TOYOTA

Social and Environmental Report 2007

TOYOTA INDUSTRIES CORPORATION

Contents

Editorial Policy of the Social and Environmental Report 2007

Toyota Industries started to publish its environmental report in fiscal year 2000. In fiscal year 2005, the report was expanded to cover the social aspects of Toyota Industries' business activities. This was accompanied by a title change to the Social and Environmental Report.

Editorial Policy

The main goal of this report is to openly, fairly, and comprehensibly explain Toyota Industries Group efforts in our global business activities from the aspect of our social responsibilities.
We hope that this report will serve to reinforce the company's communication with our stakeholders and heighten awareness of our social responsibilities among our employees and our business partners.

<Report Scope>
The Toyota Industries Group
(Toyota Industries Corporation and its subsidiaries and affiliated companies)

<Report Period>
April 2006 – March 2007
(Parts of the report contain the most up-to-date information available at the time of its publication.)

Reference Guidelines

Environmental Reporting Guidelines (FY 2003 version, The Ministry of the Environment of Japan)
Sustainability Reporting Guidelines 2002 (Global Reporting Initiative (GRI))

Definition of Terms

"FY 2007" refers to the fiscal year ended March 31, 2007, and other fiscal years are referred to in a corresponding manner.

Profile of the Toyota Industries Group

Company name	TOYOTA INDUSTRIES CORPORATION
President	Tetsuro Toyoda
Established	November 18, 1926
Head Office	2-1, Toyoda-cho, Kariya-shi, Aichi-ken, Japan

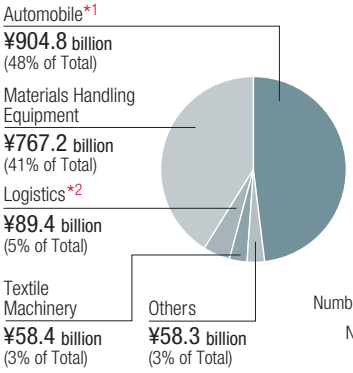
Business Overview

Toyota Industries was founded to manufacture and market automatic looms, which had been invented by Sakichi Toyoda. Since then, the company has expanded its business scope beyond textile machinery to materials handling equipment, car air-conditioning compressors, automobiles, engines, electronics, and logistics.

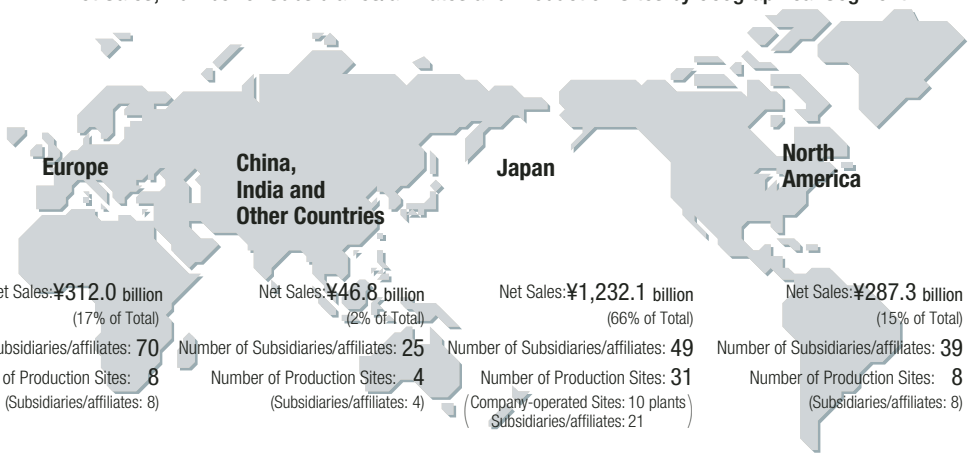
Corporate Data (For the year ended March 2007)

Capital	¥80.4 billion	Net Sales	¥1,878.3 billion ¥1,135.6 billion (non-consolidated)	Total Assets	¥3,585.8 billion
Number of Employees	36,096 11,075 (non-consolidated)	Operating Income	¥89.9 billion ¥39.2 billion (non-consolidated)	Equity Capital	¥1,751.4 billion (Ratio of Net Worth: 48.8%)
Investment in Tangible Assets	¥129.0 billion	Ordinary Income	¥108.4 billion ¥58.0 billion (non-consolidated)	Return on Assets (ROA)	1.7 %
Research and Development Expenses	¥34.5 billion	Net Income	¥59.4 billion ¥40.2 billion (non-consolidated)	Return on Equity (ROE)	3.5 %

Net Sales by Business Segment (Consolidated)



Net Sales, Number of Subsidiaries/affiliates and Production Sites by Geographical Segment

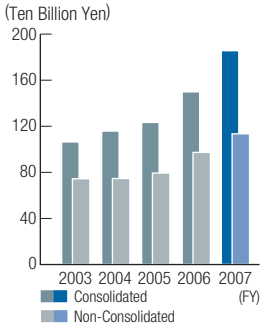


*1 Automobile:
Includes car air-conditioning compressor business, vehicle business, engine business and electronics business.

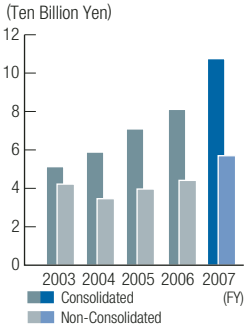
*2 Logistics:
Includes AL business, etc.

Note) Subsidiaries and affiliates: The Toyota Industries Group consists of Toyota Industries Corporation and its 183 subsidiaries and affiliated companies (which are broken down to 45 domestic subsidiaries, 117 overseas subsidiaries, and 21 affiliated companies that are accounted for by the equity method).

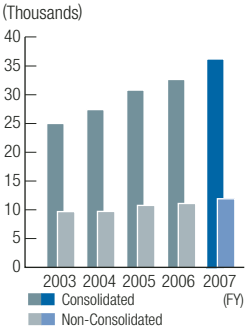
Net Sales



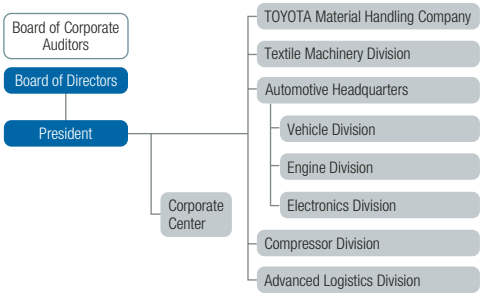
Ordinary Income



Number of Employees



Organization Chart



In November 2006, Toyota Industries celebrated the 80th anniversary of its establishment. We would like to offer our sincere appreciation for the understanding and support of our stakeholders who have made this milestone possible.

During the past eight decades, the world and our company have changed significantly. Originally founded to manufacture and sell textile machinery, Toyota Industries' business has since diversified and expanded globally to include automobiles and materials handling equipment in line with advancements in motorization and greater efficiency in logistics.

As our role in society has expanded along with public scrutiny, we must address both the scale of our business and its growth potential as well as fulfilling our "Corporate Social Responsibility (CSR)". We fully recognize these demands from society and perceive compliance not only as adherence to the laws, but also as respect for the social norms, culture, and customs of the local communities.

Another important social responsibility is preserving the global environment. There is an ever-increasing awareness among people that if nothing is done, the current burdens on the global environment may lead to an irreversible situation. It has become clear that attaining a balance between sustainable economic growth and preservation of the global environment is a big challenge that we all must work to solve. It is also clear that one of the possible solutions is the development of technology.

We are now carrying out technological development aimed at tackling the global environmental problems confronting our planet. Accordingly, we are also making efforts to minimize the environmental impacts generated by our business activities. Specifically, last year we drew up the Fourth Environmental Plan and are making steady progress in achieving our objectives.

Since Toyota Industries' inception, the spirit of "contributing to society through manufacturing" has been handed down through successive generations. One of the basic management policies of our company is "to strive to offer products and services that are clean, safe, and of high quality." I believe that the realization of this basic policy is synonymous with fulfilling our CSR for the entire group. Therefore, each and every member of the Toyota Industries Group must steadily, honestly, and diligently refocus on the "basics of manufacturing" and maintain an unwavering commitment to pursuing the challenge of "manufacturing inspired by dreams".

The details of our activities during the last fiscal year are presented in this report. I ask for your continued understanding, as well as welcome your frank comments and opinions.

President Tetsuro Toyoda

Basic Philosophy (Toyota Industries' Corporate Philosophy)

Respect for the Law

Toyota Industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

Respect for Others

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

Respect for the Natural Environment

Through its corporate activities, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe, and of high quality.

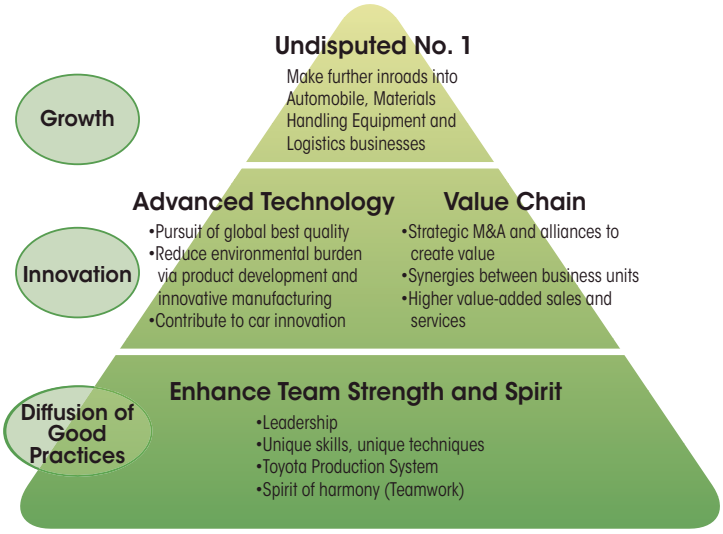
Respect for Customers

Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

Respect for Employees

Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that employees and the Company can realize their full potential.

Vision 2010—Unite Our Group Strengths



Growth

- Further improve on businesses with global top market share and aim for the undisputed No.1 position
- Attain overwhelming and core strengths, such as key technologies and the level of quality, cost, and delivery (QCD), in respective businesses and products

Innovation

- Develop leading-edge technologies and expand value chain to bring about innovation through fresh ideas and out-of-the-box thinking

Diffusion of Good Practices

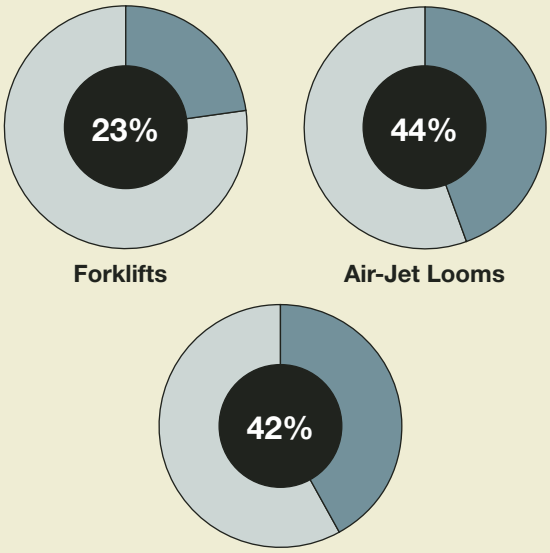
- Propagate workplace strengths and teamwork spirit transcending businesses and ages
- Pass on good, healthy corporate culture that constantly nurtures strong leaders, improves upon specialized techniques, skills, and TPS, cherishes the spirit of harmony, and follows through on projects with the participation of everyone

Businesses and Responsibilities of the Toyota Industries Group

Fulfilling Responsibilities with High Quality Products

The Toyota Industries Group is characterized by the variety of business operations it carries out in diverse markets and the large number of products that hold high market shares in their respective markets. This chapter introduces the group's seven major business divisions and presents the "high quality products" that these divisions offer, as well as explaining what types of responsibilities each division is striving to fulfill.

Graph 1 Top-Selling Products Throughout the World (Share of Global Market)



Note: Figures for forklifts and air-jet looms are for 2006 (Jan-Dec). The figure for compressors is for FY 2007 (Apr 2006 – Mar 2007). All figures are internal estimates.

Materials Handling Equipment Business

Textile Machinery Business

Car Air-Conditioning Compressor Business

Vehicle Business

Engine Business

Electronics Business

AL Business (Advanced Logistics Business)

Materials Handling Equipment Business

Toyota Industries' materials handling equipment business develops, manufactures, and sells industrial vehicles such as forklifts, tow tractors, and shovel loaders. We are also dedicated to providing customers with optimal materials handling systems for conveying, storing and sorting, using automated storage and retrieval systems, and automatic guided vehicle systems. We provide a broad range of forklifts, ranging in capacity from 0.5 tons to heavy-duty models with a capacity of over 40-tons, including both internal combustion trucks (gasoline, diesel, LPG, and CNG) and electric trucks. Toyota Industries maintains a top share of the forklift market, capturing 43% of the Japanese market and 23% of the global market (internal estimate) in 2006.

In 2000, we acquired BT Industries AB of Sweden, the world's leading supplier of warehouse trucks as a wholly-owned subsidiary.

In 2001, we took over the industrial equipment sales and marketing operations of Toyota Motor Corporation and established TOYOTA Material Handling Company, an in-house company that integrates manufacturing and marketing operations. In order to maximize our group strengths, we have since established the Toyota Material Handling Group, which combines the operations of TOYOTA Material Handling Company and BT Industries.

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Textile Machinery Business

Since the founding of Toyota Industries, the textile machinery business has been engaged in a continuous unbroken line of operations, offering spinning machinery (which spins bundles of fibers into yarn) and weaving machinery (which weaves yarns into fabric) to customers throughout the world. Textile machinery has evolved over the years to embody a wide range of highly advanced technologies, such as control, communications, and mechatronics technology.

Our mainstay air-jet loom boasts the number one share of the global market and we believe that we are held in high regard throughout the world as the leading company in the spinning machinery industry.

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Car Air-Conditioning Compressor Business

Toyota Industries has long offered world-leading products as a car-conditioning compressor manufacturer. We believe that variable-displacement compressors (which automatically control cooling capabilities) and fixed-displacement compressors (which are highly reliable in harsh environments, lightweight, and feature upgraded functions) are giving us a dominant share in the global market.

Recently, Toyota Industries developed an electrically driven compressor for hybrid vehicles. Toyota Industries is also currently working to develop next-generation compressors, such as a CFC-free CO_2 refrigerant compressor.

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Vehicle Business

Toyota Industries' vehicle business manufactures automobiles under consignment from Toyota Motor Corporation. With our accumulated and proven experience in manufacturing mainly compact and midsize automobiles, Toyota Industries' vehicle business is currently manufacturing two models: the Vitz (Yaris overseas) and the RAV4 for Europe and the United States.

Through our untiring pursuit of improvements and reforms to our production operations using the Toyota Production System (TPS), Toyota Industries' vehicle business has won high acclaim within the Toyota Group for its top-class quality and quick production launch.

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Engine Business

Toyota Industries' engine business manufactures diesel and gasoline engines ranging in capacity from 1,500cc to 5,200cc. Our automobile engines are manufactured under consignment from Toyota Motor Corporation (TMC) and installed on designated Toyota vehicles. Our industrial engines are installed on forklifts of Toyota Industries and gas engine-driven heat pumps.

Our diesel engines in particular, which were developed in collaboration with TMC, are lightweight and offer high power in addition to lower noise and vibration. We are proactively promoting the development of technologies that will reduce the impact of our engines on the environment, such as through cleaner exhaust emissions.

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Electronics Business

Toyota Industries' electronics business produces power electronics components for automobiles, liquid crystal displays, and semiconductor package substrates. We are continuing to strengthen our efforts in the development and production of electronic components and equipment used in automobiles, such as compact, highly efficient, and lower cost DC-DC converters, and DC-AC inverters for use in vehicles, that will enable home appliances to be used inside the vehicle.

In 1997, we established ST Liquid Crystal Display Corp. (STLDC) as a joint venture with Sony Corporation to manufacture liquid crystal display panels, while in 1998, TIBC Corporation was established as a joint venture with Ibiden Co., Ltd. to produce semiconductor package substrates.

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AL Business

In 2002, Toyota Industries launched its Advanced Logistics business, which develops logistics systems for our customers and provides comprehensive management and operation services for our customers' logistics centers. We are currently working on the rationalization of logistics operations for various industries by making use of the experiences that we have acquired in our development, manufacturing, and sales of materials handling equipment and systems. As a member of the Toyota Group, we are also drawing upon *kaizen* (continuous improvement) know-how acquired from our experience at production sites.

Toyota Industries aims to reform logistics operations in Japan by proposing comprehensive solutions for planning, building, and operating logistic centers, while optimizing processes throughout the entire supply chain.

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Rack Sorter P (Automated storage and retrieval system, pallet type)

Geneo (1-3.5 ton Internal Combustion Forklift) (8-Series and Toyota Tonero overseas)

Materials Handling Equipment Business

Putting the Customer First, with the Themes of "Safety", "Environment" and "Ease of Operation"

Environmental Responsibilities

Forklifts

- To help curb global warming by conserving energy during operation
- To prevent air pollution by reducing emission of exhaust gases
- To dispose of hydraulic oils and spent batteries properly
- To develop and supply products that comply with the safety and environmental standards of each region in which our products are sold

Automated Storage and Retrieval Systems and Automatic Guided Vehicle Systems

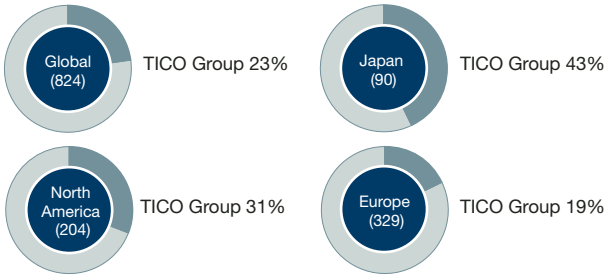
- To help curb global warming by reducing the level of electricity consumed during operation
- To reduce noise during operation
- To dispose of hydraulic oils and spent batteries properly

Social Responsibilities

Forklifts, Automated Storage and Retrieval Systems and Automatic Guided Vehicle Systems

- To maintain and improve the reliability and durability of our products
- To prevent adverse impacts on the health of users by minimizing emissions of exhaust gases, noise and other factors
- To provide after-sales service to enable customers to continue to use our products safely and efficiently

Graph 1 **Toyota Industries' Share of Global Forklift Market**
January-December 2006 (thousand units)



Fulfilling Our Responsibility as the Global Leader in Forklifts

Toyota Industries recognizes our responsibility as a global leader in forklifts. In order to fulfill this responsibility, we continually enhance our activities in the area of research and development of new products that anticipate customer needs, and ensure the continuous improvement of quality, sales, and service to achieve customer satisfaction. We expect to continue to take the initiative and contribute to society by attempting to ensure that we meet this responsibility.

In fiscal year 2006, the Toyota Material Handling Group (TMHG) began operations by combining the operations of TOYOTA Material Handling Company and our overseas subsidiary, BT Industries. This framework enables these two companies to increase their mutual understanding through joint development of new products and production preparation. Based on the principle of "the customer comes first", TMHG will pursue business activities that will continue to gain the confidence of our customers.

Pursuing Customer Benefits Through Actual Observation and Analysis of Customer Operations

Forklifts play an important role in our customers' manufacturing and distributing processes, so our customers expect their forklifts to work continuously without breaking down. We believe that this makes reliability and durability the two key factors that our customers expect from our forklifts. We gave reliability and durability top priority in the development of the Geneo, launched in Japan in September 2006, with an emphasis placed on safety, the environment, and ease of operation.

We have built a global network for sales and after-sales service to better serve our customers. The forklift industry differs from the auto industry, where customers go to dealers' showrooms to choose a vehicle. Our sales staff and service mechanics actually visit our customers' factories, warehouses, and other premises where our products are used to observe and analyze our customers' needs, operating conditions, and environment. They then propose optimized solutions, taking into account efficiency, safety, environmental performance, and other factors. Other support services that we offer our customers include regular servicing, recommendations for servicing and repairs appropriate to the operating situation, and safety training seminars. (See topics.)

To meet our customers' demands for improved efficiency and quality of materials handling services, we have also developed a wide range of materials handling equipment and logistics management systems, as well as proposing improvements based on the principles of the Toyota Production System (TPS). By helping our customers to ensure a safe, efficient, and well-organized workplace, we hope to help them reap the benefits of using our products, such as simultaneous cost reductions and efficiency improvements, the prevention of potential losses from down-time or low efficiency, and of course, a safe working environment.

Supporting Our Distributors and Dealers Worldwide

As part of our commitment to providing better sales and after-sales service, Toyota Industries provides comprehensive support to its distributors and dealers throughout the world. We provide materials for sales promotions and solutions proposals to help sales staff to provide even better proposals to our customers. Other ways in which we help our distributors to improve the quality of their sales and after-sales service include the introduction of a certification program to facilitate proper recognition of skills, and to motivate sales staff and service mechanics, and the provision of well-organized training to upgrade their skills.

Considering the Work and Global Environments

Forklifts are closely linked to customers' costs and their working environment, therefore highlighting the need for environmental consciousness. In internal combustion engine forklift development, we have made efforts to improve fuel efficiency, decrease the amount of harmful substances, such as NOx, found in the emissions, developed DPFs (diesel particulate filters) and low-emission trucks (which use LPG and CNG), and reduced overall noise levels. Electric forklifts have also become quite popular, as we have achieved the same level of performance by utilizing an AC motor system that extends running time and improves energy efficiency.

