hybrids

From a medium- to long-term perspective, fossil fuels are finite and energy diversification is essential. However, if electric vehicles are powered by electricity generated from older coal-fired power plants, the total CO₂ emissions on an LCA basis will be greater than those from hybrid vehicles. Therefore, electric vehicles are best used in regions where electricity can be generated from hydroelectric or nuclear power plants. Taking into consideration the status of energy diversification in different regions, the primary approach in the near future will be to improve conventional engines and increase the number of hybrids. Toyota will continue to improve the fuel efficiency of conventional engine-powered vehicles, which constitute the majority of vehicles on the market, by reducing vehicle size and weight, and increasing engine and transmission efficiency. Toyota has been working steadily to increase average fuel efficiency through measures that include the introduction of new higher-efficiency gasoline engines in all grades of conventional vehicles in the 1- to 5.7-liter engine-size range (completed in FY2008). Simulating the replacement of a car built 12 or 13 years ago with a new Toyota model can reduce CO₂ emissions by 20 to 30%. Meanwhile, in the case of alternative fuels, each one has its advantages and disadvantages. This means, as indicated in the figure below on next-generation mobility zones, that it will be necessary in the future to determine which area is suited to a particular type of environmentally considerate vehicle in accordance with that area's conditions, including travel distances and speed. From this perspective, Toyota intends to continue the development of new vehicles that suit the requirements of

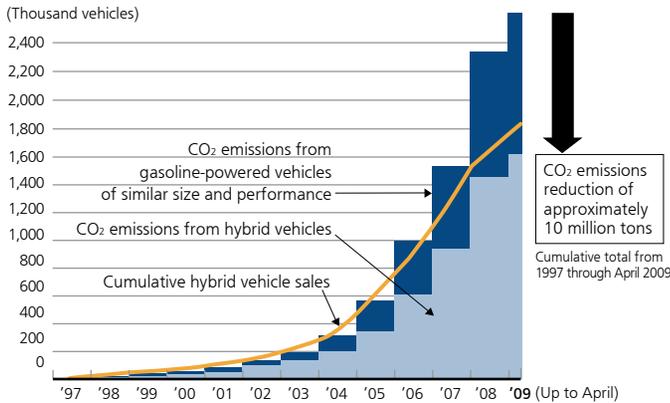
Next-generation Mobility Zones



Energy/Global Warming

individual applications, while keeping in mind its image of future mobility. Toyota's hybrid systems, which are premised on energy diversification, are capable of running on not only conventional fossil fuels but also on hydrogen, biofuels or electricity and constitute the core technology for future sustainable mobility. Toyota has already sold a total of more than 1.8 million hybrid vehicles, helping reduce cumulative CO₂ emissions by more than 10 million tons. The third-generation Prius will be introduced in 80 countries, which is twice the number of countries in which the second-generation model was launched.

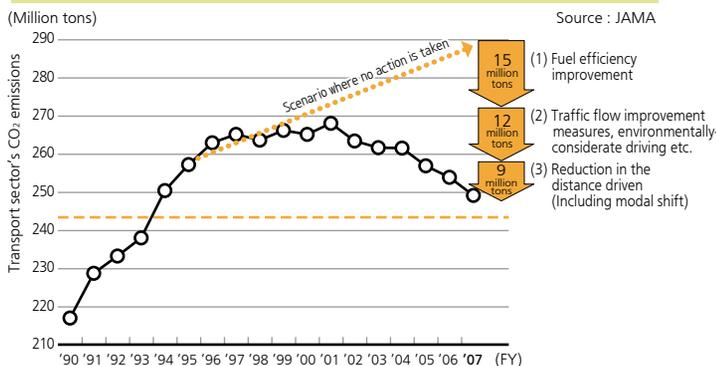
CO₂ Emissions Reduction Benefit of 1.8 Million Hybrid Vehicles (Toyota Estimate)



Coordination with Society to Effectively Reduce CO₂ Emissions

Automakers' efforts alone will not be enough to effectively reduce CO₂ emissions from vehicles. Integrated measures implemented through cooperation between all stakeholders—including fuel suppliers, customers, and governments—will bring the greatest benefits in terms of both reducing emissions and achieving cost effectiveness. In other words, automakers must improve fuel efficiency, fuel suppliers must reduce the carbon content of fuels through the use of biofuels and other measures, customers must switch to more fuel-efficient vehicles and drive their vehicles in a more environmentally conscious manner, and governments must implement measures to improve traffic flow and implement policies that encourage consumers to replace in-service vehicles with more fuel-efficient models. These crucial points were also confirmed at the September 2008 Road Transport Sector Task Force that Japan, the United States, China, India, Australia, Korea, and Canada participated in. The fact that the emissions from Japan's transport sector have been declining after peaking in

Factor Analysis of CO₂ Emissions Reduction in Japan's Transport Sector



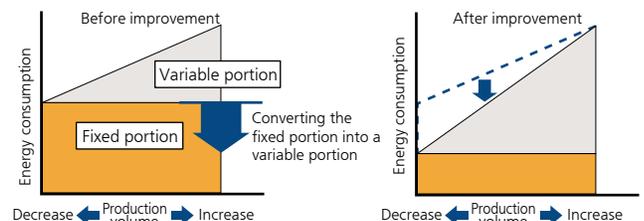
FY2001, which is an exceptional result not yet achieved elsewhere in the world, is one indication that integrated measures can be effective. As part of its integrated measures, Toyota is expanding the installation of the Eco Drive Indicator and a switch-engaged Eco Mode on vehicles, while developing and introducing ITS technologies. Toyota's G-BOOK mX information service network, first introduced in 2007, helps improve traffic flow by providing drivers with information on the speeds and locations of multiple vehicles on the road, which is something that conventional VICS information did not include.

Toward Achieving Low-carbon Plants Worldwide

In pursuit of its goal of achieving low-carbon plants, Toyota is making an effort throughout the world to achieve groundbreaking improvements in productivity through production technology innovation and other measures, while also steadily implementing improvements in everyday operations such as thoroughly reducing energy wastage. In FY2007, as a result of these efforts, Toyota reduced its CO₂ emissions per sales unit by 32% compared to the FY2001 level, which surpassed the original goal of a 20% reduction. Production efficiency at Toyota plants dropped due to the fall in production accompanying the sudden economic crisis that began in the second half of FY2008. To ensure that energy consumption reduced proportionally to production cutbacks, Toyota implemented measures that included the integration of low workload processes, and turning off power during non-operating hours. By reducing fixed energy consumption Toyota restricted the increase in CO₂ emissions per sales unit to only 7% compared to the previous year. Toyota will continue various activities with the goal of reducing both overall CO₂ emissions and CO₂ emissions per sales unit.

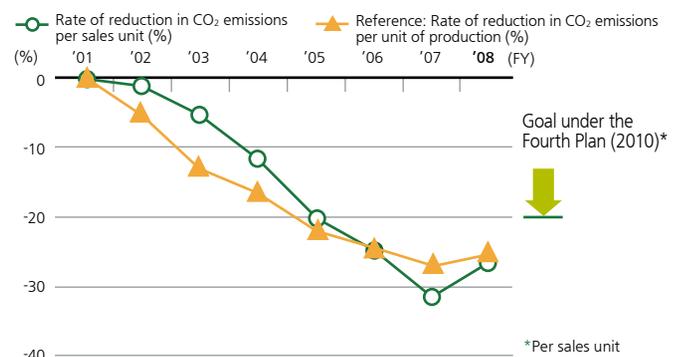
Ways to Prevent Increases in CO₂ Emissions Per Sales Unit

Energy characteristics of production processes



Toyota is currently promoting the implementation of initiatives to apply the Just-in-Time concept to energy consumption as well, by reducing to a minimum fixed energy consumption that is not affected by fluctuations in production.

Rate of Reduction in Global CO₂ Emissions Per Sales Unit



Energy/Global Warming

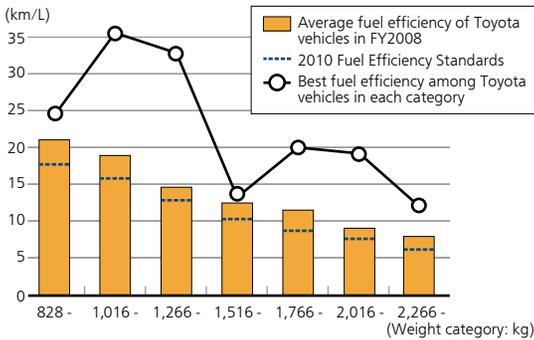
Development and Design

Developing technologies to achieve the best fuel efficiency performance in each country and region

All Vehicle Weight Categories Have Cleared 2010 Fuel Efficiency Standards Since 2005

Toyota vehicles in all weight categories have continued to meet the 2010 Fuel Efficiency Standards since FY2005. Of the seven vehicle series that were newly launched or underwent complete redesign in FY2008, six meet the 2010 Fuel Efficiency Standards. As a result, 92.5% of Toyota's gasoline-powered passenger vehicles met the 2010 Fuel Efficiency Standards (an increase of 1.1 percentage points compared to FY2007).

Actual Fuel Efficiency of Toyota Vehicles in FY2008 and 2010 Fuel Efficiency Standards

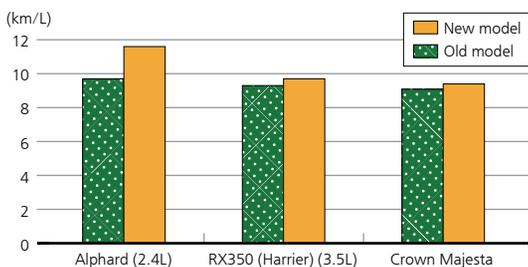


New and Completely Redesigned FY2008 Models (Passenger Vehicles) that Meet the 2010 Fuel Efficiency Standards

Weight category (vehicle weight: kg)	2010 fuel efficiency standards (km/L)	FY2008 average fuel efficiency (km/L)	Qualifying vehicle series of FY2008 new models and those that underwent complete redesign
828 - 1,015	17.9	21.1	iQ
1,016 - 1,265	16.0	18.7	
1,266 - 1,515	13.0	14.6	
1,516 - 1,765	10.5	12.5	
1,766 - 2,015	8.9	11.5	Crown HV, Alphard, RX350, Vellfire, Crown Majesta*
2,016 - 2,265	7.8	9.1	Alphard, Vellfire, RX350
2,266 -	6.4	7.9	

Note 1: *Some vehicles of the qualifying vehicle series may not meet the standards depending on individual models and specifications
 Note 2: 0.0 indicates a category that has achieved the 2010 Fuel Efficiency Standards
 Note 3: Vehicles that achieved the efficiency standards before FY2008 are not included
 Note 4: All fuel efficiency values are based on the Ministry of Land, Infrastructure, Transport and Tourism's 10-15 Japanese test mode

Fuel Efficiency Comparison between Selected Old and New Models



New Crown Hybrid Launched

The new Crown Hybrid features a hybrid system with a two-stage motor speed reduction device designed specifically for FR cars. The system achieves driving performance equivalent to a 4.5L vehicle, with the low fuel consumption of a 2.0L vehicle, while also improving start and acceleration performance as well as raising energy efficiency. In addition, the efficiency of energy recovery during deceleration and braking has been increased through the coordinated control of regenerative and hydraulic braking, thereby reducing gasoline consumption. As a result of these improvements in fuel efficiency the Crown Hybrid has achieved a fuel efficiency of 15.8km/L in the 10-15 test mode.

Expanded Introduction of High-efficiency Transmissions

Toyota significantly improved fuel efficiency for its models launched in FY2008 by adopting both the Super CVT-i (Super Continuously Variable Transmission-intelligent) system, which improves transmission efficiency and raises fuel efficiency, and the Super ECT (Electronic Controlled Transmission), which reduces fuel consumption by setting a wide gear ratio range and close gear ratios.

Vehicle series	Transmission	10-15 test mode (km/L)
Alphard/Vellfire (2.4L)	Super CVT-i	11.6
iQ		23.0
Alphard/Vellfire (3.5L)	6 Super ECT	9.5
Crown Majesta (4.3L)		8.6
RX350		9.7
Crown Majesta (4.6L)	8 Super ECT	9.4

(Note): The number indicates the maximum fuel efficiency level for each model

The Lexus LS600h/LS600hL, Crown Hybrid, and iQ All meet the FY2015 Fuel Efficiency Standards

The models launched in FY2008 listed below also meet the FY2015 Fuel Efficiency Standards. Along with the introduction of the FY2015 Fuel Efficiency Standards, the fuel efficiency testing method in Japan was changed to more closely reflect actual driving conditions. Thus, beginning in April 2011, the fuel efficiency figures included in brochures will be based on the new JC08 test mode.

Vehicle series	Weight category (vehicle weight:kg)	FY2015 Fuel Efficiency Standards (JC08 test mode)	JC08 test mode (km/L)	10-15 test mode (km/L)
iQ	856 - 970	20.8	21.0	23.0
Crown Hybrid	1,761 - 1,870	11.1	14.0	15.8
LS600h	2,101 - 2,270	8.7	11.0	12.2
LS600h/LS600hL	2,271 -	7.4	11.0	12.2

Expanded Use of Eco Drive Indicator and Eco Mode to Help Drivers Learn About Environmentally Considerate Driving

Starting with the new Corolla launched in 2006, Toyota has been gradually expanding the use of the Eco Drive Indicator, to encourage environmentally considerate driving practices. Beginning in 2007, in addition to the Eco Drive Indicator that lights up to indicate fuel-efficient vehicle operation, Toyota adopted an Eco Zone Indicator that displays the current throttle opening and whether the vehicle is being driven in a fuel-efficient manner. The switch-engaged Eco Mode installed in the Crown Hybrid and iQ, launched in 2008, helps improve the actual fuel efficiency by optimizing the driving force relative to the accelerator operation

and reducing the amount of energy used for air conditioning. Customers have responded positively, with comments such as, "The use of switches and meter displays greatly encourage more environmentally considerate driving."



The switch-engaged Eco Mode installed in the iQ, which improves actual fuel efficiency

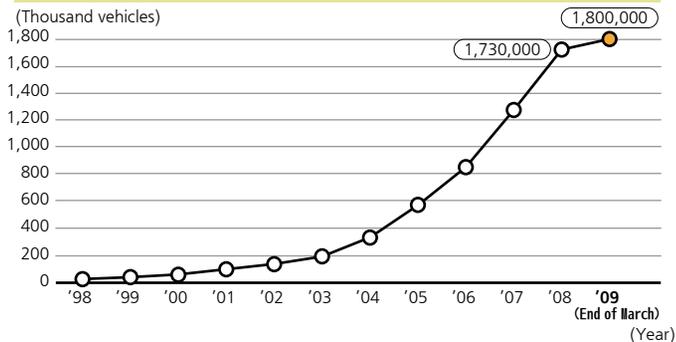
Development and Design

Development of clean-energy vehicles and effective introduction to ensure wider market acceptance

Cumulative Sales of Hybrid Vehicles Reach 1.8 Million Units, with 390,000 Units Sold in FY2008 Alone

In FY2008, Toyota sold 98,137 clean-energy vehicles in Japan (98,005 hybrid vehicles and 132 natural-gas vehicles), which accounts for 7.4% of all Toyota vehicles sold in the country (an increase of 1.9 percentage points compared to FY2007). In FY2008, Toyota sold 390,000 hybrid vehicles worldwide, achieving cumulative sales of 1.8 million units (as of the end of March 2009). Toyota is aiming to achieve annual sales of one million hybrid vehicles worldwide in the 2010s, and plans to promote wider market acceptance by installing hybrid systems in all of its vehicle series in the 2020s.

Cumulative Number of Hybrid Toyota Vehicles Sold Worldwide



New Fuel Cell Hybrid Vehicle with Higher Performance and Efficiency Nearing Commercialization

Toyota developed a next-generation fuel cell hybrid vehicle equipped with the newly designed high-performance Toyota FC Stack. On June 3, 2008, Toyota acquired vehicle-type certification from Japan's Ministry of Land, Infrastructure, Transport and Tourism for the new Toyota FCHV-adv and began leasing the vehicle to the Ministry of the Environment on September 1. Toyota FCHV-adv is a vehicle that can start and operate even in temperatures of minus 30°C, and features approximately 25% higher fuel efficiency through improvements to reduce the amount of energy consumed by the FC total system and the regenerative braking system. Furthermore, equipping the vehicle with high-pressure hydrogen tanks developed by Toyota extended the cruising distance on a single fueling, from the 330km achieved by the preceding Toyota FCHV to approximately 830km (estimated by Toyota in the 10-15 test mode). Improvements in the essential areas of performance, functions, and

reliability, coupled with improved fuel cell durability, have brought the Toyota FCHV-adv one step closer to commercialization.

Development and Design

Developing technologies for energy and fuel diversification

Start of Joint R&D to Create Technologies for the Inexpensive Production of Biofuels from Non-food Cellulosic Materials

In February 2009, six companies* including established the Bioethanol Innovative Technology Research Consortium to begin research and development of a comprehensive manufacturing technology for non-food cellulosic bioethanol. Toyota was put in charge of developing raw material production technologies, which include improving the vegetation used in the manufacturing processes through breeding. The key issue for that task is to achieve the efficient production of high-yield plants in order to secure a stable supply of raw materials. The ultimate goal of the consortium is, by 2015, to build a comprehensive manufacturing system and establish manufacturing process technologies capable of producing 200,000 kiloliters per year of bioethanol, at a price of around 40 yen per liter so that it can compete with crude oil, thereby commercializing a cost-competitive alternative fuel.

*The six companies are:

Nippon Oil Corporation, Mitsubishi Heavy Industries, Ltd., Toyota Motor Corporation, Kajima Corporation, Sapporo Engineering Ltd, and Toray Industries, Inc.

Development and Design

Using network technologies to improve traffic flow

Helping Toyota City Build a Low-carbon Community Based on the "Hybrid City" Concept

In January 2009, Toyota City was selected by the Japanese government as an "Eco-Model City" that is undertaking the challenge of pioneering the way towards a low-carbon society. Because Toyota City is spread out, its residents rely heavily on automobiles for their daily lives and the volume of delivery traffic has also been increasing. Focusing on the three areas of traffic, industry, and forests, the "Eco-Model City" envisioned by Toyota City seeks to bring about a low-carbon community based on the concept of a "hybrid city." The goal is to create a sophisticated city with a transport system that is in harmony with the city's public transport infrastructure and will work in tandem with the advanced development of industry, while addressing issues as global warming, the low birth rate and an aging population. As a company with deep roots in Toyota City, Toyota wants to contribute to the creation of a low-carbon society by continuing to cooperate with the city in order to verify operations and promptly introduce a new mobility system, while also conducting business activities that help to reduce carbon emissions.



An artist's image of a hybrid city (Photo courtesy of Toyota City)

Energy/Global Warming

In Focus

Tax Reduction + Subsidy: Incentive Systems that Make Buying Eco Cars More Economical

Buyers of new cars that satisfy a certain required level of environmental performance will now be eligible for benefits under both the Tax System for Promoting Eco cars and the Subsidy for Promoting Eco cars.



Vitz Special Edition 1.0F Limited II

Case where a 13-year or older car is scrapped and replaced with a Vitz Special Edition 1.0F Limited II (priced at 1.244 million yen, including consumption tax):

Reduction in vehicle weight tax	for 3 years	28,400 yen	Total tax reduction	68,400 yen	+	Subsidy	250,000 yen	=	Total benefit	318,400 yen
Reduction in vehicle acquisition tax	5% of the purchase price	40,000 yen								

※ The tax reduction amount is estimated based on the new taxation system (rounded to the nearest 100 yen)

Toyota's Kodomotencho Website, Provides a Wide Variety of Information, Including Appealing Features of Individual Models and the Preferential Tax System

The Kodomotencho website, launched in April 2009, provides visitors with a wide variety of information to help them choose the right vehicle depending on their future needs, including the appealing features of individual models and advanced features, as well as a residual value setting loan plan. The website also explains in an easy-to-understand manner the preferential tax system, what taxes are levied on cars and which models are eligible for tax reductions. It also allows visitors to contact a nearby dealer to obtain more detailed information.

The preferential tax system helps make eco cars increasingly

affordable. As of the end of July 2009, 28 Toyota and Lexus vehicle series were eligible for tax reduction and subsidy benefits. Toyota works with its dealers to ensure that each car it delivers will be the customer's "one and only vehicle." Toyota manufactures its cars with the utmost attention to quality and strives to provide all of its customers with the pleasure of owning an outstanding new car and receiving the best possible after-sales service.



The Kodomotencho website

Main Toyota Models Eligible for Tax Reduction and Subsidy Benefits



Alphard



Wish



Estima



Passo

Tax System for Promoting Eco Cars

The Tax System for Promoting Eco Cars came into effect on April 1, 2009 for a limited three-year period. The system includes measures to exempt or reduce the vehicle weight tax and vehicle acquisition tax in the case of eco cars. The measures exempt buyers of hybrid or electric vehicles from the vehicle acquisition and vehicle weight taxes, and also reduce the level of these taxes for buyers of low-pollution vehicles that satisfy certain standards.

Vehicles covered by the Tax System for Promoting Eco Cars and the Tax Reduction Amounts

Vehicle type (new vehicles)	Exemption / Tax reduction details	
Next-generation vehicles (hybrid vehicles, etc)	Completely exempt from both the vehicle weight tax and vehicle acquisition tax	
Low-pollution vehicles (passenger cars, etc.)	•25% better than the 2010 Fuel Efficiency Standards •75% lower than the maximum allowed by the 2005 Exhaust Emissions Standards	75% reduction in the vehicle weight tax and vehicle acquisition tax
	•15% better than the 2010 Fuel Efficiency Standards •75% lower than the maximum allowed by the 2005 Exhaust Emissions Standards	50% reduction in the vehicle weight tax and vehicle acquisition tax

Subsidy for Promoting Eco Cars

In June 2009, a system came into effect that offers subsidies to purchasers of new cars that satisfy certain standards.

Details of Two Types of Subsidies (for Passenger Vehicles)

	Eligible vehicle models		Subsidy amount
	Conditions	Type	
Scrapping of a 13-year or in-service vehicle	•Vehicle registered as having met the 2010 Fuel Efficiency Standards	Registered vehicle	250,000 yen
		Minivehicle	125,000 yen
Other than the above	•15% better than the 2010 Fuel Efficiency Standards •75% lower than the maximum allowed by the 2005 Exhaust Emissions Standards	Registered vehicle	100,000 yen
		Minivehicle	50,000 yen

※ The applicable period is from April 10, 2009, which precedes the enactment of the subsidy system, to March 2010 (and is retroactive for registered and notified new vehicles)

※ The vehicle to be scrapped must have been owned for at least one year

※ Once a subsidy has been received, the purchaser is required to keep the vehicle for at least one year in the case of a registered car

※ Due to budgetary limitations, the subsidy program may be terminated even before the stated end date

Production and Logistics

Reduction of CO₂ emissions in TMC's production activities

FY2008 CO₂ emissions reduction goal in the production area
 •Reduce total CO₂ emissions volume per year to 1.64 million tons or less

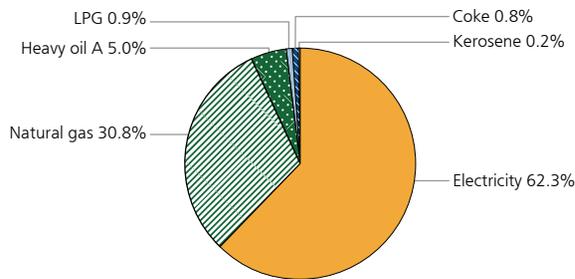
Reducing Total Annual CO₂ Emissions to 1.34 Million Tons by Reassessing Manufacturing Structures in Line with Production Fluctuations

Toyota established a combined CO₂ emissions reduction goal for production and non-production sites such as offices, and initiated a number of activities to achieve reductions. Because of the rapid economic crisis, which began in the second half of FY2008, Toyota strengthened measures such as changing work structures to accommodate fluctuations in production, merging and discontinuance of processes and consolidating production lines. As a result, total annual CO₂ emissions were 1.34 million tons (a 37% reduction from the FY1990 level), which is an achievement of the FY2008 goal; and CO₂ emissions per billion yen of sales were 145 tons.

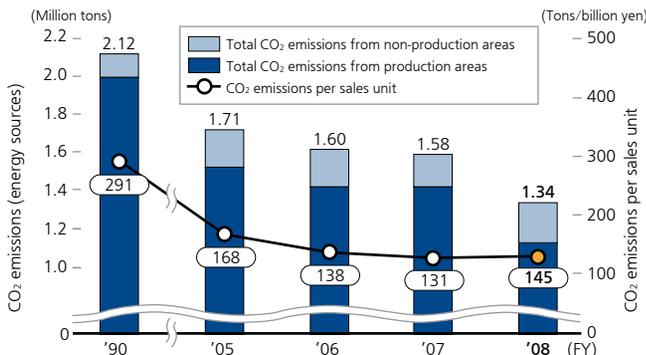
Key Measures that Were Effective in Reducing CO₂ Emissions

Implementation item	Details	Reduction volume (thousand tons)
Merging and discontinuance of processes	Merging and discontinuance of vehicle body-painting booths and drying ovens (Motomachi and Tahara Plants)	10
Consolidating production lines	Consolidating bumper painting lines (Motomachi Plant)	3
Improvements	Improvements in operation methods of power supply equipment	5

Calorific Energy Use Ratio at TMC



CO₂ Emissions from Energy Sources at TMC and CO₂ Emissions Per Sales Unit

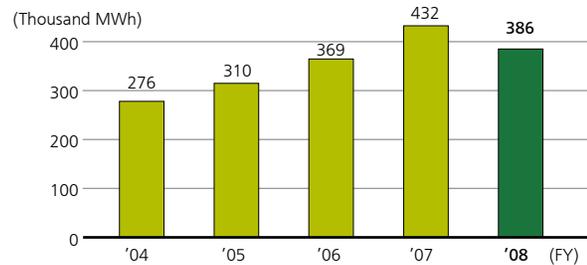


Note 1: For facilities in non-production areas for which FY1990 emissions data is not available, the oldest subsequent data available is used for the graph
 Note 2: CO₂ emissions volumes cover both production and non-production divisions (excluding employee benefit facilities)

Expanded Use of New Energy, (Total Electricity Generated: 386,000MWh)

Toyota is energetically introducing new sources of energy at its production bases such natural gas cogeneration. In FY2008, the total amount of electricity generated using new energy sources was 386,000MWh, accounting for approximately 16% of Toyota's total electricity consumption.

Use of New Energy by TMC



Purchase of Green Power

Toyota has concluded a Green Power Certification System agreement with Japan Natural Energy Company Limited, under which it used 1.9 million kWh of wind-generated power in FY2008.

In Focus

Reducing CO₂ Emissions by 5,000 Tons through Full Employee Participation in Energy Conservation Efforts that Visualize Energy Consumption, while also Reducing Costs

It is difficult to find the most efficient method for operating facilities due to fluctuations in demand and a diverse range of others factors, which include the number of units produced and meteorological conditions. Given the changes in production volume, it is a significant challenge to be able to manage the power requirements in a highly efficient way. In response to this, Toyota formed a working group, consisting of 20 specialists from 12 plants, at the Power Supply and Maintenance Center of the Plant Engineering Division which supplies energy to various plants. The working group developed a software program that displays a facility's efficiency, emissions, and power cost on a real-time basis, drawing on a tip from the fuel efficiency monitor in the Prius. The software program makes it possible to see, on the spot, which combinations of facilities are optimal to demand, as well as the results of improvements in operational methods. This initiative reduced Toyota's CO₂ emissions by approximately 5,000 tons in FY2008. In recognition of these efforts, Toyota was awarded the Ministry of Economy, Trade and Industry's Director General Award for A Successful Case of Energy Conservation in Factory Building, by the Energy Conservation Center, Japan.



Motomachi Satellite Monitoring Office constantly monitors operations to enhance efficiency

Energy/Global Warming

Production and Logistics

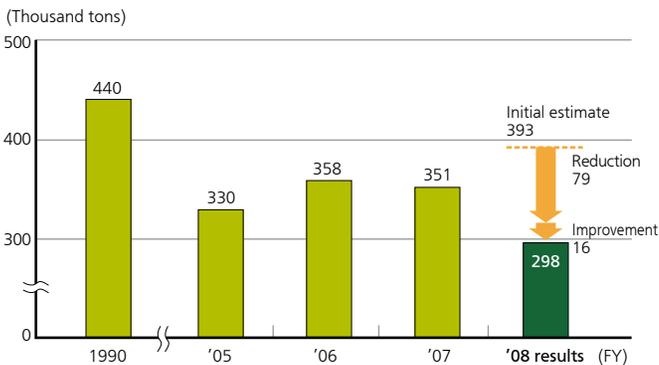
Reduction of CO₂ emissions in the logistics activities of each country and region

FY2008 CO₂ emissions reduction goal in Logistics area
 • Reduce CO₂ emissions volume to 381,000 tons or less

CO₂ Emissions Reduction Goal Achieved with Emissions of 298,000 Tons

In FY2008, Toyota reduced CO₂ emissions from logistics operations by 16,000 tons through implementing various initiatives, including a reassessment of fleet requirements by using more efficient larger ships, switching over to marine transport for shipments bound for a parts distributor in Fukuoka, and continuing fuel-efficiency improvement measures taken jointly with transport companies. In addition, a decrease in production volume in the second half of FY2008 effected to reduced emissions. The result was total emissions volume of 298,000 tons, meeting the goal Toyota had set.

CO₂ Emissions Volumes in Logistics (Japan)

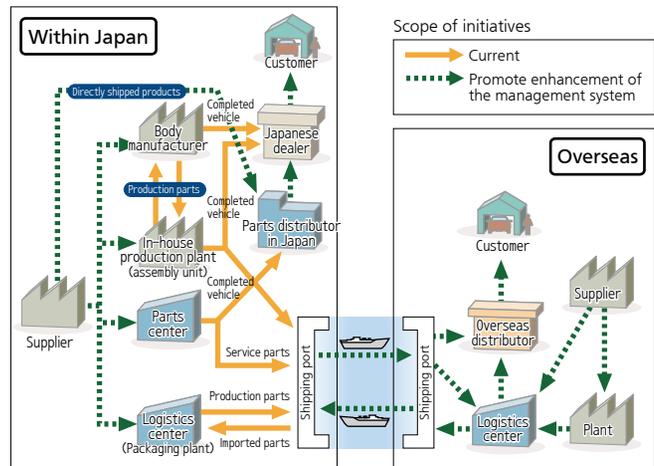


Note 1: See P.27 for the CO₂ conversion coefficient
 Note 2: Procured parts by suppliers that were shipped together with parts manufactured internally by Toyota to distant locations were formerly included in the CO₂ emissions calculation, but were excluded beginning in FY2008
 Note 3: Data for previous years has been recalculated to correct an error in the CO₂ calculation

Impact of CO₂ Emissions Reduction Activities

Topic	Products	Details	Reduction in CO ₂ (Thousand tons/year)
Reduction in total distance traveled	Completed vehicles	Improved transport efficiency through route consolidation involving the shifting of shipments from Kinuura Port to Nagoya Port	1.1
	Completed vehicles	Reduced the number of medium-sized ships by one through rerouting a ship to the Hokkaido route to cover the Kanto route	0.3
	Production parts	Reorganized the route for Central Motor	0.1
	Service parts	Improved loading efficiency by streamlining packing specifications for bumpers	0.2
	All products	Other	2.6
Shift to a mode of transport with low CO ₂ emissions per unit	Completed vehicles	Reduced the number of ships required through more effective use of larger ships and reassessment of fleet requirements	3.5
	Production parts	Expanded railway transport for shipments bound for the Kanto Auto Works Iwate Plant	3.5
	Service parts	Switched to marine transport for shipping parts to a parts distributor in Fukuoka	0.2
Fuel efficiency improvement	All products	Switched to newer vehicles and promoted eco-driving etc.	4.3
Total			15.8

Scope of CO₂ Emissions Calculations in TMC Logistics Operations



Toyota Grasped CO₂ Emissions Volumes and Reduction Activities at Overseas Affiliates

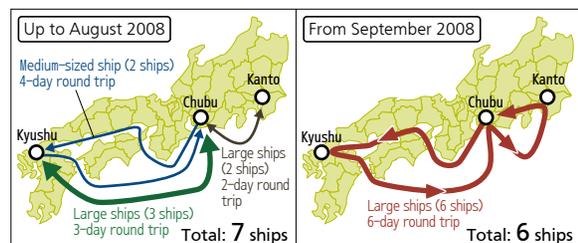
Starting in FY2007, Toyota began to grasp CO₂ emissions volumes at overseas affiliates and in FY2008 set targets and initiated activities to reduce emissions. In addition, Toyota is working to grasp the CO₂ emissions volumes associated with marine transport to overseas regions. Details on these activities can be found in the respective reports of each overseas affiliate.

Please see P.81 for the URLs of reports published by affiliates in each overseas country and region

In Focus

Reducing CO₂ Emissions by 3,500 tons through Reduction of Fleet by One Ship

Toyota's shipping routes in Japan formerly were divided into the Kanto-Chubu, Chubu-Chugoku/Shikoku, and Chubu-Kyushu routes. However, as larger ships entered service in September 2008, Toyota reassessed its fleet requirements and consolidated the three routes into a single round route. By having single ships service Kanto, Chubu, Chugoku/Shikoku, and Kyushu, Toyota reduced the amount of time each ship had to remain docked in standby mode and created a uniform operational pattern. As a result, Toyota was able to eliminate one medium-size ship from its fleet, thereby reducing total CO₂ emissions by 3,500 tons in FY2008.



Global Production Environment Data

Toyota is striving to conserve energy and raise productivity at its plants worldwide, engaging in an on-going effort to reduce CO₂ emissions per sales unit.

In FY2008, an emphasis was placed on integrating low workload processes, and turning lights and other electrical fixtures off at the end of every workshift. As a result, CO₂ emissions per sales unit remained by 7% increase year-on-year. Total CO₂ emissions volume decreased by 1.22 million tons year-on-year.

