Creating Safe and Good Workplace Environments

Employment and Labor-Management Relations

Although the number of Toyota employees on an unconsolidated basis has essentially remained unchanged, it is increasing on a consolidated basis. The rate of growth is high in regions other than Japan and North America. Within Japan, almost all employees of TMC and its subsidiaries, excluding management, are members of the Toyota Motor Workers’ Union.

*Note: Approximately 89% of TMC employees are members of the Union (as of the end of March 2004)*

![Graph: Trend in Number of Employees](image)

<table>
<thead>
<tr>
<th>Region</th>
<th>March 2002</th>
<th>March 2003</th>
<th>March 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>180,273</td>
<td>179,039</td>
<td>175,096</td>
</tr>
<tr>
<td>North America</td>
<td>27,721</td>
<td>30,775</td>
<td>30,806</td>
</tr>
<tr>
<td>Europe</td>
<td>11,894</td>
<td>14,418</td>
<td>17,349</td>
</tr>
<tr>
<td>Other</td>
<td>26,614</td>
<td>39,964</td>
<td>41,159</td>
</tr>
<tr>
<td>Total</td>
<td>246,702</td>
<td>264,096</td>
<td>264,410</td>
</tr>
</tbody>
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Labor-Management Relations Based on Mutual Trust and Respect

Mutual trust and respect between labor and management is a fundamental principle of Toyota’s employee relations as stated in Item 5 of the Guiding Principles at Toyota Motor Corporation. Following a labor dispute in 1950, mutual trust between labor and management was adopted in the joint labor and management declaration concluded in 1962. In the Labor and Management Resolutions for the 21st Century signed by labor and management representatives in 1996, mutual respect was added to mutual trust as a foundation of labor-management relations. Since then, Toyota has worked to strengthen its labor-management relations through active dialogue.

Labor and Management Resolutions for the 21st Century (Summary)

1. As a global company, we will endeavor for the progress of the world economy, and at the same time contribute to international society.
2. The relationship between labor and management shall be based upon mutual trust and respect.
3. In order to create a company environment in which workers can fully utilize their potential and additional value can be obtained, we, labor and management will endeavor to faithfully perform the roles entrusted to us, while standing on common ground.
4. We will contribute to the realization of a truly affluent society and life for working people, taking into consideration the future of Japan as a whole.

In order to achieve this fundamental principle in labor-management relations, personnel management is conducted in accordance with four basic principles:

1. **Basic Principles of Personnel Management**

   1. Creating a workplace environment where employees can work with their trust in the company
   2. Creating a mechanism for promoting constant and voluntary initiatives in continuous improvements
   3. Fully committed and thorough human resources development
   4. Promoting teamwork aimed at pursuit of individual roles and optimization of the entire team

   - Team results and creating a sense of unity

Safety and Health

Safety, along with quality and the environment, is an important topic relating to the very foundation of a corporation. Based on the philosophy of “Respect for People,” and the fundamental policy that “Safety is management itself” and “It is everyone’s responsibility, from senior executives to every employee at the workplace, to place safety first,” Toyota is making an effort to create a safe and energetic work environment.

![Graph: Trend in Number of Employees](image)

5-Year Policy (2000 - 2004)

1. Zero STOP6-type accidents and designated occupational diseases
2. Building a workplace environment which is healthy for the mind and body

Safety and Health

**Main Action Taken in FY2003**

1. Continued and ensured thorough implementation of Full Observation Activities (Focus for the last two years of the 5-Year Policy: STOP6+ accidents which occur in each shop)
2. Pursuit of inherent safety of equipment based on risk assessment (safety and health)
3. Further expansion of measures for ergonomic (musculoskeletal) disorders
4. Promotion of measures against noise and dust
5. Management and guidance for construction work by contracted companies on Toyota’s premises

Beginning with the thorough implementation and development of Full Observation Activities to reduce the risk of workplace accidents, Toyota has developed a range of voluntary accident prevention activities. Although the number of STOP6-type accidents in 2003 represents the fewest to date, the rate of reduction has slowed down, the number of designated occupational diseases increased from last year and the goal of zero STOP6-type accidents and designated occupational diseases was not reached. Toyota is, however, raising health and safety levels by repeatedly implementing the P (plan), D (do), C (check), and A (act) management cycle. Toyota also has internal assessors perform workplace evaluations from a third-party perspective and regularly confirms that the management cycle is operating correctly.