As customers become more and more aware of their working environments, more electric trucks are being introduced for indoor use. Certain challenges remain in this area however, such as initial costs and the down-time required for recharging batteries. We are also promoting the sale of low-emission trucks (that use LPG and CNG) and the development of environmentally conscious products. R&D activities to ensure cost reductions, better performance, and shorter recharging time of electric trucks are other examples of our efforts.

Hybrid technology is another greatly anticipated technology for achieving major improvements in the fuel efficiency of internal combustion engine forklifts. Drawing on the understanding of hybrid technology and parts available within the Toyota Group, Toyota Industries has developed a highly efficient hybrid system for forklifts that is reliable, durable and inexpensive. A concept model of this hybrid forklift was revealed at Logis-Tech Tokyo 2006 in September. We believe that the hybrid forklift provides the same performance as conventional internal combustion forklifts, but with major improvements in fuel efficiency, providing excellent performance in terms of both the environment and economy. Technological development for the commercialisation of the hybrid forklift is continuing. In 2005, we exhibited the prototype of our fuel-cell forklift and attracted a great deal of attention. With the comprehensive technology of the Toyota Group, we are working toward developing it for practical use.

We are also promoting recycling and responsible disposal activities together with our dealers. Forklifts have a high recycling rate because they are made mainly of steel and iron. However, proper treatment by specialist companies is necessary when disposing of oil used in the hydraulic systems for loading and unloading, and the lead batteries used in electric trucks.

We ensure that dealers carry out the necessary disposals properly when performing maintenance, parts replacement, and trade-ins. As the number of electric forklifts in operation continues to increase, our industry must deal with the issue of proper disposal of spent batteries.

Hybrid Forklift (Concept Model)

TOPICS The Start of a Driving Program for Forklift Operators

Spreading safe driving skills and contributing to safe operation and the elimination of accidents

Toyota Industries has continued to improve the "safety" of forklift. It has developed an original system, "SAS"*1, to contribute to safe operation and improve operating efficiency. This system has been equipped on the Geneo series of forklift and has achieved a level of safety that is top in the world. However, many of the accidents that occur at the worksite are caused by human error. Therefore, it was thought that safety countermeasures are necessary not only from the machinery side, but also that maintaining and improving the safety awareness of the operators is essential as well. In accordance with this, the "TOYOTA Material Handling Customer Center"*2 (located in Ichikawa City, Chiba Prefecture) our general exhibition facility for materials handling equipment, was expanded and a "safe driving program" aimed at re-educating operators about safe driving was started at this facility.

The "safe driving program" is targeted at certified operators and they will learn from real examples of past accidents about the kinds of operations that are dangerous. They will also receive thorough reinstruction about safe driving through special training in how to predict dangerous outcomes before they occur. This re-education for certified operators is a proactive initiative to eliminate accidents and TOYOTA Material Handling Company will develop an appropriate program which utilizes its many years of experience as a forklift manufacturer. This program is planned to start during 2007 and an estimated 1400 operators are expected to attend.

*1 System of Active Stability: This is our proprietary system that provides superior stability during turning and load handling by detecting various pieces of information, such as the angle of the steering wheel and the weight and height of the load being carried, and then controlling them.

*2 TOYOTA Material Handling Customer Center
Location: Ichikawa City, Chiba Prefecture
Start of operation: April 2001 (the new annex was completed in April 2007)
Site area: 5,282 m^2
Main building (4 floors) Floor space 6,273 m^2
New annex (3 floors) Floor space 2,149 m^2

JAT710 Air-Jet Loom

RX240 Ring Spinning Frame

Textile Machinery Business

Thoroughly Predicting the Demands of the Market and Customer Needs

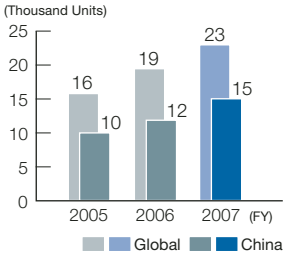
Environmental Responsibilities

- To help curb global warming by reducing the amount of energy consumed during operation
- To reduce noise and vibrations during operation

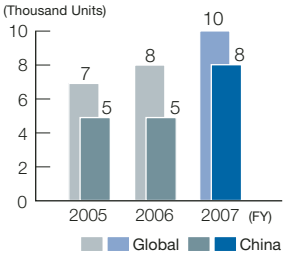
Social Responsibilities

- To maintain and improve the reliability and durability of our products
- To provide after-sales service to enable customers to continue to use our products safely and efficiently

Demands for Air-Jet Loom in the World and China



Sales Units of Toyota Industries' Air-Jet Loom



Responding to Customer Demands — from Product Development to After-Sales Service

The major textile producing countries in recent years are China, India, Pakistan, and Turkey. China, in particular, is the world's largest textile producer in terms of production volume of synthetics, cotton yarn and silk thread, and export volume of clothing materials. The Chinese government has launched a number of industry promotion policies, including increasing the percentage of shuttleless looms from 28% to 40%, and increasing the percentage of comber yarn from 25% to 30% over the next five years starting from 2006.These steps are part of the Chinese government's bid to transform the country from one that produces a large volume of textiles, to a country that is excellent in terms of quality, and which will be held in high regard by advanced markets. China is aiming to become the top textile producing country in the world, in both name and reality.

What supports the textile industry in China is Toyota Industries' air-jet loom, which has the largest global market share. The air-jet loom inserts the weft yarn by air jet, significantly improving the productivity of the weaving process compared to the time required when the weft-inserting process relied on manual labor. In addition, with air-jet looms, premium textiles such as corduroy and cloth for down blankets can be weaved. The air-jet loom however, is machinery that is difficult to manufacture, even in China where remarkable developments in technology have been made.

Four years after its launch in February 2003, Toyota Industries' JAT710 air-jet loom, continues to be extremely popular in China. In addition to the inclusion of a monitoring system that makes it easy for the customer to manage manufacturing procedures, the machinery attains high speed operation of up to 1,250 rpm. A reduction in air consumption of around 20% compared to the previous model also means significant energy savings. It has also contributed to improvements in the working environment, as vibrations have been cut by around 30% compared to the previous model.

TOPICS The China International Textile Machinery Exhibition (CITME)

In October 2006, we participated the 10th China International Textile Machinery Exhibition in Beijing and exhibited JAT710 air-jet loom and RX240 NEW-EST ring spinning frame.

Toyota Industries' exhibition booth in CITME

10SR Fixed-Displacement Compressor (Rotary Valve Type)

6SEU14 Variable-Displacement Compressor

Car Air-Conditioning Compressor Business

In Pursuit of the Ultimate Lightweight Compressor—for Comfort and the Environment

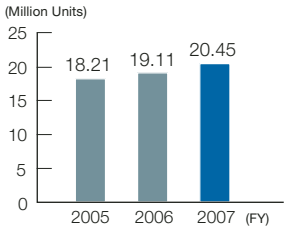
Environmental Responsibilities

- To help curb global warming by reducing the amount of fuel consumed during operation (low power consumption)
- To help curb global warming by preventing leaking of CFC substitutes
- To help curb global warming by conducting research into natural and next generation refrigerants that will replace CFC substitutes and by complying with refrigerant regulations in each country or region

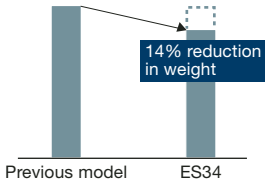
Social Responsibilities

- To maintain and improve the reliability and durability of our products
- To improve driver comfort and fuel efficiency by making compressors more compact and lightweight and reducing noise and vibration

Sales Units of Compressor



Weight to Cooling Capacity Comparison Between the New Electric Compressor ES34 and the Previous Compressor



Innovations in Car Air-Conditioning Compressor Technology

Drivers assume that their car air-conditioning system will not break down, and if the air-conditioning system is not working well, it can reflect badly on the reputation of the car itself. As a specialist in compressors for car air-conditioning systems, it has been Toyota Industries' unswerving goal to ensure that its compressors continue to perform at a high level for as long as possible. Towards this end, we have pursued more power efficient, smaller, and lighter compressors with reduced noise and vibration. The compressor is an indispensable component for maintaining cabin comfort. However, because it uses the engine's power and is located in the front of the vehicle, the more power-efficient, compact, and lightweight it is, and the less noise and vibration it produces, the better.

In terms of environmental impact, the vast majority of CO_2 emissions caused by car air-conditioning compressors over their life cycles are due to fuel consumption while the air-conditioning is operating. Compressors therefore need to be made more power-efficient in order to reduce their fuel consumption.

Although CO_2 emissions during the manufacture of compressors are lower than during their use, the majority of emissions that occur during the manufacturing stage are due to the manufacture of materials, especially aluminum die casts. Consequently, by making the compressors smaller and lighter, we can help to reduce CO_2 emissions from the manufacturing process. Looked at in these terms, making our products more compact and lightweight is our greatest responsibility as a compressor manufacturer both in social and environmental terms.

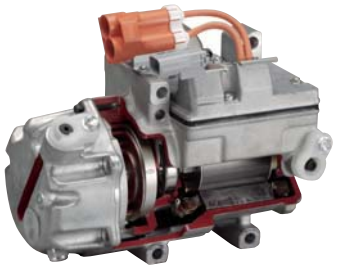
To achieve this, we use computer-aided engineering (CAE) to optimize basic specifications and the dimensions of each part. Specifically, we have reduced excess thickness by optimizing die cast shapes using flow analysis and shape optimization software. Other efforts to reduce the size and weight of our compressors include the development of die casting methods to cut oversize for machining and increasing the number of "process-less" parts.

Another important challenge is to prevent the leakage of CFC substitutes (greenhouse substances), which are currently used as refrigerants. We are also pursuing a range of research and development activities, including research into natural and next generation refrigerants to replace CFC substitutes.

TOPICS New Electric Compressor ES34

In fiscal year 2007, we developed the ES34 inverter-integrated electric compressor for large hybrid vehicles. This model is used for the Lexus LS Hybrid in 2007.

The ES34 meets the high levels of quietness required for the Lexus flagship series and also ensures the same installation capability as belt driven compressors. The weight to cooling capacity has been reduced by 14% compared to the previous model (ES27), thanks to a uniquely designed motor and a compact inverter.



ES34 electric compressor (Hermetic scroll type)

Vitz (Yaris outside Japan) RS

RAV4

Vehicle Business

Striving for Even Higher Standards of Production as an Automaker

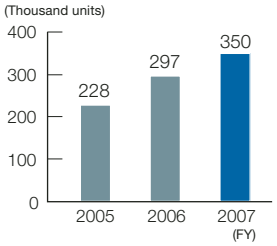
Environmental Responsibilities

- To reduce the environmental impact of production
- To abolish the use of restricted substances

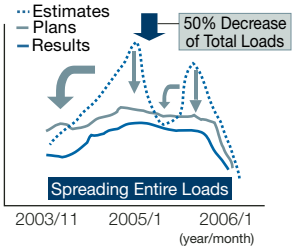
Social Responsibilities

- To ensure safety throughout the production stage and to pursue QCD (Quality, Cost, and Delivery)

Production Units of Vehicles



Production Preparation Loads



Establishing a Business Culture to Improve and Take on New Challenges Continuously

As an experienced manufacturer of compact and midsize vehicles on consignment from Toyota Motor Corporation (TMC), our vehicle business is responsible for realizing quality, low cost, and delivery that satisfies customers. The entire division comes together to strive for improvement and innovation in unison and always strives to realize the most advanced manufacturing.

Our vehicle business has been manufacturing the popular Vitz (Yaris outside Japan) since 1999 and the RAV4 since 2001 under consignment from TMC and continuously produces them at high standards. In that time, there has not been a single case of a serious quality problem in the manufacturing process. In competition with the other automobile manufacturers of the Toyota Group throughout the world, Toyota Industries' vehicle business continues to maintain high standards in terms of quality, low-cost, and delivery. In 2006, we once again earned the Superior Quality Performance Award presented to suppliers by TMC.

In addition, we give top priority to the safety of our employees, (including the growing number of temporary workers) during the production process and continue to pursue thorough safety management systems in the workplace.

Our efficiency in carrying out production preparations that enable us to begin production in a shorter period is also highly renowned. During the full-model change of the new-model Vitz (launched in Japan in February 2005) and the new-model RAV4 (launched in Northern America in December 2005 and in Europe in January 2006), we carried out reform of production preparation processes that went beyond conventional ideas, and attained excellent results.

In the past, during the planning of operation processes and the specifications of facilities, we confirmed our plans by first discussing various issues while referring to drawings, and then making an actual production line. We would then begin to solve any problems that arose. In the recent model changes for the Vitz and RAV4, however, we implemented a production line simulation at the planning and conceptual stages using three-dimensional data (three dimensional images), thereby bringing specification discussions forward in the planning process and increasing efficiency.

Furthermore, using virtual training and virtual manuals (moving manuals) that employ three-dimensional data, we shortened the work training period and enhanced production accuracy. In addition, through project activities that removed every conceivable barrier between departments, such as production engineering, quality assurance, and manufacturing, we created a system where decisions could be made and implemented more quickly.

These improvements reduced the total production preparation load by 50% and spread that load more evenly across the entire production preparation process. Furthermore, at the request of TMC, members of our manufacturing department participated in production preparations for the Yaris in France utilizing their experiences in Japan.

On-site inspections by top management

2AD Diesel Engine
(2.2ℓ; Used in the RAV4)

Engine Business

Responding to Customer Confidence and Striving for Environmental Conservation

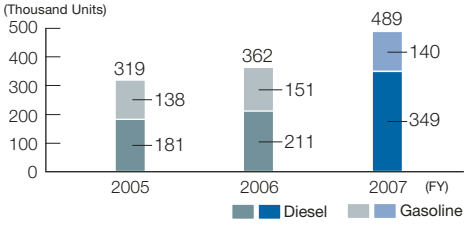
Environmental Responsibilities

- To help curb global warming by conserving energy during operation
- To comply with the environmental regulations of each country and region
- To help curb air pollution from emissions
- To comply with voluntary environmental standards and reduce the amount of waste produced by extending maintenance intervals

Social Responsibilities

- To maintain and improve the reliability and durability of our products
- To improve fuel efficiency
- To comply with the regulations of each country and region

Production Units of Gasoline and Diesel Engines



Reducing the Environmental Impact and Improving the Quality of Clean Diesel Engines

Toyota Industries, as a diesel engine manufacturer in the Toyota Group, aims to improve its technological capabilities and contribute to Toyota Motor Corporation's (TMC) development and production activities, including its overseas operations.

While diesel engines are more fuel-efficient and discharge less CO_2 than gasoline engines, they emit more NOx and particulate matter. In an effort to enhance the environmental performance of our diesel engines, we have implemented post-treatment measures for NOx and particulate matter, but our biggest challenge for the engines themselves is to improve their fuel efficiency and to reduce their CO_2 emissions. In collaboration with TMC, Toyota Industries has realized significant reductions in environmental impact by introducing a number of new technologies that raise the fuel efficiency of diesel engines. The European emission regulations, EURO 4, which came into effect throughout the EU in 2005, require new automobiles to reduce emissions of particulate matter to one tenth of that of conventional automobiles. Our AD diesel engines, which we began producing in March 2005, satisfy the requirements of EURO 4. We are now preparing to satisfy EURO 5, even stricter regulations that are set to be introduced after 2009. In October 2006, we expanded our testing center to boost our development of next generation clean diesel engines.

New Testing Center

Bringing Our Environmentally Friendly Foundry Plants to the World

Our three plants in Japan, Hekinan, Higashichita, and Kyowa plants are charged with the task of adopting newly developed manufacturing technologies ahead of their overseas counterparts and perfecting them in Japanese production processes before transferring them to our overseas production bases. A good example of this is our casting technology for foundry parts that are essential to engine manufacture. The responsibility for the adoption, perfection, and transfer of this technology rests with our Higashichita Plant. In 2006, this plant received a Technology Award from the Japan Foundry Engineering Society for its development of CV foundry production technology for use in cylinder blocks for high-output diesel engines. This technology was applied to the 1VD diesel engine. (See topics)

On the environmental front, we have ensured safety by separating the work zones and equipment, and achieved zero waste, as well as CO_2 emission reductions through the introduction of environmentally friendly and energy-saving equipment and monitoring systems. We have thus succeeded in attaining world-class energy conservation and productivity in the production of die-cast cylinder blocks for AD engines. We have transferred this spirit of environmental protection to our plants in China, Poland, and other countries throughout the world.

TOPICS Production of New Diesel Engine (V8) Starts

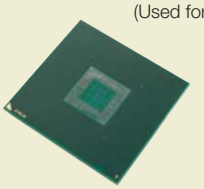
To raise fuel efficiency and reduce CO_2 emissions, we worked to develop a lighter engine. This resulted in Japan's first mass production of a cylinder block made of lightweight and high strength vermicular graphite cast iron (FCV). In December 2006, we started production of the 1VD-FTV diesel engines with a common rail system that uses this FCV cylinder block.

1VD Diesel Engine
(4.5ℓ; Used in the Land Cruiser)

400W DC-AC Inverter
(Used in the Tacoma)

DC-DC Converter for the EPS
(Used for the Lexus LS Hybrid)

Low-Temperature
Polysilicon TFT-LCD Panel



Package Substrate for
Computer MPUs
(FC type)

One-Segment Television
Tuner Module for PCs

Electronics Business

Contributing to the Reduction of Environmental Impact through the Spread of Hybrid Vehicles

Environmental Responsibilities

- To manufacture core components for environmentally friendly hybrid vehicles
- To help curb global warming through energy conservation and power efficiency during use by making our products more compact, light weight, and efficient

Social Responsibilities

- To maintain and improve the reliability and safety of our products
- To make our products more compact, lightweight, efficient, and lower in cost
- To ensure their reliability as an emergency power source in times of natural disaster

Our Quest to Become the Leading Supplier of Power Electronics Devices and Systems for Vehicles

Hybrid vehicles have attracted significant attention from around the world with their superior environmental friendliness. Toyota Industries' electronics business produces DC-DC converters, which are an extremely important component for hybrid vehicles. They convert the high voltage of the main battery to a lower voltage to recharge the auxiliary battery and to supply power to the lights, wipers, horns, and other in-vehicle devices, as well as to operate the electric power steering. By making further improvements to our products so that they are more compact, lightweight, have higher efficiency, and lower costs we believe that we are contributing to the performance and popularization of hybrid vehicles, and hence contributing to a reduction in their environmental impact. Given the direct effect of the performance and function of our products on a vehicle's fuel consumption, costs, and safety, the production of defective components is unacceptable. Toyota Industries has, therefore, been working on activities to improve market quality since 2004. In 2005, we started production of DC-DC converters for EPS (electric power steering) used on the Lexus (hybrid vehicle models), the top-of-the-line luxury brand of Toyota vehicle.

The electronics business also manufactures DC-AC inverters that convert direct current to alternating current. We aim to become the top supplier of power electronics devices, such as converters and inverters, and electric power systems for motor vehicles. We will continue to work on enhancing design, production preparation, and initial management, to ensure a stable supply of high quality products and to improve production efficiency in order to meet anticipated increases in demand.

Electronics for the Telecommunications Industry

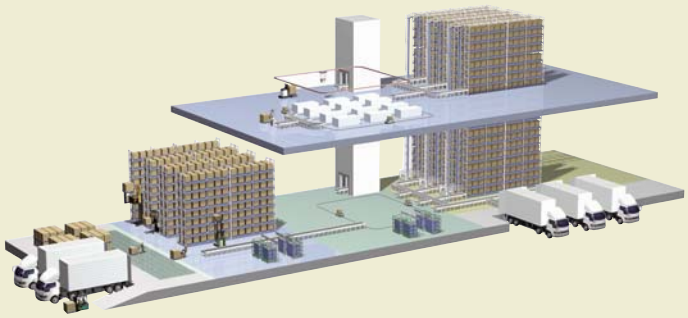
We have also engaged in an another electronics business, not only for automobile manufacturers, but also for manufacturers of personal computers and mobile devices. ST Liquid Crystal Display Corp (STLCD), a joint venture with Sony Corporation, manufactures low-temperature polysilicon TFT-LCD panels, a cutting-edge liquid crystal display, for use in digital still cameras, video cameras, PDAs, and mobile phones used across the globe. TIBC Corporation, a joint venture with Ibiden Co., Ltd. manufactures the latest semiconductor package substrates for use in personal computers, mobile phones, IC cards, etc.

We are also supporting the multimedia capabilities of personal computers, portable devices, and some automobiles with our proprietary digital terrestrial television tuner with encryption and imaging technologies.

TOPICS 22nd International Battery, Hybrid and Fuel Cell Electric Vehicle Symposium & Exposition (EVS22)

The EVS22 is the world's largest international symposium dedicated to electric vehicles, including hybrid and fuel cell electric vehicles, and was held at the Pacifico Yokohama from October 23 through 28. We exhibited DC-DC converter and DC-AC inverter.

Toyota Industries' exhibition booth in EVS22



AL Business

Providing Logistics Solutions Using *Kaizen* (Continuous Improvement) Principles

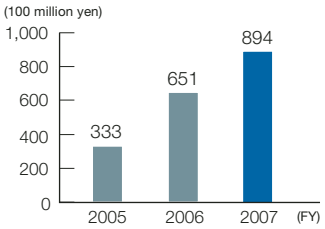
Environmental Responsibilities

- To reduce the impact on the environment through rationalization of logistics

Social Responsibilities

- To provide comprehensive services to help our customers to achieve improved operating results
- To achieve thorough compliance with the relevant laws and regulations

Sales of Logistics Business



Transforming Logistics into a High Value-Added Business

Toyota Industries entered the logistics business in 2002 in response to requests from many of our customers to help them to improve their logistics operations that draw on Toyota's *kaizen* (continuous improvement) principles, which we have cultivated in production operations. Despite launching this new business with *kaizen* as our advantage, improvements made at distribution centers had only a limited effect and did not greatly satisfy our customers. We decided, therefore, to pursue the total optimization of logistics operations from the standpoint of the product's final purchasers, i.e. shoppers. This meant applying *kaizen* across the entire supply chain, from the distribution centers to both the production sources upstream and through to the stores downstream, This is a "market-in" approach to logistics that can supply the required products when they are needed in the quantities that they are needed in accordance with the demands of the market. By applying *kaizen* to the entire logistics supply chain, we believe that we can achieve results in more processes and on a greater scale, thus making more customers happy.