※ Comprised of 121 companies including TMC and consolidated companies in Japan and overseas.
Japan: Consolidated subsidiaries listed in Groups 1-5 on P.48 (including sub-subsidiaries; excluding Toyota Tsusho)

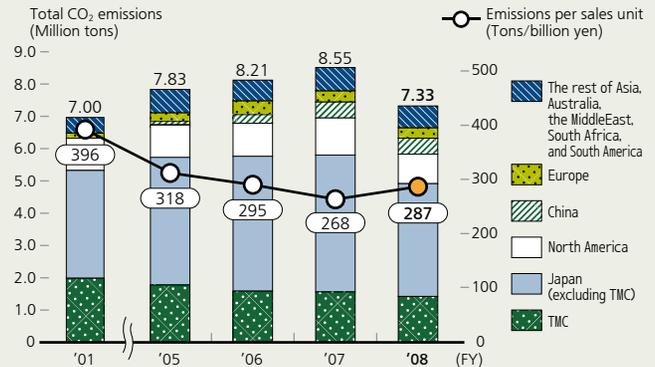
Overseas: Production companies and production/sales companies listed on P.48 (excluding TMMR in Russia)

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 CO₂ conversion coefficient has been calculated with reference to the GHG Protocol (see below)

CO₂ Emissions From Energy Sources and CO₂ Emissions Per Sales Unit



CO₂ Conversion Coefficients to Calculate CO₂ Emissions Volume

(1) Environmental Data in Japan (excluding logistics)

Electricity	0.3817 kg-CO ₂ /kWh	Butane gas	3.0094 kg-CO ₂ /kg
Heavy oil A	2.7000 kg-CO ₂ /l	Natural gas	2.3576 kg-CO ₂ /m ³
Heavy oil C	2.9419 kg-CO ₂ /l	Coke	3.2502 kg-CO ₂ /kg
Kerosene	2.5308 kg-CO ₂ /l	Coal	2.3536 kg-CO ₂ /kg

※ CO₂ conversion coefficient source: Japan Automobile Manufacturers Association, Inc.

※ Coefficients from other sources have been used in some instances

※ Please see "CO₂ Emissions from Energy sources at TMC and CO₂ Emissions per Sales Unit" on P.25 and "Volume of Resources Input and Volume of Substances Discharged from Production Plants (10 plants) and Logistics Activities in FY2008" on P.46.

(2) Global Production Environmental Data

- IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Prepared by the National Greenhouse Gas Inventories Programme, Eggleston H.S., Buendia L., Miwa K., Ngara T. and Tanabe K. (eds). Published: IGES, Japan.
- The 2001 conversion coefficient in CO₂ Emissions from Fuel Combustion, 2007 edition, IEA, Paris, France, was used.
- ※ The conversion coefficients specified in the Act on Promotion of Global Warming Countermeasures was used with respect to natural gas, steam, hot water, cooling water, and coke furnace gas.
- ※ The Global Production Environment Data CO₂ emissions volumes.

(3) Logistics Data

	FY2006 and earlier	FY2007 and later
Railway (Japan Railway Cargo)	21.7 g-CO ₂ /ton-kilometer	22 g-CO ₂ /ton-kilometer
Diesel (truck)	2.62 kg-CO ₂ /l	2.62 kg-CO ₂ /l
Heavy oil C (ship)	2.99 kg-CO ₂ /l	2.98 kg-CO ₂ /l

※ CO₂ conversion coefficient source used for FY2006 and earlier Railway (Japan Railways Cargo): The Environment, Traffic and Transport, Institution For Transport Policy Studies (ton-kilometer method) Diesel (truck) and C-type heavy oil (ship): Japanese Ministry of the Environment (fuel method) Corresponds to P.26:

※ "CO₂ Emissions Volumes in Logistics (Japan)"
CO₂ conversion coefficient source used for FY2007 CO₂ Emissions Calculation Method for Logistics Operations — Joint Guidelines, Ver.3.0 (METI / MLIT) Corresponds to P.26 of "CO₂ Emissions Volumes in Logistics (Japan)," and P.46 of "Volume of Resources Input and Volume of Substances Discharged from Production Plants (10 plants) and Logistics Activities in FY2008."

Examples of Overseas Initiatives

Completed a Test Drive of the Fuel Cell Hybrid on ALCAN Highway

North America: Toyota Motor Sales (TMS), Toyota Motor Engineering & Manufacturing North America—Toyota Technical Center (TEMA-TTC)

Fuel-cell vehicles rely on the reaction between oxygen and hydrogen to create electricity that is used to power the vehicle. The only by-product is pure water, but this may impede driving in places with sub-zero temperatures when the water freezes. Toyota Motor Sales (TMS) and Toyota Motor Engineering & Manufacturing North America—Toyota Technical Center (TEMA-TTC) therefore conducted a test drive of the fuel-cell hybrid vehicle, Toyota FCHV, from Vancouver, Canada to Fairbanks in Alaska, United States, on the Alaska-Canadian (ALCAN) Highway in November 2007. TMA tested the vehicle's ability to start in cold temperatures and to withstand vibration over a long distance and over a long time under rough weather and road conditions such as coldness and many frost heaves.

When encountering herds of caribou or buffalo, the vehicle crawled past the animals at low speeds, and, on open stretches of road, sailed along at highway speeds, reaching the destination in seven days as planned. No troubles were found with the vehicle even after running at temperatures as low as minus 10 degrees centigrade.



Prototype Toyota FCHV driving under rough road conditions

Launched Road Trials of Plug-in Hybrid Vehicle

Europe: Toyota Motor Europe NV/SA (TME)

Toyota Motor Europe (TME), together with EDF Energy (EDFE), which is one of UK's major energy companies, began road trials of a Plug-in Hybrid Vehicle (PHV) in the UK in September 2008. The vehicle is used by employees at EDFE as part of its company fleet. The trial will continue for approximately one year to evaluate vehicle performance, usability, and infrastructure within an urban environment. Toyota has conducted road trials of the PHV in Japan, USA, France, and Belgium since 2007, making the UK the fifth country for such trials in the following year.

The vehicle's batteries can be recharged using a standard electrical plug at home or a charging post in a car park or on a street. Currently, EDFE has installed charging posts at approximately 50 locations across the UK. At the launch of the UK's PHV trials, Rt Hon John Hutton MP, UK Secretary of State for Business, Enterprise and Regulatory Reform (at that time) said, "This will lead us one step closer to making our ambition of becoming the number one location for low carbon vehicles a reality."



The results of road trials in urban areas will be reflected in PHV technology development

Recycling of Resources

Effective and Sustainable Utilization of Finite Resources

The year 2008 saw major fluctuations in the areas of energy and raw materials. In the first half of the year, an extremely tight supply of raw materials caused prices to surge. This was followed, in the second half of the year, with a fall in demand that caused prices to plummet. Meanwhile, in terms of waste, which is another aspect of the resource issue, problems faced in 2008 included a scarcity of landfill space and illegal dumping. Recognizing that all resources are non-renewable and bearing in mind resource productivity, Toyota is promoting resource recycling by encouraging effective resource utilization and recycling of vehicles in both its production and non-production sites, and engaging in efforts to further reduce water consumption.

Production and Logistics

TMC initiatives to further promote the effective use of resources and contribute to the realization of a recycling-based society

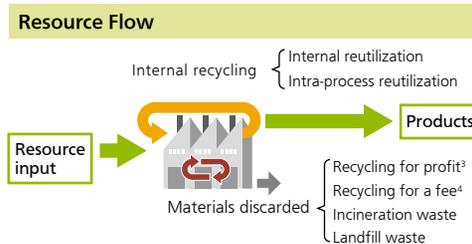
FY2008 Production Area Goals

- Reduction of the volume of materials discarded to 559,000 tons or less

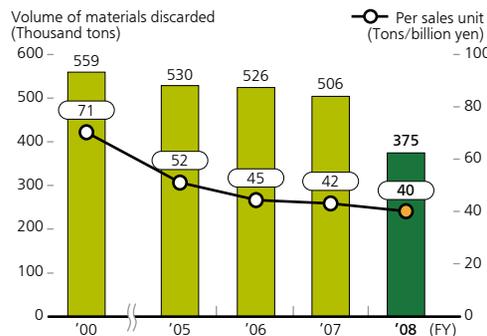
Goal Met for Volume of Materials Discarded

In order to further promote effective resource utilization, in pursuit of the goal of building a recycling-based society, Toyota must examine its resource productivity and reduce total resource loss¹, including waste recycling for profit and that recycled internally. In terms of the volume of materials discarded, production plants and non-production sites achieved near zero landfill waste² in FY2000 and FY2003, respectively. Since FY2006, Toyota has been undertaking various measures, with the goal of reducing the volume of waste processed externally, including that for recycling for profit.³ The resource conservation steps Toyota implemented in FY2008 included expanded reuse of aluminum chips generated from production processes and the introduction of recycling systems to recycle and reuse more fats and oils. As a result, the volume of materials discarded was reduced to 375,000 tons (down 25.9% compared to FY2007). Meanwhile, production cutbacks caused the volume of materials discarded per sales unit to decrease to 40 tons/billion yen (down 3.5% from FY2007).

1. Resource loss: Waste recycled within Toyota + waste processed externally
2. Near zero landfill waste: FY2000 to FY2004: A reduction in direct landfill waste to less than 5% of the FY1995 level
Since FY2005: A reduction in direct landfill waste to less than 1% of the FY1995 level
3. Recycling for profit: Waste that is sold for recycling
4. Recycling for a fee: Waste recycled for a fee



Total Volume of Materials Discarded and Volume per Sales Unit



*Volume of materials discarded covers both production and non-production divisions (excluding employee benefit facilities)

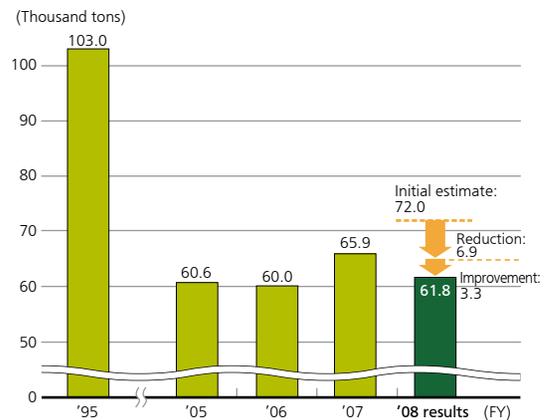
FY2008 Goals in Logistics Area

- Reduce usage of packaging and wrapping materials to 67,400 tons or less

Goal Met through Activities to Reduce Usage of Packaging and Wrapping Materials

In order to reduce the use of packaging and wrapping materials, Toyota implemented measures that included simplifying wrapping specifications (e.g., reducing wrapping materials for bumpers) and expanding the utilization of returnable shipment containers. As a result of these measures, along with a reduction in shipment volume, total usage decreased to 61,800 tons, thus achieving the goal for FY2008. Additionally, in FY2008 Toyota began assessing its global usage of packaging and wrapping materials, and has already completed the assessments for South America, Australia, and Asia. Toyota plans to expand the scope of its assessment to other regions in FY2009.

Usage of Packaging and Wrapping Materials by TMC (Japan)



Results of Activities to Reduce Packaging and Wrapping Materials

Topic	Product	Details	Reduction (tons/year)
Increasing the use of returnable containers, change of specifications, etc.	Service parts	Change in wrapping specifications for bumpers	1,500
		Change in packaging formats	500
		Expanded use of returnable steel boxes	300
		Switch to carton boxes (from wooden boxes)	200
		Other	600
	Production parts	Change in packaging formats and materials: expanded use of returnable plastic boxes	200
Total reduction			3,300

Recycling of Resources

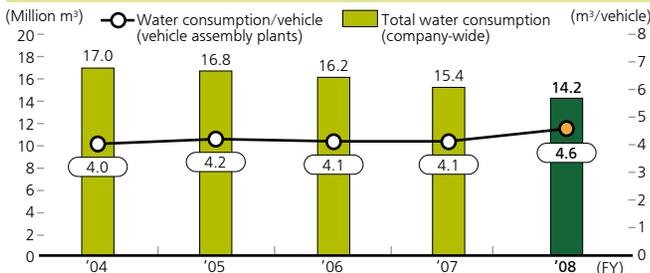
Production and Logistics

Reduction of water consumption at TMC

Water Consumption Per Vehicle Produced Increased by 9.8% over FY2007

In FY2008, Toyota reduced its total water consumption to 14.2 million cubic meters (down 8.4% from FY2007), through steps that included stopping painting lines to accommodate production volume fluctuations. Meanwhile, because of decreases in production volume, water consumption per vehicle produced increased to 4.6m³ (an increase of 9.8% compared to FY2007).

TMC Total Water Consumption and Consumption Per Vehicle Produced



Note 1: Water consumption includes the volume consumed at both production and non-production divisions (excluding employee benefit facilities)
 Note 2: Water consumption per vehicle produced indicates the consumption per unit produced at vehicle assembly plants

Recycling

Steady implementation of recycling systems in Japan and Europe

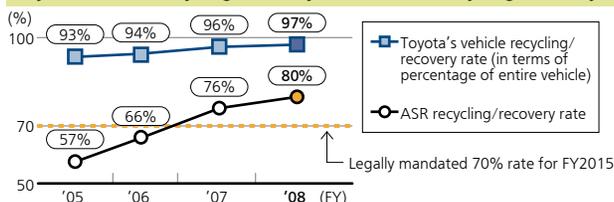
Responses to the Automobile Recycling Law in Japan (Vehicle recycling/recovery rate of 97%)

Japan's Law Concerning Recycling Measures for End-of-Life Vehicles (Automobile Recycling Law), which came into effect in January 2005, mandates the collection and recycling/recovery of three specified items generated from end-of-life vehicles, namely, CFCs/HFCs, airbags, and ASR¹. Toyota has been steadily working with dismantling and recycling companies to ensure compliance with this law.

In FY2008, Toyota increased the ASR recycling/recovery rate to 80%, surpassing the legally mandated rate of 70% by FY2015, for the second consecutive year. As a result, Toyota achieved the equivalent of a vehicle recycling/recovery rate² of 97%, exceeding the company goal of 95% that was included in the Toyota Recycle Vision.

- ASR (Automobile Shredder Residue): Waste from shredded end-of-life vehicles
- Vehicle recycling/recovery rate: Calculated as the approximate 83% recycling rate of materials recovered from the dismantling and shredding processes (as per documentation of the policy board of Japan, May 2003), plus a 80% ASR recycling/recovery rate of the 17% ASR remaining after recycling of materials recovered from the dismantling and shredding processes $[83 + (80 / 100 \times 17) = 97]$

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



Recycling/Recovery of the Three Specified Items* (FY2008 results)

	Results		Results
No. of vehicles collected for ASR	917,000	Funds paid from JARC*	8,537 million yen
No. of vehicles collected for airbag recovery	335,000	Expense for recycling/recovery and treatment	8,932 million yen
No. of vehicles collected for CFC/HFC recovery	708,000	Balance	-395 million yen
Recycling/recovery rate			
ASR	80%		
Airbags	94%		

* Three specified items: ASR, airbags, and CFC/HFC
 * Japan Automobile Recycling Promotion Center

For details on the Toyota Recycling Vision, please visit the following website:

<http://www2.toyota.co.jp/en/tech/environment/recycle/vision/>

Responses to Automobile Recycling Laws Overseas (Europe and China)

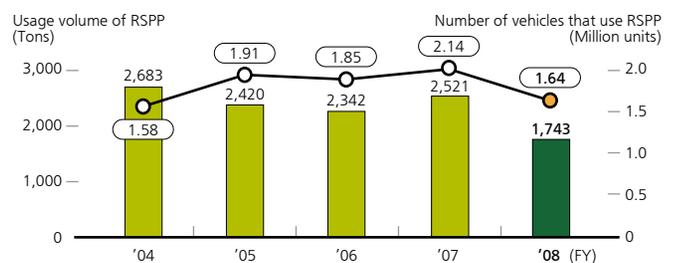
In Europe, all EU member states have enacted automobile recycling laws based on the EU ELV Directive 2000, and as of January 2007 automakers have started to take back ELVs in most member states. In cooperation with TME and distributors in various countries, Toyota has completed construction of a network for end-of life vehicle (ELV) collection in 23 of the 27 EU member states, and is proceeding with the necessary action in the remaining four member states in accordance with government certification of dismantling companies. In China, Toyota is making steady progress working with its local subsidiary to grasp the legal trends in that country.

Promotion of ASR Recycling and Its Further Advances

In 1998, Toyota, together with Toyota Metal Co., Ltd., constructed the world's first mass-production ASR recycling plant, which since that time has been performing ASR recycling/recovery* with a recycling capacity of 15,000 ELVs per month. Toyota incorporated Recycled Sound-Proofing Products (RSPP), made of urethane and fibers recovered from ASR, in a cumulative total of 15.95 million vehicles as of the end of FY2008. Toyota is also finding additional applications that take advantage of the superior sound-proofing characteristics of RSPPs, such as use in cabin and deck sound-proofing materials for Toyota Marine's PONAM boat. The recycling plant also recovers and recycles copper from ASR, and sorts out resins and rubber. In FY2008, 5,897 tons rubber and resins were used as an alternative to kerosene fuel. By further advancing ASR recycling/recovery technologies, Toyota is working on expanding the use of ASR as a fuel in electric furnaces, and on developing a new technology for sorting out resins.

*ASR recycling/recovery: Refers to material recycling and thermal recovery of ASR

Usage Volume of RSPP Materials (Urethane and Fibers)



*The number of vehicles incorporating RSPP declined in FY2008 due to production cutbacks that began in October 2008

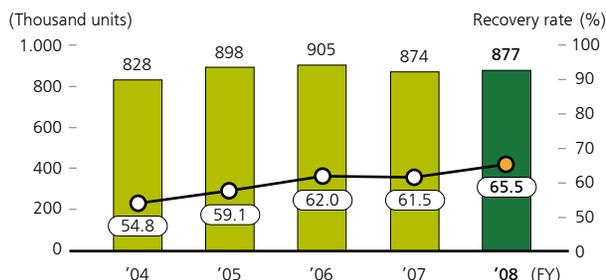
Recycling of Resources

Steady Progress in Recycling at Dealers and Parts Distributors

Promoting the Collection and Recycling of End-of-life Parts

Parts distributors and dealers nationwide have been collecting end-of-life parts. In FY2008, 877,000 end-of-life bumpers were collected and recycled (a recovery rate of 65.5%), along with 26.7 tons of lead balance weights. Additionally, in order to reduce the number of oil drums used for transporting engine oils the amount of oil delivered to parts distributors using tanker trucks (in the bulk supply system) was 59.5% of the total.

Number of Bumpers Collected



Supply of Used and Rebuilt Parts

Used parts and rebuilt parts are actively sold at dealers and parts distributors in Japan. In FY2008, 69,700 used parts and 27,300 rebuilt parts were sold at dealers and parts distributors.

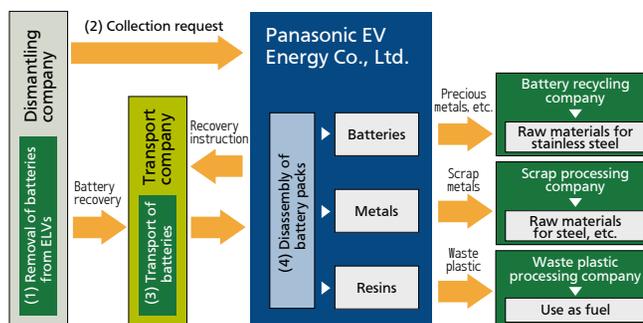
Supply of Rebuilt Parts () indicates supply of new parts

Rebuilt parts	Number supplied
Automatic transmissions	8,751 (153)
Power steerings	14,291 (11,060)
Torque converters	4,242 (4,468)

Steady Promotion of Hybrid Vehicle Battery Collection and Recycling (1,471 battery packs collected)

In connection with the launch of the first-generation Prius in 1997, Toyota and Panasonic EV Energy (a battery manufacturer) have worked together to create a nationwide collection and recycling system designed to safely collect and process end-of-life hybrid batteries from the market and enable the sustainable use of the non-renewable resources they contain. To ensure collection and support thorough implementation of its collection and recycling system, Toyota distributes its Hybrid Battery Unit Collection and Recycling Manual to dismantling companies, in addition to making it available on its website. Toyota is also updating the manual to include information on other hybrid vehicle series. In FY2008, 1,471 battery packs were collected under this system. Furthermore, in preparation for increases in the number of end-of-life hybrid vehicles in the future, Toyota uploaded a video clip on its website describing how to remove the battery pack from the first-generation Prius and held technical seminars in nine locations throughout Japan on how to remove hybrid batteries.

Hybrid Vehicle Battery Collection and Recycling Flow

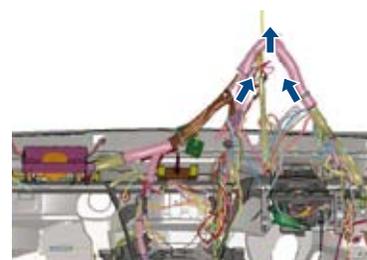


Recycling

Further promotion and widespread application of the Design for Recycling concept

Development of Vehicles with Improved Dismantlability and Recyclability

Toyota has been engaged in a wide range of research in its effort to improve the dismantlability and recyclability of end-of-life vehicles. In 2008, as part of an effort to incorporate a structure into its vehicles that would allow wire harnesses to be quickly and efficiently removed and collected, Toyota developed a system that can simulate the ease of removal. This system eliminates the difficulties faced hitherto in evaluating the ease of removal in the design drawing stage, thus enabling optimal design drawing. For the iQ and Lexus RX350 launched in FY2008, Toyota made it easier to remove the wire harnesses under the floor carpet by including a slit in the seatbelt installation area of the floor carpet, thus eliminating the need to remove the seatbelt.



Wire harness removal simulation (instrument panel)

Development and Widespread Use of Dismantling Methods and Tools (Newly designed socket wrench)

The Automobile Recycle Technical Center established inside Toyota Metal Co., Ltd. has been working in cooperation with Toyota's development and design departments to develop easy-to-dismantle vehicle structures and appropriate and effective dismantling techniques. Feedback on the research results is provided to Toyota's design departments. The Center is also developing tools that will simplify the dismantling process. In FY2008, for example, it developed a new socket wrench that can be used to remove four different kinds of spare-tire fasteners.

For details on Toyota's dismantling technologies please visit the following website:

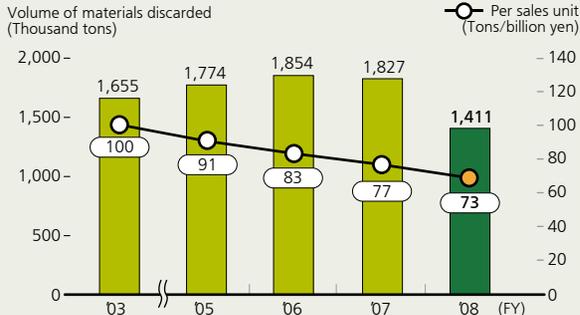
<http://www2.toyota.co.jp/en/tech/environment/recycle/scrap/>

Recycling of Resources

Production Environment Data (Japan)

A reduction in the volume of materials discarded was achieved for consolidated and other companies in Japan as well through improvements in yield, re-use of materials within processes, and other efforts. This has led to an improvement in the volume of materials discarded per sales unit.

Total Volume of Materials Discarded and Volume Per Sales Unit

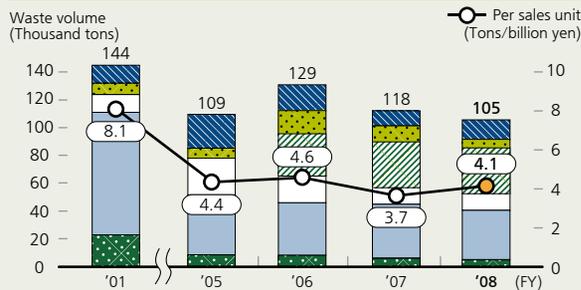


※ 34 companies (TMC, consolidated and other companies in Japan excluding Toyota Tsusho) See P.48 for a list of consolidated subsidiaries in Japan
 ※ Errors in the FY2007 figures have been corrected

Global Production Environment Data

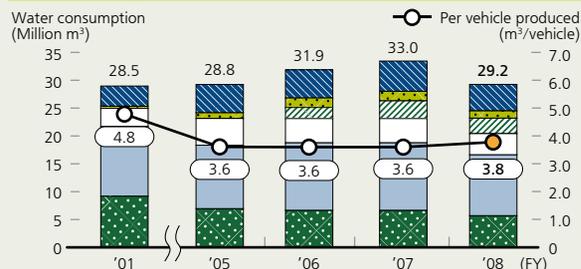
Toyota implemented activities to reduce the discharge of waste and water consumption at consolidated and other companies in Japan and overseas as well. The figures per sales unit, however, increased due a decrease in production.

Total Volume of Waste Discharged and Volume Per Sales Unit



※ Excludes recycling for a fee
 ※ 120 companies (TMC, consolidated and other companies in Japan and overseas)
 Japan: Companies subject to consolidated EMS (including sub-subsidiaries; excluding Toyota Tsusho) listed in Groups 1-5 on P.48
 Overseas: Production companies and production/sales companies listed on P. 48 (excluding TMMR in Russia and IMC in Pakistan)
 ※ Chinese affiliates have been included since FY2006

Water Consumption at Vehicle Assembly Plants and Consumption Per Vehicle Produced



※ 34 companies (TMC, consolidated and other companies in Japan and overseas)
 ※ Chinese affiliates have been included since FY2006

Legend for Water Consumption: TMC (Green), Japan (excluding TMC) (Blue), North America (White), China (Green with diagonal lines), Europe (Yellow with diagonal lines), The rest of Asia, Australia, the Middle East, South Africa and South America (Blue with diagonal lines)

Examples of Overseas Initiatives

Recognized as 'Environmentally-friendly Companies' at a National Competition

Poland : Toyota Motor Manufacturing Poland SP.zo.o (TMMP) / Toyota Motor Industries Poland SP.zo.o (TMIP)

Both Toyota Motor Manufacturing Poland (TMMP) and Toyota Motor Industries Poland (TMIP) were awarded the title of 'Environmentally-friendly Companies' in February 2008 at the National Ecology Competition held by a Polish institution under the patronage of the Polish President, Lech Kaczynski. The competition is held every year to recognize the efforts of Polish companies who have contributed to environmental protection. The competition's guiding principle is promoting civic pro-ecological attitudes with the goal of popularizing investments in and actions for the protection of the natural environment. Winning an award in the competition raises the company's image.

TMMP entered the competition for the first time in 2005 with its project on zero waste to landfill. With four consecutive wins since then, TMMP received a lifetime award of 'Patron of Polish Ecology'. In the past, TMMP has received awards for the following projects: 'Liquid waste evaporation machine (2006);' 'Heat exchanger installation in the new transmission plant (2007);' and 'Heat recovery and air pressure reduction at the compressors (2008);' TMIP's achievement in installing a heat recovery device on compressors was highly valued by the jury, which led to its first award. The air compressors, which are necessary for processes such as screwing bolts, emit 94% of the input energy as heat which is normally lost. By recovering the heat and using it as an energy source for boilers, TMIP expects to dramatically reduce the amount of natural gas it uses. "We will continue our efforts in order to implement a wide range of energy saving activities," says Katarzyna Jaskiewicz, Junior Environmental Specialist at TMIP.



Awards received by TMIP (left) and TMMP representatives

Substances of Concern

Strengthening Chemical Substance Management Structures, Assessing Usage, Evaluating Risks, and Switching to Substances with Less Environmental Impact throughout the Entire Supply Chain

The general term "substances of concern" refers to chemical substances that have an impact on the environment and human health. Currently, approximately 100,000 kinds of chemical substances are being manufactured and sold globally, and there are concerns that the effects of many of these substances on the environment and human health may yet be unknown. Given this situation, there is strong global demand for corporations to engage in voluntary efforts, such as meeting the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation. By cooperating with the various parties involved, including its suppliers, Toyota is committed to disclosing, as much as possible, the environmental impact of the chemicals it uses, strengthening its chemical management systems, and switching to substances with less environmental impact.

Development and Design

Promote management of and further reductions in the use of substances of concern

Complete Elimination of the Four Substances of Concern

With regard to the four substances of concern (lead, mercury, cadmium, and hexavalent chromium), Toyota has been taking action to achieve their early elimination based on the Toyota Global Standards. As a result, in August 2006, their usage was completely eliminated at all production affiliates in Japan. Overseas, the use of these substances was largely eliminated at major plants around the world by the end of 2007.

VOC Levels within Vehicle Cabins Reduced in All New and Redesigned Vehicle Series

It is generally accepted that, of the volatile organic compounds (VOCs) emitted by vehicle interior parts, toluene, xylene and formaldehyde may have a particularly detrimental effect on human health. In order to reduce the amount of VOCs generated, Toyota has reviewed the materials, processing methods and adhesives used for interior parts. As a result, VOC levels within vehicle cabins have been reduced in all of the newly launched or redesigned in FY2008, meaning that Toyota has achieved the voluntary goals set by the Japan Automobile Manufacturers Association.

Pre-registration for REACH Completed

The REACH Regulation, which focuses on minimizing the impact of chemical substances on people and the environment and to clarify corporate responsibility for managing chemical substances, was enforced in Europe in June 2007. The Regulation requires businesses to identify the substances used and incorporated in their products, assess the risks, register and report to an administrative agency, and prepare information that can be accessed by the public.

In December 2008, as the first step, Toyota completed the pre-registration of all direct and indirect materials that are supplied to its European operations. Toyota also collaborated with 57 Japanese parts manufacturers doing business in Europe regarding pre-registration.

As the second step, in March 2009 Toyota held a briefing for suppliers on the 15 substances of very high concern¹ (seven of which are on the REACH Authorization Candidate List) contained in products and parts supplied to Toyota and explained the actions it is taking regarding these substances. Together with its suppliers, Toyota will continue efforts to satisfy the REACH regulation.



Approximately 1,000 participants attend the briefing for suppliers

1. Substance of Very High Concern (SVHC): Chemical substances listed by the European Chemicals Agency as being "carcinogenic" or having other harmful effects (15 of these substances were listed as of March 2009); additional substances will be listed in the future.)

2. The ELV Directive: A directive on automobile recycling issued by the European Union in October 2000.

In Focus

System for Collecting Information on Substances of Concern

The International Material Data System (IMDS) was created to collect information on substances contained in parts and materials of parts used in automobiles. This system was developed in tandem with the entire automotive industry in order to comply with the EU End of Life Vehicle Directive² (ELV Directive), which regulates the substances of concern contained in new vehicles and the recycling rates of end-of-life vehicles. Toyota began employing this system from around April 2003, when it first commenced operation. Currently IMDS is the standard system for the automobile industry worldwide, with 20 automakers (including eight Japanese automakers), 75,780 companies (including parts manufacturers) employing the system, and more than 190,000 users registered as of January 2009. Discussions are now taking place regarding the possibility of utilizing the IMDS to comply with the REACH Regulation in the future.

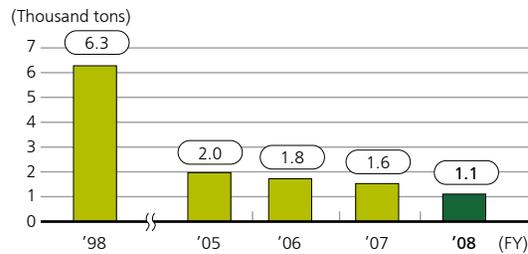
Production
and
LogisticsReduction of the discharge of
substances subject to PRTR due to
TMC production activities

FY2008 Goal
 • Reduce yearly discharge volumes of toluene,
 xylene and other substances subject to PRTR to
 1,745 tons or less

Reduction of the Discharge Volume of Substances Subject to PRTR (down 32% from the previous year)

Toluene, xylene, ethyl benzene, and 1,3,5-trimethylbenzene account for 92% of all substances subject to the Pollutant Release and Transfer Register (PRTR) discharged due to TMC production activities. Toyota has implemented measures to reduce these four substances as well as the discharge of all other substances subject to PRTR. The measures Toyota implemented in FY2008 included switching to waterborne paints for both the vehicle body primer coat and bumpers, reducing cleaning solvent usage, and improving cleaning solvent recovery rates. Partly due to a reduction in production volumes, Toyota reduced the annual discharge of substances subject to PRTR by 1,100 tons (a 32% reduction compared to the previous year).

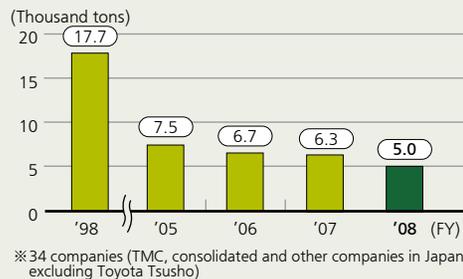
TMC Discharge Volumes of Substances Subject to PRTR



Production Environment Data (Japan)

Toyota also made improvements, such as enhancing cleaning solvent recovery rates, at consolidated subsidiaries in Japan.

Discharge Volumes of Substances Subject to PRTR



Examples of Overseas Initiatives

Pre-registration under EU REACH Regulations Implemented

Europe: Toyota Motor Europe NV/SA (TME)

Leading automobile and parts manufacturers from Japan, the United States, Europe, and South Korea established a Task force on REACH (TF-REACH) in Europe. The task force prepared the Automotive Industry Guideline (AIG) on REACH to integrate responses by the various companies in the industry and avoid duplicative requests to suppliers or confusion along the supply chain; and distributed it to 780 suppliers (second version was released in September 2008). TME also established a task force to coordinate the divisions involved, including six production companies in Europe, in order to implement a uniform response to the REACH regulations by Toyota based on AIG. The first step of REACH compliance is pre-registration, wherein the task force sends a summary of AIG to suppliers and then supplier briefings are conducted independently by TME and the production companies, in various languages, to explain the effect of the regulations, compliance with them, and how to perform pre-registration. The status of pre-registration by each supplier was confirmed, and TME also made some pre-registration. TME worked closely with TMC, particularly with regard to direct and indirect materials imported from Japan, with TMC adopting the same approach as that used in Europe regarding suppliers in Japan to ensure the implementation of pre-registration. By encouraging the switch to local procurement within the EU for some indirect materials, TME not only complied with the regulations, but also reduced the cost of REACH registration and produced secondary benefits such as encouraging greater local procurement. TME will continue working closely with TMC and other involved companies to complete registration and ensure compliance concerning substances of high concern in the second step.