1. STOP6: Safety Toyota D (zero accidents) Project 6 Activities to prevent six types of accidents which may cause death or disability (caught in machines, contact with heavy objects, contact with vehicles, falls, electric shocks, and contact with heated objects)
2. Designated occupational diseases: Occupational diseases from dust and noise, or musculoskeletal disorders
3. Inherent safety: Completely eliminate or reduce the risk of accidents associated with work or equipment so as to pursue intrinsic safety at the workplace at the equipment design stage
Building Good Health

Managers and supervisors worked to create a healthy workplace, mainly by engaging in activities to develop better lifestyles and held health seminars as a follow-up to health checks, but in FY2003, the percentage of completely healthy Toyota employees\(^1\) was the same as in FY2002, falling short of the goal of 70%. Participation in health seminars, one measure toward early recovery, and the ratio of Toyota employees whose health-related work restrictions were lifted\(^2\) to those who participated in the health seminars also showed no change. In the future, Toyota will actively work to improve the awareness and practices of each employee, through approaches tailored to individual understanding and action levels.

1. Completely healthy Toyota employees:
   - Employees with no problems found during health checks, and not receiving medical treatment
2. The ratio of Toyota employees whose health-related work restrictions were lifted:
   - Number of employees whose health-related work restrictions were lifted / Number of participants in health seminars × 100
   - (*Work restrictions* refers to work-related restrictions imposed by an industrial physician, based on the results of a health check, in order to maintain or improve the health of an individual.)

### Mental Health Care

Regarding mental health at the workplace, all of the newly appointed managers and supervisors undergo active listening courses\(^3\) that are effective in the prevention and early detection of mental problems. In FY2003, 2,235 newly appointed managers and supervisors at Toyota received this training and 95% of them evaluated it highly.

Regarding individual mental health care, by strengthening ties among industrial physicians, the workplace, and workers' families, Toyota is improving its follow-up system for people who are on leave, resulting in a positive effect on the return to work of such people.

Through these activities, Toyota aims to create a workplace with better communication in the future.

3. Active listening courses:
   - Experiential training in methods of building good communication through understanding and sympathy for others' feelings and emotions; a technique of active listening

### Global Health and Safety Initiatives

With the aim of achieving the highest levels of health and safety at Toyota’s 41 production-related overseas affiliates, relevant departments at TMC and mother plants are collaborating based on action items proposed by Toyota to implement health and safety activities adapted to conditions in each country and region.

In addition, employees who are assigned overseas and families accompanying them undergo physical examinations before, during, and after being sent overseas. Doctors and other specialist personnel conduct surveys of local medical facilities, and consult with employees and their families to alleviate concerns about living overseas.

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**TSAM (South Africa) AIDS Countermeasures for Employees**

As one part of its employee health management program, TSAM (South Africa) is putting particular efforts into AIDS countermeasures. The good health and well-being of all employees is of vital importance to TSAM. TSAM is committed to providing an efficient health care service to all its employees. The health services on offer to employees include HIV/AIDS support programs.

The impact of HIV/AIDS on employees, their families and the community is of great concern to TSAM. In recent years extensive voluntary HIV testing and counseling services have been offered to employees. This program is supported by employees as it enables them to determine their status and act accordingly to ensure a healthy lifestyle.