Toyota Industries' AL business does not merely engage in establishing and operating logistics centers for our customers. We assist customers, particularly retailers, with in-store distribution problems, such as on their shelves or in backyard operations, by introducing Toyota Production System (TPS) principles, thus promoting reform from a comprehensive perspective that is not limited just to the distribution centers. In the future, we expect to proactively provide solutions, including the sharing of logistics operations in particular industries and improving the production sites of manufacturers. Our ultimate goal is to achieve "total logistics optimization" that provides comprehensive, integrated solutions for the entire process from the production sites to the checkout counter of retail stores and through to the end customer.

In the five years since launching this business, our customer base has expanded to include many industries, such as the food, daily goods, pharmaceutical products, home improvement, and mail order industries. In the past, logistics and logistics departments tend to be regarded as cost centers that only generated expenses. In order to change the way industries perceive logistics, improvements are needed that will turn logistics operations into profit centers with high levels of added value, as well as the thorough implementation of compliance, which is the premise for such improvements. The pursuit of "total logistics optimization" should enable the reduction of excessive loading and labor, but it is first necessary to increase awareness about regulatory compliance in the industry overall.

Based on this belief, Toyota Industries established the Compliance Group within its Advanced Logistics Division in March 2005. The Compliance Group organizes the massive quantities of laws and regulations according to the relevant industry and operational theme, and prepares and uses checklists so that we can check the status of its compliance with those laws and regulations. Due to taking this initiative with regard to our compliance efforts, we require other logistics companies with which we cooperate to also do the same.

The prime social responsibility of Toyota Industries' Advanced Logistics business is to attempt to achieve total logistics optimization and transform logistics operations into a high value-added business.

Responsibility to the Stakeholders of the Toyota Industries Group

Developing Our Business Operations while Remaining Conscious of Our Responsibilities

Management

⇨ P17～20

Strengthen corporate governance and enhance compliance

Our Customers

⇨ P21～23

Provide products and services that satisfy our customers' needs

- Maintain and improve quality
- Offer better sales and services
- Reflect customer needs in product development proactively
- Promote communication with customers
- Disclose product information honestly and properly
- Protect customers' confidential information and personal data
- Improve quality throughout the supply chain

Our Shareholders

⇨ P24

Boost corporate value and enhance communication with shareholders

- Distribute returns to shareholders
- Develop businesses proactively
- Disclose information that is complete, accurate, and in a timely manner
- Improve our evaluations made by outside organizations
- Promote investor relations

⇨ P35～55

The Global Environment

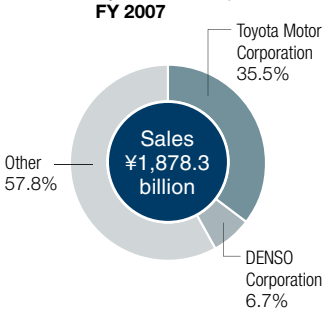
Consider the environment in product and service

- Reduce the amount of substances of concern used
- Reduce the environmental impacts associated with product use
- Disclose environmental data honestly and properly

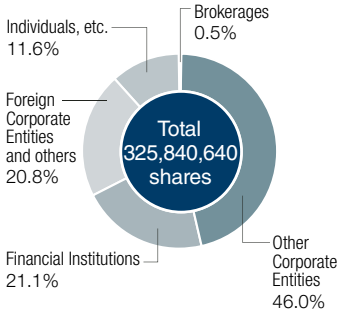
Realize compatibility between environmental conservation and profit generation

- Prevent environmental accidents, etc.
- Improve our environmental evaluations by outside organizations
- Disclose environmental data honestly and properly

Graph 1 Breakdown of Sales by Customer (Consolidated)
FY 2007



Graph 2 Breakdown of Shareholders
FY 2007



Our Business Partners (Suppliers)

⇨ P25～26

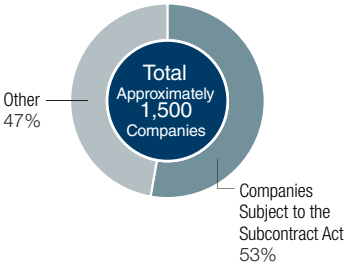
Construct cooperative relationships based on mutual trust and prosperous co-existence

- Procure supplies through open and fair processes
- Comply with laws and regulations to facilitate fair trade
- Take care of and support business partners
- Promote close communication with business partners

Consider the environment in procurement processes

- Control hazardous substances contained in procured raw materials and parts
- Support environmental conservation activities

Graph 3 Percentage of Suppliers Subject to the Subcontract Act (Non-consolidated)
FY 2007



Our Local Communities

⇨ P27～30

Ensure symbiosis with communities

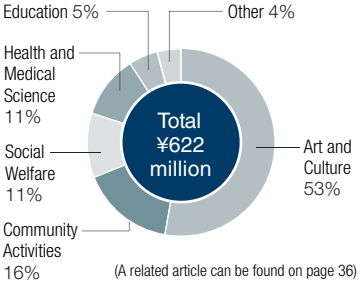
Promote and support:

- Traffic safety
- Youth development
- Conservation of historic sites and traditional culture
- Arts and culture
- Social welfare activities
- Health and medical science
- Aid to disaster areas
- International exchanges

Promote environmental conservation and environmental education in local communities

- Support nature protection activities and environmental conservation activities in local communities
- Prevent atmospheric, water, and soil pollution
- Respect biodiversity
- Prevent environmental accidents, etc.
- Promote environmental education and raise awareness among local residents
- Disclose environmental data honestly and properly

Graph 4 Social Contribution Activities
FY 2007



(A related article can be found on page 36)

Our Employees

⇨ P31～34

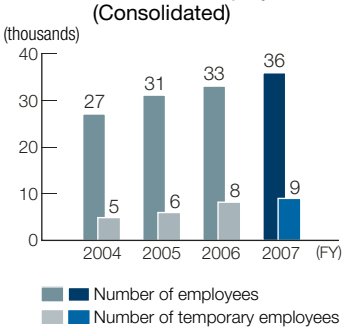
Ensure a workplace where each employee can work safely and enthusiastically

- Improve occupational health and safety
- Support employee health management
- Respect human rights
- Maintain employee-management relations based on mutual trust
- Provide secure employment opportunities
- Respect diversity and promote equal opportunities
- Facilitate human resource development and create a motivating work climate
- Support employees in balancing their family and work commitments

Raise employee awareness about the environment and promote their involvement in environmental activities

- Promote job performance that considers the environment
- Implement environmental education and awareness-raising activities
- Support voluntary actions of employees to conserve the environment

Graph 5 Number of Employees (Consolidated)



Strengthening Systems and Proper Operations for Winning Society's Trust is an Extremely Important Management Issue

Maintaining and Enhancing Efficient Management and the Fairness and Transparency of Corporate Activities

▶Fig 1

Toyota Industries believes that enhancing the long-term stability of corporate value and maintaining society's confidence in the company through practicing its corporate philosophy and promoting social responsibility are extremely important management issues. Taking the enrichment of society through business activities as a basic premise, we therefore consider it vital to build good relationships with stakeholders ranging from shareholders and customers to business partners, local communities, and employees.

With this in mind, we are working to maintain and enhance management efficiency and the fairness and transparency of company activities by strengthening corporate governance. We are building a corporate governance system that can respond quickly and flexibly to changes in the business environment, as well as working to strengthen management supervision and to provide timely disclosure of accurate information.

Towards Speedy and Efficient Management

Toyota Industries holds Board of Directors meetings every month to make decisions on important management matters and monitor business operations. A Management Committee has also been established to discuss important matters such as corporate vision, management policies, medium-term business strategies, and major investments.

The company has adopted a divisional organization system and delegated authorities to division in each operation. So, a Business Operation Committee has been set up to enable the President to oversee business operations periodically through the General Managers of each division. At a Management Council meeting, Directors and Managing Officers share business operations reports every month. The company is striving to increase the efficiency and speed of management as well as facilitate appropriate judgment.

Members of the Respective Committees and Meeting Frequency

- Board of Directors: Sixteen Directors (including one external Director) and Corporate Auditors participate in monthly meetings.
- Management Committee: Meetings are held as needed, and are attended by the Chairman, the President, Directors above the Executive Vice President level, and other relevant Directors and Managing Officers, as specified by the President and according to the matters in question.
- Management Council: Directors and Managing Officers participate in monthly meetings.
- Business Operation Committee: The President, Executive Vice Presidents, and divisional General Managers participate in two regular meetings, before the interim and annual closing of accounts.

Streamlining the Board of Directors and Creating the New Position of Managing Officer

In June 2006, Toyota Industries introduced a new executive management system as part of our efforts to achieve our "2010 Vision", which was established in October 2005 (See page 4). The aim of this was to speed up the company's responses to challenges posed by our accelerating globalization and the expanding scale of our business operations.

Outline

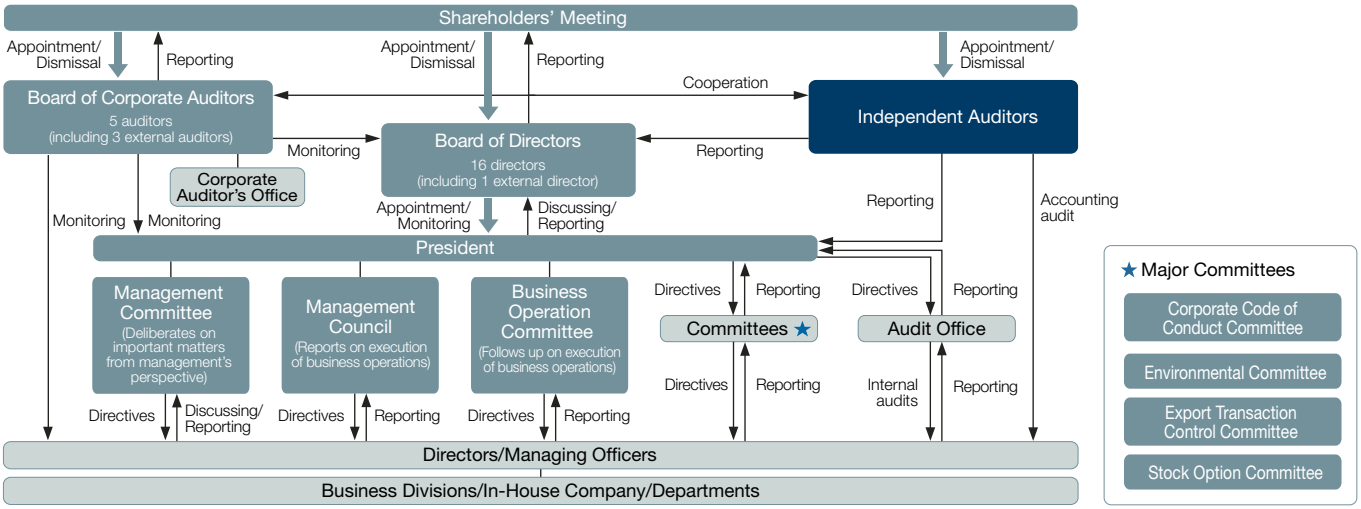
1. Streamlining the Board of Directors

The number of directors has been reduced to speed up decision-making.

2. Creating the New Position of Managing Officer

Managing Officers will be able to apply themselves exclusively to the execution of the respective businesses for which they are responsible.

▶Fig 1 Corporate Governance Structure



Corporate Auditor's Office Work for Corporate Auditors to Strengthen Monitoring Functions

▶Table 1

Toyota Industries has chosen to maintain a Corporate Auditor/Board of Corporate Auditors system. The Board of Corporate Auditors consists of five corporate auditors, three of whom are independent auditors who bring an outsider's viewpoint and an auditing perspective combined with professional experiences and careers to our internal monitoring function. The Board of Corporate Auditors meets once a month to discuss and make decisions on important matters, such as auditing policy and reporting.

The Corporate Auditor's Office, which is staffed by five dedicated personnel who work directly for the Corporate Auditors and are not under the authority of the company Directors, has been set up to reinforce the auditing of duties carried out by the Directors.

The Corporate Auditors also cooperate with independent auditors and the Audit Office, which is in charge of internal audits (please refer to the section on "Compliance" on pages 19-20 for further details) , receive reports as appropriate and, where necessary, conduct additional surveys.

▶Table 1 Corporate Audit System, Duties and Methods

Audit	Principal Duties and Methods
Audits by Corporate Auditors	Auditing of duties carried out by Directors (achieved through attendance at meetings, inspection of documents, independent investigations first-hand and interviews, etc.)
Audits by Independent Auditors	The appropriateness of matters associated with financial statements (achieved through surveys of documents, interviews, initial investigation, etc.)
Internal Audits	Prevention of risk in overall business activities [Operational audits, special theme audits, autonomous inspections, audits of subsidiary companies] (achieved through surveys of documents, interviews, first-hand surveys, etc.)

Establishment of an Internal Control Structure

To comply with the Corporations Law that came into effect in Japan in May 2006, the Board of Directors of Toyota Industries decided on a "Basic Policy for the Establishment of an Internal Control Structure" that same month. The company also established a new section, called the Internal Control Office. In 2007, we started a project team in preparation for compliance with the Financial Instruments and Exchange Law, which was enacted in June 2006.

Set Up Committees to Address Important Company-Wide Matters

In order to deal with compliance – both legal and corporate ethics – and environmental conservation as key company-wide issues, Toyota Industries has established the Corporate Code of Conduct Committee, the Environmental Committee, the Export Transaction Control Committee, and the Stock Option Committee to discuss and monitor the state of management and corporate activities.

Further steps to strengthen this framework were taken with the set up of the Compliance Subcommittee, the Crisis Response Subcommittee, the Data Security Subcommittee, and the Regional Society Contribution Subcommittee under the aegis of the Corporate Code of Conduct Committee.

Risk Management

Based on a collection of risk case studies, comprising examples of conceivable risks that could affect the company, together with their countermeasures, each division and department has adopted strict measures to prevent risk from materializing. In addition, risk with the potential to affect business operations is reevaluated and reviewed on a regular basis, and disclosed in financial statements. The Audit Office endeavors to reduce risk by monitoring business processes, enforcing compliance and strengthening control systems to ensure the reliability of financial information. Based on the company's "Crisis Response Manual", countermeasure organizations and procedures have been established to deal with issues or incidents that might arise, while each division and department has set up recovery systems.

The business and other risks disclosed in our financial statements for the year ended March 31, 2007 relate to the following issues:

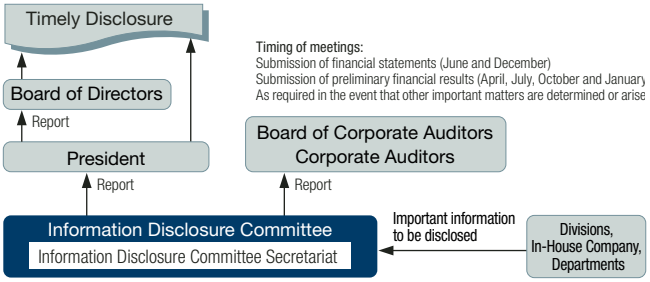
Principal customers/product development capabilities/intellectual property rights/product defects/price competition/reliance on suppliers of raw materials and components/environmental regulations/alliances with other companies/exchange rate fluctuations/share price fluctuations/ effects of disasters, power blackouts, and other incidents/latent risks associated with international activities/retirement benefit liabilities.

Enhancing Management Transparency

▶Fig 2

To enhance management transparency, Toyota Industries is working to strengthen its accountability by publishing quarterly financial statements and establishing an Investor Relations Office to provide information to shareholders and investors. In 2005, it also set up an Information Disclosure Committee to ensure the completeness, appropriateness and timeliness of important information disclosed in financial statements and other materials.

▶Fig 2 Information Disclosure Committee



Not Just Complying with the Laws and Regulations, but also Respecting Local Culture and Customs

The Corporate Code of Conduct Committee Leads the Way in Enforcing Compliance

Toyota Industries perceives compliance to be observing laws and regulations in addition to respecting local culture and customs in a manner that is in tune with the changing times. The Corporate Code of Conduct Committee plays a central role in strengthening the company's systems and mechanisms, stipulating conduct guidelines, and making every effort to ensure that all employees are informed through education and enlightenment activities. Toyota Industries is also tackling the issue of enhancing compliance at domestic and overseas affiliates. In addition, the Purchasing Department carries out compliance checks of our business partners.

The Corporate Code of Conduct Committee is in charge of controlling the group's overall corporate activities regarding compliance and responses to crises. Consisting of Directors, as well as Managing Officers and Corporate Auditors, the Committee meets at appropriate times to confirm the status of any important incidents that may have occurred, along with the countermeasures and responses that were adopted. They then draw on these outcomes when deliberating the matters to be dealt with in the coming fiscal year.

Under the aegis of the Corporate Code of Conduct Committee, the company designated a number of departments as legal compliance departments to provide thorough instructions to other divisions and departments on legal compliance, while the company as a whole is currently undertaking further efforts to strengthen our compliance system. The company also established the Compliance Subcommittee and the Data Security Subcommittee. These Subcommittees are comprised of Chairmen who are nominated from among the directors and members of relevant divisions and departments, and meet each month to consider concrete measures aimed at boosting compliance based on individual action plans. The Audit Office and designated legal compliance departments cooperate in supervising the compliance of individual divisions, departments, and affiliates at home and overseas.

The designated legal compliance departments are also responsible for company-wide employee education programs centering on individual positions and specialties. The company also carries out various educational activities to enhance employee awareness.

In addition, lawyers from outside of the company are being invited to give regularly scheduled legal workshops for our Directors and Managing Officers.

Conduct Guidelines: "Handbook for Corporate and Employee Conduct"

To ensure thorough compliance throughout the company and among all employees, Toyota Industries compiled concrete conduct guidelines into the "Handbook for Corporate and Employee Conduct" (first edition 1988, revised in November 2006), and requires all employees to observe ethical and sensible behavior. The handbook declares that the company and all employees must, as a matter of course, be law-abiding, and clearly describes what is considered acceptable and unacceptable behavior from the viewpoint of corporate ethics. These conduct guidelines are the basis of our group's corporate activities and are further spread through ongoing education and training.

Designated Legal Compliance Departments Enforcing Compliance with Laws and Regulations

▶Table 1

To ensure thorough compliance with the spirit and the letter of the law, eleven departments in our Corporate Center, including the Legal Department, serve as designated legal compliance departments that work to ensure compliance with relevant laws and regulations throughout the company. The individual departments draw up activity plans each fiscal year and maintain their familiarity with new legislation and revisions of laws and regulations. They also consider responses to revisions of existing mechanisms, streamline rules and manuals, ensure that the entire company is well-informed through in-house education programs, and confirm and direct compliance in related departments through compliance audits. The Corporate Code of Conduct Committee monitors these activities and, where necessary, puts forward proposals to the President in order to reinforce them.

▶Table 1 Laws and Regulations under the Jurisdiction of Designated Legal Compliance Departments

Division/Department	Laws and Ordinances
Legal	Corporations Law, Product Liability Law, Anti-Monopoly Law, Personal Information Protection Law, Securities and Exchange Law, etc.
Human Resources	Labor Standards Law and other labor-related legislation
General Administration	Traffic Laws, etc.
Accounting	Corporations Law, Securities and Exchange Law, Corporation Tax Law, Consumption Tax Law, etc.
IT	Unauthorized Computer Access Law, etc.
Purchasing	Subcontract Act, etc.
Safety, Health & Environment	Industrial Safety and Health Law, Environment-related laws, etc.
Plant Engineering	Energy-related laws, Construction-related laws
Intellectual Property	Unfair Competition Prevention Law, Patent Law, Copyright Law, etc.
Logistics	Foreign Exchange and Foreign Trade Control Law
R&D	PRTR (Pollutant Release and Transfer Register) Law

Towards Timely Information Gathering and Rapid Responses

▶Table 2 ▶Table 3

"Report Criteria" Have Been Established to Speed up Identification of Serious Problems and Incidents

A "report criteria" scheme has been set up to facilitate rapid understanding of the situation and appropriate responses in cases

where serious problems and incidents that may be in breach of compliance rules occur. The scheme establishes a mechanism whereby reports are submitted immediately to top management by Directors in charge of divisions and Corporate Center's departments.

Report criteria provide concrete standards for making judgments on whether reports are necessary or not, and are linked with the problem-solving rules and manuals of each department.

Table 2 Report Criteria Examples

Business Area	Example
Quality Assurance	Injury, accident or property damage caused by quality defects
Accounting	Discovery of covered up losses, accidents, criminal activities, information leaks
General Administration	Discovery of illegal payoffs
Safety, Health and Environment	Administrative penalties, serious accidents
Human Resources	Disciplinary actions
Purchasing	Illegal or illicit trade practices
Logistics	Noncompliance with trade control laws
IT	System outage caused by computer virus

Consultation Desks Set Up to Deal with Corporate Ethics Matters and Similar Issues

Toyota Industries has set up a Corporate Ethics Consultation Desk staffed by an outside attorney to provide employees with consultation services pertaining to compliance. As every consideration has been given to protecting privacy and preserving confidentiality, any employee may approach the consultants in full confidence that their interests will not be jeopardized in any way.