For details on the Automotive Industry Guideline please visit the following website:

 <http://www.acea.be/>



Supplier briefing held in June 2008 concerning REACH

Atmospheric Quality

Achieving Cleaner Emissions and Further Reducing VOCs to Improve Atmospheric Quality

Air pollution caused by smoke and soot emitted from factories and exhaust emissions from automobiles once caused a major problem in Japanese society. However, as a result of measures implemented to prevent air pollution, factory-related pollution problems have almost all been solved and the level of automobile emissions per vehicle has also been reduced to about one-hundredth of earlier levels. Toyota will continue taking a broad range of actions to help maintain atmospheric quality including the development of low-emissions technologies at both the development/design and production/logistics stages, as well as the promotion of initiatives to reduce VOC emissions.

Development and Design

Reduction of emissions to improve air quality in urban areas in all countries and regions

100% of Toyota Vehicles Meet or Exceed the Ultra Low-Emission Vehicle Level (U-LEV)

In FY2008, Toyota significantly increased the number of vehicles that meet the Super Ultra-Low Emission Vehicle (SU-LEV) level, with 75% less emissions than the 2005 Exhaust Emissions Standards in the Ministry of Land, Infrastructure and Transport's Approval System for Low-Emission Vehicles. 87.1% of all Toyota vehicles produced in FY2008 meet SU-LEV standards and 100% of the vehicles produced meet or surpass the Ultra Low-Emission Vehicle (U-LEV) level.

In FY2008, of Toyota's gasoline-powered passenger vehicles, 18 models (including 6 of the 7 vehicle series that were new or underwent complete redesign) were certified as having achieved the SU-LEV level. Two models, including one vehicle series that underwent complete redesign, achieved emissions 50% lower than the 2005 Exhaust Emissions Standards (U-LEV) level.

Percentage of Total Production in FY2008 that Meets the Approval System for Low-Emission Vehicles Based on the 2005 Exhaust Emissions Standards

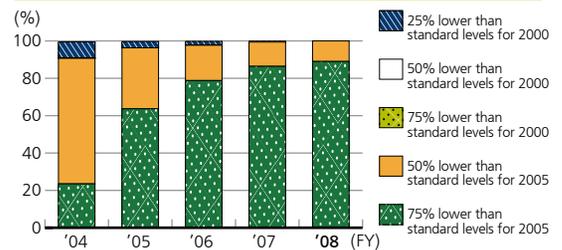
() No. of models

Category	Reduction level	Percentage of total production
New ☆☆☆ U-LEV	50% lower than standard levels for 2005	12.9% (39)
☆☆☆☆ SU-LEV	75% lower than standard levels for 2005	87.1% (119)

FY2008 Vehicles that Meet the Approval System for Low-Emission Vehicles

Vehicle series	Number of models (SU-LEV)	Number of models (U-LEV)
Crown Hybrid	1	0
Alphard	5	0
Vellfire	4	0
iQ	1	0
Passo Sette	0	2
RX350	3	0
Crown Majesta	4	0
Total	18	2

Low-Emission Vehicles as a Percentage of Total Production



Production and Logistics

TMC's VOC emissions reduction activities

FY2008 Goal
Body painting process: Reduce annual VOC emissions to an average of 27g/m² or less on all lines

VOC Emissions from Paints Reduced to an Average of 24g/m²

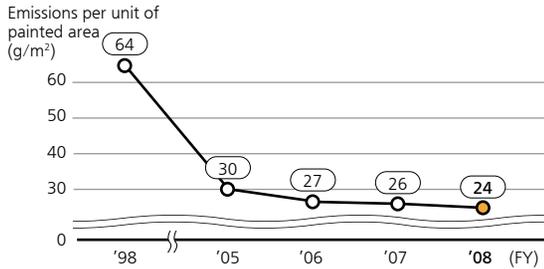
Volatile organic compounds (VOCs) are considered to be one of the causes of photochemical oxidants. Toyota has been taking various steps to further reduce VOC emissions from its vehicle body painting lines, including introducing waterborne paints and implementing complete recovery of cleaning solvents. As a result of these reduction measures, in FY2008 the average VOC emissions per unit of painted area for all vehicle body painting lines was reduced to 24g/m² (a 7.6% decrease compared to the previous year), thus achieving the goal that had been set.

Waterborne, 3-Part Wet Painting Process that Substantially Reduces VOC Emissions Introduced at Two Plants

Toyota has introduced waterborne paints, which substantially reduce VOC emissions compared to conventional solvent-based paints, at all of its Japanese plants and some overseas plants. In addition, Toyota developed a waterborne, three-part wet painting process, which is even more environmentally considerate, and introduced it into the Takaoka Plant and the Toyota Motor Manufacturing Canada, Inc. (TMMC) plant in Canada. Toyota solved the problem of the primer coat and the base coat melting and mixing by adding a water-repellant function to the primer coat paint through the use of a

hydrophobic component. The new process achieves the same paint quality as before, while reducing VOC emissions by 28%. Toyota adopted this new process for the iQ launched in FY2008 and plans to expand its use to include other vehicle series in the future.

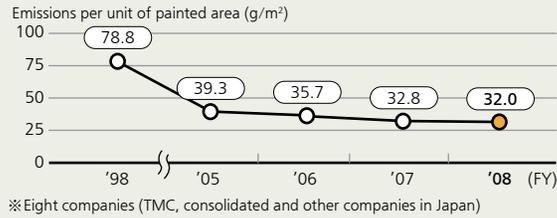
VOC Emissions Volumes in TMC Vehicle Body Painting Processes (Average for All Lines)



Production Environment Data (Japan)

Consolidated companies and other companies in Japan also implemented measures such as increasing cleaning solvent recovery rates and switching to paints that are high in solid and low in volatile compounds, which decreased the emission volume per unit of painted area.

VOC Emissions Volumes in Vehicle Body Painting Processes at Consolidated Companies



In Focus

VOC Emissions Reduced at Dealers through Introduction of Waterborne Paints in Body-Repair Painting Processes

In order to reduce the VOC emissions generated in the body-repair painting processes at dealers, Toyota, in 2004 began the development of waterborne paints in cooperation with paint manufacturers. Following repeated trials at selected dealers, Toyota began selling these paints as genuine products in 2007. As of March 2009, the use of these genuine products as well as other waterborne paints was expanded to 55 dealers. Introducing waterborne paints can reduce VOC emissions by approximately 50% compared to conventional solvent-based paints. Hisao Kawashima, Service Director at Toyota Tokyo Corolla, one of the first dealers to introduce waterborne paints, says that, "Maintaining good relationships with the neighborhood is crucial to the continued existence of a dealer. Although we never received complaints about the odor of conventional solvent-based paints, we decided to introduce waterborne paints as a preventive measure and to improve the working environment for our employees. Our employees like the waterborne paints and say their working environment is healthier. We plan to continue working with Toyota to improve operating efficiency and reduce costs". In the future, Toyota plans to introduce waterborne paints to more dealers.



Painting using worker-friendly, waterborne paints that do not emit organic solvent odor

Examples of Overseas Initiatives

Introducing Avenir Diesel Engines that Meet Euro V Standards Ahead of Time

Europe: Toyota Motor Europe NV/SA (TME)

Diesel cars realize higher fuel efficiency compared to gasoline cars. However, as no premixing of fuel and air is required, and as diesel has low volatility, it is inevitable that diesel cars generate higher levels of particulate matter (PM). Since the compression ratio at the point of combustion is high, the fuel-air mixture is oxygen rich, resulting in increased NOx emissions. The 2.2/2.0-litre diesel engine fitted on the Avenir, introduced in Europe in November 2008, adopts next-generation Piezoelectric injectors and achieves an increase in fuel injection pressure from 180 to 200MPa for refined control of fuel injection to the combustion chamber. Enhanced combustion efficiency is also achieved by adopting a new combustion chamber shape and optimizing EGR.* Furthermore, reducing friction loss by improving the engines themselves and adopting low viscosity oil realized cleaner emissions, higher fuel efficiency, and lower noise levels. The new Avenir diesel model maintains the same power as the 2005 model, but demonstrates improved CO₂ emissions from 152 to 139 g/km according to EC mode. At the same time PM emissions are reduced from 0.025 to 0.005 g/km and NOx emissions from 0.25 to 0.18 g/km, thereby meeting Euro V standards. TME will continue to develop vehicles with cleaner diesel engines.



AD Diesel engine

*EGR (Exhaust Gas Recirculation):

A technology to direct some of the emitted gas after combustion back to the intake, to be processed once more in the internal combustion engine, to reduce NOx emissions

VOC Emissions Reduction Conference in the Asia-Pacific Region

India: Toyota Kirloskar Motor Private Ltd. (TKM) / Asia-Pacific: Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd. (TMAP-EM)

Model plants have been established in each region with the aim of achieving the 2010 VOC emissions reduction targets, and activities are being conducted centered on these plants. In the Asia-Pacific region, a VOC Emissions Reduction Conference was held in September 2008, with TKM as a model plant. A total of 21 employees in charge of environmental issues and painting processes from nine affiliates as well as TMAP-EM and TMC attended the conference. Participants confirmed firsthand the VOC emissions reduction activities in painting processes. They shared information concerning small improvements made to reduce VOC emissions, exchanged idea and opinions, and discussed the strengths and weaknesses of each participating company's approach so they could then carry out activities at their own companies. Many of the participants said that the conference enabled them to create information networks and develop action plans for their individual companies, making the conference particularly meaningful. A conference will also be conducted in FY2009 to confirm progress and engage in brainstorming so that activities for achieving the targets can be adopted on an even broader basis.



Participants from the Asia-Pacific region share information on examples of VOC reduction activities at the workplace

Environmental Management

Promoting Environmental Management as the Foundation for Environmental Initiatives

Toyota has positioned the environment as a management priority and is implementing responses to environmental issues utilizing various innovative technologies.

The Fourth Toyota Environmental Action Plan provides specific action guidelines and places a strong focus on environmental management as the foundation for promoting four focal issues, including energy and global warming. Toyota is taking action on eight items, including consolidated environmental management and environmental education.

Management

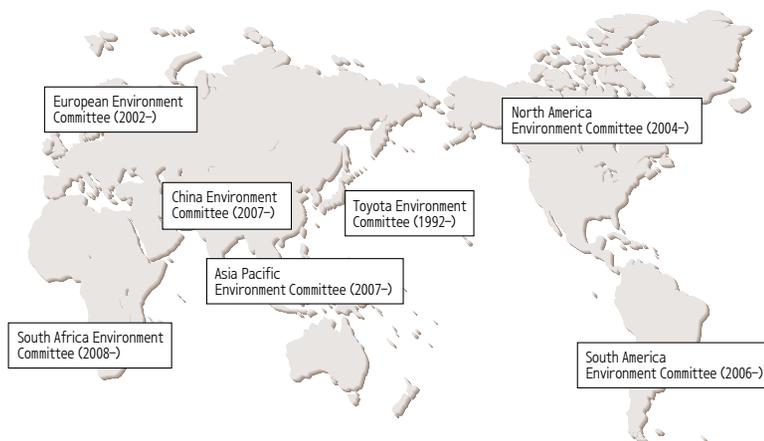
Strengthening consolidated environmental management

Establishment of Environmental Management Committee Structures in Seven Regions of the World Completed

Since 2002, Toyota has been establishing regional environment committees as part of efforts to promote concrete environmental initiatives by overseas affiliates and to enhance global structures.

In April 2008, with the establishment of the South Africa Environment Committee, Toyota completed establishment of the committee structure in all seven regions of the world in which it operates, including Japan. In the Europe, China, Asia Pacific, South America, and South Africa regions, committee meetings were held roughly twice a year under the leadership of the local organizations. Executives from each region attended these committee meetings, where managers in charge of production, logistics, sales, recycling and other areas of Toyota's business activities gave status updates on the achievement of annual policies in their

Promotion Structure for Global Environmental Management



respective areas; reported on policies for the following fiscal year; and held discussions on all these issues. In North America, secretariat conferences were held to discuss Toyota's approach to environmental issues, as well as ways to strengthen the committee system.

In the future, TMC plans to deepen collaboration with the individual regional environment committees to further enhance and strengthen its global environmental initiatives.



China Environment Committee meeting held in April 2009

Major Issues Discussed at Committee Meetings

Environment Committee	Date held	Major issues discussed
European Environment Committee	April, July, and September 2008 January 2009	<ul style="list-style-type: none"> Global Environment Month events REACH Regulation compliance Status of end-of-life vehicle recycling in each country Activity report for each area of operation
South America Environment Committee	May 2008	<ul style="list-style-type: none"> Activity report for each area of operation
China Environment Committee	November 2008 April 2009	<ul style="list-style-type: none"> On-site monitoring of the status of the Xiqing District plant environmental initiatives Showcasing of excellent environmental improvement best practices Report on the China Environment Committee policy implementation status Confirming implementation items for 2009
Asia Pacific Environment Committee	October 2008	<ul style="list-style-type: none"> Global environmental trends and environmental initiatives TMT tree-planting initiatives Activity report for each area
South Africa Environment Committee	April and November 2008	<ul style="list-style-type: none"> TSAM environmental vision and confirmation of approach Activity report for each area of operation

FY2008 Consolidated Environmental Management Action Policies and Results

In FY2008, Toyota promoted initiatives to ensure the achievement of annual environmental goals in production, sales and other areas. In the area of production, systematic measures were implemented and almost all goals were achieved. With respect to sales and other areas, each company formulated annual environmental action plans and promoted initiatives based on these plans.

FY2008 Activity Results and FY2009 Action Policy

		FY2008 action policy and results			FY2009 action policy	
		Action policy	Goals	Activity results	Action policy	Goals
Overall		<ul style="list-style-type: none"> Complete establishment of the overseas environment committee structure to ensure good communication between TMC and companies subject to consolidated environmental management (in all regions and areas of operation) 	<ul style="list-style-type: none"> Establish committees and hold meetings overseas in regions where they have not been held Hold periodic regional environment committee meetings 	<ul style="list-style-type: none"> South Africa Environment Committee (established in April 2008) Held periodic environment committee meetings by region European Environment Committee China Environment Committee Asia Pacific Environment Committee South America Environment Committee South Africa Environment Committee 	<ul style="list-style-type: none"> Solidly establish regional environment committee activities and strengthen coordination with TMC Ensure efficient and effective operation of regional environment committees 	<ul style="list-style-type: none"> Hold periodic regional environment committee meetings
Production (79 companies)	Japan (35 companies)	<ul style="list-style-type: none"> Strengthen measures by each company to achieve 2010 goals and implement thorough measures to prevent non-compliance and avoid complaints Implement follow-up measures to achieve goals by the All-Toyota Production Environment Conference and regional environment committee meetings 	<ul style="list-style-type: none"> All companies to achieve FY2008 goals and eliminate cases of non-compliance and complaints 	<ul style="list-style-type: none"> Proactive preventive measures were implemented, but there were cases of non-compliance (12 non-compliance cases and 0 complaints). All relevant response measures were completed. Consolidated production companies in Japan and overseas implemented systematic measures to achieve FY2008 goals and almost all goals were achieved Measures for achieving goals were strengthened through enhanced follow-up at the All-Toyota Production Environment Conference in Japan and at overseas regional environment committee meetings, and through the effective use of environmental information networks 	<ul style="list-style-type: none"> Ensure thorough measures to prevent non-compliance and complaints at all companies and strengthen initiatives toward achieving the 2010 goals Strengthen activities to prevent non-compliance and complaints and continue to implement relevant training Enhance follow-up measures to achieve goals by the All-Toyota Production Environment Conference and regional environment committee meetings 	<ul style="list-style-type: none"> All companies to achieve FY2009 goals and eliminate cases of non-compliance and complaints
	Overseas* (44 companies)					
Sales (86 companies)	Japan (37 companies)	<ul style="list-style-type: none"> Ensure follow-up of FY2007 activity results and creation of FY2008 action plan 	<ul style="list-style-type: none"> Achieve FY2008 plan goals 	<ul style="list-style-type: none"> All companies created their respective annual action plans and are promoting implementation 	<ul style="list-style-type: none"> Ensure follow-up of FY2008 activity results and creation of FY2009 action plan 	<ul style="list-style-type: none"> Achieve FY2009 plan goals
		<ul style="list-style-type: none"> Continue implementation of improvement initiatives using checklists (ensure details are up to date based on amendments to relevant laws and recent examples of best practices) 	<ul style="list-style-type: none"> Establish improvement initiatives using checklists 	<ul style="list-style-type: none"> Measures based on the Toyota Dealer CSR Guidelines checklist are being steadily implemented 	<ul style="list-style-type: none"> Continue implementation of improvement initiatives using checklists (ensure details are up to date based on amendments to relevant laws and recent examples of best practices) 	<ul style="list-style-type: none"> Zero environmental accidents
		<ul style="list-style-type: none"> Ensure management by unit, and year-on-year comparison of quantitative data 	<ul style="list-style-type: none"> Establish EPI 	<ul style="list-style-type: none"> Data input by all relevant companies 	<ul style="list-style-type: none"> Ensure management by unit, and year-on-year comparison management of quantitative data 	<ul style="list-style-type: none"> Management data feedback
	Overseas* (49 companies)	<ul style="list-style-type: none"> Continue implementation of the overseas Dealer Environmental Risk Audit Program (DERAP) 	<ul style="list-style-type: none"> Fully establish systems at 11 distributors 	<ul style="list-style-type: none"> Goal achieved at 70% of dealers 	<ul style="list-style-type: none"> Continue implementation of the Dealer Environmental Risk Audit Program (DERAP) 	<ul style="list-style-type: none"> Achieve goal at 80% of dealers
Other (71 companies)	Japan (56 companies)	<ul style="list-style-type: none"> Ensure follow-up of FY2007 activity results and creation of FY2008 action plan Improve management of quantitative data (by unit and year-on-year comparison) Determine the effects of the second stage of trial energy conservation measures. Investigate methods of implementation by dealers. 	<ul style="list-style-type: none"> Achieve FY2008 plan goals Establish EPI Conduct appropriate analyses Propose effective methods 	<ul style="list-style-type: none"> All companies created their respective annual action plans and are promoting implementation Data input by all relevant companies Completed the second stage of trial energy conservation measures at dealers in the Tokyo area (by December) 	<ul style="list-style-type: none"> Ensure follow-up of FY2008 activity results and creation of FY2009 action plan Improve management of quantitative data (by unit and year-on-year comparison) Detailed analysis of the effects of the second stage of trial energy conservation measures. Investigate methods of implementation by dealers and business models 	<ul style="list-style-type: none"> Achieve FY2009 plan goals Establish EPI Propose effective methods and business models
	Overseas (15 companies)					

*Eleven companies that perform both production and sales are included in both categories

Environmental Management

Promoting Measures in Accordance with the Toyota Biodiversity Guidelines

Like global warming, conserving biodiversity is said to be one of the major environmental issues of global concern. The United Nations has designated 2010 as the International Year of Biodiversity and measures are being promoted on a global scale. In preparation for COP10 (the Tenth Conference of Parties to the Convention on Biological Diversity), to be held in October 2010 in Nagoya City, Aichi prefecture, the Japanese government, led by the Ministry of the Environment, is promoting policy discussions based on the establishment of mechanisms such as the Committee on Biodiversity Private Sector Activities Guideline and the Committee on the Conservation and Sustainable Use of the Satoyama Landscape. Meanwhile, in the industrial sector, Nippon Keidanren (Japan Business Federation) created and announced the Declaration of Biodiversity by Nippon Keidanren in March 2009, expressing the intention of companies belonging to the federation to promote voluntary measures

related to biodiversity. Toyota also participated in the preparation of the declaration and in line with the spirit of the declaration, is taking specific action under the Toyota Biodiversity Guidelines formulated in March 2008.

Toyota's Biodiversity Guidelines

Fundamental Approach to Activities

TMC 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.

Main Activities

- Contributions through technology | TMC 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 | TMC aims to build collaborative and cooperative relationships with a wide range of society involved with biodiversity, including governments, international agencies, and NPOs.
- Information disclosure | TMC 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 Activities by Toyota to Conserve Biodiversity

Activity	Details	Related pages
Measures related to global warming	● Improving fuel efficiency on a global scale. ● Reducing CO ₂ emissions in production and logistics activities	20, 21, 25, 26
Measures related to improving atmospheric quality	● Reducing exhaust and VOC emissions	34, 35
Promotion of resource recycling	● Further promoting effective resource utilization ● Promoting the concept of design for recycling and expanding the use of recycled materials	28, 29, 30
Tree planting activities at plant sites	● Planting vegetation native to each locale by employees, their family members, and local residents	42
Assessing effects of plant wastewater on ecosystems	● Investigating the impact on aquatic organisms	—
Reviving forests (Toyota Miyagawa Forest in Mie Prefecture)	● Restoring the undersoil vegetation through thinning	69
Developing human resources and protecting rare species (Toyota Shirakawa-Go Eco-Institute, Forest of Toyota)	● Conducting hands-on environmental education with a focus on experiencing nature ● Conducting environmental leadership training seminars	
Afforestation on a global scale (China and the Philippines)	● Planting native trees	
Toyota Environmental Activities Grant Program	● Initiatives focusing on biodiversity and global warming	
Toyota Stakeholder Dialogue	● Initiatives focusing on biodiversity	77

In Focus

Sapporo Toyopet Helps Polar Bears with the Prius

In celebration of its 50th anniversary, Sapporo Toyopet Co., Ltd. established the slogan "Green & Clean," and has been taking company-wide action in five key areas, based on the spirit of respect for humanity. As part of this initiative, the company began the Green & Clean Project 2008 in order to realize the ideas of "respecting local residents" and "valuing the environment and contributing to a prosperous society." Under this project, Sapporo Toyopet donates 10,000 yen for each new Prius it sells and 100 yen for each customer test-drive to the polar bear breeding program at the Sapporo Maruyama Zoo. The habitat of polar bears is being threatened by global warming, and the International Union for Conservation of Nature (IUCN) placed polar bears on its "Red List of Threatened Species" in May 2006. Since 2000, the Maruyama Zoo has been the only place in Japan that has been successful in breeding polar bears. Mitsuo Tanaka, President of Sapporo Toyopet, said the following: "People in Sapporo love polar bears and we began the project as a way to help these animals, which highlight the importance of preserving the environment. Our hope is that the project will help in some way to add to the vitality of Hokkaido." Because even low levels of noise and light can cause highly sensitive pregnant polar bears to miscarry, the donations were used to soundproof the zoo's birthing room and install a heat-sensitive thermograph camera that can take photographs without light. Rara, one of the zoo's polar bears, safely gave birth to twins on December 9, 2008. This is the first time for twin polar bears to be born in a Japanese zoo since Rara herself and her twin sister Lulu (currently at the Asahiyama Zoo) were born fifteen years ago. The healthy and strong twins were shown to the public on March 20, 2009. At an award ceremony held that day, Fumio Ueda, the mayor of Sapporo, presented a certificate of appreciation to President Tanaka. One customer said, "It was easy to participate in the project because it could be done through the simple act of test-driving a car," while a woman who participated sent a letter expressing how she was "looking forward to visiting the polar bear cubs."

For details about the polar bears, please visit the following website:

 http://www.city.sapporo.jp/zoo/topics/polarbear_english.html



Mother polar bear with her twins

Photo courtesy of Sapporo Maruyama Zoo

Management

Enhancement of environmental education

Global Environment Awards Presented in 18 Countries and Regions Worldwide to Enhance Employees' Environmental Awareness

Since FY2007, Toyota has been presenting the Global Environment Awards to promote environmental measures at consolidated subsidiaries around the world. These awards are intended to improve the environmental awareness of employees at each affiliate, thus leading to benefits such as a reduction in CO₂ emissions and improved resource recycling, as well as enhanced overall environmental performance. In FY2008, which marks the third year of the award, Toyota held award ceremonies at the respective overseas sites, instead of in Japan, in order for the program to become more widely known. Award ceremonies were held at 25 affiliates in 18 countries and regions. One award recipient described the thrill of receiving an award from TMC in front of company colleagues.

Eco Drive Training for Employees to Experience First-hand Fuel Efficiency Improvements

Toyota held Eco Drive Training for its employees, with the goal of promoting environmentally sound driving practices. With the help of instructors, participants learned the key points of environmentally sound driving practices, such as smarter ways of accelerating. Following the training, participants' fuel efficiency improved by an average of 30%. The training consisted of both classroom learning and actual driving, where participants could see their actual fuel savings through the measurement instruments installed in the practice cars. This type of training teaches participants to drive more consciously to reduce CO₂ emissions, even during normal driving.



An instructor gives advice on the key points of environmentally sound driving practices

Toyota Global Environment Month Events Held under the Eco Life Theme

Since 1973, in response to the Japanese government's designation of June as Environmental Month, Toyota has designated June of every year as the Toyota Global Environment Month. Various events to boost employees' environmental awareness are held in June. Since FY2003, Toyota has expanded these events to include affiliates subject to consolidated accounting. In FY2008, various educational activities were held, including a lecture on the theme of "Global Warming Prevention through Eco-friendly

Living", screening of an environment-related movie, a hands-on experience at the Shirakawa-Go Eco-Institute for fostering environmental leaders, tours of the Forest of Toyota, dissemination of the Toyota President's message, displaying posters at consolidated affiliates and at various Toyota divisions, as well as promotion of the "Cool Biz and "Lights Down" campaigns.

Management

Further promotion of environmental management at business partners

Suppliers: Expanded Implementation of Toyota Green Purchasing Guidelines

Toyota places the top priority on environmental issues and issued the Toyota Green Purchasing Guidelines in March 2006 to further enhance green purchasing activities in coordination with suppliers. The guidelines are being used as a detailed version of the section covering environmental issues in the Toyota Supplier CSR Guidelines. Toyota has already expanded the Green Purchasing Guidelines to both Japanese and overseas suppliers, and is asking suppliers to continue taking proactive steps with regard to environmental issues.

Japanese Dealers: Trial Implementation of Energy Conservation Measures (at 15 sales outlets)

In FY2006, Toyota began trial implementation of CO₂ emissions reduction measures at dealers. In FY2008 implementation was expanded to include 15 sales outlets operated by four dealers in the Tokyo metropolitan area. Steps taken include the introduction of energy-efficient equipment, improved control of air-conditioning equipment, optimization of lighting, and tighter management of energy usage (e.g., turning off unnecessary lights). Toyota is currently assessing the effects of these measures.

Overseas Distributors: Increase in the Percentage of DERAP Requirements from 52% to 70%

Toyota continued to implement the Dealer Environmental Risk Audit Program (DERAP), which audits the environmental risks of overseas dealers. In order to reduce risks and establish the basis for introducing an environmental management system, the audits assess dealers in terms of structures related to five fundamental requirements, including processing of hazardous waste and wastewater treatment. In FY2008, Toyota implemented the program at 2,347 dealers in 36 countries, resulting in an increase in the percentage of dealers meeting the five fundamental requirements from 52% to 70%.

In Focus

New Vehicles Sales Outlet with Plant-covered Wall and Roof

For Yokohama Toyopet Co., Ltd.'s new vehicles sales outlet that opened in September 2008, called the Shinomiya-Gingaohashi Showroom (Hiratsuka city, Kanagawa prefecture), proactive measures were taken towards greening the showroom building, including parts of its exterior walls and the roof. Additionally, a heat-shielding film was applied to the large glass area of the showroom to improve heat insulation. As a result of heat insulation, air-conditioning effect has been improved, thus leading to CO₂ emissions reduction and other environmental effects. Many customers have visited the showroom after reading about it in city or regional informational magazines, and their comments have included the observation, "The showroom is amenable to both people as well as the environment, and makes the visitor feel relaxed." Yokohama Toyopet plans to gradually expand implementation of its energy conservation measures to include other sales outlets.



Ivy covers part of the wall and easy-to-maintain plants grow densely on the roof

Environmental Management



Promotion of new businesses that contribute to environmental improvements

Promote Biotechnology and Afforestation Businesses that Contribute to Environmental Improvements

Afforestation Business

Cumulative Sales of Easy-care, Slow-growth Zoysia Grass TM9 Reaches 590,000m²

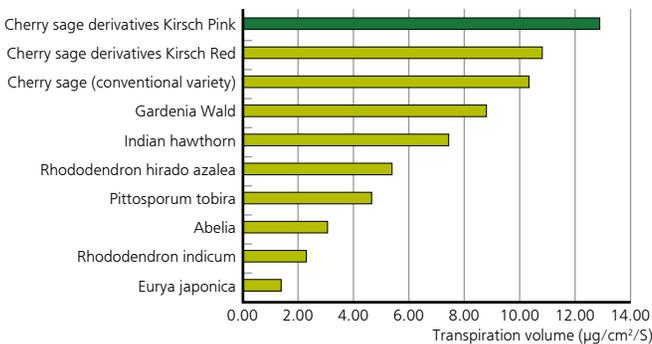
Toyota developed cherry sage derivatives named Kirsch Pink and Kirsch Red, as well as a gardenia named Wald, which are adept at absorbing air pollutants such as NO₂ and SO₂, and alleviating the urban heat-island effect. These new plants are being utilized in road greenbelts and for greening of buildings. Toyota also developed a type of easy-care, slow-growth zoysia grass, called TM9. Because the grass only grows half as tall as conventional varieties, mowing is required only once or twice a year instead of the three to five times required for conventional grasses, resulting in easy maintenance and reduced yard waste. Toyota began offering this grass through Toyota Roof Garden Co., Ltd. in December 2004, and sold 200,000m² in FY2008, for a cumulative total of 590,000m². In FY2008, Toyota registered a variety of grass that requires even less frequent mowing than TM9 and is gearing up for commercialization.



Kirsch Pink

Transpiration from Evergreen Shrubs

Note: Fluctuates with environmental conditions



Cumulative Sales of TM9 Turf Mat Reaches 9,400m²

Toyota developed a modular grass turf tile, the TM9 Turf Mat, which uses the easy-care, slow-growth zoysia grass TM9, and began sales in FY2006 through Toyota Roof Garden Co., Ltd. TM9 Turf Mats facilitate the installation of roof gardens and help in alleviating the urban heat-island effect and reducing CO₂ emissions. Installation times are short and the lawn can be used immediately after laying. In FY2008, cumulative sales reached 9,400m².



Example of TM9 Turf Mat installation

Livestock Biomass Business

Sale of resQ45 Compost Acceleration System to 50 Farms Continues
Toyota and Menicon Co., Ltd. (Menicon) jointly developed a manure composting process for the livestock industry called resQ45 and began marketing it in July 2006. The process utilizes a new enzymatic agent called Tokubetsu-Kyuko to promote decomposition, and a thermophilic bacteria called Thermo Master, resulting in benefits that include less time needed to complete composting (e.g., in the case of chicken droppings, resQ45 slashes the period from the conventional one month to approximately two weeks.); decrease in odor (reduces ammonia gas, which is a source of offensive odors); and reduction in volume. Approximately 50 farms, mostly large-scale ones, are using resQ45 regularly (as of March 2009).



Enzymatic agent Tokubetsu-Kyuko and thermophilic bacteria Thermo Master

Overseas Afforestation Business

Eucalyptus Trees Continue Robust Growth in Australia

Toyota established Australian Afforestation Pty. Ltd. in 1998. The company plants eucalyptus trees that grow extremely fast. By the end of FY2008, Toyota had already planted 1,763 hectares of these trees, which are continuing to grow well. As early as 2009, Toyota plans to begin harvesting trees and shipping them for use as pulp for paper manufacturing.



Nine-year old plantation in Australia

Please see P.69 for afforestation activities in China and the Philippines



Other Businesses

Agreement Reached on Joint Development of Solid Oxide Stationary Fuel Cell Cogeneration System for Household Use

In March 2009, Toyota held a press conference announcing that it had entered an agreement with Osaka Gas Co., Ltd., Kyocera Corporation, and Aisin Seiki Co., Ltd. to jointly develop a solid oxide stationary fuel cell cogeneration system for household use. This easy-to-install system offers high power-generation efficiency and a compact size, thus providing both environmental and economic benefits even in multi-dwelling housing complexes where space is limited. The four companies are combining the individual technologies and expert knowledge that each has nurtured, with the aim of completing development by the first half of 2010's.



Representatives of Kyocera, Osaka Gas, Toyota, and Aisin Seiki (from left to right) at the press conference

Management

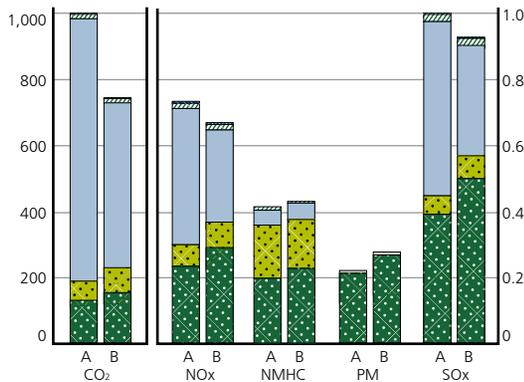
Steady reduction of environmental impact over the entire vehicle lifecycle through implementation of Eco-VAS

Application of LCA to New and Completely Redesigned Vehicles of Seven Vehicle Series

The Eco-Vehicle Assessment System (Eco-VAS) is a comprehensive environmental impact assessment system that allows systematic assessment of a vehicle's impact on the environment over the entire lifecycle—from vehicle production and use to disposal stages. Toyota uses Eco-VAS to conduct lifecycle assessment (LCA), which assesses a vehicle's total environmental impact—from materials production, vehicle manufacturing, driving and maintenance to disposal stages. In FY2008, Toyota used Eco-VAS to conduct LCA on seven vehicle series that were new or underwent a complete redesign (Crown Hybrid, Alphard, Vellfire, iQ, Passo Sette, RX350, and Crown Majesta). The system has enabled Toyota to reduce CO₂ emissions over the entire lifecycle of the Crown Hybrid by 25% or more compared with similar class vehicles.