TSAM provides immune boosting, opportunistic infection treatment, and chronic condition management through its on-site clinics, Occupational Health Division, and Employee Assistance Department. TSAM is also engaged in a range of internal and community outreach programs aimed at increasing awareness and education via posters, e-mails, industrial theatre, individual counseling and distribution of condoms.
Equal Opportunities & Respect for Diversity

Leveraging Diversity
With the on-going changes in the labor market environment due to such factors as the globalization of business and social advances of women, one major task for increasing a company’s competitiveness is to cultivate management that can leverage human resource diversity. Based on the concept expressed in Toyota’s Global Vision 2010 of “promoting the creation of environments featuring people from around the world with various abilities and values who are given the opportunity to experience self-realization as individuals”, Toyota aims to increase its employees’ motivation and optimize the value of its human resources.

Family-friendly Policies
In the framework of a personnel policy that respects diversity, Toyota is also taking positive action to implement family-friendly policies. As a strategy to increase support for staff combining work with childrearing, an on-site childcare facility was set up in FY2002. In March 2004, another childcare facility was opened, and its range of use expanded. Toyota is also working to enhance communication with employees’ families. These initiatives are based on the idea that encouraging a better understanding of the company and the workplace among families is important in helping employees create a better work-life balance. For example, in specific terms, in 2002, the Heartful Net e-club, an advice service that employees and their families can turn to confidentially, should the need arise, was created. In FY2003, workplace visits for families were held, and a family-oriented website known as Toyota Fami-net was introduced.

With various programs taking effect, the number of employees taking child rearing leave is trending upward. At the same time, as the proportion of women in our workforce grows year by year, more and more people are joining the company after being impressed by the respect for diversity shown in Toyota’s personnel policies.

Employment of Disabled People
As of March 2004, Toyota employed about 800 disabled people in many kinds of positions at various workplaces. Toyota believes in helping disabled people achieve autonomy within society, and makes it a basic rule to have them work together with other employees. Human consideration is given to the conditions of their disability at the business sites and ways are devised to accommodate them in workplace facilities so as to create a workplace environment that is safe and easy to work in. As of the end of March 2004, Toyota’s disabled employees ratio was 2%, exceeding the 1.8% Legal Employment Quota.

Best Practice
North American Diversity Advisory Board

With the aim of assisting the senior management of Toyota’s North American affiliates by making proposals for the Toyota Diversity Strategy (employment of women and people belonging to minority ethnic groups, and initiatives on relations with minority dealers and suppliers, etc.), a North American Diversity Advisory Board has been instituted. In April 2003, Diversity Board members visited Toyota Head Office in Japan and met informally with senior management. At a lecture given for young employees by the Board Chair, Former Secretary of Labor Alexis M. Herman, those attending the lecture were keen to ask questions on policies to promote women in North America and other issues.

Best Practice
Workplace Visits for Families

To encourage active communication between the workplace and home, workplace visits for families are organized at various work locations. The visits consist mainly of explanations about the company and work duties, informal meetings with managers and colleagues, and eating at the employee cafeteria. Thanks to creatively devised plans at individual workplaces, a total of 8,000 family members have taken part in the visits. In a questionnaire conducted after the visits, employees said they were pleased to have been able to show their workplace to their children, while families said that they felt reassured after meeting managers and other people at the workplace and eating the cafeteria meals.
Human Resources Development

“Because people make our automobiles, nothing gets started until we train and educate our people.” As seen in these words, which were expressed by Honorary Advisor Eiji Toyoda, Toyota seeks to develop human resources through the activity of making things. Toyota believes that the development of human resources requires the handing down of values and perspectives. In conjunction with the geographic expansion of business and the growth of business areas, undertaking global actions for the development of human resources has become a priority issue. Toyota is building both tangible (a new learning facility) and intangible (course content) structures relating to team member development that ensures a secure and steady flow of qualified human resources to conduct Toyota’s global business in the 21st century.