Table 3 Contact Points for Issues that Occur

Issue Type		Issues Handled	Contact Point/ Responsible Department
Corporate Ethics		Consultations on doubts and issues concerning ethics, unlawful behavior and illegalities	Outside attorneys
General Administration		Interface for various opinions, requests and information from people outside the company, such as local residents, and employees	General Administration Department
Physical and Mental Health	Health Counseling	Health counseling from company doctors and nurses	Health Care Administration Office
	Mental Health Counseling	Telephone consultations and interview counseling with external counselors	Health Insurance Association
Miscellaneous		Consultation on problems relating to work and private life, financial problems, educational problems, nursing care problems	Toyota Industries Well Support Corporation
Equal Opportunity Employment for Men and Women		Consultation concerning equality of employment opportunities, support for workers with childcare responsibilities, rules of employment, etc.	Global Human Resources Department
Customer Consultation		Inquiries concerning products, quality, servicing, safety, etc.	Domestic Sales and Marketing Department, TOYOTA Material Handling Company
Law and Contract		Consultation on legal and contractual matters pertaining to operations	Legal Department
Subcontracting		Consultation on legal matters relating to the Law on the Prevention of Delay in the Payment of Subcontracting	Purchasing Department

Various other consultation desks have been set up to create a system that offers appropriate responses to the opinions and requests of customers and local residents, and to the troubles and questions raised by employees and their families.

The Compliance Monitoring System

The Audit Office, under the direct jurisdiction of the President, takes the lead in monitoring compliance and cooperates with the internal compliance audits carried out by designated legal compliance departments. Toyota Industries believes it is necessary to strengthen the system on an ongoing basis as internal compliance audits are playing an even greater role in compliance activities as the business expands and globalizes.

Toyota Industries carries out compliance audits at all its domestic affiliates - some 40 companies in total - including non-manufacturing affiliates of materials handling equipment business on a three year cycle. We have also set up a compliance auditing framework for our overseas affiliates, separated into three regions – North America, Europe, and Australia/Asia. Since fiscal year 2004, Toyota Industries North America, Inc. (a holding company in the U.S.) and the Audit Office have carried out compliance audits of operations in three-year cycles in North America and the Australia/ Asian region respectively.

The results of compliance audits are communicated to the affiliates' President and management, as well as to the General Manager of the responsible division. Both cooperate in making improvements to the relevant activities, and the Audit Office confirms the status and results at appropriate times.

With regard to our business partners, the Purchasing Department carries out compliance checks of Hoeikai, Toyota Industries suppliers' association, with special emphasis on safety and the environment.

Response to Personal Data Protection

From fiscal year 2005, the Legal Department initiated an in-house education program for matters pertaining to personal information protection in response to the enforcement of Japan's Personal Information Protection Law in April 2005. It also worked to disseminate information about the purpose of this law and an overview of the law and its corresponding matters throughout the company via our intranet and workplace meetings. It also strove to secure customers' information by setting organizations and assigning managers to protect personal data.

Doing All We Can to Maintain and Improve Quality

Quality is a Key Management Issue

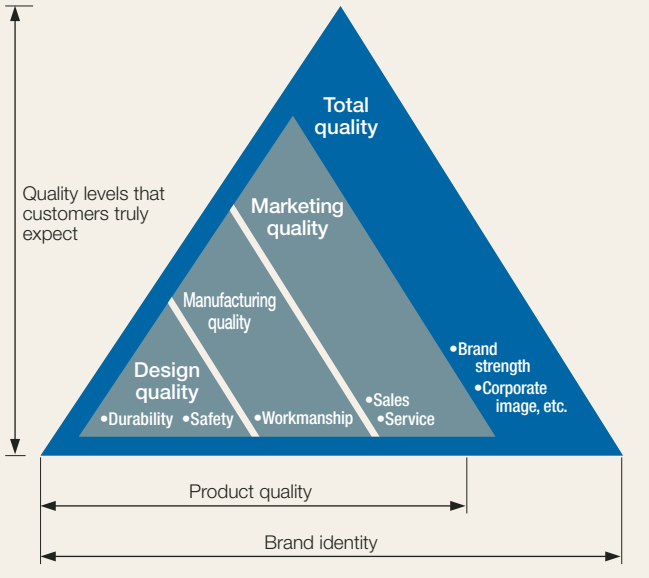
▶Fig 1 ▶Fig 2

Toyota Industries' founder Sakichi Toyoda once said that "A product should never be sold until it has been carefully manufactured and tested thoroughly and satisfactorily". Adhering faithfully to his teachings, Toyota Industries believes quality is our lifeline and a key management issue.

Maintaining and improving quality is our most important responsibility to our customers, and forms the basis of our social responsibilities.

At Toyota Industries, the basis of our activities is "product quality", which is embodied in the durability, safety, and eco-friendliness of our products. However, our entire workforce is committed to maintaining and improving the quality of all of the company's activities, including "marketing quality" in sales and service and "total quality" in our corporate image and brand strength.

▶Fig 1 Types of Quality Sought by Toyota Industries



Establishing Day to Day Quality Assurance Systems

To develop and supply products from the customer's viewpoint – this philosophy summarizes Toyota Industries' comprehensive "market-in" approach.

In all processes, predetermined procedures must be carried out according to instructions in order to ensure that no defective items proceed to the next stage. In this way we are aiming to achieve manufacturing with own-process completion. This is vital for ensuring that the company only manufactures high quality products.

Whenever any of Toyota Industries' business divisions develops a new product, it uses a design review (DR) system to evaluate quality at all stages until customer satisfaction is achieved. This ensures that no product progresses to the next stage unless established target levels have been achieved.

Once new products are launched and important customer information reaches the quality assurance department of each division, it is fed back to the responsible department (such as design and manufacturing) and countermeasures are quickly developed. At the same time, the DR system is reviewed to prevent a recurrence of any problems in subsequent models.

While everything is done in the production process to prevent defective products from proceeding to the next stage of the production process or leaving the factory, we also proactively tackle quality improvements on five levels, including cleanliness and neatness.

In 2006, we started a new "Thank-you-for-finding-the-problem award" at Toyota Industries to honor associates who sensed something unusual or different in their work and thereby detected a defect in the early stages, as well as to honor their superiors who took the necessary actions to help solve the problem.

Reflecting Customers' Opinions Directly in Quality Improvements

In manufacturing, Toyota Industries devotes enormous efforts to the research and development of new functions and other features, endeavoring to develop products that are ahead of the curve. Using the design review (DR) system, General Managers of divisions evaluate every step of the production process, from product planning to design, production preparations, production, initial quality, and customer satisfaction levels.

For example, in the textile machinery business, when we deliver new machines to textile manufacturers in various parts of the world, we ask them to evaluate the product for us. These comments not

Case Study

"International Best Factory Award" Cesab (Italy)

On December 18th, 2006, CESAB was awarded the 2006 "International Best Factory Award (IBFA)" in recognition of the excellent performance of their factory in the Italian city of Bologna that produces industrial vehicles. The award is sponsored by the prestigious Bocconi University Business School, "SDA Bocconi", which is a world authority in economics and management, and the leading Italian business newspaper, "Sole 24 Ore". CESAB's extraordinary flexibility, quality, innovation, and exceptionally efficient supply chain, were evaluated highly overall.

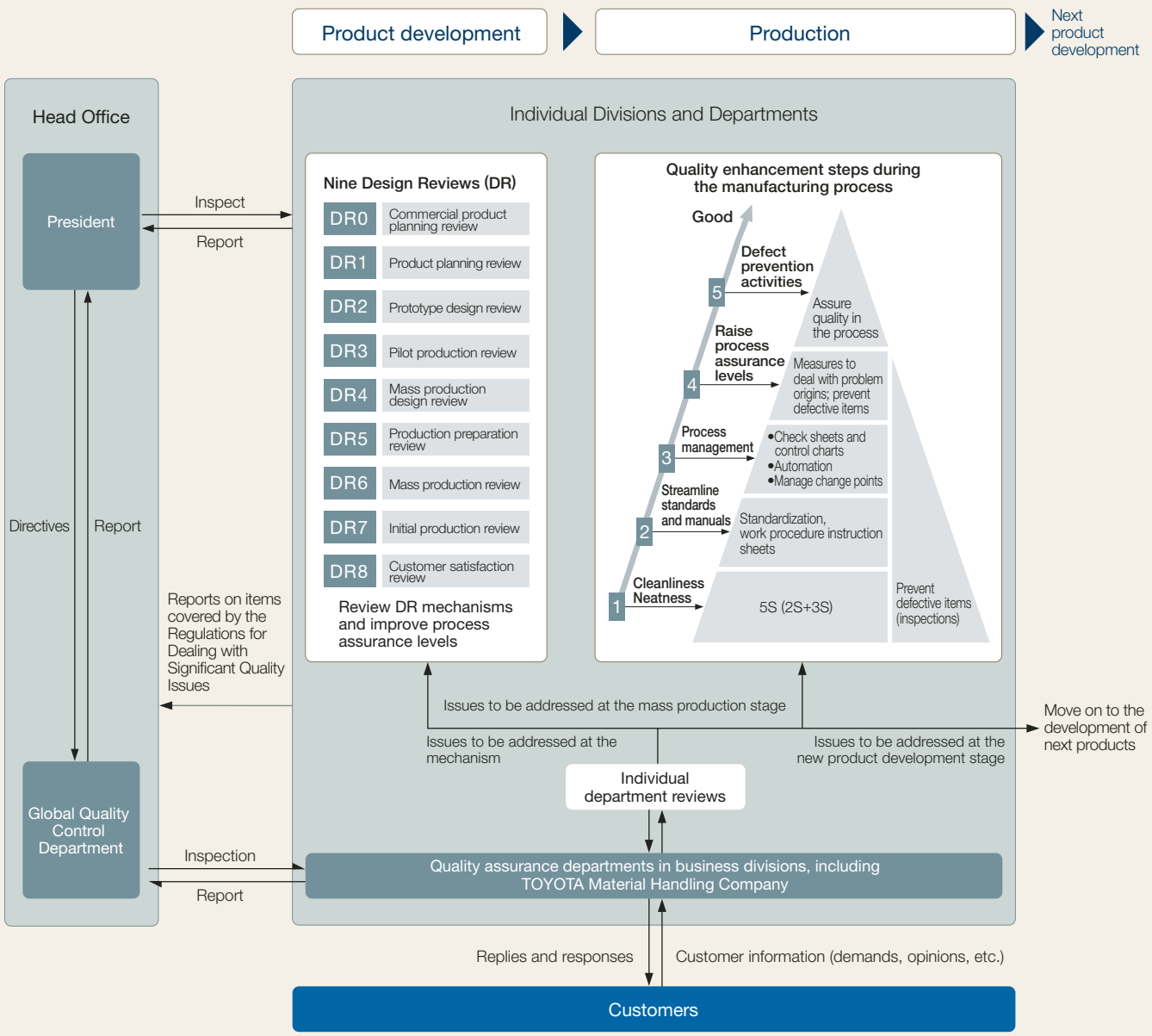
only help us in the development of new products, but also enable us to enhance our after-sales service.

In the materials handling equipment business, in which distributors and dealers handle sales and after-sales service, we attempt to ensure that customers can use our products in an excellent condition and that they are free of material defects. Distributors and dealers work together to optimize their response to customers while Toyota Industries has established customer consultation desks that enable us to interface with customers directly. The distributors, dealers, and Toyota Industries marketing staff also visit customers to conduct actual usage fact-finding surveys.

Individual comments and requests received from customers in this way are promptly fed back to the relevant section, such as design, and a response is then given to the customer through the dealers.

In addition to these day-to-day activities, since fiscal year 2006, TOYOTA Material Handling Company's Global Quality Assurance Department has acted as a secretariat for the distribution via product delivery trucks of customer questionnaires about our products and services, a scheme that is initially being limited to Japan. The secretariat collects the results of these surveys every three months and posts them on the company intranet.

Fig 2 System of Quality Assurance and Quality Control



Quality Assurance across the Entire Global Supply Chain

As a company that supplies products to the global market, we believe that customer confidence in our quality is synonymous with the Toyota Industries brand, and is a precious element of our corporate value that must be preserved. We therefore aim to implement quality assurance activities that cover our entire global supply chain, including affiliates and business partners in Japan and overseas. (See the section on Responsibility to Our Business Partners on pages 25-26.)

All of Toyota Industries' plants are certified in international standards for quality management systems (ISO 9001, etc) and we are making efforts to encourage our affiliates to obtain similar certifications.

We see certification in international standards such as these as a springboard towards the establishment of our own more advanced systems. If, after certification is obtained, our own systems exceed an international standard, making renewal of that certification unnecessary, then we may decide not to renew it at that time.

Dealing with Significant Quality Issues

In cases where serious quality issues arise, such as "accidents due to quality that result in personal injury, or property damage", the Quality Assurance Department of the responsible division must, in accordance with our Rules for Dealing with Significant Quality Issues, minimize the trouble to customers by promptly devising countermeasures, while at the same time having the General Manager of the division report the issue to the President and the Executive Vice President in charge of quality. In addition, based on information provided to the Global Quality Control Department at the Corporate Center through the "Significant Quality Issues Notification Form", the Director in charge of quality will carry out quality audits as necessary to prevent recurrence of the problem and ensure deployment of countermeasures in similar areas. This mechanism is also incorporated into our report criteria system used for collecting information pertaining to compliance, and functions in conjunction with that system.

For significant quality issues that require recalls, the division sets up Recall Preparation Conferences within divisions to devise countermeasures. Once the General Manager of the division submits a report to the President and the Executive Vice President in charge of quality, a report is filed with the relevant regulatory authority. The company also informs customers by direct mail, and carries out repairs and other measures free of charge as soon as possible. After confirming the actual progress of the recall, the President then submits a recall report and an implementation report to the relevant regulatory authority. The Audit Office at the Corporate Center also monitors whether these integrated mechanisms for dealing with market quality issues are functioning properly.

Quality Guidelines

Bearing these results in mind, we confirm significant quality issues that reflect last year's quality problems and the President issues the President's Guidelines (Quality Guidelines) to the entire company at the beginning of each fiscal year. The Executive Vice President in charge of Quality confirms the implementation of the Guidelines through the Quality Functional Committee, including special shop quality inspections held at the divisions each year.

In fiscal year 2008, in order to achieve "zero inconvenience", every division and department will go back to the basics of "customer first", fulfill each role, promote own-process completion activities, and never allow the outflow of defects from their own process.

Toward "Zero Inconvenience" to Our Customers, Regarding Our Customers as the Next Step in the Production Process

Production has continued to expand in fiscal year 2006 and fiscal year 2007, and the percentage of temporary workers, particularly seasonal contract workers, has also risen steadily. In response, "Customer First", "Zero Inconvenience" to our customers and, "Creation of a Workplace in which Every Worker Continually Pursues Quality First under Strong Leaders" were the slogans contained in the fiscal year 2008 Quality Guidelines.

Under this approach, it's necessary for every leader in all of our workplaces to display leadership and encourage everyone to be properly aware of their roles. Therefore, we promote QC circle activities in which everyone participates, including seasonal contract workers. In the past, permanent employees in the engineering departments (design and manufacturing) of all divisions and some indirect administrative departments in the Corporate Center have participated in these kinds of QC circle activities, but today, seasonal contract workers also participate in these QC circles as much as possible during their working hours.

Promoting Corporate Value and Enhancing Communications

Returning Profits to Shareholders

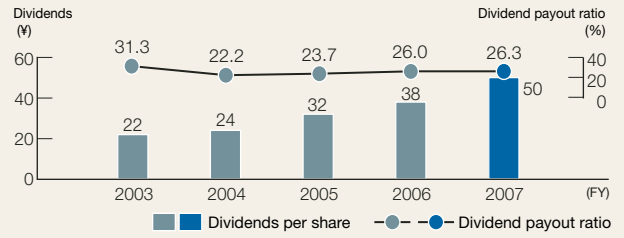
▶Graph 1 ▶Graph 2 ▶Graph 3

Toyota Industries sees the benefits of shareholders as one of its most important management policies, and seeks to enhance corporate value by pursuing proactive business development while working to expand and strengthen its business structure.

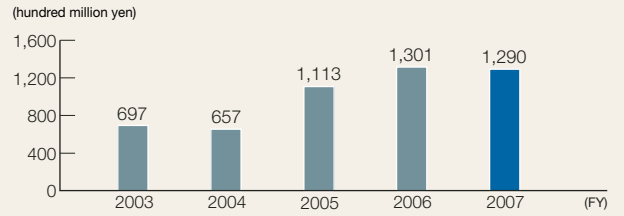
Based on this policy, we try to meet shareholder expectations by focusing on consolidated dividend payout ratios while giving due consideration to performance and funding demands.

The full-year dividend was ¥50 per share in fiscal year 2007, compared with ¥38 in fiscal year 2006. The dividend payout ratio has continued to rise for the past three years, and the consolidated dividend payout ratio was 26.3%, 0.3 percentage points higher than the previous fiscal year. In order to secure profits for shareholders in the future, retained earnings are due to be applied in order to enhance product marketability, streamline and strengthen domestic and overseas production and sales structures, develop new business sectors, and acquire treasury stock.

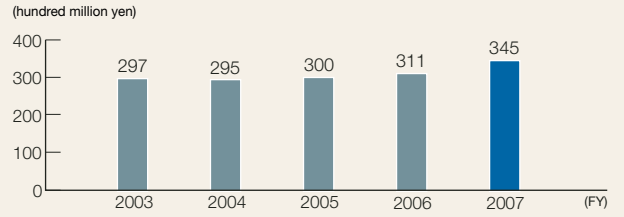
▶Graph 1 Dividends Per Share and Dividend Payout Ratios



▶Graph 2 Investment in Property, Plant and Equipment



▶Graph 3 R&D Expenditures



Corporate Appraisals from External Institutions

▶Table 1

There has also been an increase in the number of occasions when the company has received strong appraisals regarding its corporate social responsibility from external organizations.

Toyota Industries has been evaluated by the stock market as a company that is proactively fulfilling its social responsibilities, and its shares have been incorporated into the FTSE4Good and other world-standard SRI indexes, as well as various SRI fund (investment trust) portfolios. (SRI: Socially Responsible Investment.) In addition to evaluations that use financial analyses, investors use this method of investment for evaluating activities that take into consideration the environment and society with a view to selecting specific issues for investment or for using SRI funds.

As a result of its proactive efforts to promote its business and stabilize its financial position, Toyota Industries earned bond ratings of AA from S&P and AA+ from R&I in fiscal year 2007.

▶Table 1 Major Shareholders (As of March 31, 2007)

Name of Shareholder	Shares Held (thousands)	(%)
Toyota Motor Corporation	76,600	23.51
DENSO Corporation	29,647	9.10
Towa Real Estate Co., Ltd.	15,697	4.82
Third Avenue Fund-Custodial Trust Company	14,747	4.53
The Master Trust Bank of Japan, Ltd.	10,887	3.34
Toyota Tsusho Corporation	8,289	2.54
Nippon Life Insurance Company	6,735	2.07
HSBC Bank Plc Clients Non-tax Treaty	6,655	2.04
Aisin Seiki Co., Ltd.	6,578	2.02
State Street Bank and Trust Company	6,401	1.96

Ensuring Comprehensive Communications with Shareholders and Investors

In order to fulfill its responsibilities to its shareholders, Toyota Industries must not only work on disseminating information about itself, but also constantly endeavor to identify the sort of information shareholders want, as well as what they expect of the company. To ensure this occurs, we have established a contact point for shareholders and investors on our IR website where we can respond to shareholder and investor opinions and questions.

Toward Co-Existence and Co-Prosperity with Our Business Partners

Working to Realize Co-Existence and Co-Prosperity with Our Business Partners, Based on Fair Trade and Transactions

Toyota Industries conducts a wide range of business operations and procures components, materials, and equipment in a variety of areas from business partners all over the world.

We work toward the realization of co-existence and co-prosperity with our business partners from a long term perspective. In addition to purchasing goods at lower costs and with better quality at the time they are needed based on fair trading practices, we cooperate with our business partners in responding to social demands, including environmental conservation.

Procurement Policy

Fair Competition Based on an Open Door Policy

We have an open and fair entry process that allows all potential suppliers, regardless of nationality, size, and experience, the same chance to offer us their products or services. We select our business partners based on economic reasons such as the quality, price, and volume of their products, as well as on their adherence to delivery times. In addition, we also consider comprehensively things like environmental awareness, company stability, and technological development ability.

Amicable Relationship of Mutual Benefit Based on Mutual Trust

At Toyota Industries Corporation we work hard to realize an amicable relation of mutual benefit with our suppliers based on mutual trust.

We also believe that it is important to promote friendly communication with our suppliers by means of our procurement activities.

Environmentally-Friendly Products Based on "Green Procurement"

In order to create environmentally-friendly products we aim to procure parts, materials, and equipment that have low environmental impact from suppliers that always give sufficient consideration to the environment.

Localization of Business Based on Good Corporate Citizenship

As a company that undertakes local production overseas, we promote procurement from local suppliers in order to contribute to the local community.

Compliance with the Law

It is Toyota Industries' policy to strictly abide by both the letter and spirit of laws and regulations and to also carefully handle and protect our partner's secret corporate information.

Conducting Procurement Policy Explanatory Meetings

Toyota Industries strives for communication with business partners in various forms in order to enhance mutual trust. The company holds procurement policy explanatory meetings for major business partners in order to explain annual procurement policies and to gain their understanding and cooperation with our efforts.

Furthermore, we hold individual explanatory meetings for important matters, such as our response to social responsibilities and other issues, in order to share information about our respective needs and reinforce our relationships with our business partners.