Crown Hybrid LCA Results

A: Gasoline-powered vehicle of the same class
B: Crown Hybrid



Materials manufacturing (Green checkered), Vehicle manufacturing (Yellow checkered), Driving (Blue), Maintenance (Blue diagonal lines), Disposal (Blue horizontal lines)

NO_x: Nitrogen Oxide
NMHC: Non Methane Hydrocarbons
PM: Particulate Matter
SO_x: Sulfur Oxide

• These results are based on 10-15 Japanese test mode, assuming a lifetime driving distance of 100,000km over 10 years
• Because Toyota uses LCA to verify the relative environmental benefits of its vehicles, it expresses the evaluation results as indexes. Since CO₂ emissions are measured in tons while the emissions of other substances are measured in kilograms, different indexes are used.

Management

Legal compliance activities

Achieving Zero Cases of Non-compliance and Complaints

In FY2008 too, Toyota analyzed all cases of environmental non-compliance, complaints and "near-miss" accidents* that occurred to determine why the environmental risk could not be detected at an earlier stage; and then introduced preventive measures throughout the entire company. Furthermore, because there were a relatively large number of cases involving vehicle oil leaks, Toyota conducted hearing surveys about the results of oil leak tests on delivery vehicles at two plants each month and directly visited suppliers with insufficient systems in place to ask them to implement reliable corrective measures. In the future, Toyota plans to check the overall status and effectiveness of earlier company-wide measures implemented in response to cases of non-compliance, complaints and "near-miss" accidents.

*Near-miss accidents: Potentially high-risk incidents that do not lead to actual accidents

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, 3,667 transformers and condensers have already been processed. The remaining 1,580 units will continue to be handled on an outsourcing basis in FY2009 and beyond.

Soil and Groundwater-related Measures

In 1997, Toyota completed the implementation of measures to prevent leakage of groundwater that it had been carrying out at six production plants. Toyota has continued groundwater remediation using pump and airtation treatment and reports on the levels of trichloroethylene to the government and to local councils in the surrounding communities.

Trichloroethylene Measurement Values

Environmental standard: 0.03 Unit: mg/l

Plant	Levels in groundwater
Honsha	Less than 0.002 - 1.78
Motomachi	Less than 0.002 - 0.22
Kamigo	Less than 0.002 - 0.24
Takaoka	Less than 0.002 - 0.43
Miyoshi	Less than 0.002 - 0.30
Tsutsumi	Less than 0.002 - 0.64

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	'04	'05	'06	'07	'08
Air	NO _x	444	526	419	416	367
	SO _x	139	111	68	32	25
Water	Total nitrogen	76.7	68.9	55.1	64.0	71.6
	Total phosphorous	7.0	5.6	4.7	4.6	4.6
	COD	110.8	104.3	96.8	91.3	84.5

Note 1: The unit for air quality data is 1000m³/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 holidays. Figures from FY2004 have been recalculated accordingly.

Environmental Management

In Focus

Achieving Harmony between Manufacturing and the Natural Environment

Based on the concept of “a plant that fully utilizes natural resources while operating in harmony with the natural environment,” TMC has been implementing sustainable plant activities since 2007 at the Tsutsumi Plant, a model plant where Prius hybrid vehicles are manufactured.

The Sustainable Plant Concept

A plant that fully utilizes natural resources while operating in harmony with the natural environment.

Reducing energy consumption

Development and introduction of low CO₂-emitting production technologies and daily *kaizen* (improvement) activities

Switching energy sources

Utilization of renewable energy (solar, etc.)

Local community involvement and ecological conservation

Tree planting at production plants: “Green for Tomorrow”

Activities to Raise the Environmental Awareness of Employees

Reducing Energy Consumption and Switching Energy Sources

Toyota has, for several years now, been implementing measures to conserve energy with the participation of all employees. The concept behind the Toyota Production System was applied with the aim of using only the necessary amount of energy when needed. Specific measures such as reducing the standby power consumption of equipment when not in operation are intended to comprehensively eliminate waste, inconsistencies and unreasonable requirements of energy. Personnel at the Tsutsumi Plant make as many as 1,500 energy-saving proposals each year, and when combined with the effects of switching fuel from heavy oil to natural gas and installation of a cogeneration system, CO₂ emissions were reduced to less than half the FY1990 level by FY2006. Low CO₂-emitting production technologies were installed at the Takaoka Plant in FY2007. Eliminating the use of drying ovens for the primer coats of paint in painting processes reduced CO₂ emissions by 15%. A photovoltaic power generating system with a rated output of approximately 2,000kW (NEDO Field Test Project on New Photovoltaic Power Generation) was installed at the Tsutsumi Plant in 2008. The output is equal to about half the power consumption of the assembly plant, or the equivalent of about 500 households.



Implementing measures to reduce standby power consumption of equipment

Planting Trees at Plants and Raising Environmental Awareness

Toyota is conducting tree planting at the Tsutsumi Plant to encourage interaction with the local community and conservation of ecosystems. A survey of vegetation in the plant vicinity was conducted under the guidance of Professor Emeritus Akira Miyawaki of Yokohama National University and 55 different varieties of tree including the indigenous Japanese blue oak and *sudajii* (*Castanopsis sieboldii*) were selected for planting with the goal of restoring the local ecosystem. In May 2008, approximately 5,000 volunteers, comprised of local residents and Toyota employees, planted 50,000 trees. The forests in the surrounding areas were surveyed and birds and insects that are expected to live in the Tsutsumi Plant woods in the future were selected as indicators. Monitoring will continue in the future to confirm that the ecosystem is approaching the condition of the local forests.

Activities are being conducted at the Tsutsumi Plant to raise the environmental awareness of all employees. One example is the introduction of the Eco-point System that enables personnel to accumulate points by making energy conservation proposals and participating in local beautification activities. One employee who works at the Tsutsumi Plant explained that “we are working to create a plant that local residents will always want to be here.” As a result of these sustainable plant activities, the Tsutsumi Plant won the Sustainable Management Pearl Award (the highest award given) of the Seventh Japan Sustainable Management Awards.



Accepting the Sustainable Management Pearl Award at the Seventh Japan Sustainable Management Awards ceremony

Sustainable Plant Activities Expanded Worldwide

Toyota has expanded tree-planting activities to other plants in Japan including the Takaoka, Tahara, and Motomachi plants as well as the overseas plants of Toyota Motor Thailand Co., Ltd. (TMT) and Toyota Kirloskar Motor Private Ltd. (TKM) in India. Employees perform the work including preparing the soil and raising saplings from seed.

At the Ban Pho Plant of TMT, approximately 14,000 people (local residents and employees) planted 100,000 saplings of 34 indigenous tree varieties such as dipterocarp in August 2008. This brings the cumulative number of trees planted by Toyota in Japan and overseas to 190,000. In addition, a sapling center that can supply 200,000 saplings annually was established. The saplings are provided to suppliers, dealers, local universities, and others to expand tree-planting activities even further.

Examples of Overseas Initiatives

Environmental Prize from the Thai Government for Tree-planting and Biotope Efforts

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

Toyota Motor Thailand (TMT) Ban Pho Plant is a model sustainable plant that has been involved in tree planting (shown in photo on right) and biotope* construction since 2008 as a part of its activities to showcase environmental initiatives. Treated water from the plant was used to create a waterfall, pond, stream, and marsh to attract birds, fish, fireflies, and other organisms to revive the local environment. As a part of the plant's efforts to contribute to the local community, learning stations were created along a tour route to allow plant visitors to learn more about biodiversity, environmental technology, tree planting, and the like. In addition, the plant has used materials generated from the production process, such as wood and waste plastic to create bridges and benches, and recycled bricks to construct walkways.

In recognition of these activities, the plant received an environmental award in May 2009 from the Thai Ministry of Natural Resources and Environment for the category of Biological diversity conservation award of forest ecosystem. The award was created in 2009 by the Thai government to recognize environmental initiatives, with TMT selected as the first year's winner.

At the awards ceremony, TMT Vice President and General Manager of the Ban Pho Plant, Charnchai Suppayakorn, expressed his aspirations for the plant: "We hope to make the Ban Pho Plant a facility that achieves harmony between industry and the environment, and that contributes to the local community, through our tree-planting and biotope efforts."

*Biotope is derived from the German word *Biotop*, which in turn comes from the Greek words *bio* (meaning "life") and *topos* (meaning "place").



Tree planting begun in August 2008



Minister for Natural Resources and Environment Suwit Khunkitti (right) presents the award to TMT Vice President Charnchai Suppayakorn

'Treasure Hunts' Supports Suppliers' Energy Saving Activities

USA: Toyota Motor Engineering & Manufacturing North America (TEMA)

Toyota Motor Engineering & Manufacturing North America (TEMA) has worked with suppliers to conduct 'Treasure Hunts' that identify energy saving opportunities, since April 2007. TEMA identified energy as an area where it could help suppliers control their costs and reduce total CO₂ emissions generated during vehicle production. TEMA's Energy Management Program is recognized as one of the premier such programs in North America.

A 'Treasure Hunt' is Toyota's version of an energy audit. It is an intense 2-3 day event that combines the skills of TEMA energy experts, and plant engineering, process engineering, process maintenance and operations personnel. All aspects of energy use are reviewed using basic concepts including shutting down equipment during non-production, eliminating excess production equipment, and adjusting indoor temperatures to suit production needs. Since 2007, TEMA and its suppliers have conducted 26 Treasure Hunts at supplier locations. Personnel from 40 other companies also attended TEMA training programs and were provided tools to use in identifying reduction opportunities at their respective companies. A total of over 400 kaizen opportunities have been identified during these events, with potential energy cost savings of over \$3.25 million.

One supplier, Johnson Controls, Inc., has hosted events at three of its facilities. Of them, a Johnson Controls facility in northern California discovered that by installing Variable Frequency Drives (VFD) on the Air Handler's fan, these units could reduce energy consumption by over 325,000 kWh, a 10% reduction in utility consumption. Johnson Controls estimates the total annual cost savings from reduction opportunities identified during the Treasure Hunts to be almost \$200,000.

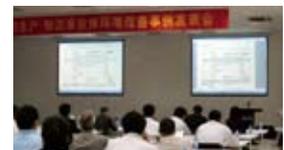


TEMA employees and suppliers conducting 'treasure hunts' at a supplier facility

Conference on Environmental Improvement Best Practices in Production and Logistics Companies

China: Toyota Motor Technical Center (China) Co., Ltd. (TTCC)

The China Environment Committee has convened four times since its establishment in 2007 to investigate the implementation of environmental activities and environmental policies, as well as related strategies, firmly establishing itself as the forum for adopting response measures. When the committee convened in April 2009 at Tianjin FAW Toyota Motor Co., Ltd. (TFTM), the first Conference on Environmental Improvement Best Practices in Production and Logistics Companies was also held. Approximately 80 environmental management personnel participated in the conference, which was held to boost the motivation of environmental management personnel at each affiliate, encourage cost reductions through environmental measures, and share best practices. Team leaders from each of the ten participating affiliates gave presentations on one best practice each regarding measures to improve environmental performance, (initiatives to conserve energy, reduce emissions of substances that impact the environment, improve the operation and maintenance of equipment, and enhance environmental management techniques). Tianjin Toyota Forging Co., Ltd. (TTFC) presented a best practice for conserving energy on the crankshaft production line and reducing emissions that won the China Environmental Improvement Committee Chairman's Special Prize. Through outstanding teamwork, analyses and implementation of countermeasures based on the *genchi genbutsu* approach, TTFC decreased energy consumption and raw materials usage by reducing waste liquid volumes and the rate of occurrence of defective products. President Shozo Takemoto of TTCC, chairman of the Award Selection Committee, commented at the close of the conference: "We were able to confirm that each company has implemented various *kaizen* (improvements) to lower energy use, reduce waste water, and cut VOC emissions; and we hope that the conference participants will take the best practices presented here back to their own companies and implement them." Many of the participants commented that the large number of useful examples of improvement made the conference particularly significant. Going forward, measures will be taken to gauge the progress of the activities announced at the conference, support the adoption of measures by other companies, determine the status of activities at each company, and plan the next best practices conference.



Conference on Environmental Improvement Best Practices in Production and Logistics Companies held in April 2009

Housing Business

Housing that is Comfortable for Residents and Good for the Earth with Value that can be Handed Down to the Next Generation

Toyota Home focuses on creating housing that is environmentally considerate, has a long lifespan and is adapted to diverse lifestyles, and the commercial development of innovative housing with a long lifespan that curtails CO₂ emissions through heat insulation performance at the industry's highest levels. The product development concept for FY2008 was centered on the environment from the two perspectives of increasing home lifespan and saving energy and creating energy. The Sincé Sorest series, which was launched in April 2009, not only reduce CO₂ emissions by approximately 52% compared to standard homes built 20 years ago, but also can offset CO₂ emissions by employing a photovoltaic power generation system. Also, these are long-lifespan homes that possess high levels of earthquake resistance and durability necessary to withstand even a major earthquake. The Sincé Sorest series and most other products comply with the Excellent Long-term Housing certification program with just the standard features, and preferential tax treatment can be enjoyed by obtaining certification.

Initiatives in Product Development

Development and Marketing of Industry-leading Environmentally-friendly Homes

The Sincé Sorest series, Toyota Homes' environmental flagship products, boast substantial improvements in environmental performance made possible by original energy-saving and energy-creating features such as aluminum sashes with resin composite insulation and a new ventilation system with a heat exchanger function. Like the Sorest, the three-story Espacio EF3, is a long-lifespan product with a warranty of up to 60 years that was launched in January 2009 for comfortable living on narrow urban plots by featuring a split-level design with a built-in garage and ample storage space.



Sincé Sorest

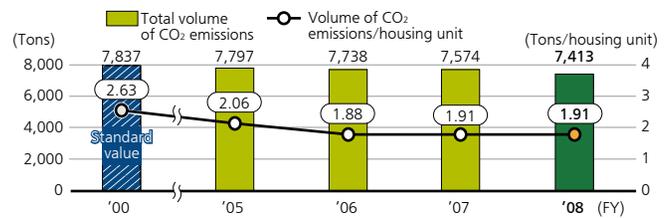
Initiatives at Production Plants

Reduction in CO₂ Emissions

The effects of economic conditions caused a decline in production in FY2008, but CO₂ emissions per unit remained strong, with total

emissions down by 161 tons. Major emissions-reduction initiatives included installing highly efficient, energy-saving fluorescent lights for ceiling lights in plants, switching to mercury lamps, reducing overtime work, switching from heavy oil to low-CO₂ coefficient processed natural gas and electricity as energy sources for boilers, and making sure all equipment and machinery power supplies are turned off during long holidays in the summer and winter.

CO₂ Emissions in Production Processes



Reduction of Materials Discarded

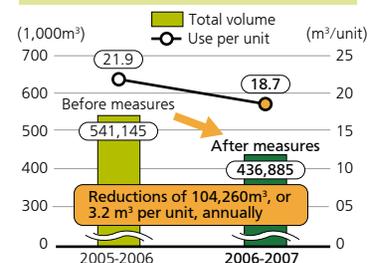
Toyota Home set a goal of reducing the volume of materials discarded including that for recycling for profit, and is working to achieve efficient utilization of resources by reducing resource losses. Major reduction measures implemented in FY2008 included reducing the volume of sludge generated by installing pumps

In Focus

Toyota Wins ECCJ's Chairman Prize for Energy-Savings from Optimized Operation of Electrodeposition Drying Furnaces

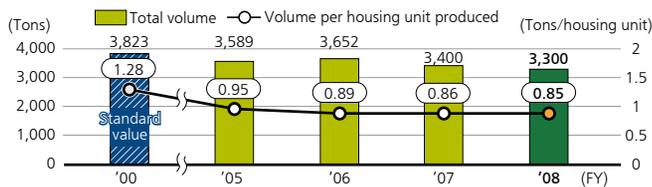
The Kasugai Housing Works Environmental Preservation Office won the Toyota Housing Group's first Chairman's Award for Energy Savings at the 2008 Outstanding Energy-saving Case Study National Conference sponsored by the Energy Conservation Center, Japan (ECCJ). The drying furnaces are used in anti-corrosion paint cation electrodeposition of unit frames, a main structural element used by Toyota Home. A comprehensive review of operating methods including furnace temperature settings and operating times taking into account external temperatures was conducted in addition to various trials conducted while maintaining rigorous quality standards. The significant reductions in gas consumption and costs without incurring any additional expenses were commended (gas usage was reduced 19%, gas consumption per housing unit was cut 15%, and CO₂ emissions were reduced by 245 tons). These efforts will be expanded to the Tochigi and Yamanashi works, where the same types of furnaces are used, to achieve further energy savings.

Processed Natural Gas Used by Electrodeposition Furnaces and Usage Per Unit by Month Before and After Implementation of Measures (Annual comparison)



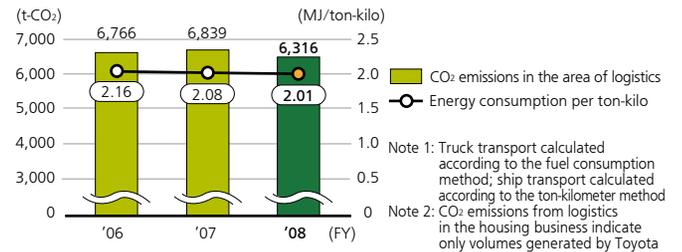
on cleaning sludge pallets in exterior painting booths, removing water, and processing it. Total volume of materials discarded was 3,300 tons, down 14% from FY2000, and volume per housing unit was 0.85 tons, down 34% compared to FY2000.

Volume of Materials Discarded



the use of digital tachometers from 60% to 80% of transportation vehicles to achieve eco-driving benefits and reducing transport distances by locally producing roofs for use in Kyushu, Japan.

CO₂ Emissions in the Area of Logistics in Response to the Amended Law Concerning the Rational Use of Energy

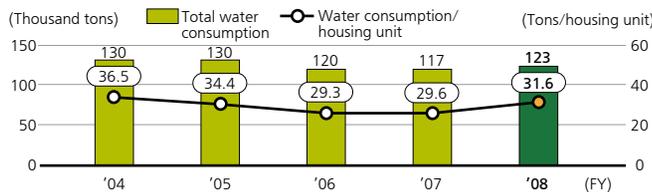


Note 1: Truck transport calculated according to the fuel consumption method; ship transport calculated according to the ton-kilometer method
 Note 2: CO₂ emissions from logistics in the housing business indicate only volumes generated by Toyota

Reduction in Water Consumption

After a drying machine separates the sludge and filtrate from exterior paint waste fluids, a large volume of water is used to dilute the filtrate, which has high COD, and as a result, water usage increased by 6,000 tons (up 5%) from the prior year.

Total Water Consumption



Initiatives at Construction Sites

Zero Emissions Measures at New Construction Sites

In order to achieve zero emissions* at construction sites for new homes, sales companies are taking measures to eliminate waste by sorting into seven categories. Identification of new recycling methods and thorough sorting resulted in seven companies achieving zero emissions by the end of FY2008. In addition, precutting roof tiles and streamlining shipment volumes resulted in waste reductions of 2.6m³ by volume (down 52% from FY2000) and 0.99 tons by weight (down 49% from FY2000) per housing unit.

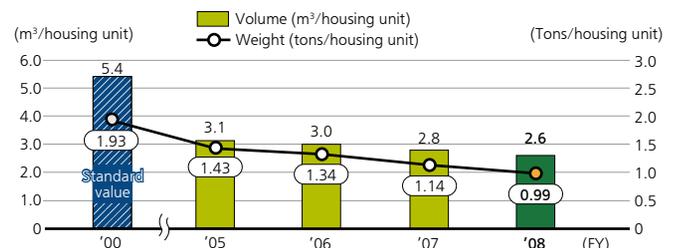
*Zero emissions: Reducing landfill waste excluding fly ash to zero

Measures in Transportation Fields

Reduction of Energy Consumption in the Area of Logistics

In accordance with the amended Law Concerning the Rational Use of Energy, Toyota measured energy consumption in transportation operations in FY2006. Reduction targets were set based on those figures and measures taken to reduce CO₂ emissions. As a result, energy consumption was 2.01 MJ/ton-kilo in FY2008 (down 6.9% from FY2006). The main reduction measures consisted of increasing

Results of Waste Reduction Measures at Construction Sites



※Data is based on waste reduction for an average-sized house in Japan (130-140m²) and indicates actual waste volumes and weight.

Toyota's Housing Business Environmental Action Plan 2010 and Results of Initiatives in FY2008

Action guideline	Item	2010 environmental scenario	FY2008 results	
Realization of Factor 4: Achievement of both affluent living for customers and environmental friendliness for the earth	Product development	<ul style="list-style-type: none"> By the end of FY2010, all buildings constructed will exceed the next-generation, energy-saving performance standards The use of energy-conserving and energy-creating devices such as the EcoCute (a heat-pump hot-water supply unit) and photovoltaic power generators will be actively promoted 	Next-generation energy-saving standards achievement rate	92.7%
	Establishment of CO ₂ emissions goals for production plants	<ul style="list-style-type: none"> FY2010 total CO₂ emissions: 2% reduction from the FY2000 level 7,837 tons (three housing works) → 7,692 tons FY2010 CO₂ emissions per housing unit produced: 32% reduction from the FY2000 level 2.63 tons/housing unit (average of three housing works) → 1.77 tons/housing unit 	Total CO ₂ emissions (compared to FY2000)	7,413 tons (5.4% reduction)
	Establishment of goals for materials discarded	<ul style="list-style-type: none"> FY2010 total volume of materials discarded: 9% reduction from the FY2000 level 3,823 tons (three housing works) → 3,481 tons FY2010 volume of materials discarded per housing unit produced: 37% reduction from the FY2000 level 1.28 tons/housing unit (average of three housing works) → 0.80 tons/housing unit 	Photovoltaic power generators installation rate	3.3%
			Total volume of materials discarded (compared to FY2000)	3,300 tons (14% reduction)
	Transportation	<ul style="list-style-type: none"> FY2010 energy consumption per ton-kilo: 4% reduction from the FY2006 level 2.16 MJ/ton-kilos → 2.07 MJ/ton-kilos 	CO ₂ emissions per housing unit produced (compared to FY2000)	1.91 tons per housing unit (27% reduction)
Construction sites	<ul style="list-style-type: none"> FY2010 zero emissions at construction sites for new homes (zero landfill waste excluding fly ash) 	Volume of materials discarded per housing unit produced (compared to FY2000)	0.85 tons/unit (34% reduction)	
			Energy consumption per ton-kilo (compared to FY2006)	2.01 MJ/ton-kilos (6.9% reduction)
			Action by sales agents: zero emissions achieved by seven companies	

Note: The CO₂ emissions goals for production plants and the goals for materials discarded have been modified due to transfer of production from a supplier

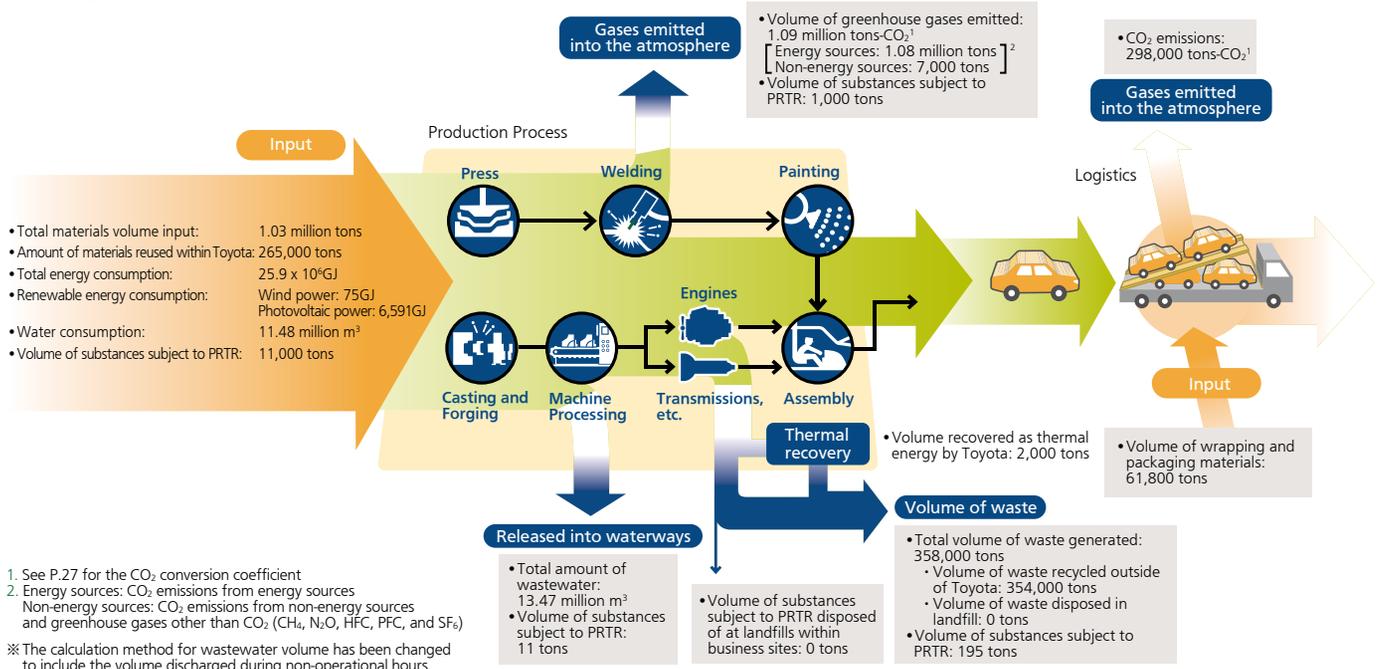
Appendix

Status of Major Environmental Data for FY2008

Area	Item	Key indicator (unit)	FY1990	FY1995	FY2006	FY2007	FY2008	Related pages in this report
Production	Exhaust gases	Percentage of total production that achieves emission levels 25% lower than 2000 gasoline standards (No. of models)	—	—	2.1% (19)	0.4% (14)	—	34
		Percentage of total production that achieves emission levels 50% lower than 2000 gasoline standards (No. of models)	—	—	—	—	—	
		Percentage of total production that achieves emission levels 75% lower than 2000 gasoline standards (No. of models)	—	—	—	—	—	
		Percentage of total production that achieves emission levels 50% lower than 2005 gasoline standards (No. of models)	—	—	18.9% (61)	13.9% (54)	12.9% (39)	
		Percentage of total production that achieves emission levels 75% lower than 2005 gasoline standards (No. of models)	—	—	78.8% (84)	85.7% (109)	87.1% (119)	
	Clean-energy vehicles	Number of units sold (vehicles)	—	—	81,324	85,268	98,137	23
		Electric vehicles (vehicles)	—	—	0	0	0	
		Hybrid vehicles (vehicles)	—	—	81,118	85,127	98,005	
		CNG vehicles (vehicles)	—	—	206	141	132	
	Fuel efficiency ¹	Average fuel efficiency by weight category [km/l] (Gasoline-powered passenger vehicle) ¹	703 - 827kg	17.6	17.6	—	—	—
828 - 1,015kg			—	—	20.7	20.9	21.1	
1,016 - 1,265kg			12.3 (average)	12.3 (average)	17.3	18.3	18.7	
1,266 - 1,515kg			—	—	14.5	14.2	14.6	
1,516 - 1,765kg			—	—	11.9	12.3	12.5	
1,766 - 2,015kg			8.5 (average)	8.0 (average)	10.3	10.1	11.5	
2,016 - 2,265kg			—	—	9.5	10.0	9.1	
Production	CO ₂ emissions ²	Total emissions volume (calculated in CO ₂ equivalent in 10 thousand tons/year)	212 ⁴	211	160	158	134	25
		Emissions volume per sales unit (calculated in CO ₂ equivalent in tons/100 million yen/year)	29.1 ⁴	31.2	13.8	13.1	14.5	
	Substances of concern	VOC emissions volume per body area (g/m ²)	—	—	27	26	24	34
		Discharge volume of PRTR substances (thousand tons/year)	—	—	1.8	1.6	1.1	33
	Waste ³	Volume of combustible waste generated (thousand tons/year)	62	41	7.5	6.4	5.0	—
Recycling	Recycling rate	Vehicle recycling/recovery rate (%)	—	—	94	96	97	29

Note 1: The fuel efficiency figures for FY1990 have been obtained by converting the figures obtained in the 10 Japanese test mode to the 10-15 Japanese test mode
 Note 2: Since non-production bases were also brought under the scope of the reduction goals in FY2005, figures include company-wide emissions from FY1990
 Note 3: Zero landfill waste was achieved in FY2000 and has been maintained ever since
 Note 4: Total figure for the period from January to December 1990

Volume of Resources Input and Volume of Substances Discharged from Production Plants (10 plants) and Logistics Activities in FY2008



Environmental Data for FY2008 New Models and Redesigned Passenger Vehicles in Japan

	Name	Crown Hybrid	Alphard/Vellfire	iQ	Passo Sette	RX350	Crown Majesta
Specifications	Vehicle model	DAA-GWS204	DBA-ANH20W	DBA-KG110	CBA-M502E	DBA-GGL10W	DBA-URS206
	Engine model	2GR-FSE	2AZ-FE	1KR-FE	3SZ-VE	2GR-FE	1UR-FSE
	Transmission	Electronically-controlled continuously variable transmission	CVT	CVT	4AT	6AT	8AT
Start of sales		May 2008	May 2008	November 2008	December 2008	January 2009	March 2009
Greenhouse gases	Amount of HFC134-a used (g) as air conditioning refrigerant	550 (No rear A/C) 730 (Rear automatic cooler)	750	360	350	500	500 (No rear A/C) 700 (With rear A/C)
	CO ₂ emissions (g/km) (calculated from 10-15 Japanese test mode fuel efficiency values)	147	200	101	149	239	247
Fuel efficiency	Fuel efficiency (10-15 Japanese test mode) (km/l) (Figure reviewed by Ministry of Land, Infrastructure and Transport)	15.8	11.6	23	15.6	9.7	9.4
	Regulation figures for acceleration noise (dB-A)	76	76	76	76	76	76
External vehicle noise	Specification figures for acceleration noise (dB-A)	75	75	74	74	75	75
	75% lower than standard levels (SU-LEV)	★★★★	★★★★	★★★★	—	★★★★	★★★★
Exhaust emission levels (2005 Exhaust Emissions Standards) ¹	50% lower than standard levels (U-LEV)	—	—	—	★★★	—	—
	Lead	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved
Substances of concern used in parts	Mercury	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved
	Cadmium	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved
	Hexavalent chromium	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved	JAMA goals achieved
	Parts that use easy-to-recycle materials (TSOP)	Bumpers and interior parts	Bumpers and interior parts	Bumpers and interior parts	Bumpers and interior parts	Bumpers and interior parts	Bumpers and interior parts
Recycling	Natural materials	—	—	—	—	○ (Kenaf)	—
	Use of recycled materials	○	○	○	○	○	○
	Soundproofing material made from recycled shredder residue (RSPF)	○	—	○	—	—	○

※ In principle, the data above relates to the best-selling grade of each vehicle model
Note 1: Refer to the table below for levels of emission gases from passenger vehicles

Exhaust Emissions Levels for Gasoline-powered Passenger Vehicles (2005 Standards)

Regulated substances	New mode* Regulation value	50% lower than 2005 standards (☆☆☆)	75% lower than 2005 standards (☆☆☆☆)
Carbon monoxide CO (g/km)	1.15	←	←
NMHC (g/km)	0.05	0.025	0.013
NOx (g/km)	0.05	0.025	0.013

※ New mode: (Value measured in the 10-15 Japanese test mode) x 0.88
+ (Value measured in the 11 Japanese test mode) x 0.12

Status of ISO 14001 Certification

In FY2008, there was no change in the number of production companies in Japan that had acquired ISO 14001 certification. Overseas, ISO 14001 certification was acquired by Toyota Motor Manufacturing Texas Inc. (TMMTX), North America, and Guangqi Toyota Engine Co., Ltd. (GTE), China, for a total of 32 companies. Acquisition of certification was also expanded to overseas dealers and service shops in Italy, Spain, Denmark and other countries. The number of Toyota bases that acquired certification increased by approximately 390, bringing the cumulative total in 15 countries to about 1,000.

Number of Companies in Japan and Overseas that have Acquired ISO 14001 Certification

	Production companies	Production /Sales companies	Sales companies/ Other types of businesses
Japan	34	—	23 ^{1,2}
Overseas	32 ¹	10	23 ¹

Note 1: Figures have been recalculated due to an error in previous calculations
Note 2: Two companies that did not renew certification have been excluded

Continued Reporting

Due to space limitations, some features included in the Sustainability Report 2008 could not be included in this year's report. Major developments in these areas are reported below.