Fully Committed and Thorough Human Resources Development

Toyota conducts systematic company-wide and divisional training and assignments for training purposes with an emphasis on on-the-job training (OJT) to ensure that associates can fully utilize their abilities.

In 2001, for the first time since the company was founded, human resources development was declared a company-wide strategic task and the whole company united in action to reinforce human resource development. By 2003, a fundamental review and enhancement of the human resources development system had been carried out, embracing all levels from young employees to managerial staff.

Toyota has defined the required qualifications of “professional staff” for office and engineering positions, and “T shaped human resources” who are able to perform day-to-day activities and expand their skills in technical positions. Company-wide training is conducted based on employee qualifications, as well as specialized training for individual divisions, language training, and special knowledge and skill training.

1. Professional Staff: Associates who can create added value on their own and contribute to society, as well as utilize their strengths and exercise teamwork
2. T Shaped Human Resources: Team members with a broad range of skills, such as English language skills and operational knowledge (the crossbar of the “T”) as well as highly specialized knowledge and experience in a particular field (the vertical bar of the “T”)

A Shared Toyota Way

In order to carry out the Guiding Principles at Toyota Motor Corporation, in April 2001 Toyota adopted the Toyota Way 2001, an expression of the values and conduct guidelines that all employees should embrace. In order to promote the development of Global Toyota and the transfer of authority to local entities, Toyota’s management philosophies, values and business methods, that previously had been implicit in Toyotas tradition, were codified. Based on the dual pillars of “Respect for People” and “Continuous Improvement,” the following five key principles sum up the Toyota employee conduct guidelines: Challenge, Kaizen (improvement), Genchi Genbutsu (go and see), Respect, and Teamwork.

Since 2002, Toyota has adopted the Toyota Way for individual functions including human resources, accounting, and overseas sales, and has been working on ensuring thorough implementation. The formulation of a Toyota Way for other individual functions is also being addressed now.

Toyota Institute

In January 2002, the Toyota Institute was established as an internal human resource development organization that aims to reinforce the organic integration of global Toyota companies by way of sharing the Toyota Way as well as to promote self-sufficiency. The purpose behind the Toyota Institute’s establishment is to promote the human resources development of Global Toyota in order to promote true globalization and to realize the advancement of Toyotas core values. TMC President Fujio Cho is the Toyota Institute’s first president with associates managing the business.

Regarding specific programs, the Global Leadership School and the Management Development School constitute a part of the training programs within the Toyota Institute. From its establishment up to the end of FY2003, more than 750 employees have received training at the Institute, including approximately 320 from overseas affiliates.

In order to create a global human network, the Toyota Institute conducts training programs to enhance understanding of the Toyota Way, enable best practice sharing and drafting of action plans.

Outline of Training Programs

<table>
<thead>
<tr>
<th>Global Leadership School</th>
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<tbody>
<tr>
<td>Objective</td>
</tr>
<tr>
<td>Development of executive human resources capable of showing leadership from a global perspective</td>
</tr>
<tr>
<td>Content</td>
</tr>
<tr>
<td>• Enhanced leadership ability based on the Toyota Way</td>
</tr>
<tr>
<td>• Reinforced business management knowledge and skills</td>
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<tr>
<td>• Global human networking</td>
</tr>
<tr>
<td>Attendees</td>
</tr>
<tr>
<td>Future global leaders from around the world</td>
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</table>

<table>
<thead>
<tr>
<th>Management Development School</th>
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</thead>
<tbody>
<tr>
<td>Objective</td>
</tr>
<tr>
<td>Training of management to systematically understand and implement the Toyota Way as it relates to each core business area (production, sales, etc.)</td>
</tr>
<tr>
<td>Content</td>
</tr>
<tr>
<td>Sales: Understanding of the latest marketing methods, etc., based on The TOYOTA WAY in Sales and Marketing</td>
</tr>
<tr>
<td>Attendees</td>
</tr>
<tr>
<td>Middle management from around the world</td>
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