In March 2005, we held an Environmental Response Explanatory Meeting for most of our business partners, seeking their cooperation in the reduction of substances of concern. In fiscal year 2007, we worked on the training and strengthening of personnel with TPS skills by encouraging our key business partners to take part in the TPS (Toyota Production System) *Dojo* and received 9 personnel from 8 suppliers.

* TPS *Dojo*: A training program established in January 2000 for workers to experience for themselves a basic education in the Toyota Production System, in order to develop "thoughts and actions" and acquire *kaizen* (continuous improvement) skills.

Offering Marketing Opportunities through Open Procurement

Toyota Industries continuously offers open procurement opportunities on our website to achieve broad and open procurement. Together with offering a marketing opportunity for business partners all over the world, we facilitate fairness and equity by ensuring that business partners understand this process through public notification of our standard procurement procedures, from marketing to the conclusion of contracts. To apply, potential business partners must register the status of their environmental certifications, such as ISO 14001, as well as some other basic items such as the scale of their business and financial results.

Establishing a Consultation Center for Business Partners

Toyota Industries has established a consultation center to enhance communication with its business partners in fiscal year 2006. We mainly handle complaints and consultations from business partners regarding subcontracting laws, and make use of this information to maintain mutual trust and improve our procurement activities.

Personnel in a neutral position who are not responsible for the business transactions manage the consultation center within the Purchasing Department.

In fiscal year 2007, the Consultation Center received several requests from Toyota Industries affiliates for consultation about interpretation of subcontracting laws, but there were no consultations regarding problems in transactions with Toyota Industries.

Thorough Checking for Uninspected Items to Prevent Payment Delays

Of our approximately 1,500 business partners in Japan and overseas, about 800 companies (as of the end of March, 2007) are subject to laws concerning subcontracting, which account for more than half the total number. Our focus is, therefore, on compliance with the Japanese law (the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), while also working to ensure that trade is conducted on an entirely fair basis.

Whenever an item is delivered by a supplier, it must undergo an acceptance inspection to check whether or not it satisfies the

required specifications. If the item passes this inspection it is then accepted, and it is only after this process has been completed that payment can be made. Consequently, if we are to prevent delays in payment, it is vital that we make sure that no items slip through the cracks and miss out on acceptance inspections, so the departments responsible undertake thorough checks for any uninspected items at the end of each month. If an uninspected item is discovered the following month, not only must payment be made by the correct date, but the department responsible is instructed to submit a countermeasures report to prevent it from happening again. The Purchasing Department, which is the department responsible for ensuring compliance with subcontracting laws, held in-house training seminars on these laws on 22 occasions in fiscal year 2007, training a total of 700 employees involved in procurement in their respective divisions. This Department also publishes a monthly newsletter entitled "News Concerning Subcontracting Laws" on our Intranet and keeps employees up-to-date as to legislative amendments and important notices.

Supporting Business Partner Reforms

Toyota Industries supports business partners' efforts to improve their financial standing in order to consistently procure better products. For Hoeikai, which is comprised of 67 business partners working with Toyota Industries, we proactively support quality and cost improvements, safety and health management, and environmental conservation.

We held quality training programs for our business partners on 34 occasions in fiscal year 2007, reaching 466 people. We also provided guidance and cooperation with the improvement of manufacturing processes at production sites on 38 occasions and held a Safety, Health and Environment Convention. We plan to continue these programs, and will provide an annual schedule.

Promoting Environmentally Friendly Procurement

In order to meet the regulations regarding the use of substances of concern we require the suspension of use, reduction of use, and the management of usage of these substances if they are included in our products or manufacturing processes based on our Environmentally Preferable Purchasing Guidelines.

Our procurement system requires our business partners to submit a banned substances declaration and environmental data including a report on the substances contained in components and other facts. Before purchasing products that will become part of Toyota Industries' products, the information in these reports is confirmed by our various Quality Assurance Departments. For products that will be used in our production processes, confirmation is carried out by the Safety, Health, and Environment Department of Toyota Industries before purchasing.

In addition, we visit our business partners' production plants as necessary in order to carry out process inspections. Furthermore, analysis equipment was introduced in fiscal year 2005 in an effort to strengthen management of substances of concern. Random inspections of supplied products are also carried out.

Establishing an Environmental Management System

Toyota Industries recognizes that it is essential to acquire an environmental management system certified by external authorities, such as ISO 14001.

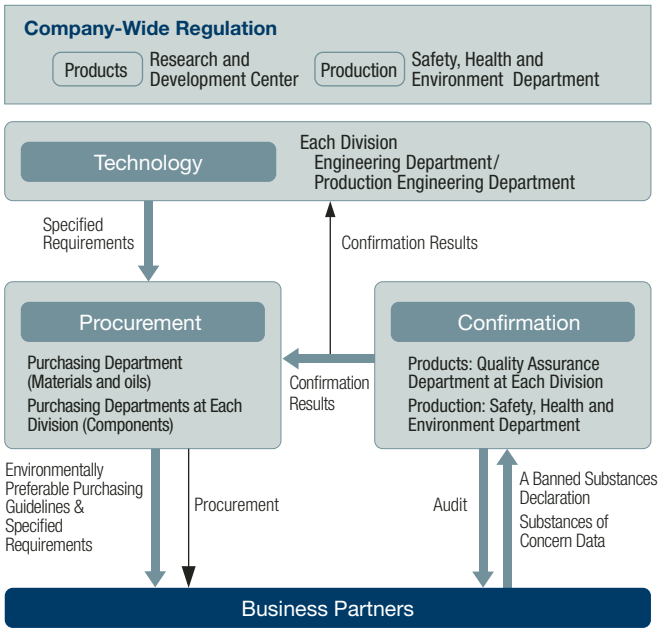
We require business partners who are having difficulties in acquiring certification from external authorities in the interim to implement the Toyota Industries Environmental Management System, which is regulated by Toyota Industries. We fully support our business partners in their efforts to implement this system.

Case Study

Meeting to Explain the Revised Environmentally Preferable Purchasing Guidelines

Toyota Industries held a meeting for suppliers to explain our "Environmentally Preferable Purchasing Guidelines (4th Edition)" at Nagoya City Hall on October 13, 2006. This was done in response to the rising need for greater corporate social responsibility, and the expansion in the types of businesses which need to consider this issue. We requested our suppliers to promote environmental conservation activities from the standpoint of thorough compliance with the laws, the prevention of global warming, and the management of environmental risk, etc.

Toyota Industries Substances of Concern Managemt System



Achieving Co-Existence with Local Communities

Committed to a Wide Range of Corporate Citizenship Activities that Benefit Local Communities

▶Graph 1

Based on the Guiding Principles for Corporate Citizenship, Toyota Industries is committed to a wide range of social contribution activities that benefit local communities, mainly in the areas of social welfare, education of young people, and environmental conservation. These activities include the provision of human resources to welfare facilities and traffic safety activities, donations to welfare events, community programs for the education of young people, community events, sports events, environmental conservation activities, and provision of company facilities for use in various community activities.

Toyota Industries also continues to support the Toyota Commemorative Museum of Industry and Technology, Sculpture d' Esaka (art museum), and KARIYA TOYOTA General Hospital and is also involved in the management of these establishments.

The total amount of Toyota Industries' corporate citizenship activities in fiscal year 2007 was 622 million yen.

Guiding Principles for Corporate Citizenship

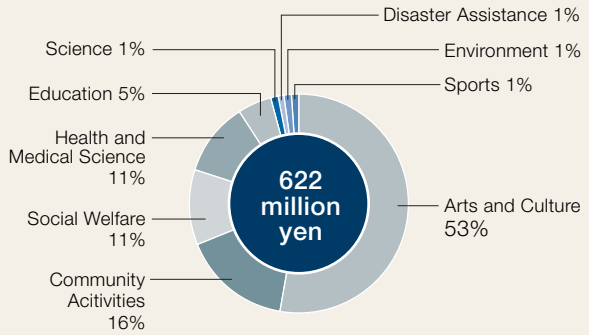
Basic Philosophy

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

Basic Perspective

While achieving corporate development and longevity, Toyota Industries strives to fulfill its role as a good corporate citizen so that the regions that provide a foundation for its corporate activities and the life of its employees become more prosperous and more comfortable to live in. To accomplish this, Toyota Industries actively promotes cooperative support activities with the objective of contributing to local communities through the provision of human resources, facilities, and funds. Toyota Industries' employees also endeavor to be of service to the community through such means as volunteer activities.

▶Graph 1 **Breakdown of Social Contribution Activities in FY 2007**



Social Contribution Activity System

Toyota Industries and its affiliates at home and abroad are promoting social contribution activities at each location in accordance with local circumstances. For example, Heartful Group, a volunteer unit established in Toyota Industries' General Administration Department, drafts annual plans that aim to enhance voluntary activity planning, communication with local communities, and in-house education and enlightenment activities, among other initiatives.

In addition, Toyota Industries has been holding the Inter-affiliates Meeting on Corporate Citizenship twice a year since fiscal year 2005. This event provides us with an opportunity to examine and offer support for the action plans of our domestic affiliates while inviting their participation and collaboration in activities sponsored by Toyota Industries.

In order to promote social contribution activities throughout the Toyota Industries Group, including at our overseas affiliates, Toyota Industries established the Regional Society Contribution Subcommittee under the Corporate Code of Conduct Committee, the committee directly controlled by the President, in fiscal year 2006.

Toyota Industries Heartful Club – A Volunteer Organization Composed of the Toyota Industries Group's Current and Retired Employees and Their Families

The Toyota Industries Heartful Club is a volunteer organization established by the company in 1997. Its members are current and retired employees (and their families) of Toyota Industries and its affiliates. The aim of the club is to spread the cause of volunteerism and to contribute to the building of a more prosperous society. The Club plans and organizes a variety of volunteer activities, such as taking residents of local welfare facilities out on clam digging expeditions, and a Social Welfare Festival at Toyota Industries' employee leisure and entertainment facility.

The Heartful Group in the General Administration Office, which is within the General Administration Department of Toyota Industries' Corporate Center, acts as the secretariat for the Heartful Club, assisting it with the administrative procedures necessary for the organization of these events. The company also subsidizes the costs of the activities. Details of the Heartful Club's activities can be found on the Toyota Industries website (http://www.toyota-industries.com/csr/social/).

The Regional Society Contribution Subcommittee Starts Working towards the Promotion of Global Activities

Toyota Industries' Regional Society Contribution Subcommittee is studying medium-term actions that the entire Toyota Industries Group can take to promote corporate citizenship on a global scale and is also considering key activities that will improve our corporate value. In fiscal year 2007, the Subcommittee began a survey of the status of corporate citizenship activities at our affiliates throughout Japan and around the world and also conducted interviews with employees who had worked overseas to develop a Group Social Contribution Action Plan. It has also worked on exchange and

collaboration with non-governmental organizations (NGOs) and non-profit organizations (NPOs), as well as local community groups in Japan and overseas to expand the circle of its activities.

So far, Toyota Industries and the eight affiliates involved in the annual Inter-affiliates Meeting on Corporate Citizenship have collected ruined postcards and donated them to the Kariya City Welfare Council to assist in UNESCO's World Terakoya Movement*1. They also collect spent prepaid cards, unused stamps, and foreign currency notes to support Hunger-Free World*2.

In addition to these activities, a new activity adopted by Toyota Industries in fiscal year 2006 was its participation in the Present from the Forest Program*3 run by the international environmental NGO, FoE Japan, with the aim of protecting the world's forests. Volunteers from Toyota Industries' workforce have assembled wooden benches made of forest thinnings from the Yahagi River basin and donated them to 10 childcare centers in Kariya City and 8 nursery schools in Obu City. In December 2006, we also started to support the making and spread of Friendly Pallet, wooden cargo pallets made from these same forest thinnings.


Friendly Pallet

*1 World Terakoya Movement: A movement that aims to create the best environment to teach illiterate people around the world how to read and write.
*2 Hunger-Free World: An NGO dedicated to eradicating starvation and poverty around the world.
*3 Present from the Forest Program: A program to preserve Japan's forests by using lumber from forest thinnings, thus limiting the use of imported wood and helping to preserve the world's forest resources.

In-House Employee Education and Enlightenment Activities

To increase employee awareness of social contribution activities and to encourage their positive participation in volunteer programs, Toyota Industries provides employees with education aimed at increasing their understanding of a company's social responsibilities and the meaning of activities for social responsibility.

Information about volunteer activities and recruitment is provided to all employees through Toyota Industries' intranet.

Communication with Local Communities

To realize a harmonious co-existence with local residents and communities, Toyota Industries holds regular meetings with the members of the local community for the purpose of exchanging opinions and sharing information and solutions to various problems. The participants in the meetings are representatives of the local communities and people from the related departments at Toyota Industries, such as General Administration, Environment, Public Affairs, and Human Resources. Administrators and legislators also attend the meetings whenever necessary. The subjects discussed include Toyota Industries' business activities, environmental risks, community events, crime and disaster prevention, and traffic safety.


Discussions with Local Residents

In addition, Toyota Industries participates in an annual event entitled "Let's visit production sites". This event offers people in local communities the opportunity to tour the factories of the seven companies comprising the Toyota Group, including Toyota Industries, based in Kariya City, Aichi Prefecture.

Social Welfare Activities

Participation in the Management of KARIYA TOYOTA General Hospital*

Toyota Industries and six other Toyota Group companies located in Kariya City established the TOYOTA-KAI Medical Corporation. KARIYA TOYOTA General Hospital, which is operated by TOYOTA-KAI Medical Corporation, opened in 1963. Since then, the hospital has played a leading public role in providing emergency medical and other services, and has worked to become a central hospital for the area that is trusted by and well-loved by the local community. In a national ranking of hospitals (overall evaluation, published in March 2004) by Japan's foremost business daily newspaper, Nihon Keizai Shimbun, Kariya General Hospital was ranked 8th nationally.

Toyota Industries provides 69 million yen in donations to the hospital every year and also seconds two employees to work in the hospital.

* KARIYA TOYOTA General Hospital: Toyota, the name of the medical corporation that manages the hospital, was added to the hospital's former name (Kariya General Hospital) in April 2006 to better reflect the corporate citizenship philosophies of the TOYOTA-KAI Medical Corporation.

Support to the Special Olympics

Toyota Industries is a sponsor of the Special Olympics (SO), an international organization that gives individuals with intellectual disabilities an opportunity to have daily training in sports and to show the training results at annual athletics meets, thereby assisting them to participate in society. We also volunteer our athletic grounds and gymnasium facilities for use at these meets, as well as make donations to SO and support its activities and events.

Community Activities

Traffic Safety Activities Aiming to Achieve the Goal of Zero Traffic Accidents

As an automotive-related manufacturer, Toyota Industries is working to set a positive example and achieve the goal of zero traffic accidents by pouring efforts into providing its employees with traffic safety-related educational programs and cooperating with local traffic safety activities.

Toyota Industries' Central Traffic Safety Committee, comprised of both labor union and management representatives, outlines a safety action policy each fiscal year while working to familiarize every workplace with their plant's traffic safety committee. Monthly meetings, attended primarily by members of traffic safety promotion committees, are held at each workplace in order to check activity progress and advance countermeasures. Activities in fiscal year 2007 were based on two policies: elimination of traffic accidents and promotion of the Yellow Stop Campaign. Workshops were held to re-familiarize participants with the things to be aware of while driving or commuting, and also the necessity of wearing seatbelts in all seats. Inspections and other measures are also implemented to ensure that the above cautions are being properly carried out at each workplace.

In addition to the Yellow Stop Campaign, which is carried out in cooperation with the Toyota Group and local governments, we conducted a traffic safety campaign with all 14,000 employees from November 2006 to March 2007. During the morning commute time, participants stood in areas around the factories and raised awareness of traffic safety by making appeals such as, "Yellow Stop" and "Use seatbelts" to employees and also ordinary passersby.

Providing Facilities for Community Activities

Toyota Industries volunteers the use of its athletic grounds, gymnasium facilities, tennis courts, judo halls, and training rooms for various sports activities, school club activities, and other community activities. We also offer our corporate buses for social welfare programs and lend trucks for environmental conservation activities to support these community activities.

Educational and Cultural Activities

▶Table 1

Supporting Invention Clubs for Boys and Girls* to Help Youth Education

To help foster the healthy education of our youth, Toyota Industries utilizes a variety of means to support invention clubs for boys and girls in Kariya, Obu, Takahama, Handa, Anjo, and Hekinan, where our plants are located. For example, we provide donations to the Obu Invention Club for Boys and Girls to assist with administrative expenses, as well as providing financial assistance, volunteer helpers (Toyota Industries employees), and the loan of buses for the various events organized by the Club. The Kariya Invention Club for Boys is operated by the Toyota Institute of Physics and Chemistry, which is supported by Toyota Industries and ten other companies in the Toyota Group.

* Invention Clubs for Boys and Girls: A program launched by the Japan Institute of Invention and Innovation in 1974. Clubs have been formed in various parts of Japan with the cooperation of local governments, boards of education, schools, and companies.

Contributing to the Development and Promotion of Amateur Sports

Toyota Industries continues to contribute to the development and promotion of sports activities through donations to and sponsorship of sports promotion organizations and sports meets that are mainly in the local area. The Kariya Club, a local rugby club team consisting primarily of former members of the Toyota Industries Rugby Team, runs a rugby school for local children at the Toyota Industries Rugby Ground every year.

▶Table 1 Major Sponsorships in FY 2007

Sponsorship of Sports Events	2006 FEMALE WRESTLING TOYOTA WORLD CUP NAGOYA
	Toyota International Youth Football Championship
	National Invitational University and Business Sumo Tournament in kariya
	Higashiura Marathon Race
	All Japan Pro-Am Windsurfing Events 12th OKINAWA CUP

Participation in Program for School Teacher Training at Private-Sector Companies

In fiscal year 2006, Toyota Industries began participating in a program run by the Keizai Koho Center (Japan Institute for Social and Economic Affairs) for school teachers to receive training at private-sector companies.

In this program, teachers from elementary, junior high, and senior high schools are invited to attend training during the school summer holidays to increase their awareness of industry and corporate activities by experiencing them for themselves. 88 companies around Japan participate in the program. From August 23 to 25 , Toyota Industries welcomed four teachers from the Takacho Board of Education in Hyogo Prefecture and helped them to increase their understanding of issues such as health and safety education, environmental conservation activities, and personnel and human resources development systems.

School Teacher Training

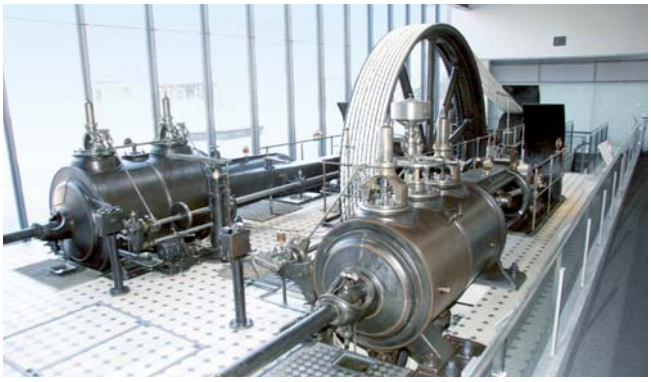
Participating in the Management of the Toyota Commemorative Museum of Industry and Technology

The Toyota Commemorative Museum of Industry and Technology was jointly founded by 13 companies of the Toyota Group.

The museum utilizes the building of the former Toyoda Automatic Weaving Co., which has been designated as an important building of the cityscape by Nagoya City.

Its purpose is to increase the understanding of young people about the "spirit of being studious and creative", and the importance and wonder of "making things". Since January 2007, the museum has put a steam engine, which was the driving force of the industrial modernization, on permanent exhibition.

Toyota Industries provides the museum with personnel, funds for covering management costs and exhibits, and also participates in its management.



Steam Engine on Permanent Exhibition

Environmental Conservation Activities

Community Cleanup Events

Every year in September, Toyota Industries conducts a company-wide environment beautification campaign to clean the areas surrounding its plants. Group companies are also encouraged to participate, and in fiscal year 2007, about 4,200 employees, including those from sixteen affiliates, volunteered.

The company's Managers' Councils* also conduct environmental beautification activities, while the Toyota Industries Council of Retired Employees (an organization comprising retired Toyota Industries employees) takes part in cleanup events in the areas around public facilities, such as parks and train stations.

* Managers' Councils: Groups of employees arranged by work position and funded by membership fees with the aim of self-development and exchange. They include groups such as the "General Managers Council" and "Team Leaders Council" . Membership is voluntary for employees and their families.

Community Cleanup

Participation in the Adopt-an-Area Program

The Adopt-an-Area Program is a new type of town beautification program implemented by citizens, businesses, and the local government. Under this program, citizens and businesses "adopt" a certain public area and clean and beautify that area as its "foster parents". The local government supports the program by, among other means, providing cleaning equipment and taking away the rubbish collected. At each area selected for "adoption", a signboard showing the name of the "foster parents" is displayed, helping to inform citizens about the program.

Toyota Industries has four "adopted areas" in Handa and Obu, where Managers' Councils and other groups of employee volunteers carry out cleanup and beautification activities during their lunch hours and at other times. This activity was extended to the Kariya area from June 2006.

Aid to Disaster-Stricken Areas

Disaster Volunteer Net

Thirteen companies in the Toyota Group have formed the Toyota Group Disaster V (Volunteer) Net to help the victims of natural disasters and disaster-stricken areas get back on their feet and restore and rebuild their communities themselves. Toyota Industries currently has 96 employees registered with the Disaster V Net.