	Area	Page no. in 2008 report	Details	Current status
Environmental Aspects	Environmental Management	P.41	Continued Global Expansion of Eco-Factory Activities	In FY2008, Eco-Factory activities were conducted at 13 plants in North America, Europe, Asia Pacific and the Middle East, South America, and China
	Environmental Management	P.43	Continued Participation in Large-scale Stationary Fuel Cell Demonstration Project	In FY2008, 24 systems were provided, as planned, to Toho Gas Co., Ltd., a participant in the Large-scale Stationary Fuel Cell Demonstration Project being implemented by Japan's Ministry of Economy, Trade and Industry
Appendix	Continued Reporting	P.53	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
Social Aspects	Relations with Employees	P.63	Number and employment rate of people with disabilities	As of the end of April 2009, a total of 976 people with disabilities were employed, accounting for 1.88% of the total workforce

Environmental Awards (FY2008)

Organization	Award title	Award for
Ministry of Land, Infrastructure, Transport and Tourism	First Eco-Ship Mark certification	Shippers and shipping companies that use environmentally-friendly means of marine transport for at least a certain percentage of their cargo volume
The Energy Conservation Center, Japan (ECCJ)	The Ministry of Economy, Trade and Industry's Minister's Award for the 2008 Commendations for Outstanding Achievements in Energy Conservation	Energy conservation activities with full employee participation that visualize energy consumption
The Energy Conservation Center, Japan (ECCJ)	The Energy Conservation Center, Japan (ECCJ) Chairman's Award for the 2008 Commendations for Outstanding Achievements in Energy Conservation	Achievement of significant energy conservation through optimum management of equipment that uses large amounts of energy, such as drying ovens
The Japan Society of Mechanical Engineers (JSME)	FY2008 JSME Medal for New Technology	The constantly engaged gear-driven starter for Toyota's Stop & Start System (idle stop system)
The Japan Society of Mechanical Engineers (JSME)	FY2008 JSME Medal for Distinguished Engineers	R&D on active safety technologies to reduce traffic accidents
Ministry of Economy, Trade and Industry, and Japan Patent Office	Awards for Excellent Enterprises Active in the Industrial Property Rights System, Award from the Minister of Economy, Trade and Industry	Obtaining global trademark rights for the Hybrid Synergy Drive logo, etc., installed on all Toyota hybrid vehicles, and actively utilizing them to promote environmental preservation
Toyo Keizai Inc.	12th Sustainability Reporting Award Excellence Award	Clearly defining concepts such as sustainable mobility and sustainable plant, and demonstrating social contribution through business activities
The Japan Sustainable Management Award Committee, Mie Prefecture	7th The Sustainable Management Pearl Award	Various types of environmental initiatives taken at the Tsutsumi Plant, which is a model plant for sustainable plant activities, including introduction of the Eco-Point System for improving employee's environmental awareness, and regular opinion exchanges with local residents

Appendix

Scope of Companies Subject to Consolidated EMS

Toyota's consolidated EMS covers a total of 586 companies. This includes not only all financially consolidated subsidiaries, but also major production companies, overseas distributors and other companies not subject to consolidated accounting. Specifically, companies subject to consolidated EMS fall into the following four major categories:

- 1) 170 subsidiaries which are financially consolidated and under the direct control of TMC.
- 2) 51 major production companies and overseas distributors which are not subject to consolidated accounting.
- 3) Six organizations from other types of businesses, including academic institutions and cooperative societies.
- 4) 359 subsidiaries which are financially consolidated and under the indirect control of TMC (managed via consolidated subsidiaries)

Organization / Structure

1. Jointly adopt the Toyota Earth Charter and draft individual environmental policies
2. In production, set quantitative goals and follow up on those goals
3. In sales, create an environmental management system; reduce environmental impact, make social contributions, and carry out environmental communication in line with the nature of business. In FY2006 begin quantitative management of environmental impact such as CO₂ emissions during logistics activities
4. Implement top level environmental responses based on actual conditions in each country and region

※TMC's requirements from companies not subject to consolidated accounting may vary according to region and the nature of business

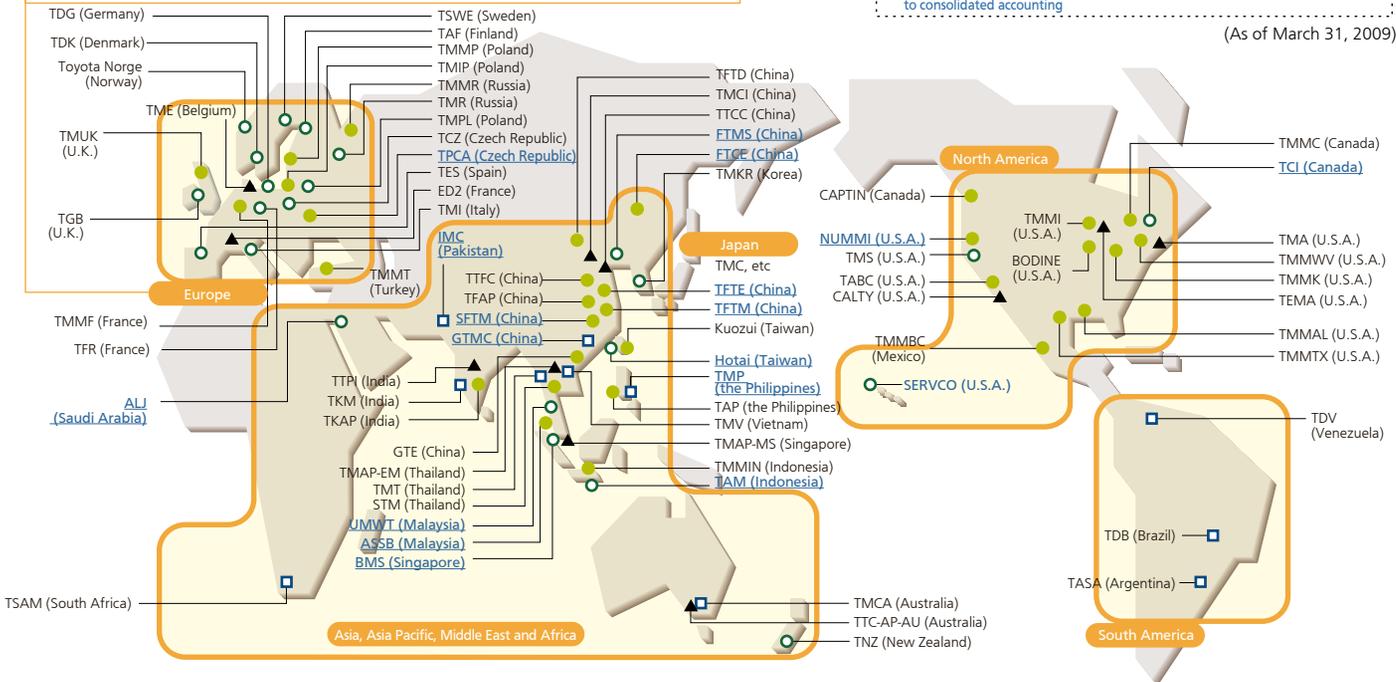
Main Companies Subject to Consolidated EMS

European affiliates that have voluntarily participated
 Toyota Hellas (Greece), Toyota Ireland (Ireland), Louwman & Parqui (the Netherlands)
 Toyota AG (Switzerland), Toyota SA (Turkey) and 11 other companies.

16 non-consolidated distributors in Europe are voluntarily implementing an EMS, including acquisition of ISO certification, with TME support

● Production companies ○ Sales companies
 □ Production/Sales companies ▲ Other types of businesses (regional manufacturing headquarters, etc.)
 ※Companies whose names are indicated in black are financially consolidated subsidiaries
 Companies whose names are underlined and are **indicated in bold** are not subject to consolidated accounting

(As of March 31, 2009)



Main Companies Subject to Consolidated Environmental Management System (EMS) in Japan (alphabetical order) (EMS=Environmental Management System)

Production companies					Sales companies	Other businesses
Group 1	Group 2	Group 3	Group 4	Group 5		
<ul style="list-style-type: none"> • Consolidated subsidiaries • Automotive production companies, and others • Toyota secondary companies 	<ul style="list-style-type: none"> • Companies not subject to consolidated accounting • Main parts manufacturers • Body manufacturers, etc. 	<ul style="list-style-type: none"> • Consolidated subsidiaries • Parts manufacturers 	<ul style="list-style-type: none"> • Consolidated subsidiaries • Various other products production companies 	<ul style="list-style-type: none"> • Companies not subject to consolidated accounting • Parts manufacturers 	Toyota Home Tokyo Toyota Tokyo Parts Distributor Co., Ltd. Toyota Tokyo Rental & Leasing Co., Ltd. Tokyo Toyopet Motor Sales Co., Ltd., and others Total of 37 companies	Aichi Rikuun Co. Tacti Corporation Toyota Central R&D Labs, Inc. Toyota Enterprises Inc. Toyota Modellista International Corporation Toyofuji Shipping Co., Ltd. Toyota Technocraft Co. Toyota Transportation, and others Total of 56 companies ※Includes 6 companies that are not subject to consolidated accounting
Central Motor Co., Ltd. Daihatsu Motor Co., Ltd. Hino Motors, Ltd. Kanto Auto Works, Ltd. Toyota Auto Body Co., Ltd. Toyota Motor Hokkaido, Inc. Toyota Motor Kyushu, Inc. Toyota Motor Tohoku, Inc. Gifu Auto Body Industry Co., Ltd.	Aichi Steel Corporation Aisan Industry Co. Ltd. Aisin AI Co., Ltd. Aisin AW Co., Ltd. Aisin Seiki Co., Ltd. Aisin Takaoka Co., Ltd. Denso Corporation JTEKT Corporation Tokai Rika Co., Ltd. Toyoda Gosei Co., Ltd. Toyota Boshoku Corporation Toyota Industries Corporation Toyota Tsusho Corporation	Cataler Corporation Chuo Precision Industrial Co., Ltd. Kyoho Machine Works, Ltd. Panasonic EV Energy Co., Ltd. Denso Corporation Yutaka Seimitsu Kogyo, Ltd.	Admatechs Co., Ltd. Japan Chemical Industries Co., Ltd. Toyota Turbine and Systems Inc. Shintec Hozumi Co., Ltd.	FTS Co., Ltd. Taiho Kogyo Co., Ltd. Toyoda Iron Works Trinity Industrial Corporation		
All-Toyota Production Environment Conference members					All-Toyota Production Environment Meeting members	

※The 34 companies listed in Groups 1 to 5 above (excluding Toyota Tsusho Corporation) are included in the calculation scope for global production environment data (pages 27 and 31) and Japanese production environment data (pages 31 and 33). The information on waste volumes and CO₂ emissions volumes on pages 27 and 31 includes the 34 companies above and Toyota sub-subsidiaries.
 ※Horie Metal Co., Ltd. was included in Group 3 until last year. The company name was changed to FTS Co., Ltd. in October 2008, and it is now included in Group 5.

Environmental Accounting

Basic Policy

Environmental accounting at Toyota is based on a classification of environmental costs into "environmental investments"¹ and "maintenance costs."² Toyota also calculates economic effects and eco-efficiency. For details on the effects of measures to reduce environmental impact, please see "Status of Major Environmental Data for FY2008" on page 46.

1. **Environmental investments:** Environmental costs whose effects are judged to extend beyond the current term into the future
2. **Maintenance costs:** Environmental costs other than environmental investments

Environmental Costs in FY2008

Total environmental costs in FY2008 were 253.5 billion yen. This represents a decrease of 32.4 billion yen from the previous fiscal year and accounts for 2.7% of net sales. The decrease was the result of reduced spending on research and development in general.

Economic Effects

1) Actual Effects (FY2008)

Toyota calculates actual effects by adding savings, such as from "reduction in energy costs" achieved through energy conservation, to income, such as that from "sales of recyclable goods." Income from "sales of recyclable goods" decreased due to a drop in production.

Economic Effects (actual effects) (Unit: Billion yen)

	FY 2006	FY 2007	FY 2008	FY2008 results of 6 body manufacturers*
Reduction in energy costs	2.8	1.9*	2.3	2.0
Reduction in waste processing costs	0.1	0	2.0	0
Sales of recyclable goods	8.3	14.5	12.4	6.6
Other (income from environment-related technologies, etc.)	2.1	7.0	7.0	0
Total	13.3	17.1	15.6	6.8

* Figures for FY2007 have been revised due to an error in calculation

2) Customer Effects

Total customer effects resulting from replacement by hybrid vehicles were 37.8 billion yen in Japan and 182.8 billion yen worldwide, and cumulative effects since the launch of the first-generation Prius in December 1997 were 151.8 billion yen (Japan) and 540.2 billion yen (worldwide).

Actual Results of Environmental Expenses

Actual Results Based on Toyota's Format

(Unit: Billion yen)

Classification	Item	Details	FY2006	FY2007	FY2008	
Environmental investments	Research and development		210.0	245.3	212.9	
	Recycling-related		1.5	1.2	1.2	
	Other expenses (social contribution, ISO certification, education & training, etc.)		1.9	2.3	2.6	
	Plant and equipment investment**	Prevention of global warming	Waste processing	1.5	2.6	2.1
			Waste processing	0.3	0.5	0.3
		Pollution prevention, etc.	Plant and equipment investment primarily for environmental action	4.0	2.6	1.3
			Expenses for environmental action included in normal plant and equipment investment	5.8	5.7	3.7
Subtotal for environmental investments			237.8	274.1	240.1	
Maintenance costs	Expenses related to environmental measures	Waste processing	2.8	2.7	2.4	
		Wastewater treatment	0.5	0.4	0.4	
		Atmospheric pollution and odor abatement	1.0	1.2	1.1	
	Global environmental preservation	Global environmental preservation	0.6	0.6	0.6	
		Awareness-building	Advertising, public relations, etc.	4.7	4.3	2.8
	Professional environmental staff	Personnel	2.2	2.3	2.3	
	Environmental restoration	Vehicle recalls	0	0	3.5	
Soil and groundwater remediation		0.2	0.3	0.3		
Subtotal for maintenance costs			12.0	11.8	13.4	
Total (As a percentage of net sales)			249.8 (2.2%)	285.9 (2.4%)	253.5 (2.7%)	

** Depreciation expenses of investments in plant and equipment are not included in these costs
Reference: FY2008 Total R&D expenses: 769.8 billion yen. Total plant and equipment investment: 369.1 billion yen

Customer Effects Calculation Method for Japan:

$$(10,000 \text{ km}^1/\text{gasoline-powered vehicle's fuel consumption}^2 - 10,000 \text{ km}/\text{hybrid vehicle's fuel consumption}^2) \times 145.75 \text{ yen}^3 \times \text{FY2008 hybrid vehicle sales volume}$$

1. Average annual distance traveled by passenger cars according to the Japanese Ministry of Land, Infrastructure and Transport's "Automobile Transportation Statistics"
2. 10-15 Japanese test mode fuel consumption converted into actual fuel consumption
3. National average gasoline price (including consumption tax) in FY2008, according to the Oil Information Center in Japan

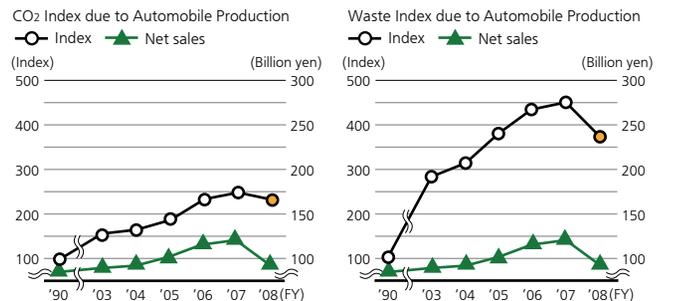
Eco-efficiency

Toyota calculates eco-efficiency using the formula below and monitors the results in the form of the eco-efficiency index. CO₂ emissions volume and the volume of waste generated by the Production Group were used to determine the environmental impact starting with data from FY1990. Over 18 years, the CO₂ index has increased by about 130%, and the waste index by approximately 270%. In the future, Toyota will continue to pursue production that minimizes environmental impact and to enhance eco-efficiency.

Eco-efficiency Formula

$$\text{Eco-efficiency} = \text{Net sales} / \text{Environmental impact}$$

Trend in Eco-efficiency



※ The "CO₂ index" means the ratio of net sales to the volume of CO₂ emissions, with a value of 100 assigned to the FY1990 level
※ Past data has been revised due to an error in calculations

※ The "waste index" means the ratio of net sales to the volume of waste generated, with a value of 100 assigned to the FY1990 level

FY2008 Actual Results Based on the Ministry of the Environment's Format

(Unit: Billion yen)

Classification	Toyota		6 body manufacturers*		
	Investments	Cost	Investments	Cost	
(1) Business area costs	[1] Pollution prevention	0.7	1.5	1.7	2.4
	[2] Global environmental preservation	22.0	0.6	2.6	0.5
	[3] Resource circulation	0.3	2.4	2.4	2.2
(2) Upstream/downstream costs	Amount allocated by recycling-related industry organizations		0.0	0.4	
(3) Administration costs	Environmental advertisements, environmental report publication, professional environmental staff, etc.		0.1	2.1	
(4) Research and development costs	R&D for reducing substances of concern		0.7	32.3	
(5) Social activity costs	Contribution to environmental preservation organizations, etc.		0.0	0.1	
(6) Environmental remediation costs	Soil and groundwater remediation, etc.		0.0	0.3	
Total		23.4	230.1	7.5	40.3
		253.5		47.8	

※ 6 body manufacturers: Kanto Auto Works, Daihatsu Motor, Toyota Auto Body, Hino Motors, Toyota Motor Kyushu, and Central Motor (Calculations made on the basis of standards used by each company)

[Figures for environmental accounting by overseas affiliates]

• TMT (Thailand): Environmental costs: 377 million yen; economic effects: 100 million yen
• Kuozui Motors (Taiwan): Environmental costs: 367 million yen; economic effects: 34 million yen

Relations with Customers

Unceasing Efforts to Enhance the Appeal of Products to Offer Customers Their “One and Only Vehicle” of the New Era

The starting point of Toyota's customer-first policy is to offer products and services that appeal to customers. Based on this starting point, Toyota must offer products with exceptional performance in terms of environmental features, safety, and quality, and which also have outstanding driving performance and other essential qualities of attractive vehicles, all at an affordable price. Reaffirming the spirit of showing determination, and passion in undertaking the challenge of achieving customer-focused creation, which inspired the founding philosophy of “striving to make better cars,” Toyota is working to enhance customer satisfaction by making a company-wide concerted effort to create each customer's “one and only vehicle” in the new era.

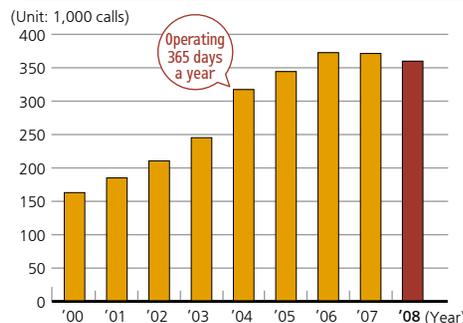
Striving to Create Products that Customers Find Appealing

Toyota, by thoroughly adopting a customer-first policy to manufacturing, has achieved growth due to the support of its customers. Since the sudden outbreak of the economic crisis in the second half of 2008, a difficult business climate has persisted. Toyota has found itself in challenging circumstances many times in the past, too. On each occasion, with the support of customers, Toyota has come through the many difficulties and used it as a springboard to further development. The basis of Toyota's relationship with customers is its products. Only if customers choose to purchase Toyota products, the company's business will be able to survive. Toyota is where it is today through having worked honestly, steadfastly and earnestly to make sure customers are satisfied with Toyota products so that they will choose those products again in the future. For Toyota, the most essential thing is to ensure that each and every customer is happy and satisfied. Toyota will devote its energies to making appealing vehicles that people want to drive. In the case of vehicles, it is important that automakers offer vehicles with high levels of quality, safety, and driving performance; the comfort and enjoyment that characterize vehicles; environmentally considerate features; and after-sales service, at a price that satisfies customers. A 2007 corporate image survey conducted by Toyota, for instance, reveals that the top responsibility vis-à-vis society expected of automakers is to make environmentally considerate products. To meet this expectation, Toyota will advance efforts to not only help enhance customer satisfaction but also contribute to social progress and sustainable development through environmentally considerate vehicles with higher fuel efficiency, lower CO₂ emissions, and cleaner exhaust. Moreover, to further promote operations based on the customer-first policy, Toyota presented a Regional Vision in June 2009 that sets out a clear picture of what role Toyota should play in different countries and regions. Under the Vision, each executive vice president assumes responsibility for a specific region around the world (Japan/North America/Europe/China/Australia/Asia/the Middle East, Latin America and the Caribbean, Africa regions). Through region-focused activities Toyota will determine what type of products suit each particular region so as to consistently maintain customer-focused manufacturing. This initiative will focus on regional markets with the objective of further enhancing customer satisfaction.

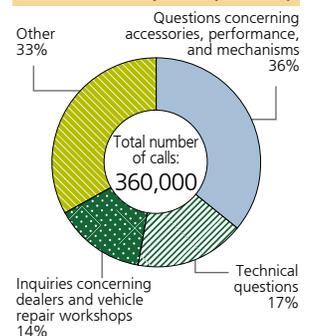
Customer Assistance Center – In Pursuit of Further Improvement of the Quality of Response to Customers

The Customer Assistance Center was set up in 1982 to respond to customer questions and complaints and to use customer opinions and requests as feedback for creating better products and services. Since then, to collect as much customer feedback as possible, Toyota has taken steps to put in place a system that is more convenient for customers to use. These steps include publicizing the center's operations in vehicle brochures and other materials, setting up a toll-free number, accepting requests for brochures 24 hours a day, and operating 365 days a year. In recent years, there have been a large number of questions and requests from customers, rising to over 300,000 a year. The key aim of the Customer Assistance Center is to provide swift, sure and friendly responses to inquiries. Starting in FY2007, to further improve the quality of customer response, Toyota began the “Conversational Skills Improvement” initiative to better understand the background and true intention of customer questions and requests. Grasping details about what customers are really looking for enables Toyota to provide customers with the information they really want. At the same time, this data can be used to improve product creating and after-sales services.

Number of Calls to the Customer Assistance Center



Content of Inquiries (FY2008)



Enhancing the Incorporation of Customer Feedback in Product Creation

In response to not a few customer's problems that it was difficult to understand the difference between manufacturer options and dealer options in the case of navigation equipment, Toyota has produced a Navigation and Audio Equipment Brochure. It explains functions and prices in a single volume, starting with the Alphard/Vellfire launched in May 2008. This has made it easier for customers to select the functions they require. Each brochure is being created to gradually include all new vehicle models and redesigned models of all vehicle series launched in FY2008. Meanwhile, in May 2009, Toyota established Customer's Month as a way of firmly both fostering an awareness of the customer-first policy within the company and taking action linked to that awareness. Senior executives from other companies who have been involved in concretely implementing the customer-first policy were invited to give lectures and an Exhibition on Voice of the Customer was held. Through such activities, we shared awareness regarding the importance of listening to comments from customers in order to create products that better meet customer expectations.

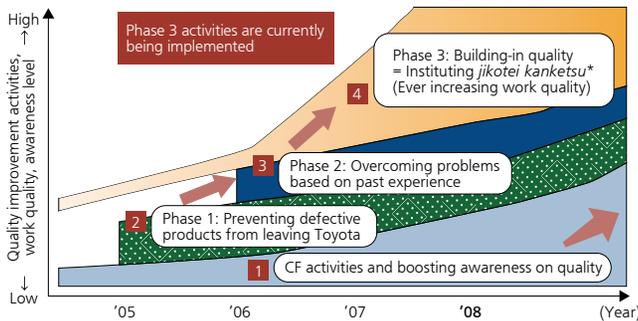
Relations with Customers

Promoting Customer-first Activities with the Aim of Achieving Zero Customer Complaints

In the area of quality, which is the starting point of the customer-first policy, Toyota has been promoting company-wide Customer First (CF) activities, with the goal of meeting the expectations of customers and society at large, based on an enhanced awareness of relevant issues. The focus of these activities in FY2008 was Phase 3: Building-in quality = *jikotei kanketsu**.

**Jikotei kanketsu*: The concept of defect-free process completion to ensure that no defective product leaves any production process

History of CF Activities



Manufacturing, Administrative, and Technical Staff Active in Implementing *Jikotei Kanketsu*

Activities to promote *jikotei kanketsu* are intended to improve the quality of work across a whole range of processes—from development, purchasing, production, and sales to after-sales service—with a view to “spiral-up” of quality that is Toyota’s stock-in-trade. The idea of these activities is to aim for a restructuring that reaffirms the founding philosophy of Toyota that “quality must be built-in within each process,” and puts that into practice, by seeking to foster employees’ awareness that “they should never allow any defective work in the areas they are responsible for” and that “in order to make good products it is necessary to implement good processes that lead to good results.”

In 2007, Toyota established the BR *jikotei kanketsu* Department and extended its introduction company-wide to include not only the production workforce but also administrative and technical divisions. In order to further reinforce human resources training, in 2008 Toyota designated the TQM Promotion Division, as the coordinating division for all activities. In addition to promoting the *mieruka* (visualization) of processes, to shift from the stage of understanding a concept to the stage of its implementation, exhibitions were held to present concrete examples, with some 18,000 participants comprised of suppliers and Toyota Group employees. Meanwhile, regular liaison meetings will be held, with the participation of 16 group companies involved in the promotion of *jikotei kanketsu*, to encourage an understanding of and establish the concept throughout the Toyota Group, including overseas affiliates.

Activities to Improve Quality in All Areas (FY2008)

In the area of development, Toyota firmly incorporated into its vehicle development quality improvement measures that specify “who needs to do what at what time,” and continued activities to ensure that the measures were adopted by all engineers. In FY2008, in order to cope with changes in the vehicle usage environment associated with longer ownership periods and expansions in overseas sales, Toyota strengthened activities to improve the durability quality of in-service vehicles. Toyota has been recovering and examining in-service vehicles and investigating how vehicles are used in new markets. The findings from these

investigations are communicated to vehicle development as needed. In the area of purchasing, Toyota organized an exhibition in November 2008 showcasing quality improvement best practices by suppliers. The exhibition, attended by around 20,000 visitors, included global quality improvement activities and examples of improved durability quality in in-service vehicles. In March 2009, the Explanation of Key Activities on Quality of Purchased Parts for FY2009 was held to convey Toyota’s policy to suppliers. Toyota also continued to engage in joint quality improvement initiatives with suppliers to establish the practice of sharing responsibility for issues found on-site with actual products and working together with suppliers to find solutions.

Toyota steadily implemented actions to address problems at their source, an initiative that was strengthened beginning in FY2007. For example, in order to achieve zero defects in each process, personnel in the production technology and design divisions jointly worked on improving the quality of design drawings, as well as ensuring full compliance on the production floor.



Checking an in-service vehicle

In Focus

Practical and Through-going Study Meetings on Products for Further Customer Satisfaction and Understanding

The Customer Assistance Center, carries out study meetings on every product to allow communicators to acquire a knowledge of new products before they are launched. For instance, given the increase in the number of inquiries about hybrid vehicles in recent years, the center held study meetings on the third-generation Prius prior to its launch in May 2009, as a way to provide customers with the sort of information they really want.

In addition to information regarding existing products, to coincide with the launch of the third-generation Prius, communicators voluntarily refreshed their knowledge regarding the hybrid mechanism and were given the chance to test-drive both the second and the third-generation Prius models as a way of personally experiencing the allure of the new model. Finally, the study meetings on the Prius also offered practical training so that knowledge could be acquired in part through hands-on experience. This training has helped communicators, when dealing with customers in actual work situations, to find out more about the background and the true intention behind questions and requests so that it is possible to confidently convey the information that the customer is seeking.

Communicators who participated in the study meetings gained greater confidence, and made comments such as, “We want our customers to try out the new Prius” and “We are now able to respond to inquiries in a way that makes Customer Satisfaction and Understanding.



Employees check out the spaciousness of the third-generation Prius’ trunk to prepare for potential questions from customers.

Relations with Customers

In Focus

Development of Partner Robots that Assist People and Contribute to Society

With a target of practical application in early 2010, Toyota is developing “partner robots,” through advances in industrial robot technology and the application of automobile, IT, and other cutting-edge technologies. Remaining loyal to the philosophy of Sakichi Toyoda and Kiichiro Toyoda, which is to “contribute to the world and to people by enriching society through manufacturing,” Toyota is responding to the needs of customers and society at large through developments in the robot industry.

Aiming to Commercialize Partner Robots that Co-exist with and Assist People

Based on the aim of contributing to society through manufacturing, Toyota is developing partner robots that display intelligence and kindness, while keeping a keen eye on changes in Japanese society, where the birthrate is declining and the population structure is aging. More specifically, Toyota aims to commercialize robots in four areas: nursing and medical care; personal transport; domestic duties; and manufacturing.

In FY2008, Toyota paid particular attention to the areas of nursing and medical care and personal transport. In terms of nursing and medical care, Toyota is developing the assistant robot Robina, which can converse with people and monitor patients. In the area of personal transport, Toyota is progressing with the development of personal mobility robots that support human movement. The Winglet is designed for riding in a standing position, and the Mobiro to be ridden in a sitting position.

Toyota is striving to contribute to the realization of a universal and sustainable mobile society that is considerate to both people and the environment through a new form of mobility powered by electricity.



Robina

Mobiro

Development and Verification Trials of Personal Mobility Robots that Support Universal Human Mobility

Using dynamic balance technology, the Winglet, unveiled in August 2008, allows riders to move backward and forward and execute turns by simply shifting their body weight. The Winglet is safe and convenient for anyone to ride, whether children, adults, or people who have difficulty walking. With its personalized size, which is both compact and lightweight, the Winglet can mix with pedestrian traffic indoors or outdoors and can be carried onto cars, buses, or trains, thus integrating with public transport to support seamless mobility.



Personal Mobility Robots

(from left) Type S, Type M, Type L

Toyota is also conducting trials to gauge practical use, in tandem with the development process. The trials of the Winglet, which began in 2008 at the Central Japan International Airport and the Laguna Gamagori theme park, will evaluate the practicality of using the robots as a mobility resource in security and other operations. Toyota has also begun trials of the Mobiro at medical-care facilities. In the future, Toyota aims to further accelerate development with a view to the practical application of partner robots; and move forward with trials of a range of robots in a variety of environments, including medical-care and nursing facilities, recreational facilities and commercial establishments. Toyota will incorporate the needs of various users and work to commercialize partner robots that assist people and contribute to society at large.

Creating a Society where Partner Robots and Humans Harmoniously Coexist

The creation of a society in which partner robots harmoniously coexist with people requires not only the resolution of technical issues, but also the appropriate social environment in terms of legislation, infrastructure, and policies. Toyota is actively promoting collaboration between government, industry, and academia in pursuit of its aim of establishing a foundation within society for the widespread use of partner robots. In relation to this, Toyota is considering which safety standards are optimal to, and what related systems are necessary for, the widespread use of robots; and is working to implement policies that encourage wider use of partner robots and to put in place other elements of the required social infrastructure. In terms of safety in particular, formulating optimum safety standards and designing a legal framework are urgent requirements; and they are being addressed in Japan and overseas as key tasks.

Another important factor is for the partner robots to gain acceptance among customers. Through verification trials and activities to raise awareness of robots, Toyota hopes to familiarize many people with the concept of partner robots and their range of uses, and thus obtain more feedback regarding diverse customer needs. Toyota is committed to continue working with a wide range of stakeholders as part of a movement to create a future society in which humans and partner robots harmoniously coexist.

Universal Design (UD)

Touch Tracer Display Installed on the Third-generation Prius to Reduce Visual Strain

Based on the idea of “diversifying needs and the vehicles to respond to them,” Toyota is engaged in developing people-friendly vehicles. Toyota has adopted the concept of universal design that is based on ergonomics, and is taking into account ease of operability and visibility to develop vehicles suited to the many people who use them and the different scenarios in which they are used.

The Touch Tracer Display installed on the third-generation Prius features touch controls for different functions, with buttons located on the steering wheel. When a button is pressed the function that is currently in operation is automatically displayed on the centrally positioned instrument panel. This reduces visual strain, in terms of the time needed to refocus from near to distant objects, and improves driving comfort and safety because there is less need for visual refocusing than when a driver has to look over at the relevant switch.

Customers who have used the system have commented, “I can operate the vehicle with confidence because I do not have to refocus” and “Not having to look over at the instrument panel enhances convenience.”



Touch controls on the steering wheel and display zone showing operational status

Significant Reduction in Effort Needed to Stow Wheelchairs: Development of the Welcarry Feature that is Equipped on the Third-generation Prius

Under the philosophy of providing freedom of mobility in comfort to all people, Toyota is working to develop and popularize the Welcab vehicle lineup (specially equipped vehicles with factory-installed features for disabled people). In order to respond to the diversifying

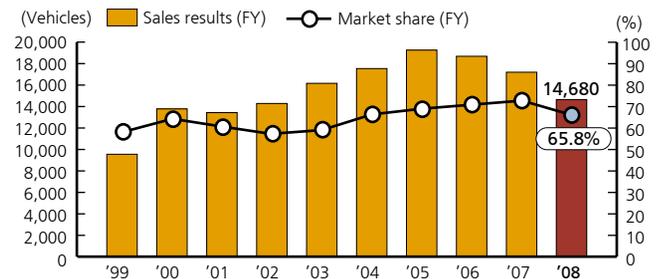
needs of vehicles for disabled people, Toyota’s special division for developing Welcab vehicles has led the effort to enhance the vehicle lineup, so that in FY2008 a total of 63 variations of vehicles, across 29 vehicle series, were adapted for caregiver assistance or self-operation by disabled persons. Toyota has developed wheelchair-adapted versions of the Alphard/Vellfire, which use a remote-controlled electric winch that enables a passenger to get in to the car while being seated in a wheelchair. Specially designed models of the third-generation Prius are fitted with the Welcarry feature, which allows a wheelchair to be stored on the vehicle roof using an electrically operated mechanism and enables self-operation by disabled persons. Those at rehabilitation centers in Hyogo Prefecture who used the specially designed Prius on a trial basis said, “The wheelchair storage mechanism is very easy to use and the vehicle is also attractively styled.”

Toyota has recommended that its dealers throughout Japan install a Welcab Station, and a cumulative total of 169 sales outlets of 99 sales companies have done so (as of the end of March 2009).



Welcarry greatly reduces the amount of effort required to store a wheelchair

Sales of Welcab Vehicles and Market Share (Japan)



Examples of Overseas Initiatives

In Pursuit of Top Class Quality for Better Customer Satisfaction

South Africa: Toyota South Africa Motors (Pty) Ltd. (TSAM)

Based on its five-year plant modernization and expansion program, Toyota South Africa Motors (Pty) Ltd. (TSAM) decided to pursue top class quality, improved efficiency, increased production capacity, cost competitiveness, and environmental improvements. The ‘Excellence in Customer Quality Challenge’ campaign was rolled out in May 2007 to create a high quality mindset within the TSAM network and deliver on the quality expectations of customers.

The campaign focused mainly on changing the mindset of team members based on the thinking that knowledge regarding the entire value chain in new business environments TSAM is likely to face in the future will help employees develop a clearer understanding of “Customer First” requirements. Various activities implemented to realize this objective included dealer facility tours, visits to the ports from which vehicles are exported, signing of “Quality Pledges,” explanations on the various export destinations of the Corolla, and technical information regarding innovative technologies in the new Corolla. The employees also participated in test drives of the New Corolla manufactured by TSAM.



The ‘Excellence in Customer Quality Challenge’

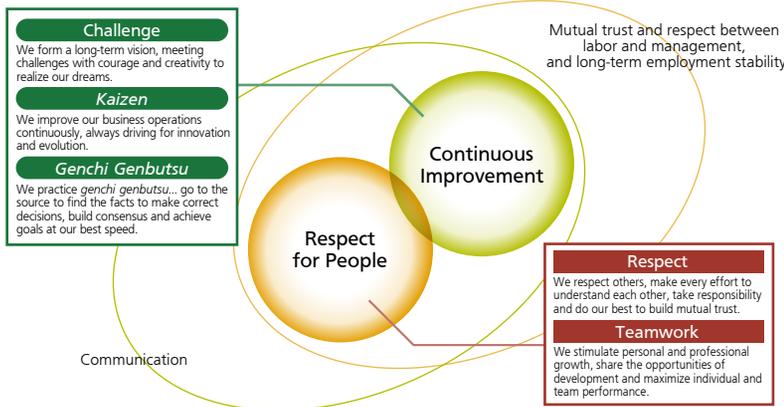
Relations with Employees

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

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

Sharing the Toyota Way

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



Labor-Management Relations Based on Mutual Trust and Respect

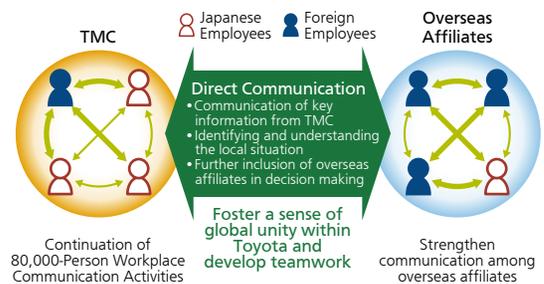
The Labor-Management Joint Declaration was concluded in 1962 and, based on the lessons learned from earlier labor disputes, an approach of "mutual trust between labor and management" was adopted as the basis of labor-management relations. The 1947 Dodge Line, a financial and monetary contraction policy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

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

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

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

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



Relations with Employees

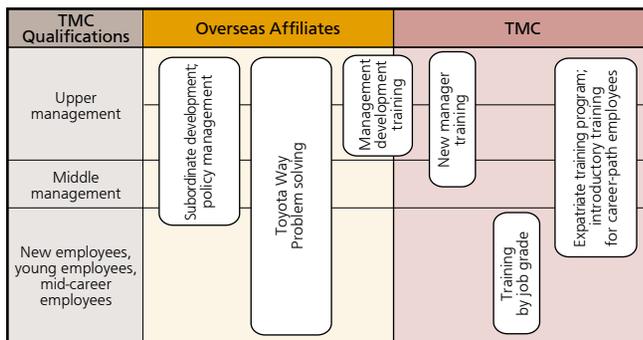
Human Resource Development

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

Toyota Institute Conducts Core Training Worldwide

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

Toyota Institute's Training Structures



Expanding Educational Programs of the R&D Learning Center

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

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



Course to learn about resin materials used in automobiles



Experimental Evaluation Exercises

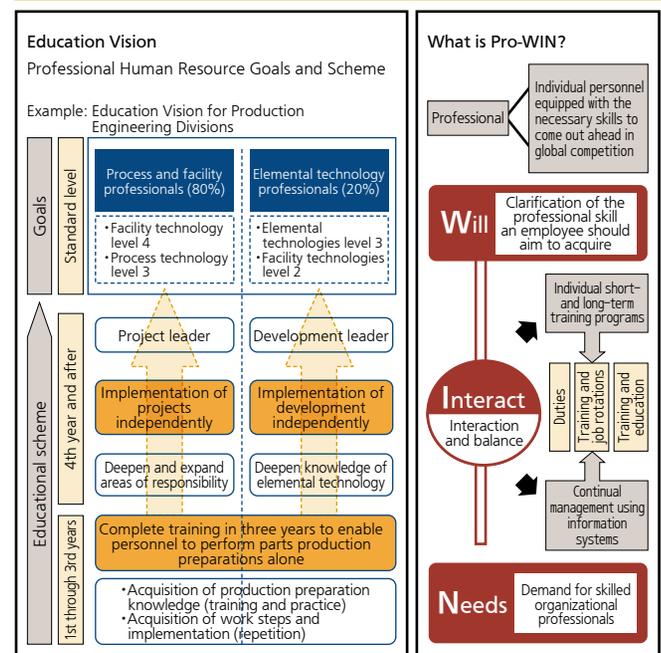
Establishing Pro-WIN – Fostering Production and Production Engineering Professionals

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

The program has the following three characteristics:

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

Pro-WIN (Professional-Will Interact Needs)



Relations with Employees

SQC Training as a Problem Solving Tool

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

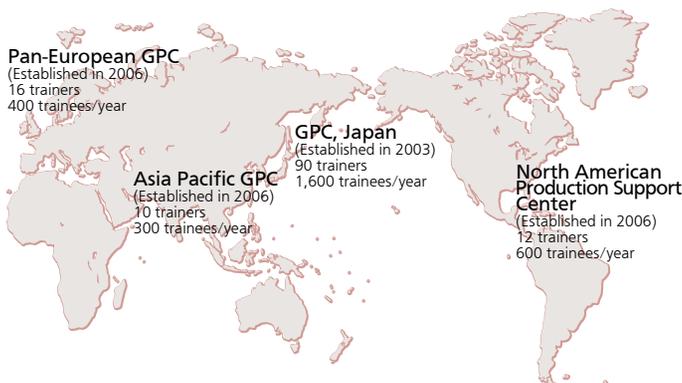
Main SQC Curriculum

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

Steady Development of Overseas Technical Personnel through GPC

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

Global Operations of the GPC (FY2008 Performance)



Continuing ICT Program Initiatives

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

Global Assignment at TMC Executive Position

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

In Focus

Toyota Global QC Circle Convention

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

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



QC circle representatives from TMMAL present their *kaizen*

Relations with Employees

Respect for Diversity

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

Permanent Organization of the Career and Life Design Department

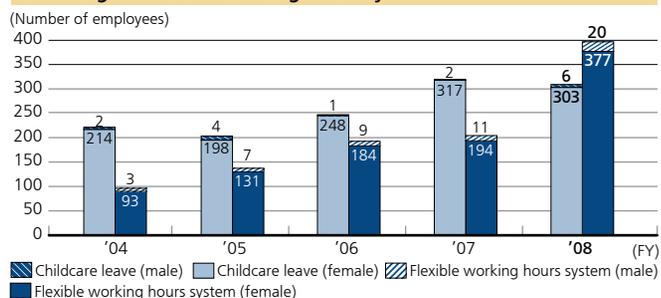
In 2002, Toyota launched the Diversity Project 2002 to create a more diverse and vibrant workplace by solving corporate issues faced by its female employees. Under the project, a variety of support measures have been introduced to help women within the company achieve their full potential.

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

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

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

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



*Reduced working hours at the office, working from home, etc.

**Beginning in FY2008, the number of women who used the maternity leave system is included in the number who used the Flexible Working Hours System. All previous figures have also been recalculated.

Initiatives Since the Launch of the Diversity Project

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

Iki-Iki Action Program 2020

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

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

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



An employee in charge of the production of a manuscript

Relations with Employees

Safety and Health

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

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

Basic Philosophy for Safety and Health

Safe work
Reliable work
Skilled work

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

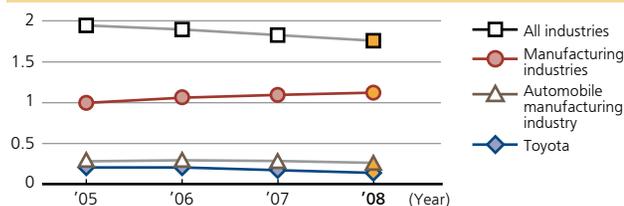
Promotion of Three-pronged Approach to Health and Safety

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

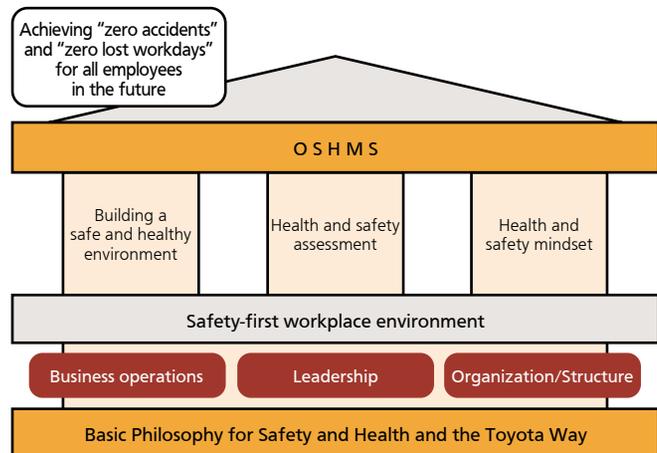
With the aim of improving Toyota's approach to safety and health and strengthening a safety, and health-oriented culture, basic rule observance and interdependent bottom-up initiatives involving the whole company will be implemented in FY2009 so all employees at every workplace realize the risks present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

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

Industrial Accident Frequency (frequency rate of lost workday cases)



Conceptualization of Safety and Health Culture Created by All Toyota Employees

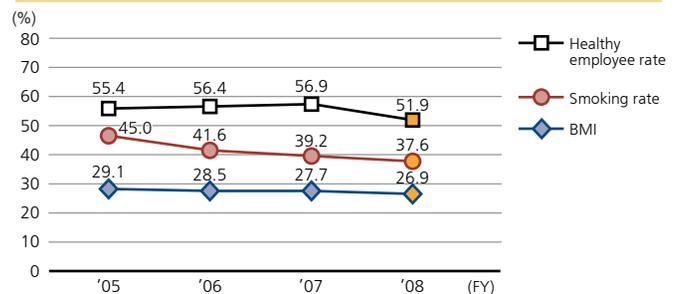


Building Good Health

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

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

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



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

Bolstering Mental Healthcare

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

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

Reinforcing the Health Management of Overseas Personnel

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

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

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

Examples of Overseas Initiatives

Establishing an Internal Education Organization to Develop Human Resources Locally

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

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

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

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

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



Fundamental skills training program conducted by TA

Developing People the Toyota Way

Australia: Toyota Motor Corporation Australia Ltd. (TMCA)

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

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

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

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



TMCA employees attending a training program developed by TIA

Relations with Business Partners

Overcoming Adverse Economic Times through Collaboration with Business Partners

Toyota undertakes open and fair business activities that honor the language and spirit of the law and works to realize mutual benefit based on mutual trust with business partners, including suppliers distributors and dealers. The year 2008 was one of major fluctuations. In the first half of the year, prices of energy resources soared, while the second half witnessed an economic downturn triggered by the financial crisis. The 70-year old history of Toyota has been filled with challenges. As in the past, Toyota will overcome these tough economic times through collaboration with suppliers, distributors, and dealers.

Collaboration with Suppliers

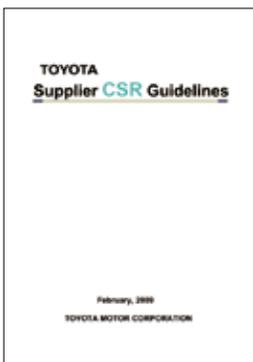
Since its establishment, Toyota has sought to work closely with its suppliers in its manufacturing activities. Facing the same issues together, Toyota has built up strong and close relations with suppliers based on the concept of mutual support and harmonious society. With the expansion of its business on a global scale, Toyota places great value on close relations of this type, including those with new partners.

Toyota's Basic Purchasing Policies

In order to ensure long-term and stable procurement of the best products at the lowest price 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 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.

Drafting and Development of the Toyota Supplier CSR Guidelines

Toyota believes in the importance of collaboration with suppliers in CSR activities and, towards that end, drafted the Toyota Supplier CSR Guidelines in February 2009. Thus far, Toyota has held meetings in Japan to explain the guidelines to 1,100 suppliers and steadily roll out these guidelines for overseas suppliers as well. TMC suppliers are asked to carry out their own, independent CSR activities based on the Toyota Supplier CSR Guidelines, and expand their individual CSR policies and guidelines to their suppliers.



Toyota Global Suppliers Convention

The Toyota Global Suppliers Convention was held in February 2009. Approximately 730 executives from 93 overseas companies and 355 Japanese companies attended the convention, where Toyota's priority purchasing policies for FY2009 were explained. Toyota expressed its expectation of suppliers to implement the two main initiatives of the year – actions aimed at strengthening the corporate structure, and actions in the areas of safety, quality and CSR, which form the basis of corporate activity.



Suppliers who were awarded the Global Contribution Awards

Study Meetings and Briefings on Compliance

"Honor the language and spirit of the law" is a fundamental principle of CSR and forms the basis for corporate activity. Thus, Toyota holds study meetings and briefings as needed in collaboration with suppliers regarding compliance with the Labor Law, the Antitrust Law, the Subcontract Law, and other laws.

For details on Toyota's Basic Purchasing Policies as well as the Toyota Supplier CSR Guidelines, please visit the following website:

<http://www.toyota.co.jp/en/csr/relationship/partners.html>

Relations with Business Partners

Major Study Meetings and Briefings on Legal Compliance in FY2008

Date	Name	Summary	No. of participants
Apr. 2008	Supplier Liaison Meeting on Export Control Management	Opinion exchange on improving export transaction management	70 companies
May 2008	Labor Compliance Information Exchange Session	Talks given by a lawyer from outside Toyota on the employment situation, etc.	300 companies
Jul. 2008	Information Session on Annex II Revision of European ELV Directive	Explanation and discussion of responses to revisions in the law	100 companies
Sep. 2008	Labor Compliance Study Meeting	Labor management case studies, etc.	300 companies
Oct. 2008	Labor Compliance Study Meeting	Discussion of important points in management of working hours	300 companies
Oct. 2008	Antitrust Law and Subcontract Law Compliance Information Exchange Session	Discussion of legal trends and introduction of best practices	300 companies
Dec. 2008	Labor Compliance Study Meeting	Talk on employment situation, etc., by the Aichi Labour Bureau	300 companies
Mar. 2009	European Union REACH Regulations Briefing	Discussion of trends in candidate substances of very high concern and substances requiring approval and Toyota's responses, etc.	500 companies

Safety Training to Create Worry-free Workplaces

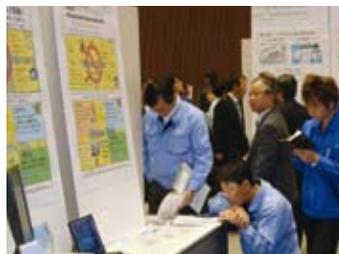
Toyota conducts safety training in collaboration with its suppliers to synchronize the direction and share information on the status of safety initiatives, and provide relevant information so as to "create a worry-free and safe work environment." In September and March of FY2008, 1,400 people attended the Safety and Disaster Awareness Meeting. In October, November and December, 140 people attended the Training for Safety Supervisors. In March 2009, the Kyohokai put together a Collection of Best Practices: Safety Measures and Accident Simulators.



Safety and Disaster Awareness Meeting held in September 2008

Ninth Exhibition on Best Practices of Quality Improvement by Suppliers Held

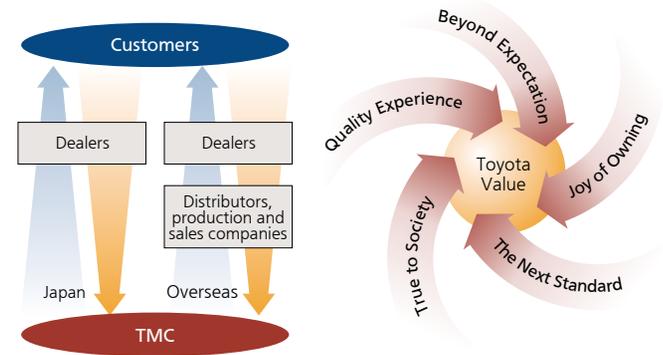
As part of a joint initiative with suppliers to improve quality, Toyota holds an Exhibition on Best Practices of Quality Improvement by Suppliers every year. The Ninth Exhibition was held from November 11 to 21, 2008 and attracted 20,000 attendees. A special area devoted to Improvement in Overseas Quality was set up, as well as a new display on Improvement of Durability Quality. Other themes for the exhibition were Customer First activities, recurrence prevention measures, responses to issues faced by suppliers, and *jikotei kanketsu* (building in quality within each process). The area presenting opinions "straight from the customer" was also well received as in previous years.



Improvement in Overseas Quality and Improvement of Durability Quality areas

Collaboration with Sales Networks

The sales network is the point of direct application of Toyota's "Customer First" policy. Toyota and dealers work as one linked by firm bonds of trust as well as based on two-way, close communication, to enhance customer satisfaction and convey Toyota Value—a statement of shared values that are emphasized in the superiority of Toyota products and services.



Dealers in Japan

Within Japan, TMC has concluded contracts directly with approximately 300 dealers who operate 5,700 sales outlets (including used car outlets). A fundamental principle for TMC is "customer first, dealer second, manufacturer third." Based on the "Customer First" policy, Toyota believes that dealer development, which ultimately means the growth of Toyota, is achieved by enhanced support of dealer initiatives to improve customer satisfaction through the implementation of PDCA (Plan, Do, Check, and Act) from the perspective of meeting the expectations of customers and dealers.

▶ Please see the Special Feature on pages 6 and 7 to read about proposals for conveying the appeal of automobiles

Local Dealer CSR Activities

As a fundamental part of their business dealers co-exist in harmony with local communities, to which they contribute and with which they grow. In order to fulfill their corporate social responsibilities as community-based businesses, the Toyota National Dealers' Advisory Council (TNDAC) issued the Toyota National Dealers' Advisory Council CSR Guidelines in 2005. Dealers, in collaboration with Toyota, are promoting the three-pillared measures of legal and regulatory compliance, environmental responses, and social contribution activities. In FY2008, the Compliance and Environmental Checklist, a self-audit tool that was revised the previous year, was used to conduct voluntary inspections. These inspections confirmed that the use of PDCA is bringing about steady improvements. In addition, lectures and briefings geared towards the representatives of dealers nationwide are carried out every year in order to help raise CSR awareness. In FY2008, executives of accident insurance companies were invited as lecturers to talk about the introduction of some best practices from their field including preventive measures and accountability. This helped to reaffirm the importance of providing customers with thorough information and promoting better understanding.

Relations with Business Partners

Relations with Overseas Distributors

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 business partners.

Toyota Runs Advertorial on Hybrid Technology in *Time* Magazine

In March 2009, with the scheduled launch of the third-generation Prius and prior to the expansion of hybrid vehicle sales from 40 countries to 80 or more countries, Toyota ran a four-page advertorial in *Time* magazine for its editions in the United States, Europe, Asia, and elsewhere, conveying to opinion leaders overseas Toyota's corporate stance and initiatives regarding its core hybrid technology

and the future environmental technologies that will be developed from that technology. Toyota printed and distributed a total of 35,000 pamphlets prepared using that advertorial to distributors in 40 countries, with a focus on those countries where the Prius is scheduled to be launched for the first time. Toyota used the pamphlets at motor shows in various countries and at sales outlets as a way to disseminate information together with distributors on Toyota's future corporate stance and its activities.



Time magazine advertorial

In Focus

Promoting Improvements at Dealers through the TSL Training Program

The Toyota Sales Logistics Division conducts activities that include improvement efforts based on the TSL* concept, in cooperation with dealers and distributors in Japan and overseas, while also working to ensure that improvements take root at dealers in order to raise customer satisfaction. In FY2008, the division conducted instructor training over the course of several months at dealers and distributors in Japan and overseas, with a focus on permanent improvement activities to support organizational development and improvement efforts in areas such as sales, after-sales service, and used cars. Concerning permanent improvement activities, however, there were issues such as variations in the proficiency of instructors at dealers and distributors, and not being able to implement activities at a number of dealers and distributors. In order to deal with such issues, Toyota launched the TSL Training Program in FY2009 to train instructors who can carry out improvements at dealers and distributors in Japan and overseas. In May of that same year, the Toyota Sales Logistics (TSL) College was established at the Fujioka Technology Training Center in Toyota City and began accepting trainees from Japan and overseas. A team of instructors with extensive experience in improvement activities conducts the TSL Training Program and engages in group training of instructors, with the aim of contributing to improvements in terms of both quality and quantity. The training includes simulations to allow participants to garner first-hand experience through on-site improvement activities at a virtual dealer. The curriculum is designed so that instructors who have completed the training will be able to convey to dealers and distributors the services that personnel who are at the forefront of sales should be able to provide to customers with confidence.



Instructor training at a virtual dealer

*TSL: Toyota Sales Logistics

The creation of systems that realize the "customer-first principle" by achieving shorter lead times and more precise delivery deadlines for the provision of products and information to customers

Examples of Overseas Initiatives

Earning an MBA at the Toyota Dealer Training Course **Brazil: Toyota do Brasil Ltda. (TDB)**

Anticipating that annual sales at Toyota do Brasil (TDB) will exceed 300,000 units, equal to a 10% share of the Brazilian market, TDB is increasing the number of dealers. In order to develop business partners who fully understand the Toyota Way, TDB prepared a curriculum to train dealers in the operation of a Toyota dealer facility and initiated the Toyota Dealer Management Program (TDMP) in September 2007.

The idea for TDMP came out of a meeting TDB held with its entire dealer network. Together with Insper Instituto de Ensino e Pesquisa (former name: Ibmecc São Paulo) a leading business education institution in Brazil, TDB created a curriculum which includes training programs such as "Toyota Value" and "Building Managers the Toyota Way." Participants are able to complete the curriculum

in two years, and upon completion of TDMP, participants will also earn a Master's Degree in Business Administration (MBA) from Insper. Mr. Rui Flavio Guião of Santa Emilia Dealer, who has completed the TDMP course says, "TDMP is a perfect combination of the theoretical Insper expertise with the Toyota Way concepts, and what we learn can be immediately applied in our day-to-day activities."



Inauguration of TDMP

Relations with Shareholders

Realizing Stable Growth

Toyota's basic management principle is to benefit society through its business activities, while realizing stable growth founded on a long-term perspective. In FY2009, Toyota recorded an operating loss of 461.0 billion yen and a net loss of 437.0 billion yen in net income on a consolidated basis brought about by a substantial contraction of the automotive market and the rapid appreciation of the yen in the latter half of the year. This has resulted in a very difficult set of circumstances. In an effort to achieve a quick earnings recovery, Toyota will return to the origin of its growth and aim to realize sustainable growth over the medium to long term, as well as implement internal reforms to achieve a flexible yet strong corporate structure capable of meeting both economic and environmental demands.

Enhancing Corporate Value Through Long-term, Stable Growth

The three key components of Toyota's financial strategy are growth, efficiency, and stability. We believe that the balanced pursuit of these three priorities over the medium-to-long term will allow us to achieve steady and sustainable growth as well as increase corporate value.

1. Growth: Sustainable growth through continuous forward-looking investments

We believe that automotive markets worldwide will grow further in view of medium-to-long term perspective. As they grow, we expect that the center of market growth will shift toward fuel-efficient vehicles, such as hybrid vehicles and compact vehicles, in terms of products, and towards resource-rich and emerging countries in terms of regions. We plan to invest actively in these areas in order to respond to structural shifts in demand and to ensure long-term sustainable growth. Concurrently, we plan to accelerate our measures to provide high-quality, affordable, and attractive products that meet customers' needs in each country and region and to further the early commercialization of next-generation technologies in the areas of the environment, energy, and safety.

2. Efficiency: Improving profitability and capital efficiency

As we expect customer demand for hybrid vehicles and compact vehicles to increase in the future, we aim to provide high-quality vehicles at an affordable price and to improve profitability by accreting our measures for more cost reductions. And we also create a structure for efficient development, production, and sales that can flexibly respond to changes in the external environment. With regard to capital expenditures, we plan to improve capital efficiency by maximizing the use of unemployed and idle facilities. Through these initiatives, we aim to generate positive free cash flows in every fiscal year.

3. Stability: Maintaining a solid financial base

We preserve a solid financial base by ensuring sufficient liquidity and stable shareholders' equity. At the end of fiscal 2009, liquid assets* were approximately ¥3,300.0 billion, while shareholders' equity amounted to ¥10,000.0 billion. Our sound financial position enables us to maintain the levels of capital expenditures and investment in research and development even under such conditions as rises in prices of raw materials and drastic changes in foreign exchange rates. And keeping the high credit ratings enables us to enjoy low-cost and stable funding even during the current credit crunch. In view of anticipated medium-to-long term

growth in automotive markets worldwide, we believe that maintaining adequate liquidity is essential for the implementation of forward-looking investment to improve products and develop next-generation technologies, as well as to establish a structure for production and sales in both the domestic and overseas markets.

*Excluding financial subsidiaries

Dividends and Share Acquisitions

Toyota deems the benefit of its shareholders as one of its priority management policies, and it is working to implement reforms to establish a corporate structure that can achieve continuous growth in order to enhance its corporate value. We will strive to continue to pay dividends while giving due consideration to factors such as business results for each term, investment plans, and our cash reserves. With respect to the dividends for fiscal 2009, we have determined that since we are facing the most difficult business environment in our history, it is extremely difficult to maintain the level of dividends paid in the previous fiscal year. We declared an annual dividend payment of ¥100 per share at the end of fiscal 2009, which is a decrease of ¥40 from the previous fiscal year.

With respect to the repurchase of our own shares, of the shares authorized at the 104th Ordinary General Shareholders' Meeting in 2008, which were the lesser of 30 million shares or the number of shares equivalent to ¥200 billion in cost of repurchase, 14.01 million shares were repurchased at a total cost of ¥69.9 billion until the 105th Ordinary General Shareholders' Meeting held in June 2009. In fiscal 2009, we repurchased 14.94 million shares at a total cost of ¥72.8 billion. Since we began repurchasing shares in fiscal 1997, the cumulative number of shares repurchased as of the end of June 2009 was 736.98 million shares at a total cost of ¥2,868.8 billion.

In order to flexibly respond to the changing economic conditions, Toyota will utilize its internal funds: to secure a solid management foundation; to improve product performance to meet customers' needs; to further the early commercialization of next-generation technologies in the areas of the environment, energy, and safety; and to establish a structure for efficient development, production, and sales in both the domestic and overseas markets. We will not repurchase our own shares for the time being, as we decided to prioritize securing our cash reserves under the present business environment.

We will decisively strive towards an earlier recovery of our performance in order to meet shareholders' expectations.

Note: On page 63, the fiscal year indicates the period ended March of the year shown, i.e. FY2009 is the fiscal year from April 1, 2008 through March 31, 2009

Global Society/Local Communities (Initiatives for Improving Traffic Safety)

Pursuing Dependable Safety and the Elimination of Traffic Casualties

In order to ensure the sound future development of a mobile society that relies on automobiles as a means of transportation, it is necessary to minimize their impact on the environment as well as traffic accidents, traffic congestion and other negative aspects. Toyota's basic stance on safety is to pursue dependable safety based on accident analysis. Toyota adopts a comprehensive approach to achieving the elimination of traffic casualties and is advancing initiatives in the areas of active safety (which seeks to minimize the chances of an accident occurring) and passive safety (which seeks to minimize the damage or injuries sustained in an accident), as well as to educate and raise awareness of drivers, pedestrians and other members of the public regarding traffic safety, and create a safer traffic environment.

Initiatives to Improve Traffic Safety Viewing People, Vehicles and the Traffic Environment as an Integrated Whole

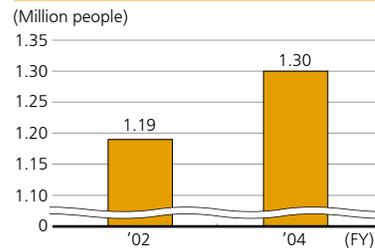
To develop, verify and promote the widespread use of safety technologies based on investigations and analyses of the various types of accidents that are actually occurring in society, Toyota first analyzes the reasons for accidents and the causes of injuries using research data from studies regarding accidents and their impact on human bodies. Next, Toyota reproduces these accidents using various types of simulations, in order to develop preventive technologies. The developed technologies are then verified in actual vehicle tests. In addition, even after these technologies are commercialized, Toyota continues to investigate and analyze accidents.

From a global perspective, nations with emerging automotive markets such as China and India are seeing an increase in traffic accidents accompanying the development of motorization. There are roughly 1.3 million traffic casualties worldwide, making it the ninth most common cause of death. Particularly in emerging economies, an inability to provide education and the lack of a traffic environment appropriate to the increased number of automobiles appears to be behind the increasing number of accidents.

Achieving the ultimate goal of completely eliminating traffic casualties will require more than just the development of safer vehicles. Education and awareness among drivers and pedestrians as well as traffic environment improvements must also be advanced in step with vehicle development.

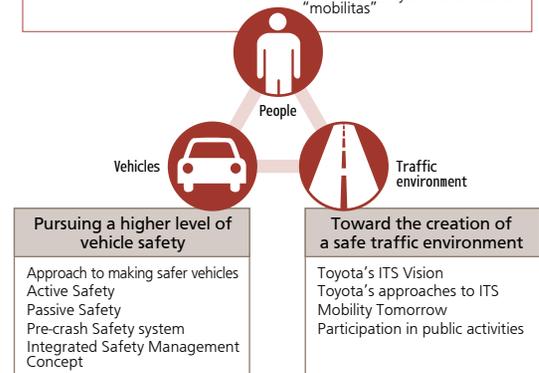
Toyota's efforts to bringing about an affluent mobile society and to completely eliminate traffic casualties involves adopting a comprehensive approach which views people, vehicles and the traffic environment as an integrated whole.

Number of Traffic Casualties Worldwide



Integrated Initiatives to Improve Traffic Safety

Initiatives designed to educate people in traffic safety	
Toyota Driver Communication	Donating traffic safety educational materials to children
Toyota Child Safety Communication	Toyota Safety School
Toyota Traffic Safety Campaign	TOYOTA Safety Education Center "mobilitas"



Safety: Basic Concept

- 1) Contribution to an affluent mobile society**
Toyota always focuses on people and on striving toward a mobile society without any traffic casualties in which people are able to travel comfortably via vehicles.
- 2) Working together with society**
As a member of our global society, Toyota strives to improve the traffic safety environment. We are safety conscious and want to cooperate with various groups, such as local and national governments.
- 3) Development of safe vehicles**
Taking accident analysis data into consideration, Toyota develops technologies for "Active safety" and "Passive safety" to lead the world, and protect and assist consumers.

See page 70 for more on Toyota's traffic safety education initiatives



Global Society/Local Communities (Initiatives for Improving Traffic Safety)

Toyota's Approach to Safety Technology and Vehicle Development

Active Safety

In vehicle development, Toyota's safety technology can be broadly classified as either active safety or passive safety. Passive safety seeks to reduce the extent of injuries sustained after a collision, while active safety seeks to reduce the likelihood that a crash will even occur at all. The basis for active safety is ensuring driving stability by detecting vehicular conditions that could lead to a collision, and assisting the driver in maneuvering to avoid an accident.

The first active safety technology developed was the Anti-lock Braking System (ABS), which was commercialized in 1971. Then in 1987, the Traction Control System (TRC), which keeps the drive wheels from slipping during acceleration, was introduced. In 1995, Vehicle Stability Control (VSC), which helps control lateral slip, was launched.

Toyota has also been continually working to further develop technologies to help eliminate factors that could potentially lead to vehicular instability. Examples of such technologies include the Night View system, which helps improve the driver's field of vision during nighttime driving; Adaptive Cruise Control (ACC)¹ and Lane Keeping Assist (LKA)², which help reduce the burden of driving; and the Pre-Crash Safety System (PCS), which detects potential collisions in advance and works to reduce their severity. Toyota will continue to seek greater advances and will use driving simulators and other resources in the development of ever-more innovative active safety technology.



Pre-crash Safety

Alerts the driver through such means as a warning buzzer, and performs braking assistance and automatic braking to reduce the severity of a collision when the vehicle determines that there is a high likelihood of one occurring with a vehicle or other obstacle ahead.



Driving Simulator

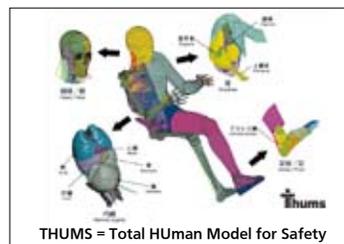
Provides the closest experience to actual driving in order to safely analyze behavior such as sleeping-at-the-wheel and drunk driving when passing through intersections and other situations. Used to estimate the effectiveness of different active safety features.

Passive Safety

Toyota's basic thinking on passive safety is to minimize the extent of collision injuries by combining vehicle body structures that securely protect occupants during collisions and absorb the impact with equipment that provides effective protection to occupants.

Developing this sort of vehicle body structure and safety equipment requires both actual collision testing and computer simulation technology. In 1966, Toyota established its Safety Evaluation Department, which has now been an integral part of research and development for over 40 years. In that time Toyota's evaluation and measurement technology has made excellent progress, and the feedback it provides is reliably applied to product development. In 2003 a new Crash Test Laboratory was installed at the Higashifuji Technical Center. At this all-weather facility a variety of collision testing and roll-over testing can be carried out indoors.