The Disaster V Net has set up an information network to enable appropriate action to be taken to assist restoration and rebuilding efforts, and it also conducts regular seminars. At times of disaster, the organization liaises with the regional volunteer headquarters set up by local governments and assists them by advertising for volunteers and in other ways.

Disaster Volunteer Seminar

Ensuring a Workplace Where Each Employee Can Work Safely with Enthusiasm

Improving Occupational Health and Safety

▶Graph 1

Toyota Industries is continually implementing activities for the prevention of industrial accidents and the creation of a pleasant work environment, underpinned by its fundamental policy of "Establishing a Occupational Health and Safety System to build strong workplaces which are able to recognize, think, and act on their own". We are also promoting activities to achieve "Improvement from zero accidents to zero danger".

In fiscal year 2007, activities in this area were carried out under the auspices of three major policies – the maintenance and improvement of the occupational health and safety management system to enhance workplace strength, the pursuit of equipment safety, and the creation of a pleasant work environment.

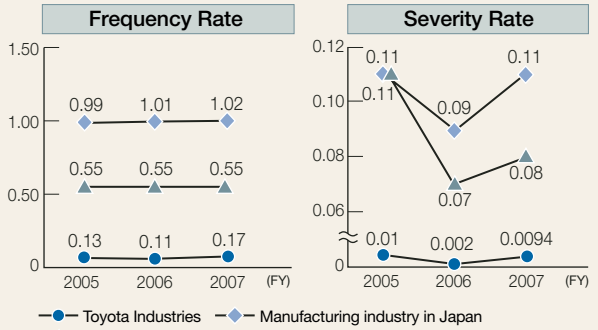
The focus of the Occupational Health and Safety Management System to date has been on operational areas of the company, such as manufacturing and inspection processes, but we conducted a study to extend it to all areas of the company, starting with our administrative departments. After completing trials and providing guidance to the designated departments, we will extend this system to be used company-wide starting from fiscal year 2008.

An analysis of the cause of industrial accidents showed that many of those accidents were caused because workers did not observe the ground rules, even when they knew what those rules were. In fiscal year 2006, we rolled out a work ethic-raising campaign and promoted it with great energy. Each Division inserted this campaign in its guiding principles and developed activities, such as a morning greeting, not using mobile phones while walking, and not walking with your hands in your pockets. This campaign was simple, but proceeded to steadily and diligently.

In June 2006, the All-Toyota Safety and Health Association, which is composed of 14 Toyota Group companies, decided on the major subjects for the group to promote. As a result, the "full implementation of the lock-down system*", was introduced for high-risk equipment in all factories in fiscal year 2007 and we are extending it to all designated equipment in fiscal year 2008. In this way we intend to thoroughly prevent industrial accidents caused by the erroneous operation of machinery by others. In addition, we plan to carry out "enhanced management of external work". In fiscal year 2007 there were accidents at construction sites outside the company. Therefore, we established a new framework for the departments in charge of construction, carried out additional training for on-site supervisors and workers, and also had top-level management involved in in-house inspections. Thanks to these efforts we have improved the level of Safety and Health management at our construction sites.

* Lock-down System: This is a system where locks will be used to ensure that the shutdown state of machinery will be maintained once the power to that machine has been cut off. This will allow workers to protect themselves against being injured by the mistaken operation of the machinery by others.

▶Graph 1 Frequency Rate / Severity Rate



Frequency rate
the number of accident sufferers resulting in lost workdays ÷ total working hours x 1,000,000
(Value indicates the frequency of occurrence of accident sufferers per 1 million working hours.)

Severity rate
work-days lost ÷ total working hours x 1,000
(Value indicates the severity of the accident per 1,000 working hours.)

Supporting the Improvement of Health and Safety Activities at Affiliates

In conjunction with the relevant departments in our company, Toyota Industries provides study sessions and on-site checks and guidance for our affiliates in Japan, with a focus on compliance. However, in the second half of fiscal year 2007, industrial accidents occurred. In analyzing these accidents, it became clear that the same kinds of accidents reoccurred at the same company or that another accident that was very similar to one of the most recent industrial accidents occurred at another company. Therefore, we promoted activities to prevent accidents by deploying information and safety features to our affiliates and checking the status regularly. We also host repeated workshops for top management or other persons in charge to improve the level of their Occupational Health and Safety Management Activities.

Focus on Health Management

▶Table 1 ▶Table 2

Toyota Industries conducts a number of activities to support and maintain the health of our employees as we strive to build people and workplaces that can respond to risks such as aging and increased stress.

▶Table 1 Health Creation Programs Conducted in FY 2007

Program	Details
Lifestyle disease prevention	★Additional confirmation items during the health checkup to prevent metabolic syndrome ★Initiatives to improve the consultation rate for detailed examinations (large intestine and stomach) ・Non-smoking marathon (126 participants, 64 successful) ・Walk/Hike (151 participants) ・Age-based health education (held 12 times, 226 participants)
Occupational disease prevention	★Support for employees with long work hours on overseas assignment ・Development of frameworks for advance management of appropriate assignments through liaison between the health management and personnel systems' information system. (limits on overseas travel, nighttime, or overtime work) ・Back pain prevention clinic (71 participants, 85% improvement)

★ New initiatives

Toyota Industries also includes the issue of mental health in its multilayered education and strives for the prevention of mental health problems and the early detection and management of problems when they do arise. We give employees the opportunity to seek health advice from health nurses.

Table 2 Mental Health Programs Conducted in FY 2007

Program	Details
Self-care education and enlightenment	★Including a half day seminar, how to cope with stress for middle management (205 participants)
Reinforcement of health checks for manager class employees	★For managers who work late at night for more than 10 hours a month, same health checks and follow-up as those provided to union members
Preparatory work system	★System started (18 applied)
Health consultations	Individual counseling by health nurses for high-stress and mentally unwell employees

★ New initiatives

Management of Working Hours and Encouragement to Take Paid Annual Holidays

Toyota Industries endeavours to manage working hours to prevent employees from working excessively. At each workplace, supervisors monitor the work of their subordinates and, where necessary, give advice and guidance on sharing work loads. Each workplace also reserves one day for everyone to leave work at the prescribed time, thus cutting down on overtime. Toyota Industries also encourages employees to take their paid annual holidays. In fiscal year 2007, however, increased production led to employees becoming busier, which affected the taking of annual leave. The average number of days off taken in fiscal year 2007 fell by 1.0 days from the previous year to 17.0 days.

Support for Employees on Overseas Assignment

As our business becomes increasingly globalized, the number of employees posted on overseas assignments is also increasing. Toyota Industries provides for medical examinations before, during, and after the overseas assignment for these employees and their families. Our industrial physicians also visit overseas workplaces on a regular basis to provide health consultations to our employees working overseas. In fiscal year 2007, Toyota Industries' industrial physicians visited seven workplaces in five countries.

Creating Comfortable Workplaces Based on Respect for Human Rights

Graph 2

Toyota Industries and its affiliates at home and abroad are working to achieve both corporate development and the well-being of each and every member through the mutual fulfillment of responsibilities by both employees and management.

Employee-Management Relations Based on Mutual Trust

One of Toyota Industries' basic principles is to "nurture the inventiveness and other abilities of its employees while seeking to create a climate of cooperation, so that employees and the company can realize their full potential." Based on this principle, Toyota Industries is working to maintain and improve working conditions that ensure secure employment and long term stability, in addition to creating workplaces that are healthy and easy to work in. This is fundamentally based on a respect for human rights, as established in our conduct guidelines: "Respect the personality of individuals, prevent sexual harassment and abuse in the workplace, and refrain from discrimination based on race, religion, gender, nationality, disability, or any other factor not related to an individual's work performance." In addition, as our business becomes increasingly global, the Toyota Industries Group will reject the use of child and forced labor, as well as comply with the laws and social norms in each country where we operate.

Every year, human rights issues are included in the education program for our new employees.

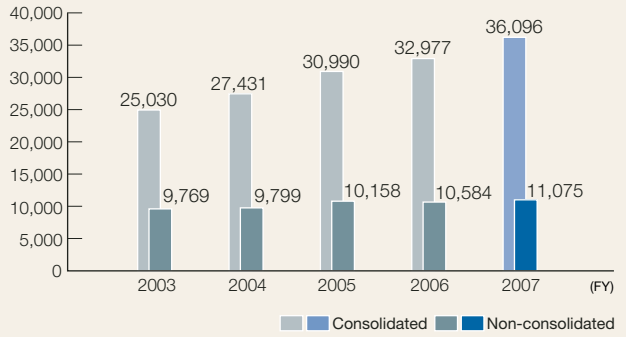
Security and Diversity of Employment

Toyota Industries places a high value on maintaining and ensuring stable employment. The number of people employed by Toyota Industries has been steadily increasing from year to year as our business has expanded. Moreover, as our business operations have become increasingly globalized, our workforce has become increasingly diverse. It is our belief that the provision of a fair and just working environment is of the utmost importance, where diversity of individuals is respected regardless of gender, age, nationality, or disability or otherwise.

As of the end of March 2007, the consolidated workforce of Toyota Industries numbered 36,096 employees, approximately half of whom are employed at overseas affiliates. The number of part-time workers, including temporary contract workers, climbed to 8,883 (8,007 in the previous fiscal year).

We recruit new graduates every year based on the requirements of each business division. In April 2007, 523 new graduates commenced work at Toyota Industries. We plan to recruit 525 new graduates in fiscal year 2009.

Graph 2 Number of Employees



Employment of People with Disabilities

Toyota Industries employs people with disabilities every year on a continual basis and assigns them to various workplaces. It is our view that disabled people and others should work together and share job satisfaction and the purpose of life.

Toyota Industries is endeavoring to improve the work environment by organizing a Settlement Promotion Team within the company and by holding informal discussions with disabled persons to hear their opinions on a regular basis. These steps are intended to ensure a workplace where disabled people can work at ease.

As of the end of March 2007, Toyota Industries had 155 people with disabilities employed in its workforce (142 in fiscal year 2006), meaning that they made up 1.80% of the total workforce (the legal requirement in Japan is 1.8%).

Re-Hiring after Retirement

Toyota Industries has conducted a post-retirement re-hiring program called the Super Career Program since April 2003. The aims of the program are to address the issues of the falling birthrate and aging population in Japan and to pass on the skills and expertise of our more experienced workers to younger employees. Retiring employees who wish to be re-hired and who satisfy certain requirements in terms of work skills are selected through this program to work for a maximum of three years. In April 2006, in response to the revision of the Law Concerning the Stabilization of Employment of Older Persons, the Super Career Program was expanded to form the basis of a new program, the Post-Retirement Re-Hiring Program. Whereas the Super Career Program was available only to union members, the new program has been extended to all employees, including manager-class employees. Also, in line with the intent behind the revised law, we have made the program into a continuous employment program based on selection criteria agreed upon with the union. In addition to this program, retired employees can also register with our subsidiary, Sun Staff, Inc. to obtain work as temporary dispatch workers.

Ensuring Equal Opportunities

In order to promote equal opportunities in the workplace, Toyota Industries is striving to create a transparent and fair human resources system, as well as a workplace where employees can exercise their capabilities to the full, regardless of gender.

The Equal Opportunity Manual has clear guidelines that explain the purpose and content that must be complied with of the law for our employees. In addition, the company provides consultation services concerning equal employment opportunities for both sexes, to ensure prompt responses to issues.

Supporting the Balance between Family and Work

Toyota Industries is actively working to enhance programs that enable employees to balance their family and workplace commitments, as well as to encourage a workplace culture that understands the need for a variety of work options that address individual family circumstances.

As part of the Family-Work Balance Programs, Toyota Industries launched the Child Care Leave Program in 1991. From fiscal year 1992 through the end of fiscal year 2007, a total 428 employees (43 in fiscal year 2007), made up mostly of women, have taken advantage of Toyota Industries' child care leave programs. We will continue to encourage this practice in the future.

In March 20, 2007, Toyota Industries introduced the "Welcome back program", which offers an opportunity for reemployment to employees who retired in order to raise children, care for the elderly, or due to the transfer of their spouse. This program applies to employees who completed a service period of at least three years, and does not depend on their previous job, qualifications, or gender. Basically, an applicant submits an application at the time of retirement and then in principle comes back to work for the same department when they are able.

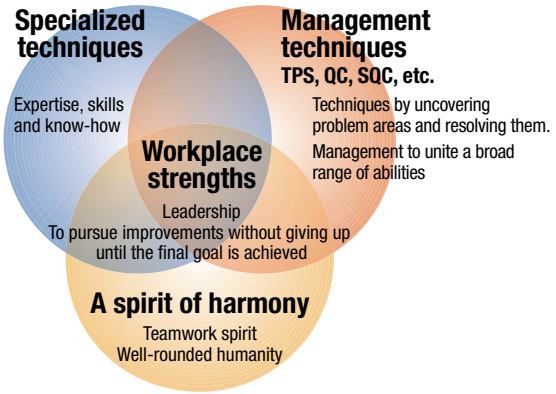
Based on the Child Allowance System, we have revised an action plan covering fiscal year 2008 to 2009. According this plan, we are going to carry out various measures, including establishment of a day care center operated by five Toyota Group companies, starting in October 2007.

Nurturing a Sense of Unity and Teamwork through Human Resource Development

▶Fig 1 ▶Fig 2

In order for each employee to be enthusiastic about their work, and for the company to continue developing, increasing workplace strengths (organizational ability) is essential.

▶Fig 1 Workplace Strengths (Team Strength and Spirit)



Toyota Industries interprets "workplace strengths" as being the power to identify the company's mission and role, to pursue improvements without giving up until the final goal is achieved, and the drive with which employees develop and results are achieved on a continuous basis. In order to increase workplace strengths, specialized techniques (such as expertise, skills, and know-how) need to be raised, as these techniques provide the starting point in manufacturing. In addition, management techniques such as TPS (Toyota Production System), QC (Quality Control), and SQC (Statistical Quality Control) need to be employed to take full

advantage of these techniques by uncovering problem areas and resolving them. When a spirit of harmony, such as motivation, teamwork and well-rounded humanity is secured as a foundation, and specialized techniques and management techniques are added to it, only then will workplace strengths be increased. Furthermore, when the workplace leader exercises leadership at the center of these three rings, workplace strengths can be improved and increased on a continuous basis.

Nurturing a Sense of Unity and Teamwork to Strengthen the "Spirit of Harmony"

We believe that well-rounded humanity and a sense of unity and teamwork in the workplace, which are needed to create a strong workplace, evolve naturally from human relationships and communication. Based on this belief, Toyota Industries actively promotes the Personal Touch (PT) movement. Through the ST (steward) program (provided by senior employees in the workplace), the fostering program* (provided by supervisors in the workplace) and a variety of recreational activities, we encourage close communication between our employees.

For example, in the ST program, senior employees in a workplace become "STs" or a steward for that workplace, providing new employees with one-on-one guidance over a period of six months. We believe that stewards help new recruits to become accustomed to their work and their workplace more quickly by giving them what we believe to be careful and appropriate advice.

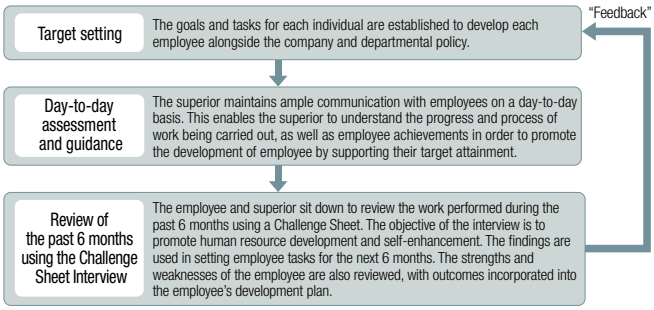
* Fostering (Workplace Supervisor) Program: In this program, workplace supervisors invite new employees and other subordinates to their home for informal discussions over a meal to deepen close relations among employees. The aim of this program is to help new employees settle into the workplace quickly and attempt to prevent problems from occurring.

Human Resources Development Management

Toyota Industries employs the Challenge Sheet Interview system for its human resource development management, where guidance and nurturing are provided on an individual basis through communication between the employees and their superiors.

As for managers, the company strives to promote human resource development by setting tasks and targets in terms of development and guidance of the employees, and by assessment that focuses on personnel development.

Fig 2 Challenge Sheet Interview



Education and Training Programs

Toyota Industries provides multi-layered and specialized area education and training to employees in technical positions and those in office and engineering positions, as well as a range of other programs.

In addition, voluntary education and training programs provided by Toyota Industries for its employees include the Global Human Resources Registration and Development Program, the Global Challenge Registration Program, which helps employees wanting to be active in a global arena to improve themselves, the License Power Qualification Attainment Support Program, which assists employees in obtaining various official certifications (42 employees certificated in fiscal year 2007), and the Trade Certificate Attainment Support Program, to help employees obtain both government and company trade certificates (309 employees certificated in fiscal year 2007).

For new employees, "training of manufacturing" encourages them to acquire very basics of manufacturing. They touch the real Type G automatic loom, the origin of Toyota Industries and learning the ingenuity behind its mechanism.They also complete drawings with drafting table, using their own head and hands.

Development of TPS (Toyota Production System) Human Resources

Since the establishment of Toyota Industries by Sakichi Toyoda and subsequent management by Kiichiro Toyoda, manufacturing processes have incorporated the concepts of *Jidoka*[*1], and Just-in-Time[*2]. These concepts are fundamental to the Toyota Production System (TPS), which the company employs to ensure efficient production through continuous improvement. The development of human resources that will lead the company into the next generation is promoted by adhering to these concepts. There is also the TPS *Dojo*, where fundamental education and practical experience are provided to strengthen human resource development.

*1 *Jidoka*: The concept of preventing defective products from being produced. If a defective part or equipment malfunction is discovered, the machine concerned automatically stops and operators stop work and correct the problem.

*2 Just-in-Time: The concept of making and supplying only "what is needed, when it is needed, and in the amount needed"

Development of Young Technicians

"Manufacturing starts with developing our human resources." Based on this idea, Toyota Industries has long been addressing the development of young technicians who have both highly advanced and practical skills. The company established the "Gino Senshu Gakuen (Technical Training School)" in 1982 where training is provided in three areas, namely the academic training to acquire knowledge, practical training to acquire skills, and mental training for character building. 95 employees completed the course in fiscal year 2007.

The Toyota Industries Group's

Responsibility to the Environment

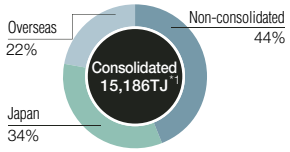
Business Activities and Their Environmental Impact

As a manufacturer of a wide variety of products, including lift trucks, car air-conditioning compressors, textile machinery, motor vehicles, and electronic products for use in motor vehicles, the Toyota Industries Group is making an effort to understand the environmental impact of our products across their entire life cycle, from the stage of procurement of raw materials and parts through to product manufacture and on to product disposal.

The most notable environmental impacts generated by Toyota Industries' operations include global warming caused by the use of energy and greenhouse gases in processes such as casting, emissions from casting, machining and other processes, the atmospheric impact of chemical substances used in the painting of motor vehicles, lift trucks and compressors, and the impact of industrial wastewater on public waterways. Toyota Industries is continually striving to reduce these kinds of environmental impacts of its operations.

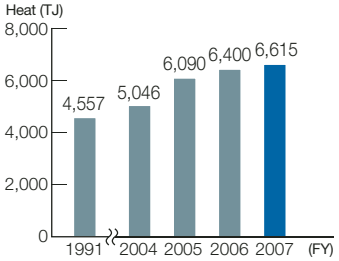
Energy

Energy Consumption



*1 TJ (Terajoule): A unit used to measure heat. 1 TJ = 10^{12} Joules

Changes in Energy Consumption (non-consolidated)



INPUT

Product Development		Focus of Environmental Activities in Product Development
	Business Materials Handling Equipment Business	Develop clean energy vehicles Improve fuel efficiency and achieve cleaner exhaust gas emissions Improve recyclability
	Textile Machinery Business	Create designs with improved energy efficiency
	Car Air-Conditioning Compressor Business	Reduce weight and improve efficiency Reduce power consumption and utilize new, environmentally friendly refrigerants
	Vehicle Business	Reduce weight and improve recyclability
	Engine Business	Improve fuel and combustion efficiency Reduce noise and vibration
	Electronics Business	Contribute to the development of clean energy vehicles

Common themes: Reduce the use of substances of concern
Promote environmentally preferable purchasing

Plant	Emissions and Environmental Impact of Each Process (as of March 2007)	
Takahama	Machining, cleaning	CO_2 (global warming) Waste products
	Painting	VOC*4, chemical substances (air pollution) CO_2 (global warming)
Kariya	Machining, cleaning	CO_2 (global warming) Waste products
	Painting	VOC, chemical substances (air pollution) CO_2 (global warming)
Kariya Obu Higashiura	Die-casting	CO_2 (global warming)
	Machining, cleaning	CO_2 (global warming)
	Painting	VOC (air pollution)
	Use of CFC substitutes	HFC*5 (global warming)
Nagakusa	Painting	VOC, chemical substances (air pollution) CO_2 (global warming)
	Machining, cleaning	CO_2, HFC, (global warming) Water pollution, waste products
Hekinan Higashichita Kyowa	Machining	CO_2 (global warming)
	Casting	CO_2 (global warming) SOx*6 (air pollution), waste products
Kyowa	Plating process	Water pollution

OUTPUT

Into the Air

Greenhouse Gas Emissions

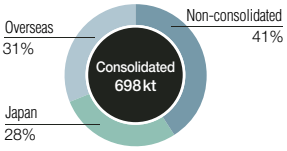
	Non-consolidated	Consolidated
● CO_2	283kt	698kt
● Other greenhouse gases (HFC, SF6, etc.)	3kt	14kt
Total	286kt	712kt

Air Pollutant Emissions

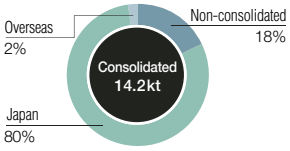
	Non-consolidated	Consolidated
● SOx	313kg	759kg
● NOx*7	134,435kg	222,047kg
● VOC	1,844t	2,531t

*7 Nitrogen oxides

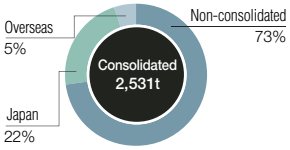
CO_2 Emissions



Emissions of Other Greenhouse Gases

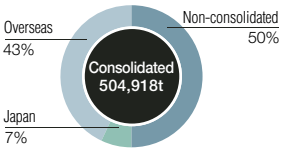


VOC Emissions



Raw Materials*2

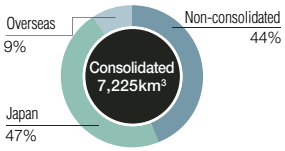
Raw Materials Consumption



*2 Raw Materials: Metals such as iron and aluminium, and resins such as plastics.