In 1995, Toyota incorporated offset collision tests—something not common at the time—as part of its development aimed at improving dependable safety performance. The desire to pursue worldwide top-level safety led Toyota to set the Global Outstanding Assessment (GOA) voluntary collision-safety goal and develop a collision-safety body structure. Furthermore, evaluation requirements and methods, such as compatibility performance intended for ensuring safety in the event of a collision between large and small vehicles, pedestrian protection, and whiplash injury-reduction capabilities, are added as required in line with the times so that Toyota vehicles are continually improving, enabling them to handle an ever-greater variety of accidents. Also, in order to understand how the human body sustains injuries, TMC and Toyota Central R&D Labs have developed human models known as THUMS (Total Human Model for Safety), which can simulate the effects of collisions and other impacts on the human body to a degree that cannot be measured with a crash-test dummy. These models are useful for anticipating where and how an actual human body would sustain injuries in an accident.



THUMS = Total HUMAN Model for Safety

THUMS

Allows predictions about the extent of injuries to different parts of the body to be made with a degree of precision unattainable with crash-test dummies. THUMS is currently being used in safety technology development such as the pedestrian-injury-lessening body structure and Whiplash Injury Lessening (WIL) concept seats.



Offset Collision Tests

The offset collisions performed in the safety Crash Test Laboratory of the Higashifuji Technical Center allow for precise collision point and speed testing to be carried out, enabling the testing of a variety of accident types, including high-speed collisions and rollovers.

1. Adaptive Cruise Control (ACC):

A system with enhanced recognition capabilities compared to the cruise control system in earlier vehicles. A radar sensor detects vehicles ahead and controls the accelerator and brakes to maintain a safe distance.

2. Lane keeping Assist (LKA):

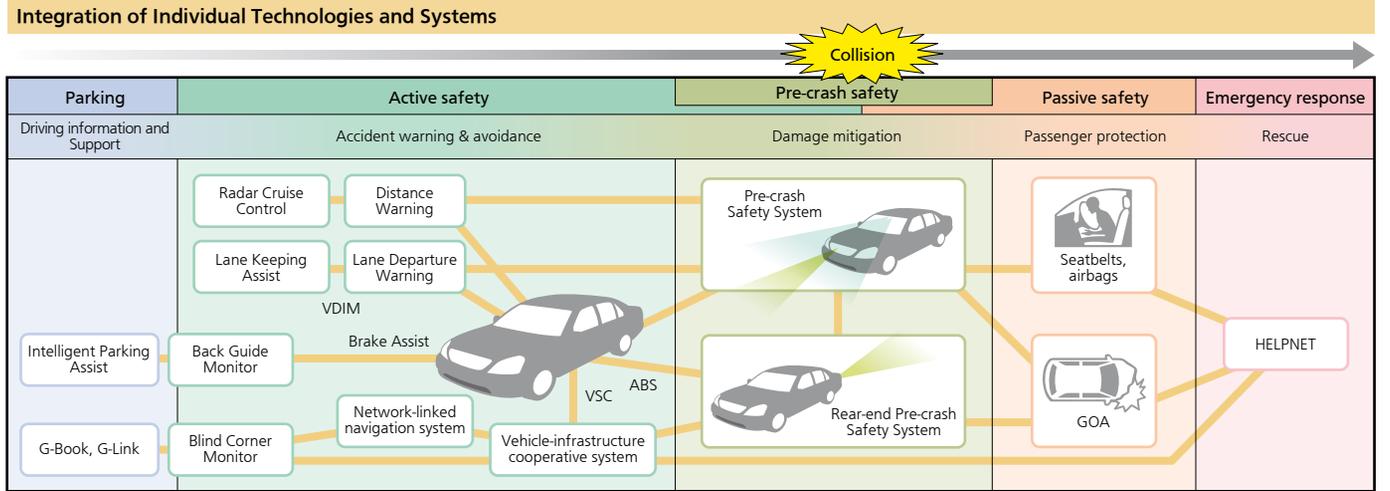
This system employs a camera to recognize the white traffic lane lines and applies electric power steering to assist the driver in keeping the correct driving lane.

Global Society/Local Communities (Initiatives for Improving Traffic Safety)

Integrated Safety Management Concept

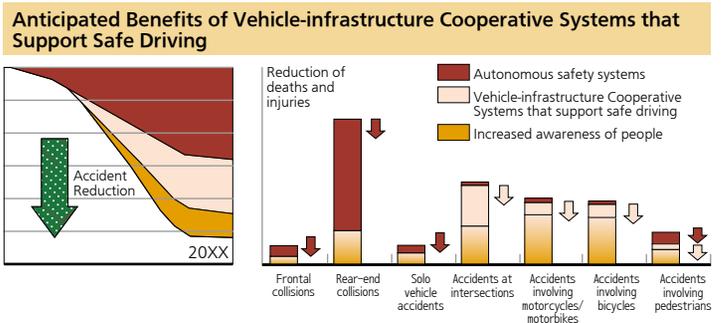
Toyota's future vision for vehicle safety is embodied in the Integrated Safety Management Concept. This concept seeks to integrate a vehicle's individual safety technologies and systems to provide an even higher level of safety, and to then adopt an infrastructure-respondent system and use information obtained from vehicles other than the driver's. The ultimate goal of this concept is to enable the realization of vehicles that do not cause accidents.

Within the Integrated Safety Management Concept, driving situations are categorized by the degree of risk of an accident, and support is provided to the driver at each stage: parking, active safety, pre-crash safety, passive safety and emergency response. By increasing such integration even further in the future, Toyota seeks to reduce dangers related to vehicle use in the pursuit of vehicles that do not cause accidents.



Traffic Safety Initiatives: Joint Public and Private Sector Traffic Safety Collaboration to Develop Vehicle-infrastructure Cooperative Systems that Support Safe Driving

Toyota is actively working on developing Vehicle-infrastructure Cooperative Systems that support safe driving and utilize Intelligent Transport Systems (ITS) technologies, as well as advancing the autonomous safety devices and systems installed in the vehicles themselves. In developing Vehicle-infrastructure Cooperative Systems that support safe driving, Toyota is aiming for a dream car that avoids traffic accidents by grasping the types of information that cannot be captured by sensors installed on vehicles, and communicating the information between vehicles and sensors installed on the road, or among vehicles.



In Focus

Participation in Public Demonstrations of Vehicle-infrastructure Cooperative Systems that Support Safe Driving

In February 2009, Toyota took part in a public demonstration sponsored by the ITS Promotion Council¹ on the public roads in an urban development area on the Tokyo waterfront (Odaiba) as part of the ITS-Safety 2010 large-scale verification test for FY2008, the goal of which is to practically implement Vehicle-infrastructure Cooperative Systems that support safe driving starting in FY2010 with the aim of reducing traffic accidents through the use of ITS technology. In April 2009, moreover, Toyota participated in a public demonstration of Driving Safety Support Systems (DSSS) sponsored by the Universal Traffic Management Society of Japan (UTMS Japan) and conducted on public roads in Toyota City, Aichi Prefecture. Demonstrations of road-to-vehicle systems such as a system to help drivers prevent the running of red lights were made and system functions and their effectiveness at reducing accidents were evaluated.

1. ITS Promotion Council:
Created by various government ministries and industry representatives with the aim of promoting traffic safety support systems utilizing ITS



ITS-Safety 2010 demonstration vehicle

Global Society/Local Communities (Initiatives for Improving Traffic Safety)

Toyota's Latest Technologies and Features

Active Safety Diagonally Projected Front-side Pre-crash Safety System with a Wider Detection Area

The Pre-crash Safety System uses millimeter-wave radar and cameras to detect other vehicles and obstacles in the road ahead and lessen the extent of injuries resulting from collisions.

The existing system has been enhanced by the addition of diagonally projected, front-side millimeter-wave radar to widen its detection area and thereby offer the world's first pre-crash safety system that can detect probable front-side collisions at intersections. Furthermore, if the system determines that there is a high probability of a side-on collision, the side airbags prepare for deployment. This system is equipped on the new Crown Majesta that went on sale in March 2009.



Crown Majesta equipped with the Front-side Pre-crash Safety System (artist's image)

Pre-crash Seatbacks which Increase Protection for Rear Passengers

Pre-crash Seatbacks automatically bring reclined rear seats to an upright position when the vehicle's sensors detect a high probability of a front- or rear-end collision, thereby increasing protection for rear occupants. In the event of a probable rear-end collision, the Pre-crash Seatbacks work together with the Pre-crash Intelligent Headrests, which shift into the most appropriate position to reduce the risk of whiplash.

Pre-crash Seatbacks have been equipped on the new Crown Majesta that went on sale in March 2009.



Operation of Pre-crash Intelligent Headrests and Pre-crash Seatbacks equipped in the Crown Majesta (artist's image)

Passive Safety Rear Window Curtain Shield Airbag to Lessen Impact on Rear Passengers' Heads

The new iQ launched in November 2008 is equipped with the world's first SRS (Supplemental Restraint System) rear window curtain shield airbag. The innovative airbag deploys from the roof lining above the rear window in the form of a curtain-like barrier. Together with the headrests, the airbag minimizes impact to the head from a colliding vehicle or parts thereof, thus helping to reduce the severity of injuries. Its use is expected to approximately double the vehicle's rear passenger head protection performance*.

*Head protection performance:

An indicator used internally by Toyota to represent the risk of injury to a passenger's head



The SRS rear window curtain shield airbag fitted on the iQ

Rear-seat Center Airbag which Lessens Secondary Injuries from Side-on Collisions

In the event of a side-on collision, rear-seat passengers face the risk of secondary injuries caused by passengers colliding with each other or into the console. This world's first airbag of its kind is fitted in a large, fixed, rear-seat center console, and when the vehicle is hit side-on, the airbag deploys from the top of the console to lessen the extent of secondary injuries sustained from passengers colliding with each other or into the console.

The rear-seat center airbag has been equipped on the new Crown Majesta that went on sale in March 2009.



Crown Majesta equipped with rear-seat center airbag

Global Society/Local Communities (Social Contribution)

Implementing Social Contribution Activities Around the World to Create an Enriched Society and Realize Sustainable Development

Since its founding, the philosophy of Toyota has been to “be of service to society.” Seeking to contribute to the enrichment of society and its sustainable development, Toyota has been engaged in various social contribution activities in order to be a good corporate citizen of the world. Even in the midst of a challenging business environment, Toyota will firmly adhere to its founding philosophy and strive to respond to a wide range of societal needs.

Principles and Policies for Social Contribution

Under the Guiding Principles at Toyota, 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.

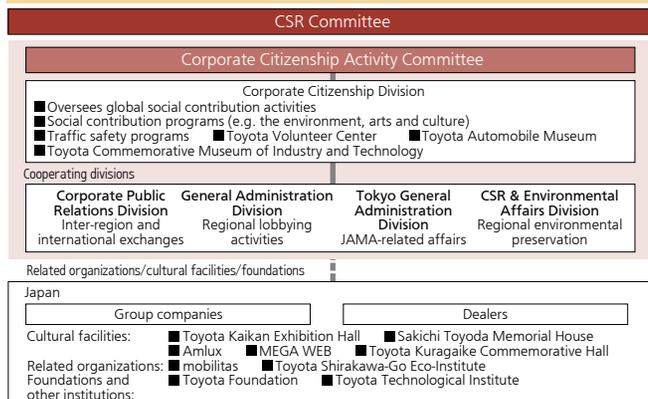
Principles and Policies of Social Contribution Activities

Purpose	We in the Toyota Group will undertake social contribution activities to contribute to sustainable social vitality.
Stance	We will maximize the benefits of our 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	We will support independent social contribution activities that our employees undertake as members of the community.
Information Disclosure	We will disclose information about our social contribution activities.
Global Perspective	We will adopt a global perspective on social contribution activities while adapting our activities to needs and circumstances in each nation and region where we operate.

Implementation Structures in 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.

Implementation Structures in Japan

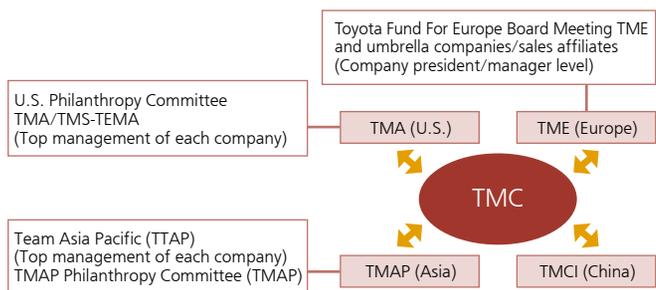


Overseas Implementation Structures

As shown in the diagram below, Toyota has established a network linking its head office with bases in North America, Europe, China, and the rest of Asia, which it is continuing to enhance. Toyota reviews regional policies and action plans in close collaboration with regional holding companies.

- U.S.: The meeting of Toyota U.S. Philanthropy Committee, which has its office based at TMA, is held three or four times a year to review budgets, policies and individual projects related to strategic donations.
- Europe: The meeting of the Toyota Fund for Europe, which has its office based at TME and is held twice annually, assesses projects submitted by affiliates and supports outstanding projects.
- Asia: The meeting of Team Toyota Asia Pacific (TTAP), which has its office based at TMAP, is held three times a year and is an opportunity for the senior management of affiliates to confirm the progress of initiatives in each country. In addition, a Philanthropy Committee was set up in November 2007, projects by affiliates from each country have been inspected, and support for excellent projects has gotten underway.
- China: TMC promotes programs that meet local needs by drawing on suggestions from relevant experts and other sources.

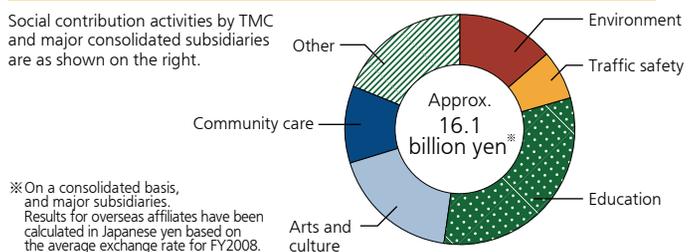
Overseas Implementation Structures



Results of Social Contribution Activities

All Toyota affiliates conduct independent social contribution activities centered on three focus fields—the environment, traffic safety and education—with other fields added in accordance with local societal needs. In Japan, support of the arts and culture, and community care have been added to the three focus fields. Emphasis is also placed on employee volunteer activities, with programs promoted through utilization of Toyota’s expertise and resources.

FY2008 Activities by Field



Global Society/Local Communities (Social Contribution)

Environmental Initiatives

In order to contribute to the sustainable development of society and the earth, Toyota is committed to proactively making social contributions in areas such as environmental education, support for environmental action, conservation of biological diversity, and afforestation.

Continued Support for the Anti-desertification Initiative in China

In collaboration with the Chinese Academy of Sciences, the Hebei Province Forestry Bureau and NPO Green Earth Center, since 2001 Toyota has been carrying out an initiative to stop desertification in Fengning Man Autonomous County, Hebei Province, where significant desertification has occurred. Cattle farming has been introduced as a way to counter overgrazing by other forms of livestock such as goats, the principle cause of desertification. This leads to the preservation of vegetation and balances the lives of local residents and environmental preservation. In the third term of this initiative, spanning from 2007 to 2010, the 21st Century Greater Beijing Afforestation Center (opened in May 2008) has been a base for information, personnel training and other afforestation-related activities to help the activities conducted thus far take root locally. Over the past eight years, trees have been planted on 2,759 hectares of land, and that area will reach 3,000 hectares by the end of the third term.



Environmental education at the 21st Century Greater Beijing Afforestation Center

Continued Support for Activities to Restore Rainforests in the Philippines

Since 2007, Toyota has been jointly implementing a three-year reforestation initiative with the Department of Environment and Natural Resources in the Philippines, the Peñablanca Municipal Government, and Conservation International, an environmental NGO, with the purpose of planting 1,772 hectares of trees in Peñablanca (approximately 500km north of Manila) in the Province of Cagayan, located in the northern part of Luzon Island in the Philippines. Trees were planted on 990 hectares of land between August 2007 and March 2009. A forest is being planted specifically for firewood to prevent deforestation from fuel wood logging, and mango and other fruit trees are being planted to enrich the lives of the local residents. The knowledge and afforestation technology gained in China are being shared with the aim of creating a sustainable forest that can both improve the lives of local residents and restore the forest.

Continuing the Initiative to Construct a Model Forest Restoration Program in Japan

In October 2007, Toyota acquired a mountain forest in the town of Odai, Taki-gun in Mie Prefecture, and in FY2008 initiated a forestry program that spans 206 hectares including efforts such as forest thinning. In addition, Toyota is examining about half the area to investigate the current state of the forest and promote visualization of forestry by preparing a standard procedural guide to forestry and accumulating Geographic Information System data.

Launching the Forest-centered Human Resources Development Project "Toyomori"

In collaboration with Toyota City and the NPO Chiiki no Mirai Support

Center, Toyota launched a human resources development project called the "Toyomori" that can be applied to people's everyday lives and work. Between May 2009 and December 2010, a human resources development course titled "Toyomori Nariwajiyuku" is being conducted for approximately 30 individuals recruited from the general public. Through classroom sessions and field work the students come to know the local area, learn about leading environmental case studies from community businesses as well as design projects that link urban and rural areas. Prior to the start of the course, two advance lectures (an explanatory meeting and local observation tour) were conducted in FY2008 to acquaint approximately 100 people with the course content.

25 Proposals Selected for the Toyota Environmental Activities Grant Program

The Toyota Environmental Activities Grant Program was launched in commemoration of TMC's receipt of the Global 500 Award* in 1999. Since FY2000, Toyota has been accepting applications to the Environmental Activities Grant Program to support projects involved in research and other activities centered on the theme "Environmental Technology and Human Resource Development Contributing to Environment Revitalization and Conservation."

In FY2008, the program received a total of 570 applications, the greatest number to date for the themes "Biodiversity Conservation" and "Global Warming Countermeasures." Thirteen projects for general grants, including "East Africa Grassroots Forest Conservation Project," and twelve projects for small-scale grants, including the project entitled Establishment of a Model for "Development of Forests Teeming with Animals," were selected. In addition, in December Toyota held a grant awards ceremony for grant recipients from Japan to promote interaction between the grant recipients and Toyota, as well as between the recipients themselves.



The "East Africa Grassroots Forest Conservation Project" at work in Tanzania

*Global 500 Award:

Established by UNEP to recognize individuals or organizations that contribute to environmental protection or improvement in terms of sustainable development.

Offering Biodiversity Programs at the Toyota Shirakawa-Go Eco-Institute

Since the opening of the Toyota Shirakawa-Go Eco-Institute in 2005, some 65,000 visitors have come to realize the importance of nature through hands-on environmental education. In addition, ecological surveys and conservation of creatures, such as the Asian black bear and the Japanese Luehdorfia butterfly that live in the vicinity of the Eco-Institute, have conveyed "the importance of conserving biodiversity," which is crucial to sustainable development of the World Heritage Site, Shirakawa-Go. In FY2008, Toyota looked back on its activities to date and determined its future direction. The Toyota Shirakawa-Go Eco-Institute will enhance its programs in preparation for the Tenth Session of the Conference of the Parties to the Convention on Biological Diversity (COP 10) to be held in 2010.



Japanese Luehdorfia butterfly, an endangered species, alights on a Dogtooth violet

For details on the Toyota Shirakawa-Go Eco-Institute please visit the following website:

 <http://www.toyota.eco-inst.jp/>

Global Society/Local Communities (Social Contribution)

Traffic Safety

As one part of initiatives that aim to achieve zero traffic deaths and injuries, Toyota has been actively engaged in traffic safety activities since the 1960s, including safe-driving courses for drivers and traffic safety education for children.

Toyota Traffic Safety Campaign Celebrates its 40th Anniversary

Since 1969, Toyota has been conducting the Toyota Traffic Safety Campaign together with dealers every spring and autumn, coinciding with Japan's Nationwide Traffic Safety Campaigns. In FY2008, the campaigns focused on preventing accidents that could occur if children suddenly run out into the street (spring), the promotion of the use of rear-seat seatbelts (spring and autumn), and greater driver attention to bicycles on the road (autumn). Approximately 1.6 million copies of an educational leaflet, created in line with the main themes, were distributed. Toyota also donated 2.63 million traffic safety picture books and 46,000 traffic safety storytelling cards to children entering kindergartens and nursery schools nationwide. A total of some 118.51 million picture books and 1.2 million storytelling cards have been published to date.



Storytelling cards and picture books distributed in FY2008

Toyota Driver Communication—Over 30,000 Course Participants

Toyota has been conducting unique nationwide safe-driving courses called Toyota Driver Communication, which were begun in 1987 with the goal of reducing the number of accidents involving young drivers. Since 1987, over 30,000 people have taken the courses.

Toyota Safety Education Center "mobilitas," built inside the Fuji Speedway in Shizuoka Prefecture in 2005, offers Toyota Driver Communication courses on a regular basis. "mobilitas" encompasses a total area of 130,000m², the biggest facility of its kind in Japan. With instructors who train Toyota test drivers, students can safely experience the performance of vehicles at their limits through such exercises as high-speed emergency braking, and driving and braking on a low-resistance road surface. In FY2008, 4,800 people took the courses.

Launching Educational Web Content for Children, "Kodomobilitas"

With the aim of increasing children's interest and attentiveness in traffic safety, in April 2008 Toyota launched the traffic safety website, "Kodomobilitas." The site features the original character, Bilitas and a traffic-themed story that develops in line with the

children's thinking on various topics, such as wearing seatbelts in the backseat and bicycles.



Kodomobilitas—a fun educational website

Toyota Safety School for Parents and Children

Every year Toyota has been inviting children from kindergartens and nursery schools in and around Toyota City, as well as Oyama-cho in Shizuoka Prefecture, to traffic safety classes held at the Toyota Kaikan Exhibition Hall and Toyota Safety Education Center "mobilitas," respectively. In FY2008, approximately 5,200 children from 117 kindergartens and nursery schools participated in safety classes held at the Toyota Kaikan Exhibition Hall, and about 360 children and parents participated at "mobilitas." The cumulative total attendance of children since 1975 is approximately 223,700 from some 2,818 kindergartens and nursery schools.



Road safety school held at mobilitas

In Focus

Toyota Contributes to Improving a Thai State-run Driving School

Toyota helped to revamp a state-run driving school in Bangkok, Thailand, in response to a request for cooperation from the Thai government to improve safe driving courses for learners.

In addition to making improvements to the building and driving course, and sharing classroom instruction know-how, "mobilitas" instructors provided safe driving guidance to the local instructors of the driving school. "I acquired some ideas about how to teach, such for as checking blind spots and training students to have a better feel for the car they're driving," commented one driving instructor who participated in the traffic safety course. "It was extremely helpful." Based on the assistance given by Toyota, the driving school plans to successively incorporate the practical safe driving instruction into the curriculum.



Local driving school instructors take a course on teaching safe driving

Global Society/Local Communities (Social Contribution)

Education

Toyota cooperates with various segments of society while using its resources effectively to implement educational programs that foster the workforce of tomorrow.

22,250 Children Participate in the Scientific Jack-in-the-Box! The Why/What Lecture

Toyota has been holding free science and engineering workshops for elementary and middle school students since 1996 to address the social issue of 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 Toyota and affiliates' facilities in various sites throughout Japan. In FY2008, 22 workshops were held with a total of over 1,750 children participating. To date, a cumulative total of 267 workshops have been held with 22,250 children participating.



Children listen to an explanation of the basic principles of hovercrafts

***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.

Continuing the Toyota Youth Orchestra Camp

Since 1985, Toyota has conducted the Toyota Youth Orchestra Camp in collaboration with the Federation of Japan Amateur Orchestras to cultivate young talent through music. A cumulative total of over 4,500 youths have participated in the camp since it was first launched. In FY2008, a camp was held in Hamamatsu City in Shizuoka Prefecture under the guidance of leading professional conductors and musicians. The aim of the overnight camp was to have children play a role in organizing the daily camp activities. During the camp, the workshop Children's Get-together with Musical Instruments was held to acquaint local children with different instruments. "I was really inspired by the top-ranked instructors," commented one child who took part in the camp. "I'll treasure my experience here for the rest of my life."



Kids participate in the Children's Get-together with Musical Instruments workshop

The Toyota Children Meet Artists Program Held in Three Regions

The Toyota Children Meet Artists is a program aimed at fostering children's values and rich aesthetic sense through interactions with artists. Conducted in cooperation with the NPO Children Meet Artists, NPO Kids Meet Artists and other local NPOs, this educational program has been carried out throughout Japan since 2004. Contemporary artists visit schools, children's centers, and hospitals where they give workshop-style classes according to local characteristics or needs. By the end of FY2008, workshops had been held on 31 occasions in eight regions nationwide, with 4,203 children participating.

In FY2008, workshops were held in Gunma, Oita, and Okayama prefectures. They sparked new awareness not only in the children, but also in family members and teachers.



Children create a mailbox by hand with an artist (Manabe Island, Kasaoka City, Okayama Prefecture)

Continuing an Auto Technician Course for Brazilian Residents of Japan

There are many Brazilians residing in Japan, but the majority of the young Brazilians are seriously hampered by a lack of Japanese language skills, making it difficult for them to transfer to Japanese schools or continue their education. To help these young Brazilians, in 1999 Toyota began a full-time auto technician course conducted in Portuguese (course length: one year; class size: 20) at Toyota Technical College Nagoya in Haruhi-cho, Aichi Prefecture. This course invites Brazilian-based engineers from Toyota do Brasil Ltda. (TDB) to serve as instructors and provides a curriculum suited to the automobile industry in Brazil. To date, the program has been offered 10 times and has produced over 180 graduates, the majority of which return to Brazil to utilize the knowledge and skills gained in this course to contribute to the growth of the automobile industry in their own country.



Students taking part in a course for Brazilian residents of Japan

Toyota Technological Institute Cultivates International Industry Leaders by Focusing on Practical Science

As a part of Toyota's social contribution activities, 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 Toyoda Precepts. Since then, it has embodied the concept that "Making things is about developing people." Utilizing the advantages of the company foundation, the school is training highly creative engineers proficient in practical development skills through small-group instruction (one teacher to nine students) and a curriculum rich in experiments and hands-on training.

In response to globalization over recent years, the institute is also concentrating on cultivating engineers who can become leaders in international society by strengthening its specialized English curriculum to include science and engineering English, offering overseas training (internships at Toyota plants in the United States, etc.), and establishing the Toyota Technological Institute at Chicago (TTI-C) within the University of Chicago in 2003—the first American graduate school affiliated with a Japanese university. Since opening its doors, graduates of the institute have enjoyed a 100% employment rate and have made achievements in cutting-edge research that includes solar cells and autonomous vehicles.



Toyota Technological Institute, located in Nagoya, Aichi Prefecture

Global Society/Local Communities (Social Contribution)

Culture and the Arts

Toyota operates the Toyota Automobile Museum and the Toyota Commemorative Museum of Industry and Technology, two unique museums, with an emphasis on passing on the culture of making automobiles and *monozukuri* (making things). In addition, Toyota collaborates with NPOs and other organizations to actively support the arts and culture with the aim of enhancing cultural foundations.

Toyota Automobile Museum Celebrates 20 Years Since Opening its Doors

The Toyota Automobile Museum (Nagakute-cho, Aichi Prefecture) has a permanent display of approximately 140 Japanese and foreign classic cars preserved in working condition. Some 4.46 million people have visited (approximately 220,000 in FY2008) since opening in 1989 with the aim of increasing understanding of automobile culture. The museum holds exhibits and events that include a systematic display commemorating 120 years of automobile development since the launch of the gasoline-powered car, a classic car festival, test-driving events, and also develops automobile appreciation programs for children. In FY2008, the museum held the exhibitions "Eight Famed Automobiles" and "The Ascent of Baby Boomers and Automobiles" to showcase the results of museum research and data collection.



"The Ascent of Baby Boomers and Automobiles" on exhibit at the museum

The Toyota Commemorative Museum of Industry and Technology Established in the Birthplace of the Toyota Group By Thirteen Group Companies Attracts 270,000 Visitors

The Toyota Commemorative Museum of Industry and Technology (Nagoya City) was established for the purpose of conveying the importance of the spirit of being studious and creative as well as of making things. Since opening in 1994, the total number of visitors has reached about 2.48 million (approx. 270,000 in FY2008). The museum features a wide range of displays, including looms and automobiles as well as valuable industrial legacies such as a Swiss steam engine that is over 100 years old. A variety of exhibits were on display in FY2008, including the Toyota Collection, which consists of scientific and technological materials mainly from the Edo Period (1603-1867), the Automotive Safety Technology exhibit, and Idea Contest Artwork—an assortment of inventive vehicles. Summer vacation workshops were also held for children.



Inside the Automobile Pavilion of the Toyota Commemorative Museum of Industry and Technology

The "NetTAM" Kaizen Project

The comprehensive information site on arts management, NetTAM, was established in 2004 to create and maintain a foundation for culture and the arts, and train personnel who will be involved in the arts. The website has since been accessed by a cumulative total of more than five million (2.08 million in FY2008) people. FY2008 saw the implementation of the "Toyota Arts Environment Kaizen Project," a new grant program that aims to improve the arts management environment. Updates on the activities conducted by the three selected recipient organizations and their outcomes will be periodically uploaded to the NetTAM website.

<http://www.nettam.jp/en/>

Toyota Community Concerts Receives the "Mécénat Award for the Promotion of Music Culture"

Since 1981, Toyota and its Japanese sales companies have partnered with amateur orchestras throughout Japan to jointly hold the Toyota Community Concerts—classical music concerts held with the aim of contributing to the promotion of local culture through music. In FY2008 36 performances were held in 19 prefectures. To date, 1,265 concerts have been held for 1.017 million people. In recognition of contributing for many years to the promotion of local cultures, Toyota was presented with the "Japan Mécénat Award for the Promotion of Music Culture," which is administered by the Association for Corporate Support of the Arts.



Toyota Community Concert in Tokyo held on October 5, 2008

Community Care

Toyota is working 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 while utilizing both tangible and intangible resources, such as technology and know-how.

Volunteers Continue a Program to Secure Furniture at the Homes of Elderly Persons Living Alone

Since 2003, employee volunteers have visited the homes of elderly people aged 65 years and older who live alone in Toyota City in order to secure their furniture to prevent it from falling over. Since 2006 Toyota has worked cooperatively with the Toyota City Welfare and Child Committee, and over 815 employees have carried out the volunteer efforts at 200 homes. The one recipient of the volunteer service commented, "I feel pleased and safer now."



Volunteers secure furniture at an elderly person's home to prevent it from falling

Expanding Forest Improvement Activities

Since April 2004, Toyota has carried out a volunteer forest improvement activity called, "Protect Asuke's Forest!" (presently Toyota City, Aichi Prefecture). A woodcraft class utilizing timber from forest thinning has been well received by local residents. Through an agreement with Toyota City, activities were expanded from July 2008 to improve another forest within the city, the Oohara Forest. Volunteers have expressed the opinion, "The forest looks brighter and healthier."



Volunteers who participated in forest improvement activities

Global Society/Local Communities (Social Contribution)

Examples of Overseas Initiatives

Engaging Citizens in Conservation Efforts Across the United States

[The Environment]

North America: Toyota Motor North America, Inc. (TMA)

In March 2008, TMA (Toyota Motor North America) launched a new program called "TogetherGreen" in collaboration with the National Audubon Society – one of the oldest conservation organizations in the United States, established in 1905. TogetherGreen is designed to engage thousands of people in conservation action and support activities that focus on reducing energy use and protecting habitat and water resources. A grant from Toyota is funding this program, which includes a broad array of conservation activities over a five-year period. These include: supporting innovative conservation projects, training conservation leaders, and providing volunteer opportunities across the United States.

The Innovation Grants Program supports projects that engage diverse communities in land, water, and/or energy conservation. In October 2008, the project awarded 41 grants in 24 states, which were selected by an external advisory board.

The Conservation Leadership Program provides support to both rising stars and current leaders in conservation. Each year, a new group of Fellows will be selected to serve as role models for community conservation and work to engage diverse audiences in environmental action. In November 2008, 40 Fellows from 39 cities were chosen for the first class of Fellows.

The Volunteer Days program is designed to engage thousands of people to take part in local conservation actions projects. In 2008, Audubon selected 41 sites across the country to hold six Volunteer Days, for a total of 240 events. More than 400 Toyota associates and team members participated in these events, held in the fall of 2008 and spring of 2009.

"Toyota and Audubon share a commitment to inspire and empower Americans to make a positive difference on the future environment," said Audubon President John Flicker. "With our two organizations working together, we plan to see true and measurable results across the country from TogetherGreen."



Children participating in Volunteer Days in autumn 2008

'EcoDriving Europe,' Promoting Eco-Driving through Workshops Using Driving Simulators

[The Environment]

Europe: Toyota Motor Europe NV/SA (TME), Toyota Belgium S. A./N.V., Toyota GB (PLC), Toyota España, S.L.U., Toyota Norge AS, Toyota Iceland hf

Toyota Belgium and Toyota Motor Europe (TME) have been supporting the 'EcoDriving Europe' program conducted by 'Ecolife,' an environmental NGO in Belgium, since 2007. With the purpose of conveying the importance and methods of eco-driving to European drivers, 'Ecolife' has been holding workshops and events using specially designed simulators. Toyota Belgium and TME decided to support the program because Ecolife shared Toyota's belief that the key factors to improving fuel efficiency are vehicle technology and driving skills. With the simulators, drivers can experience, like playing with computer games, how the driving distance with 0.1 liter of gasoline changes according to the way a vehicle is driven. The workshop involves intensive face-to-face instruction on driving methods. Participants then learn the theory of eco-driving, and finally put it into practice using the simulator.

In September 2008, the program expanded its activities to other European countries (UK, Iceland, Spain and Norway) in collaboration with an environmental NGO network, Global Action Plan International. The program is being rolled out in cooperation with the local Toyota company in each country. For example, Toyota Iceland donated a Hiace for transportation, as well as funds, and is going to host workshops for their fleet customers in showrooms.

Mr. Bert Bosmans, Project Coordinator of EcoDriving Europe says, "Teaching people these driving habits by using driving simulators reduces emissions during the learning process to almost zero. Therefore we want to start up the EcoDriving program in as many European countries as possible, in order to save several hundreds of tons of CO₂ emissions."



A driver tries eco-driving with the simulator

Global Society/Local Communities (Social Contribution)

Examples of Overseas Initiatives

Conducting Road Safety Education for Children in Five Major Cities in India

[Safety]

India: Toyota Kirloskar Motor Private. Ltd. (TKM)

Toyota Kirloskar Motor (TKM) has initiated the Toyota Safety Education Program (TSEP) to educate children on basic road safety procedures and to create a sense of road safety amongst children aged between 6 and 12. Urban areas of India have been experiencing a rapid increase in the number of vehicle accidents. For example, in the capital of Southern state of Karnataka, Bangalore, with a population of 7.5 million, the number of deaths by traffic accidents was some 900 in 2008, which is three times more than that of a Japanese city/area of the same size. The increase in child population has created an urgent need for road safety education at an early age, leading to the launch of the program in 2007 under TKM's commitment to develop the community through social contribution.

The program was held in Bangalore, where TKM is located, and spread to Delhi, Mumbai, Chennai, and Kolkata. 103,447 school children had participated in the program by the end of March 2009. At schools, a 45-minute lesson is held on road safety and road signals during social studies or moral science classes. One characteristic of the program is the interactive educational system that uses puzzles and card games to enable children to learn in a fun way. The program has also prepared computer games and an animation film. Booths to provide information on road safety are installed at school premises. Children can also win T-shirts and caps by participating in quizzes held during the sessions and games. TKM also introduced a teacher-training program to further expand road safety education and has trained 270 teachers in five cities.

The Principal of Tagore International School in Delhi said, "There is a lack of knowledge about traffic rules among youngsters. It is very important that children learn and understand what the traffic rules are because they are the future pedestrians and drivers." TKM is planning to continue TSEP in schools through the trained teachers and will also develop a manual on the program.



Children learn traffic rules through TSEP



Explaining traffic rules using an animated film

'Toyota and You,' a Road Safety Program for Young People

[Safety]

Argentina: Toyota Argentina S.A. (TASA)

Toyota Argentina (TASA) developed the 'Toyota and You' program designed to educate teenage drivers and their parents regarding identifying and responding appropriately to dangerous driving situations. The three-hour program is conducted free of charge and incorporates theoretical and practical driving sessions.

To better understand the critical relationship between distracted driving and the time taken to respond to a dangerous situation, teenage participants drive on a specified driving course while drinking water, or talking on a cell phone, for example. They also experience hard braking maneuvers on wet and dry pavements and multiple slalom driving courses under the watchful eyes of professional drivers. In the meantime, parents learn about vehicle safety technology and the risk and consequences of a crash using an impact simulator set at around 15km.p.h. The program concludes with teenagers and parents signing a safe driving 'contract' to be put into practice after they return home.

The first session was held on three weekends in January 2008 in Pinamar, one of the main summer resorts of Argentina. More than 300 people, including teenagers and their parents, attended the three hour long courses. Earlier in the same year, the program was held in Rosario on one weekend. 200 people attended the six courses conducted on Friday, Saturday and Sunday. In August 2008, the program was held in Córdoba with the attendance of 190 people, and in November in Mendoza where 200 people participated. TASA is committed to providing teenagers the tools they need in order to become skilled drivers and drive safely.



Young drivers attending the road safety program

Global Society/Local Communities (Social Contribution)

Examples of Overseas Initiatives

Train School Teachers in Methods of School Operation and Teaching Skills to Improve the Scholastic Abilities of Children

[Human Resources Development]

South Africa: Toyota South Africa Motors (Pty) Ltd. (TSAM)

In 1992, to improve the basic scholastic abilities of elementary and junior high school children, TSAM began the Toyota Teach educational program, which is aimed at teachers and provides training in teaching methods for English, Mathematics, and Science. Training is offered to elementary school teachers in the Umlazi and three other areas of South Africa, where many TSAM employees live. By strengthening teacher skills, the program aims to improve the basic scholastic abilities of children.

Since 2005, the program has strengthened training on school operational methods targeting school governing bodies, school management teams, and educators in different learning areas. The Whole School Development Program is centered upon ten focus areas such as school infrastructure, governance and relationships, curriculum provision and resources, and financial management among others. Improvement of teaching skills for targeted subjects is promoted within the context of the Whole School Development. Ten schools were selected as model schools in 2009 and training will be offered to all teachers in those schools for three years. The first year is spent on the establishment of relationships and planning, conducting analyses, implementation of policies, and the addressing of weaknesses. The second year is more intensive work and the last year is used to plan the exit strategy. Every school is allocated a mentor who guides and assists them in all their areas of need. A mentor is also able to link the school with relevant facilitators who are highly qualified and skilled in the relevant fields.

"We lacked support in terms of planning, guidance and explanation of the departmental policies and an uncertainty on assessment prevailed on all of us. Toyota Teach Staff were able to systematically assist us in this area and we are now highly confident" says a teacher of Sheshisa Primary School.



Students at a model school of Toyota Teach study technology

Emotional Support Provided to Victims of Sichuan Earthquake

[Community Care]

China: Toyota Motor (China) Investment Co., Ltd. (TMCI)

The day after the Sichuan Earthquake in May 2008, TMCI and China FAW Group Corporation (FAW), a Toyota cooperating partner company, donated 10 million yuan and 10 vehicles for relief operations in the stricken areas. It later became clear that primarily money was being donated to affected areas, whereas the victim's emotional needs were not being fully met. TMCI employees who were sent to Sichuan Province felt strongly that it was necessary to assist such needs in order for a full recovery to be made. A decision was thus made to also provide emotional assistance on an on-going basis, in addition to financial aid.

TMCI initiated recovery support projects, beginning with the free screenings of films, the Toyota Mobile Library, and special allocations for the Toyota Study Assistance Fund.

From August to November 2008, and again from April to June 2009, TMCI screened 1,000 films, mainly comedies, in 28 of Sichuan's prefectures where people are living in tents or other types of temporary housing. The Toyota Mobile Library was created to provide children in affected areas with the joy of reading books. A total of 30,000 books by world-renowned authors, as well as science and literature titles, were purchased and three Coaster minibuses were modified to transport the books for regular lending at 50 schools in 15 prefectures. The mobile library will visit schools for three years, starting in December 2008, and the books will be regularly replaced. There are plans to make a donation of an additional 20,000 volumes by the end of 2009.

TMC established the Toyota Study Assistance Fund in March 2006 to support economically-disadvantaged students in central and western China who find it hard to attend university. A special allocation for the fund was created intended specifically for earthquake victims, and 60 students who lost their parents or homes in the disaster will receive financial support through 2014.

A student representative of Huilan Elementary School that received books said: "The mobile library not only provides us with knowledge from books, but also gives us a feeling of confidence, hope, and joy."



Students at the Huilan Elementary School in Shifang City, Sichuan Province excitedly greet the mobile library



The students are absorbed in reading their books

Global Society/Local Communities (Communication with Society)

Deepen Dialogue with Stakeholders to Foster Relationships Based on Trust

Toyota creates venues and opportunities for communication to deepen dialogue with as many stakeholders as possible. In addition, in order to strengthen its trusting relationship with society so that even more customers will understand its activities, Toyota actively implements social contribution activities and introduces the Toyota vision, corporate activities and environmental initiatives at numerous cultural facilities.

Toyota will continue to interact with customers and society at various facilities and through websites, integrating their opinions into its corporate activities.

Advocacy through Participation in WBCSD

The World Business Council for Sustainable Development (WBCSD), based in Geneva, promotes activities that aim for sustainable development in the industrial arena. It has established the focus areas of Energy and Climate, Development, Business Role, and Ecosystems, and makes policy proposals.

In the Development focus area, Toyota co-leads the "Mobility for Development" project with BP since October 2006 and has carried out case studies in the rapidly growing cities in developing nations; Dar es Salaam in Tanzania, Bangalore in India, Shanghai in China and São Paulo in Brazil. The aim of the project is to deepen understanding of the roles of public institutions, businesses and civil society in

order to eliminate the negative impact of issues such as mobility opportunity divides, growing traffic congestion and increasing safety risks. In the spring of 2009, the "Mobility for Development" project was completed and the report was issued including the proposal of comprehensive, integrated urban planning and the importance of all stakeholders approach and collaboration based on that planning.

In the Energy and Climate focus area, with an eye on the UN post-Kyoto protocol debate scheduled to take place at the Conference of Parties to the United Nations Framework Convention on Climate Change (COP15) in December 2009, Toyota also participated in drawing up a publication entitled "Towards a Low-Carbon Economy," which discusses industry contributions toward building a low-carbon society.



World Business Council for Sustainable Development



Traffic conditions in Bangalore, India

Four Conclusions derived from the Mobility for Development Project

- (1) Sustainable mobility is a key contributor to development
- (2) Cities can learn from one another and history
- (3) Each component of society has a role to play, both individually and in collaboration with others
- (4) It takes motivated and committed leadership to create a functioning mobility system

The "Mobility for Development" report and "Towards a Low-Carbon Economy" proposal can be downloaded in PDF format from the relevant focus area page on the WBCSD website

<http://www.wbcd.org/>

In Focus

Corporate Advertising Communicates Steady Hybrid Vehicle Initiatives

In March 2009, Toyota launched an environmental corporate advertising campaign under the theme of hybrid vehicles on TV and in newspapers. With environmental issues such as global warming becoming some of the most important international concerns, Toyota is promoting its stance on steadfastly developing and popularizing environmentally-considerate hybrid vehicles. As a result of many long years of R&D and expanding the hybrid system into numerous vehicle series, cumulative sales of Toyota hybrid vehicles topped 1.8 million worldwide by the end of FY2008. Toyota hopes this advertising campaign will improve customers' sense of security and trust in its hybrid vehicles, which underpin their history and performance. Readers and viewers have said the ads have "a feeling of warmth" and represent "honest advertising."



The "Hybrid Tracks" commercial

Global Society/Local Communities (Communication with Society)

First "Meeting to Read the Sustainability Report" for Employees

In March 2009, Toyota held its first "Meeting to Read the Sustainability Report" for employees. Toyota not only uses the Sustainability Report as a tool to disclose information outside the company, but also utilizes it to grasp the progress of business activities, results, and issues for the next fiscal year. It is also used as a tool for improving the PDCA (Plan, Do, Check, and Act) cycle. The first "Meeting to Read the Sustainability Report" was held to improve the report's on-site role. A total of 20 employees participated, including Environmental Leaders from each division who wished to attend and others who helped create the report. Various comments were received, including "I'd like to see initiatives regarding diesel published" and "I'd like to know the basic safety initiatives." The opinions and suggestions were considered, and improvements are being reflected beginning with this report (see P. 35 and P. 64-65). One employee who participated noted, "I'd also like to discuss themes such as Toyota's expected role in realizing a sustainable society."



Discussing areas of improvement in the Sustainability Report

Continuing Communication—Eighth Toyota Stakeholder Dialogue Held

The Toyota Stakeholder Dialogue, which has been held every year since 2001, was held in September 2008. In addition to participants from Toyota, three overseas experts (selection committee members from the Toyota Environmental Activities Grant Program), eleven people including representatives from Japanese NGOs and corporations as well as specialists took part, for a total of 25 attendees. Discussions were held under the theme of biodiversity.

In light of the Tenth Conference of Parties to the Convention on Biological Diversity (COP10) to be held in October 2010 in Nagoya City, Aichi Prefecture, numerous opinions were voiced on topics such as greater cooperation between corporations and NGOs as well as the importance of awareness raising activities. The expressed ideas and suggestions will be useful in future Toyota initiatives.

Participating in the Environmental Partnership Organizing Club (EPOC)

It is important to promote environmental initiatives in corporate activities, but that alone is insufficient to solve environmental issues. Corporations must overcome barriers such as different industry sectors, and cooperate with one another. Furthermore, it is essential for industry, the government, academics, and citizens to unite and promote activities as one. Based on that concept, the Environmental Partnership Organizing Club (EPOC) was established in February 2000, comprised mainly of industry-based environmental opinion leaders in the Chubu Region of Japan. Presently, 290 member companies carry out activities under a variety of themes, including environmental management and regional exchange, with the aim of building a recycling-oriented economy-based society. Toyota supports the EPOC concept and has been a member since its establishment. It has also proactively participated in the organization's activities, fulfilling positions as vice-chairman (Executive Vice President Atsushi Niimi) and vice secretary general. Organization members gained a great deal of insight from one another during an on-site survey carried out on sustainable plant activities at the Tsutsumi Plant in November 2008.



The on-site survey of the Tsutsumi Plant

Examples of Overseas Initiatives

Introducing Environmental Technology to Visitors at Eco-Products International Fair

Vietnam: Toyota Motor Vietnam Co., Ltd. (TMV)

Toyota Motor Vietnam (TMV) participated in the fourth Eco-Products International Fair 2008 at the National Convention Center in March 2008. With the objective of "greening the production network in Asia-pacific region," the fair has been held every year since 2004 in different Asian countries. At the fourth fair, 90 corporations participated, including 28 Japanese corporations and others from Vietnam, Korea and Germany. TMV's participation helped the Vietnamese people, who are highly interested in vehicles, to better understand Toyota's efforts towards environmental improvement.

TMV set up a large booth, designed to look like a garden. It introduced Toyota and TMV's environmental actions through environmental education programs such as quizzes and games on the environment. To emphasize the importance of sustainable development, the displays focused on the latest hybrid technologies adopted in the Prius and the locally manufactured Vios. The fair recorded 100,000 visitors in four days, the largest ever, exceeding 34,000 at the third fair in Singapore. It ended with a great success, making it one of the biggest fairs in Vietnam, where the economy is rapidly growing.



The locally manufactured Vios exhibited at TMV's booth that was designed to look like a garden

Financial Results

FY2009 Business Results and Geographic Segment Information

FY2009, ended March 31, 2009, was an extremely difficult period for Toyota. On a consolidated basis, vehicles sales were down 1,346,000 units, to 7,567,000 units, and net revenues declined 21.9%, to 20,529.5 billion yen. Toyota recorded an operating loss of 461.0 billion yen, and a net loss of 437.0 billion yen. Toyota anticipates that the harsh economic conditions will continue, but will make every possible effort to improve sales by introducing new products and working to eliminate all wastage so as to improve income at the earliest possible time. In addition, Toyota is returning to its origins including the concepts of "customer first," "genchi genbutsu," and "continuous improvement" while working to reinforce the development of structures that can respond flexibly to changes in the external environment.

Please visit the Toyota website for the Annual Report 2009: <http://www.toyota.co.jp/en/ir/library/annual/>

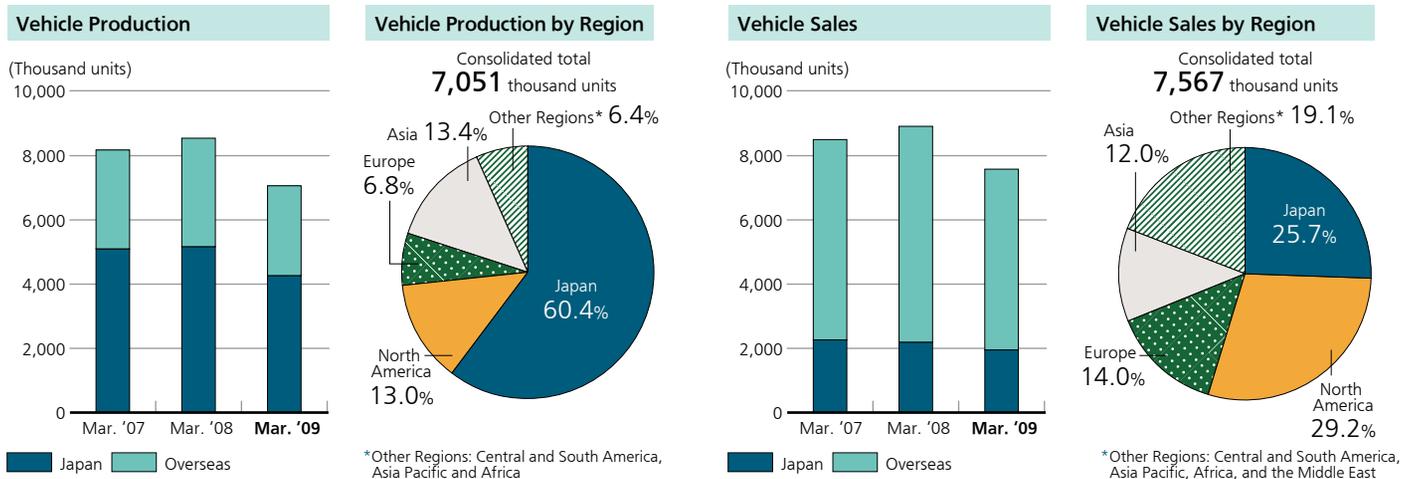
Consolidated basis	Year ended March 2009 (April 2008 through March 2009)	Year ended March 2008 (April 2007 through March 2008)	Compared to previous year	Reference: Unconsolidated basis Year ended March 2009 (April 2008 through March 2009)
1. Net revenues	20,529.5 bil. yen	26,289.2 bil. yen	-21.9%	9,278.4 bil. yen
2. Operating income	-461.0 bil. yen	2,270.3 bil. yen	—	-187.9 bil. yen
3. Net income	-437.0 bil. yen	1,717.8 bil. yen	—	56.6 bil. yen
4. Total assets	29,062.0 bil. yen	32,458.3 bil. yen	-10.5%	9,163.6 bil. yen
5. Shareholder's equity	10,061.2 bil. yen	11,869.5 bil. yen	-15.2%	6,651.9 bil. yen
6. ROE	-4.0%	14.5%	—	0.8%
7. Vehicle production	7,051 thousand units	8,547 thousand units	-17.5%	3,393 thousand units
8. Vehicle sales	7,567 thousand units	8,913 thousand units	-15.1%	3,479 thousand units

Vehicle Production (consolidated basis)

Automobile markets contracted sharply, with the plunge exceeding the 20% to 30% range in the second half of the year particularly in Japan, the United States, and Europe. As a result, consolidated worldwide production fell 17.5% from the previous fiscal year to 1.496 million units.

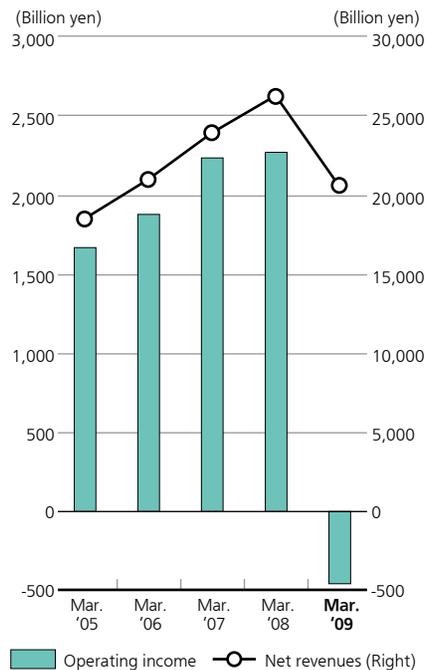
Vehicle Sales (consolidated basis)

In Japan, the market shrunk from the prior fiscal year, and sales were down by 11.1% or 243,000 units. Due to the efforts of dealers nationwide, however, the Toyota and Lexus brands commanded a 46% share of the market (excluding minivehicles) in Japan, setting a new record. Overseas, sales decreased, particularly in North America and Europe, down by 1.103 million units or 16.4% from the previous fiscal year.



Note: On page 78, the fiscal year indicates the period ended March of the year shown, i.e. FY2009 is the fiscal year from April 1, 2008 through March 31, 2009

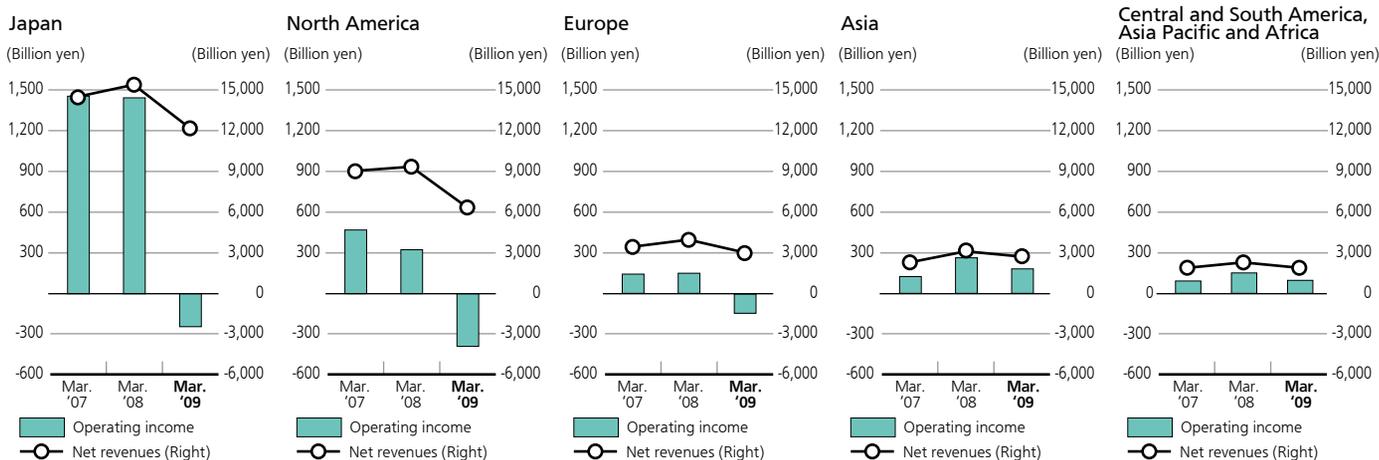
Net Revenues and Operating Income



Geographic Segment Information

- Japan:**
 Net revenues in Japan decreased by 3,129.1 billion yen, or 20.4%, to 12,186.7 billion yen in FY2009 compared with FY2008, and operating income decreased by 1,677.8 billion yen to an operating loss of 237.5 billion yen in FY2009 compared to FY2008. The decrease in operating income was mainly due to decreases in both production volume and vehicle exports, the effects of changes in exchange rates, and an increase in expenses.
- North America:**
 Net revenues in North America decreased by 3,200.3 billion yen, or 34.0%, to 6,222.9 billion yen in FY2009 compared to FY2008, and operating income decreased by 695.5 billion yen to an operating loss of 390.2 billion yen in FY2009 compared to FY2008. The decrease in operating income was mainly due to decreases in both production volume and vehicle units sold, and increases in the provision for credit losses, net charge-offs and allowance for residual value losses in sales finance subsidiaries in the United States of America.
- Europe:**
 Net revenues in Europe decreased by 980.3 billion yen, or 24.5%, to 3,013.1 billion yen in FY2009 compared to FY2008, and operating income decreased by 284.8 billion yen to an operating loss of 143.3 billion yen in FY2009 compared to FY2008. The decrease in operating income was mainly due to decreases in both production volume and vehicle units sold.
- Asia:**
 Net revenues in Asia decreased by 401.5 billion yen, or 12.9%, to 2,719.4 billion yen in FY2009 compared to FY2008, and operating income decreased by 80.3 billion yen, or 31.3%, to 176.1 billion yen in FY2009 compared to FY2008. The decrease in operating income was mainly due to decreases in both production volume and vehicle units sold.
- Other (Central and South America, Asia Pacific and Africa):**
 Net revenues in other regions decreased by 411.2 billion yen, or 17.9%, to 1,882.9 billion yen in FY2009 compared to FY2008, and operating income decreased by 56.3 billion yen, or 39.1% to 87.6 billion yen in FY2009 compared to FY2008. The decrease in operating income was mainly due to a decrease in vehicle units sold.

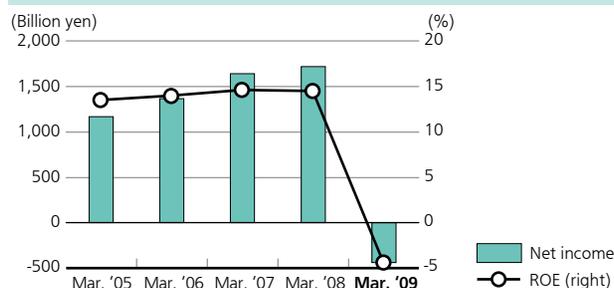
Net Revenues and Operating Income by Geographic Segment (Figures for net revenues include intra-region net revenues)



Net Income and ROE (consolidated basis)

Net income was down 2,154.8 billion yen from the previous fiscal year, and a loss of 437.0 billion yen was recorded. ROE on a consolidated basis was -4.0%.

Net Income and ROE

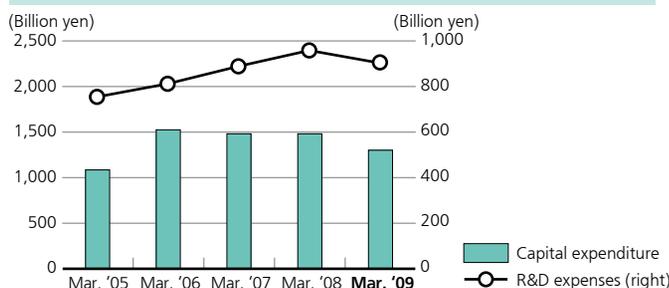


Capital Expenditure* and R&D Expenses (consolidated basis)

Toyota continued active investment in environmental fields such as increasing the production capacity of hybrid vehicle batteries as well as the introduction of new products while working to raise investment efficiency. Research and development expenses were down 5.7% from the previous fiscal year to 904.0 billion yen, accounting for 4.4% of net revenues.

*Excluding leased assets

Capital Expenditure and R&D Expenses



Note: On page 79, the fiscal year indicates the period ended March of the year shown, i.e. FY2009 is the fiscal year from April 1, 2008 through March 31, 2009

Four-year Chronological Summary of Overseas Initiatives (Social Aspects)

Examples of Overseas Initiatives

Four-year Chronological Summary of Overseas Initiatives (Social Aspects) by Stakeholder Group

As a global enterprise, Toyota engages in activities that are tailored to the needs of each country and region. This report, which takes the form of an annual report, presents information on new initiatives implemented during the year as well as examples of overseas activities that have achieved significant progress, many of which are being carried out on an ongoing basis. In response to calls from readers for additional information concerning the social aspects of ongoing activities, the following summaries have been included and information has been posted on the Toyota website concerning overseas activities over the past four years related to different stakeholder groups.

Relations with Customers

Improving Customer Satisfaction

TKM, India

Toyota Kirloskar Motor Private Limited (TKM) has set up 55 sales, service and service parts facilities throughout India, servicing Toyota vehicles across the country. TKM has developed the concept of a Mobile Service Van (MSV) for maintenance and repairs, targeting customers located far from their nearest dealer.



(Please see Sustainability Report 2006 for details)

Relations with Employees

Initiatives to Enhance Employee Job Satisfaction

TMT, Thailand

A survey conducted by Toyota Motor Thailand (TMT) determined that the factor which impacts employee job satisfaction to the greatest extent is the level of management. Based on this survey results, TMT has sought to implement measures to further improve policy management and formulate solutions.



(Please see Sustainability Report 2008 for details)

Relations with Employees

Supporting AIDS Countermeasures for Employees

TSAM, South Africa

Since 1993, Toyota South Africa Motors (Pty) Ltd. (TSAM) has been implementing initiatives to combat HIV/AIDS, including educational activities and the fostering of volunteer "peer educators." TSAM's onsite clinic also conducts treatment using the AIDS inhibiting drug ARV.



(Please see Sustainability Report 2007 for details)

Cooperation with Business Partners

Support for Suppliers

TMMIN, Indonesia

Toyota Motor Manufacturing Indonesia (TMMIN) provided special support to suppliers affected by flooding in 2007, including advice, repair of equipment, and provision of spare parts. Assistance was also provided to improve sluice gates and raise levees to prevent damage in the event of future flooding.



(Please see Sustainability Report 2007 for details)

Global Society/Local Communities

Protecting Wildlife

TNZ, New Zealand

In order to help preserve biodiversity in New Zealand, Toyota New Zealand (TNZ) has been supporting the efforts of the conservation organization World Wide Fund for Nature (WWF) to save the endangered Maui's dolphins, through efforts that include donations and the provision of hybrid vehicles.



(Please see Sustainability Report 2008 for details)

Global Society/Local Communities

Road Safety Education for Children

UMWT, Malaysia

In order to reduce the number of traffic fatalities involving children, UMW Toyota Motor Sdn Bhd (UMWT) started a 5-year Road Safety Program aimed at raising children's awareness of traffic safety. It has also set up an online club as a way of using the Internet to teach children road safety rules.



(Please see Sustainability Report 2008 for details)

Global Society/Local Communities

Helping to Educate Children about the Environment

TMUK, UK

Toyota Motor Manufacturing (UK) Ltd. (TMUK) developed the Toyota Technology Challenge to contribute to the protection of the environment, while also investing in local communities. This competition aims to stimulate the interest of young students in technology and engineering, while enhancing pupils' consideration for the environment.



(Please see Environmental & Social Report 2005 for details)

Global Society/Local Communities

Supporting Employee Volunteer Activities

TEMA, USA

TEMA has used the Intranet to share information about the volunteer activities of its employees, and has presented awards to recognize those employees who have spent the most time on such activities or who have taken the most proactive approach. The company has a system in place to provide donations to the organizations indicated by the award-winning employees.



(Please see Sustainability Report 2008 for details)

To read about many more examples of initiatives by overseas affiliates, please visit: <http://www.toyota.co.jp/SR/en09repo/activities/>

Independent Report/Websites for Overseas Affiliates' Reports

Independent Report

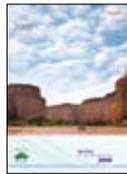
To improve the accuracy and objectivity of the Sustainability Report 2009, the quantitative information concerning Toyota's environmental activities in FY2008, described in pages 14 - 49 of this report (excluding the columns titled "In Focus" and "Examples of Overseas Initiatives"), has undergone a third-party review conducted by Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu (Japan) and member-firm of Deloitte Touche Tohmatsu (a Swiss Verein). The procedure for the third-party review of this report is as follows:

- (1) Review plan development
- ▼
- (2) Review execution
- ▼
- (3) Review reporting
- ▼
- (4) Check the final version
- ▼
- (5) Submit an independent report



Websites for Overseas Affiliates' Reports

With the addition of Malaysia and China, in 2009 plans call for separate reports to be issued in a total of 14 countries and regions (including Japan) in which Toyota overseas affiliates and other companies operate. The information disclosed globally by these reports will cover about 93% of Toyota vehicles sold worldwide.



Argentina



Australia



Brazil



China



Europe



India

Malaysia
(Issued as part of the
UMW Holdings report)

New Zealand



The Philippines

North America
Canada

South Africa



Taiwan



Thailand

(As of August 2009)

Region/Country	URL
Argentina	http://www.toyota.com.ar/environment/reports/index.asp
Australia	http://www.toyota.com.au/toyota/events/Content/0,4906,3528_1372,00.html
Brazil	http://www.toyota.com.br/meio-ambiente/intro.asp
China	http://www.toyota.com.cn/corporate/contribution/index.html
Europe	http://www.toyota.eu/sustainability_report/
India	http://www.toyotabharat.com/inen/environment/index.asp
Malaysia	http://www.toyota.com.my/index.aspx?cat=about&sect=tsr
New Zealand	http://www.toyota.co.nz/AboutUs/Sustainability/
The Philippines	http://www.toyota.com.ph/ecosafety/index.asp
North America	http://www.toyota.com/about/enviroreport2008/
Canada	http://mediap04.toyota.ca/media/pdf/naer2008_e.pdf
South Africa	http://www.toyota.co.za/ContentPage.aspx?PageId=46
Taiwan	http://www.kuoziui.com.tw/english/glory/book.htm
Thailand	http://www.toyota.co.th/environment/en/a_home.asp

※ 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 website has been provided



Websites for Overseas Affiliates' Reports can also be accessed from TMC's global website: <http://www.toyota.co.jp/en/csr/report/09overseas/index.html>



Universal Design Font

The report makes use of a universal design font, which boasts enhanced legibility and readability. As well as taking sufferers of dyslexia into consideration by employing a design that uses simplified letter shapes with clearer spacing between letters, Toyota has confirmed that the font is easily legible for the elderly and those with poor sight.



Editing, Plate Making

This report is compiled using the Computer to Plate (CTP) system, resulting in the total elimination of film, an intermediate material, during the plate making process.



Paper

The report consists of paper made from post-consumer recycled paper pulp and pulp derived from wood from Forest Stewardship Council (FSC) approved and managed forests. All paper contained in the report has been elemental chlorine free (ECF) bleached. Instead of the chlorine gas used in conventional pulp bleaching, EFC pulp bleaching uses oxygen and chlorine dioxide, which does not generate dioxins such as chlorinated organic compounds.

Ink

VOC (volatile organic compound) free ink is used, in which petroleum-based solvents are completely replaced by vegetable oil based solvents, principally soybean oil.

Starting with this year's report, the new "Vegetable Oil Ink" logo that was created to indicate the use of ink made from a composite of vegetable oils (including soybean oil, linseed oil, tung oil, coconut oil, and palm oil), has been added.

Processing

The adhesive for the binding is a polyurethane-type adhesive that is easy to separate and remove for paper recycling. Also, 19.3% of the blank sheets generated from sheet cutting during processing for this report is sent to a paper manufacturing company, and this is used as raw material for recycled paper.

This report utilizes materials (paper, ink, plate and adhesives) that were produced by ISO 14001 certified companies and plants. The editing and printing was also done by an ISO 14001 certified company.

Toyota participates in "Team Minus 6%," a national campaign to help prevent global warming and is making further efforts to reduce CO₂ emissions by ensuring that the air-conditioning temperature is set to 28° and encouraging employees to wear light clothes in summer, etc.



Toyota is a supporter of Education for Sustainable Development (ESD). ESD activities are aimed at creating a sustainable society.



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For the Web edition of the report, please visit: <http://www.Toyota.co.jp/SR/en09repo/>