Water

Water Consumption



Chemical Substances (Japan only)

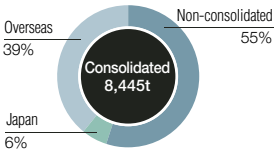
Chemical Substances Consumption

	Non-consolidated	consolidated
● Toxic Materials	7,844t	14,214t
● PRTR Law*3 designated substances	2,891t	3,892t

*3 PRTR (Pollutant Release and Transfer Register) Law: A scheme whereby businesses measure the release and transfer of PRTR-designated pollutants and report their performance to the government. The government then compiles this data and releases it to the public.

Packaging Materials

Packaging Materials Consumption



Focus of Environmental Activities → FY 2007 Results

Curbing Global Warming

10% improvement compared to FY 2004 levels in energy-derived CO_2 emissions (consolidated) eco-efficiency by the end of FY 2011.

→ **23% improvement compared to FY 2004 levels (eco-efficiency indicator: 1.23)**

Reduction of Waste

Reduce landfill waste (Japan consolidated) to less than 1% of FY 1999 levels by the end of FY 2011.

→ **Less than 3.1% compared to FY 1999 levels**

Reduction in Environmental Risk

Further reductions in emissions of substances of concern (group companies in Japan) by the end of FY 2011 to 5% of FY 2004 environmental impact levels

→ **32% reduction compared to FY 2004 levels**

*4 VOC: Volatile organic compounds
*5 HFC: Fluorocarbon substitutes
*6 SOx: Sulfur oxide

Emissions and Major Environmental Impacts Generated during Transportation

CO_2 (global warming)
NOx and particulate matter (PM) (air pollution)

Focus of Environmental Activities

Reduction of CO_2 emissions

Major Environmental Impacts during Recovery, Recycling and Disposal

CO_2 emissions during recycling (global warming)
Generation of waste

Focus of Environmental Activities

Toyota Industries pursues product development that takes into account the 3Rs – Reduce, Reuse, and Recycle. This is achieved by reducing waste through methods such as making products longer-lasting, smaller and lighter, re-using components, and recycling used products by reprocessing them and using them as different materials.

Major Environmental Impacts during Use of Products

Materials Handling Equipment
Global warming caused by vehicle operation
Air pollution resulting from exhaust gas emissions

Textile Machinery
Global warming caused by electric power consumption

Compressors
Global warming caused by vehicle operation
Global warming caused by CFC substitutes

Vehicles
Global warming caused by vehicle operation
Air pollution caused by exhaust gas emissions

Engines
Global warming caused by vehicle operation
Air pollution caused by exhaust gas emissions

Electronics
Global warming caused by electric power consumption and vehicle operation

PRTR Law Designated Substances (Japan only)

Emissions

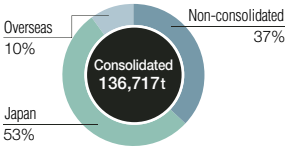
	Non-consolidated	Consolidated
● Into the atmosphere	481t	563t
● Into waterways	6t	6t
● Into soil	—	—
Total	486t	569t

Transfers

	Non-consolidated	Consolidated
● Waste	135t	306t
● Sewage	—	6t
Total	135t	312t

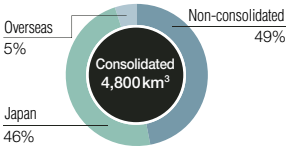
Waste

Waste Generation



Into Waterways

Wastewater



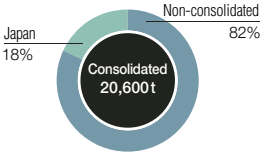
Water Pollutants (Japan only)

	Non-consolidated	Consolidated
● Nitrogen	14t	20t
● Phosphorous	0t	0t
● COD *8	11t	19t

*8 COD: Chemical Oxygen Demand (indicator of the degree of water pollution)

CO_2 from Logistics (Japan only)

CO_2 Emissions from Logistics Operations



Global Environmental Commitment

Global Environmental Commitment

The Toyota Industries Group will contribute to the compatibility of environmental conservation and economic growth throughout its wide range of business activities, including automobile, industrial equipment, electronics and logistics.

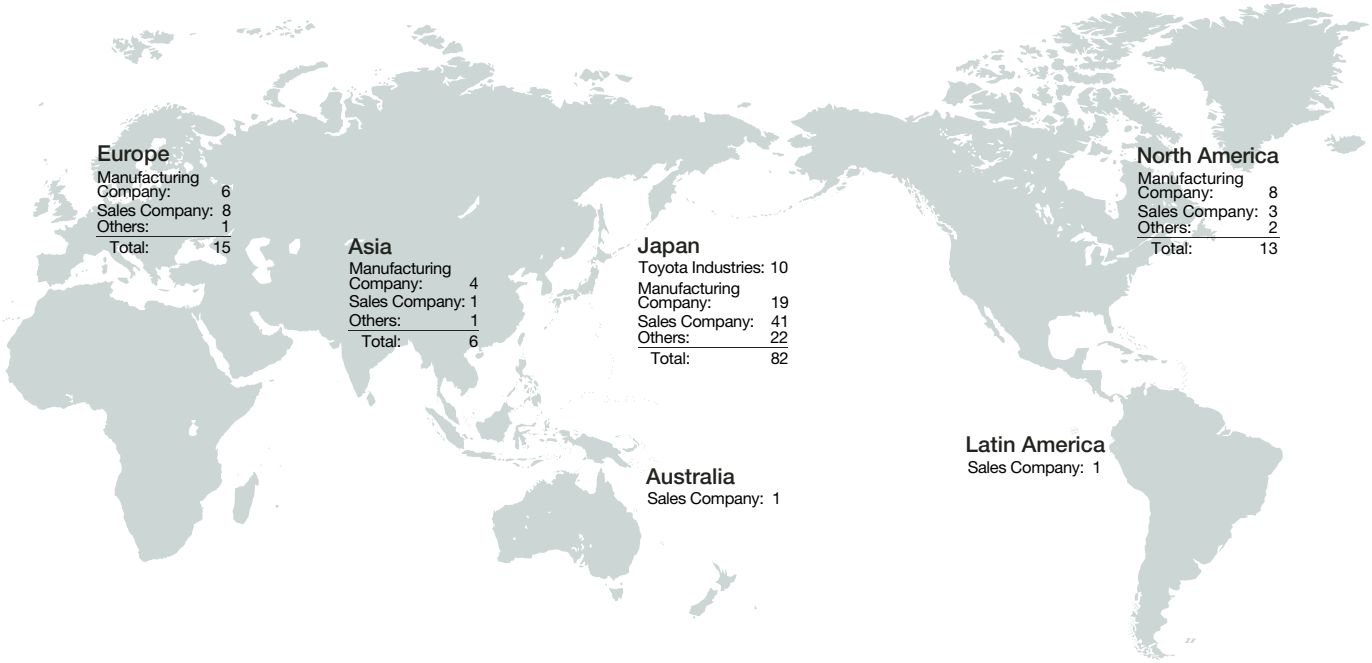
Basic Policy

- The Toyota Industries Group will continue to set challenging targets aimed at further reducing the environmental impact of its business activities, listening carefully to voices of its stakeholders such as customers, and acting in compliance with the letter and spirit of laws and regulations.
- The Toyota Industries Group will continuously improve its environmental management, placing environmental activities among its highest priorities.In particular, the company will give priority to the following items.
  - **Curb global warming**
    Aiming to reduce energy consumption and the output of greenhouse gases through the entire lifecycle of its products, services, and production activities
  - **Use resources more efficiently**
    Utilizing raw materials, water, and other resources efficiently while working to reduce, reuse, and recycle waste products
  - **Reduce environmental risk factors**
    Reducing the use and output of substances of concern while evaluating environmental risk factors at the planning stage of business activity in order to prevent pollution
- The Toyota Industries Group will aim to foster greater communication and teamwork within a wide range of partnerships, including those with customers and suppliers, in order to promote sustainable management of the environment. In addition, the Toyota Industries Group will act as an upstanding corporate citizen, taking an active part in the planning of activities that contribute to various regional communities as well as to our global society.

July 2005

Tetsuro Toyoda
President

Scope of Group-Wide Environmental Management



Environmental Management

Promotion of Environmental Management

▶Fig 1

Promotion of Environmental Management Systems Based on Our Global Environmental Commitment

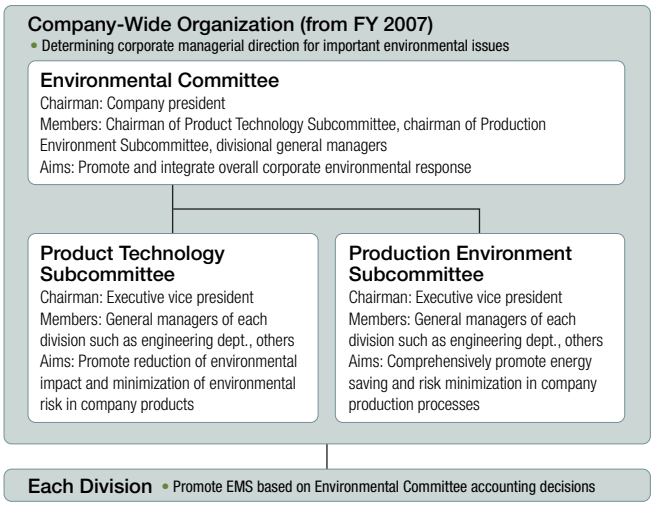
In January 2003, Toyota Industries declared an Environmental Commitment for the Toyota Industries Group, a document that indicates the Group's basic policies on environmental issues.

In July 2005, this Environmental Commitment was revised to become the Global Environmental Commitment (see previous page). This revision was designed to enhance the Toyota Industries Group's environmental management in the three key areas of curbing global warming, using resources more efficiently, and reducing environmental risk factors. This Global Environmental Commitment is shared by all companies in the Toyota Industries Group and is reflected in the individual Environmental Action Plans of each company in their promotion of environmental management systems (EMS).

Status of the Environmental Management Systems

The Toyota Industries Group began the implementation of its environmental management system in fiscal year 1997 and has since been pursuing the acquisition of ISO14001 certifications. (See Page 55 for the Group's current ISO14001 certifications.) Toyota Industries has also established an Environmental Committee, chaired by the President of the company, which decides on environmental policies and plans and monitors the outcomes of environmental activities. The Product Technology Subcommittee and Production Environment Subcommittee, chaired by Executive Vice Presidents and operating under the Environmental Committee, work to strengthen the activities being pursued in each focus area. Each business division formulates its own systems for the promotion of environmental management based on the policies and plans of this company-wide organizational framework.

▶Fig 1 EMS Organizational Framework



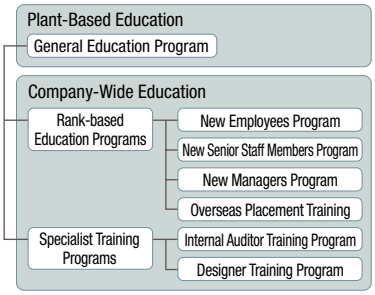
Educating Employees about the Environment

▶Fig 2

Education Framework Designed to Broaden the Knowledge Base and Increase Specialization

Toyota Industries has adopted a three-level approach to employee environmental education – general education at the plant level, rank-based training, and specialist training. Both of the later are conducted on a company-wide level. The aim of the general education component is thorough promotion of understanding about environmental issues, including awareness of each Division's environmental impacts, activity targets, and implementation plans. The rank-based component is designed to provide employees with the level of environmental knowledge required at each rank, with programs provided for new employees, newly-appointed senior staff, and newly-appointed managerial staff. Specialist programs are also conducted to train leaders in the promotion of environmental activities.

▶Fig 2 Environmental Education Framework



Awards for *Kaizen* Proposals with an Environmental Focus

During Environment Month in June, Toyota Industries invites its employees to submit environmental proposals. In fiscal year 2007, 1,141 applications were received, from which three proposals were chosen for special awards. One of these, a proposal for reducing industrial water usage through the recycling of treated wastewater, is featured on Page 48.

Environmental Audits

Continuous Improvement through Environmental Audits

In addition to the ISO14001 renewal audit that is undertaken once every three years, Toyota Industries also conducts annual internal audits, as well as having external audits conducted by a certification agency. The findings of these audits are thoroughly examined in order to carry out the ongoing improvement of our environmental management systems and environmental performance.

The assessment of the ISO14001 external audit stated that, "the company's Environmental Management System met the requirements of the ISO14001 standards and efforts to improve the system are ongoing."

Our future plans in the area of environmental auditing include the formation of an independent internal auditing body to further strengthen the internal auditing systems of the EMS. The aims of this initiative are to maintain fairness and to raise the standards of internal audits by having them conducted by auditors with official qualifications.

Targets and Results of the Fourth Environmental Action Plan

Outline of the Fourth Environmental Action Plan and FY 2007 Overview

▶Table 1 ▶Table 2 ▶Table 3

As one of Toyota Industries major approaches to the environment, we prepare and implement five-year plans called an Environmental Action Plan.

In the Fourth Environmental Action Plan (FY 2007-2011), which began in fiscal year 2007, the curbing of global warming, more efficient use of resources, reduction of environmental risk factors, and consolidated management are positioned as the key areas of environmental activities. The Action Plan sets out specific actions and targets for each of those areas.

A new feature introduced in the Fourth Environmental Action Plan in the area of target management is the introduction of the concept of "eco-efficiency"* to quantify changes in environmental impacts.

In fiscal year 2007, the environmental management organizational framework was overhauled and a Production Environment Subcommittee was established under the Environmental Committee. Efforts were made to strengthen comprehensive environmental actions in the area of production and to reduce environmental risk factors. In product-related areas, meanwhile, the focus of environmental activities was on the development of products with higher environmental capabilities.

* Eco-efficiency: Calculated according to the following formula from environmental impact and product or production activities.

Calculation Formula

Product

$$\text{Eco-efficiency} = \frac{\text{Product Functions}}{\text{Environmental Impact}}$$

Production

$$\text{Production efficiency} = \frac{\text{Production Indicator (Sales Revenue, Production Volume, etc.)}}{\text{Environmental Impact of Production Activities}}$$

$$\text{Eco-efficiency} = \frac{\text{Production Efficiency in Subject Year}}{\text{Production Efficiency in Base Year}}$$

▶Table 1 State of Progress of the Fourth Environmental Action Plan (Product-Related)

Action Policies		Specific Actions	FY 2007 Achievements	Page
Curbing Global Warming	Automobile-related products: Promote the development of technologies that achieve the best fuel efficiency performance in each country and region	•Develop technologies to reduce vehicle weight •Develop engines that meet fuel efficiency targets set during the product planning stages •Develop high-efficiency car air-conditioning compressors	•Achieved low fuel consumption in the new GENEO (8FG/D outside Japan) lift truck •Developed a hybrid lift truck •Expanded the range of electric compressors •Conducted life cycle assessments (LCA) on the major product lines	41,42p
	Non-automobile related products: Promote the development of technologies that achieve the best energy efficiency in the industry	•Develop technologies to improve the energy efficiency of lift trucks •Develop industry leading energy-saving technologies for textile machinery •Improve the energy efficiency of industrial use engines		
	Promote the development of equipment for clean energy vehicles	•Further improve the performance of equipment for hybrid vehicles •Develop equipment for the next generation of fuel cell vehicles		
	Reduce greenhouse gases throughout the products' lifecycles	•Steadily reduce life-cycle environmental impact through implementation of life cycle assessments (LCA) for all product lines •Develop products with high eco-efficiency •Develop car air-conditioning compressors that use refrigerants with low global warming potential (GWP)		
Using Resources More Efficiently	Further promote the use of designs that are based on the Designs for Recycling (DfR) concept	•Steadily improve recyclability through the establishment of recyclability assessments for all product lines •Develop products that are easy to dismantle and recycle	•Conducted a recyclability assessment on the major product lines •Produced 3R Design Guidelines for the materials equipment handling and textile machinery businesses	43p
Reducing Environmental Risk Factors	Promote stricter control of and further reduction in the use of substances of concern	•Eliminate use worldwide of the four substances of concern banned by Europe's ELV directive (lead, mercury, cadmium, and hexavalent chromium) (some parts are exempted) •Increase the number of substances of concern that are subject to controls	Achieved complete elimination of the four banned substances of concern (in motor vehicles and automobile parts)	44p
	Reduce emissions to improve air quality in urban areas in all countries and regions	•Develop clean, high-efficiency diesel engines •Introduce best-performing low-emissions lift trucks	Met 2007 Japanese emissions standards for our internal combustion lift truck, GENEO (8FG/D outside Japan)	44p

Table 2 State of Progress of the Fourth Environmental Action Plan (Production-Related)

○: attained ×: unattained

Action Policies			Specific Actions	Control Items (FY 2011 Targets)	FY 2007 Achievements			Page
					Target	Result	Assess-ment	
Curbing Global Warming	Production	Promote energy reduction and energy conservation through innovative production technologies	•**Reduce CO_2 from energy use** •Streamline production processes •Optimize supplied energy •Promote introduction of new energy solutions	•**Non-consolidated** Energy-derived carbon dioxide eco-efficiency (base year: FY 1991)	1.24	1.34	○	45,46p
				•**Non-consolidated** Basic unit (unit: t-CO_2/100 million yen)	29.3	25.0	○	
				•**Consolidated** Energy-derived carbon dioxide eco-efficiency (base year: FY 2004)	1.09	1.23	○	
				•**Consolidated** Basic unit (unit: t-CO_2/100 million yen)	41.4	37.1	○	
Using Resources More Efficiently	Raw Materials	Enhance resource productivity	•**Resources** •Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures •Promote internal re-use	•**Non-consolidated** External disposal eco-efficiency (base year: FY 2004)	1.07	1.08	○	47,48p
		Reduce use of groundwater	•Promote recycling of wastewater •Reduce use of water	•**Non-consolidated** Groundwater use (unit: km^3)	978	1,032	×	
	Waste	Reduce total environmental impacts of waste treatment	•Eliminate landfill disposal at all consolidated production companies •Establish measures to evaluate environmental impact of waste disposal	•**Production sites in Japan** Landfill volume (unit: t)	309	353	×	
Reducing Environmental Risk Factors	Production	Minimize environmental risks	•Establish environmental risk assessment systems at the planning stages (incorporate measures to reduce environmental impacts in the business planning stages) •Ensure appropriate management of chemical substances in accordance with social conditions •Enhance risk communication with stakeholders such as local residents	Prepare Eco-Factory Guidelines for new and modified facilities and equipment		Guidelines Issued	○	49,50p
		Further reduce emissions of substances of concern	•Reduce emissions of air pollutants, including volatile organic compounds (VOC) –Expand use of water-soluble and powdered coatings –Introduce VOC removal equipment •Reduce emissions of water contaminants	•**Non-consolidated** Environmental impact (10% reduction from FY 2004 levels)	18% reduction	29% reduction	○	
				•**Production sites in Japan** Environmental impact (5% reduction from FY 2004 levels)	10% reduction	31% reduction	○	

Table 3 State of Progress of the Fourth Environmental Action Plan (Management)

Action Policies		Specific Actions	FY 2007 Achievements	Page
Consolidated Management	Strengthen cooperation with business partners	•**Suppliers** •Further promote environmentally preferable purchasing –Improve environmental performance by supporting the establishment and promotion of environmental management systems –Enhance management of substances of concern •**Group companies** •Promote consolidated environmental management by enhancing mutual communication –Thorough environmental compliance (all companies) –Establish environmental management systems (sales and service companies) –Introduce environmentally preferable purchasing and environmental accounting (production companies) –Improve environmental performance and enhance external environmental communication (production companies)	•Confirmed management systems for substances of concern at all suppliers Supported environmental management at group companies –Strengthened management of substances of concern	26p

Curbing Global Warming from Products

Promotion of Environmentally Friendly Design by Assessing Environmental Impact across the Entire Product Life Cycle

▶Graph 1 ▶Fig 1

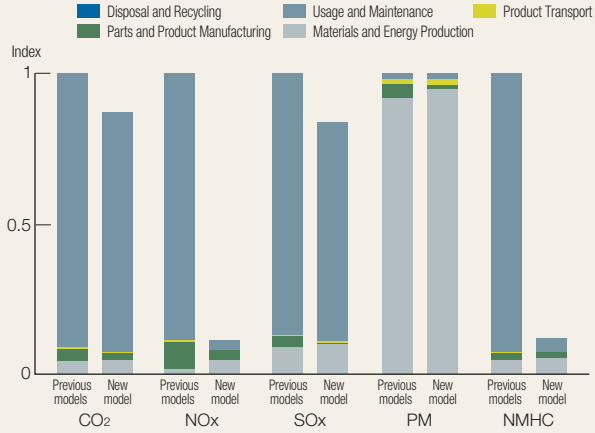
Life Cycle Assessment (LCA) of Major Products

A Life Cycle Assessment (LCA) is a method of evaluating the environmental impact of a product across its entire life cycle, from procurement of raw materials and parts, to production, throughout its usage stage, and finally on to its disposal.

Toyota Industries has been implementing trials of LCA on some of its products since the late 1990s. Based on those trials, it compiled the aims and methods of LCA into the LCA Guidelines in May 2004, and conducted LCA on its major products. This in turn resulted in the establishment of in-house regulations that stipulate the control items and targets regarding environmental impact at each stage of a product's life cycle that must be considered during the development stage. In addition to product LCA, Toyota Industries has also established a system for calculating LCA recycling rates.

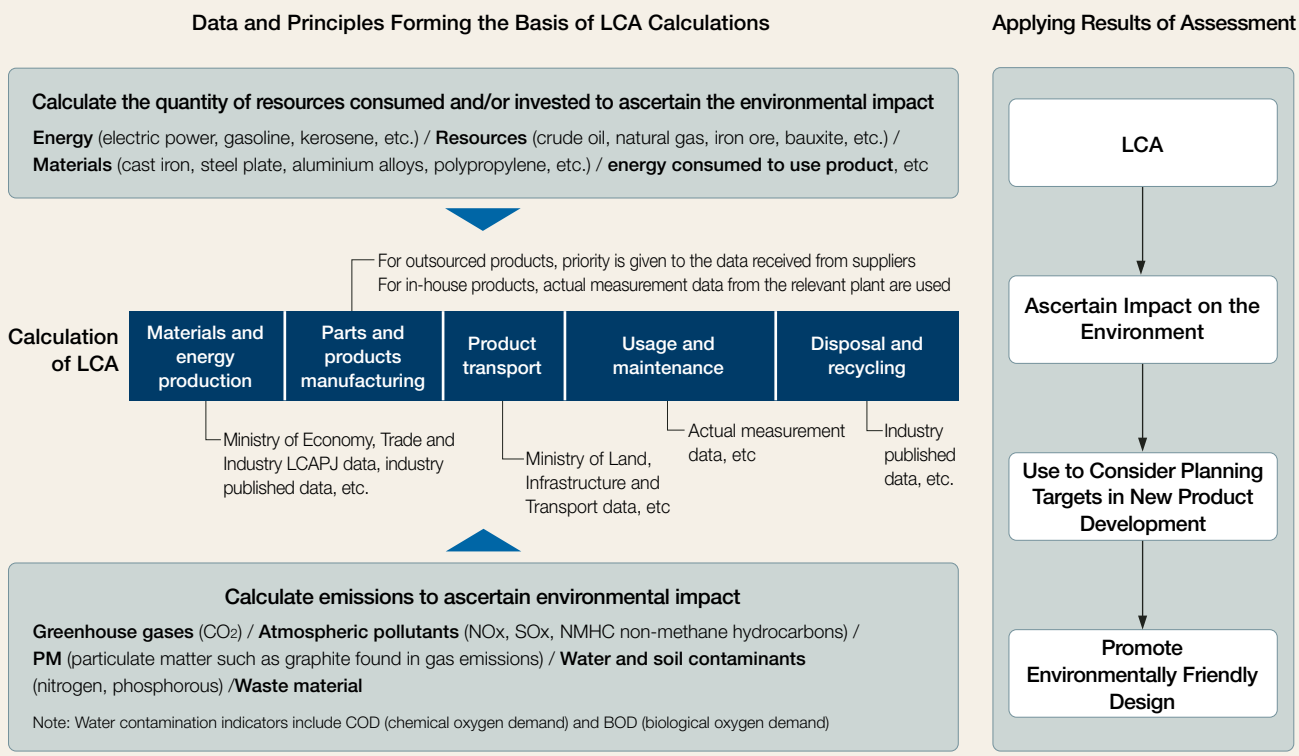
The results of the LCA conducted on the new model lift truck, GENEO (8FG/D outside Japan), in fiscal year 2007 are as shown in Graph 1.

▶Graph 1 Results of the LCA Assessment of the New GENEO



Toyota Industries will continue to conduct LCA on its major products to obtain information about their impact on the environment. This will enable the company to set targets for new products and to promote environmentally friendly design.

▶Fig 1 Flow of the Life Cycle Assessment



TOPICS

Introduction of In-House Certification Program for Environmentally Friendly Products

In December 2006, Toyota Industries launched its own certification program for environmentally friendly products. The first product to obtain this certification was the new internal combustion lift truck, "GENEO" (8FG/D outside Japan), which was released in September 2006.

The aims of the certification program are the pursuit of environmental considerations during product development and the promotion of Toyota Industries' environmentally friendly products. It is based on the International Standards Organization (ISO) Type II environmental labelling standard (ISO14021)*1. Environmentally friendly products are certified if they meet Toyota Industries' own standards for consideration of the three main themes of the Fourth Environmental Action Plan during their product development. The Fourth Environmental Action Plan started in fiscal year 2007 and the three main themes are curbing global warming, using resources more efficiently, and reducing environmental risk factors (substance of concern risk management).

Assessment under the certification program is conducted according to a two-pronged approach. The first is a "Factor Assessment", which assesses quantitatively how much the newly developed product's eco-efficiency has improved compared to that of the base product (existing Toyota Industries product). The second is a "Development Processes Assessment", which includes assessment of factors such as fuel efficiency improvements, smaller size, lighter weight, and the like. Products that satisfy the criteria are then checked by an independent verifying agency and adjudicated within the company before being granted certification. Products that are certified carry a Toyota Industries environmental label.

Under the Type II environmental labelling standard, ISO requires only self-declaration by the enterprise itself (no third-party certification required). Toyota Industries, however, in order to create an even more reliable program, has decided to have its self-assessment confirmed by the international inspection and certification organization, Bureau Veritas Japan Co., Ltd.

*1 Environmental labelling: Labelling that conveys to consumers the environmental aspects of a product or service through text written on the product, advertisements, symbol marks, and other means. ISO has established three categories of environmental labels – Type I labels (e.g. Japan's Eco Mark), which indicate certification by an independent verifying agency, Type II labels, which indicate self-declaration by the enterprise that certain standards have been met, and Type III labels (e.g., Japan's EcoLeaf Program), which provide environmental impact data for the product.

On the new GENEO lift truck the environmental label is attached to the front of the vehicle's body, between the frame and the mast.

Environmental Label

Certified products carry an "environmental label" containing the mark shown below on the product itself, its packaging, catalogs, and other materials.
The mark's circle represents the Earth, wrapped in a green leaf.

Features of the new GENEO's environmental performance

- Superior fuel efficiency due to the adoption of an electronically controlled throttle (electronically controlled 4Y gasoline engine)
- High power and cleaner emissions have been achieved due to the electronically controlled engine and three-way catalytic muffler (standard equipment) which meet 2007 emissions standards*2
- High-power, and cleaner diesel engine that meets emissions standards*3
- Almost 100% filtering of black smoke with the DPF-II (option)
- Major reductions in the use of substances of concern

*2 2007 Emissions Standards for Special/Non-Road Motor Vehicles
*3 2003 Emissions Standards for Special/Non-Road Motor Vehicles

Independent Verifying Agency's Certification of Toyota Industries' Certification Program

For the benefit of business and people

タイプ II 環境ラベル表示認定要領（自己宣言による環境主張）
第三者レビュー報告

2006 年 12 月 08 日

株式会社豊田自動織機 御中

ビューローベリタス
事業開発部長
嶋山 一茂

ビューローベリタス（以下 BV という）は、株式会社豊田自動織機（以下豊田自動織機という）の責任において、14020 の一般原則 1,3,4,5,9 に基づき作成された、豊田自動織機技術標準「環境配慮型製品認定要領（STR A8001）」（以下 認定要領という）のレビューを実施した。BV の責任は、認定要領が ISO14020 の一般原則 1,3,4,5,9 及び ISO14021 の 5.1～5.7, 6.1～6.5 に基づいているかどうかを独立の立場からレビューし、その意見を報告することであり、保障を目的とするものではない。

レビューの方法
現時点においては環境ラベル表示認定要領の審査に関する一般に認められた国際基準は確立されていない。このため認定要領のレビューにあたっては、ISO14020 及び ISO14021 を参考とし、これまで行われている様々な手続きに対する評価手法や慣行を参考にした。

レビューの実施要領
BV は、豊田自動織機との合意に基づき、以下の手順でレビューを実施した。
1. 環境配慮型製品認定要領である豊田自動織機技術標準（STR A8001）のデスクレビューを実施し、ISO14020 の一般原則 1,3,4,5,9 及び 14021 の 5.1～5.7, 6.1～6.5 に基づいてできているかどうかを評価した。
2. 2006 年 11 月 23 日に豊田自動織機本社（愛知県刈谷市）において認定委員会に対しインタビューを実施し、豊田自動織機技術標準（STR A8001）通りに実行されているかを確認した。

レビューの結果
BV のレビューの結果は以下の通りである。
1. 豊田自動織機技術標準（STR A8001）に示された認定要領は ISO14020 一般原則 1,3,4,5,9 及び 14021 の 5.1～5.7, 6.1～6.5 の各々の項目が適切に反映されている。
2. 認定委員会事務局、及び認定委員会は、同技術標準に沿って適切な評価活動を行っている。

以上

In-Product Features for Resource Saving

Promotion of 3R Design

Implementing 3R Design in All Products

To achieve the efficient use of finite resources, Toyota Industries promotes design and development that implements the 3Rs: Reduce materials used by using them more efficiently, Reuse products and parts that have completed their service life, and Recycle resources.

Vehicles and automobile parts manufactured by Toyota Industries last for approximately 10 years, lift trucks for approximately 15 years, and textile machinery for 20 years or more. To facilitate the reuse and recycling of these products when they have reached the end of their service lives and are to be disposed of, Toyota Industries pursues such measures as safe and efficient dismantling operations and making disposal easy from the development and design stages.

In 2001, Toyota Industries created its Recycling-Oriented Design Guidelines, which detailed the areas to be considered during design, as well as methods assessing the recyclability. In April 2004, the principles of Reduce and Reuse were added to these Guidelines and they became the 3R Design Guidelines. At the same time, the company established detailed in-house standards regarding the principles of 3R-oriented design and development. In fiscal year 2007, Toyota Industries' aim was the further promotion of 3R Design. To achieve that aim, it has upgraded the 3R Design Checklist, which is used for 3R assessment in the various stages of development, and revised its in-house standards.

A large number of 3R design elements have been incorporated into the new GENEO (8FG/D outside Japan) lift truck, including the use of recyclable materials for the counterweight, improvements in the ease of dismantling the head light, and the extension of the oil change cycles. In this way, the new GENEO is making a significant contribution to the efficient use of finite resources.

Case Study: Improving the Recycling Rate of Reuse Parts – ACTIS Manufacturing

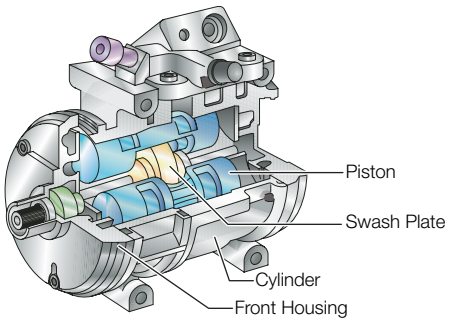
ACTIS Manufacturing, a joint-venture company established by Toyota Industries, Denso Corporation, and Toyota Tsusho Corporation, produces remanufactured compressors for the North American compressor aftermarket. In this business, which began in March 2002, used car air-conditioning compressors recovered from the market are dismantled, defective parts are replaced, and the compressors are re-assembled.

In January 2003 ACTIS began working on improving its reuse rate of parts and is currently reviewing its criteria for the assessment of part reusability with the goals of reducing environmental impact and improving profitability. To date, the company has examined ways of increasing the reusability rates for swash plates, front housings, pistons, and cylinders. As a result, it has expanded the scope of its assessment criteria for pistons and cylinders, thereby increasing the recycling rates of these parts.

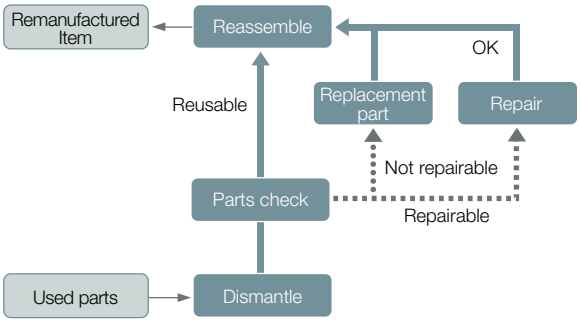
While continuing its examinations on other parts, it is also working on ways of repairing and reusing parts that have been initially assessed as being unsuitable for reuse, instead of simply disposing of them.

The ACTIS building

Compressor Parts (Swash Plate Type)



ACTIS Remanufacturing Flow



Reduction of Product-Derived Environmental Risks

Reducing the Use of Hazardous Substances of Concern

▶Graph 1 ▶Graph 2 ▶Graph 3 ▶Graph 4

Reducing the use of Hazardous Substances of Concern in All Products

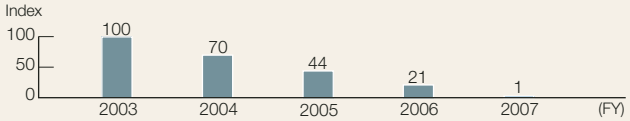
To help minimize the environmental impact of product use and disposal, Toyota Industries has worked to reduce its environmental risks. The company is also working to ensure that none of its products infringe on any environmental laws or regulations.

In compliance with the European Union's directive on end-of-life vehicles (ELV), Toyota Industries has completed its replacement of four substances, lead, mercury, cadmium, and hexavalent chromium, with alternative substances.

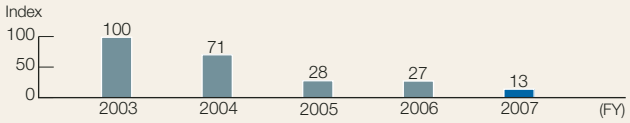
Toyota Industries also aims to eliminate completely the use of these four substances in non-automobile related products, including lift trucks, even though they are not subject to the EU's ELV directive.

Toyota Industries is also pursuing the replacement of these substances in applications which are not covered by the directive due to the development of alternative technologies has been slow. Examples of such applications are the use of lead in electronic component solder and mercury in panel displays.

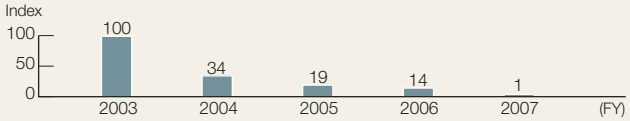
▶Graph 1 Progress in the Replacement of Hexavalent Chromium in Lift Trucks



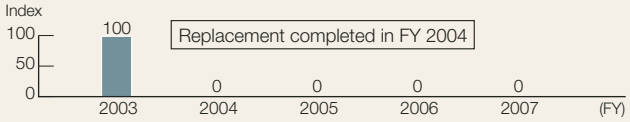
▶Graph 2 Progress in the Replacement of Cadmium in Lift Trucks



▶Graph 3 Progress in the Replacement of Lead in Lift Trucks



▶Graph 4 Progress in the Replacement of Mercury in Lift Trucks

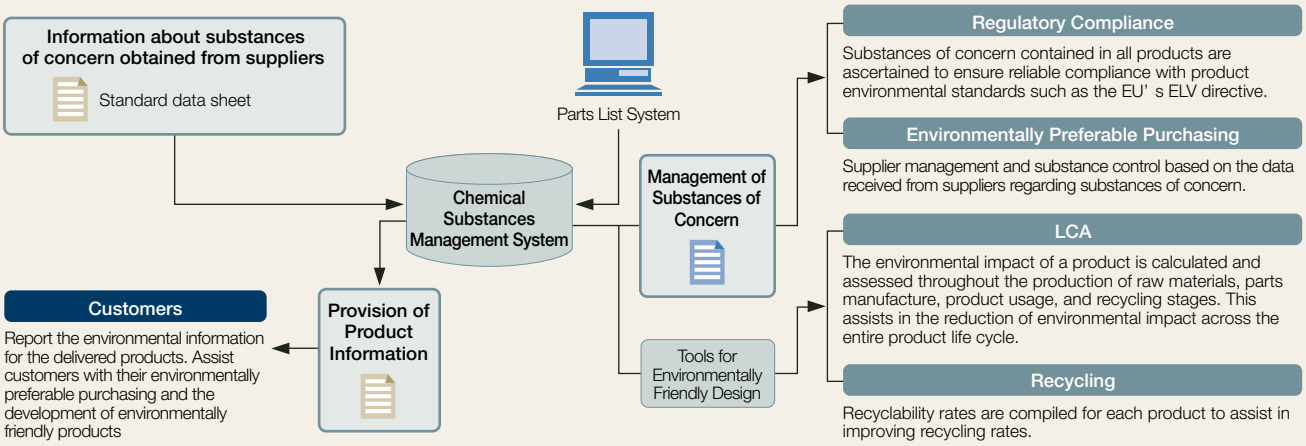


TOPICS

Improvement of the Management Systems for Product-Related Environmental Information

In October 2006, the automobile industry released a standardized data sheet that it had developed for investigating the substances contained in parts and other products. In response, Toyota Industries has improved its central management systems for product-related environmental information in order to enable them to collect data in a manner that is consistent with the industry-standard data sheet. This has made the provision of information to customers and the collecting of information from suppliers much smoother, and also made the management of environmental information possible.

Toyota Industries has held briefing sessions for its suppliers to help them understand the new data sheet. In addition to improving performance and extending product life, in order to offer its customers better products and services, Toyota Industries will continue to strive towards even more environmentally friendly product designs in an effort to reduce the impact on the environment.



(See Page 26 for the Supplier SOC Management System)

Prevention of Global Warming Factors in Production

Improvement in Eco-Efficiency Generated by Energy Consumption during Production Activities

▶Graph 1

Activities in FY2007 and Future Actions

The Toyota Industries Group's action policies for curbing global warming, as stated in the Fourth Environmental Action Plan, are the realization of energy reduction and conservation through innovations in production technology and the promotion of measures that will curb global warming on group-wide level.

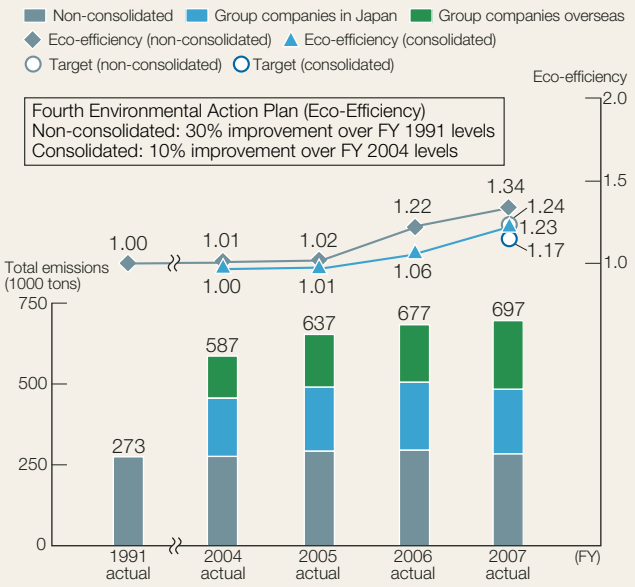
In fiscal year 2007, Toyota Industries set itself a target of improving its eco-efficiency by 24% compared to fiscal year 1991 levels and has worked to reduce its energy consumption in order to achieve that target. Specific actions taken included cutting back on air use in all of its plants, switching to hot-metal aluminum in die-casting processes at the Obu Plant, and the installation of solar power generation facilities at the Takahama Plant.

On a group-wide base, Toyota Industries set a target of a 17% improvement in eco-efficiency compared to fiscal year 2004 levels. To achieve this goal, (for example), TIBC Corporation, a subsidiary of Toyota Industries, incorporated energy saving measures in its new plant and Toyota Industries is conducting energy efficiency diagnoses for its group companies.

These efforts resulted in an eco-efficiency improvement of 34% compared to fiscal year 1991 levels by Toyota Industries alone and 23% compared to fiscal year 2004 levels by the Toyota Industries Group as a whole.

Due to its rising trend in total CO_2 emissions, in the future a scheme for prior assessment of the anticipated energy consumption (see Page 50) will be used to reduce energy consumption at new production facilities and other areas. Also, through the continuation and expansion of the energy efficiency diagnosis program, the deployment of energy-saving technologies throughout the entire Toyota Industries Group will be pursued.

▶Graph 1 Energy-Derived CO_2 Emissions and Eco-Efficiency Trends



*With the expansion of the scope of the Environmental Action Plan's policies, the scope of some calculations has been reviewed.

Case Study: External CO_2 Emissions Cut by Reducing Use of Pig Iron

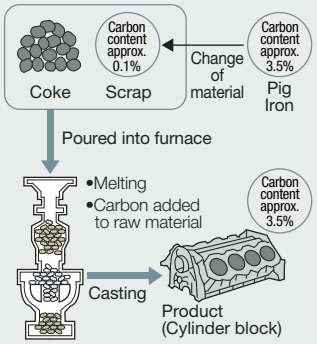
At the Higashichita Plant, which manufactures engine blocks and other products, castings are produced by placing pig iron and other metals into a melting furnace (cupola) along with coke as the fuel, and then pouring the metal that has been melted by the combustion heat into molds. The cupola furnace generates CO_2 in proportion to the volume of melted metal.

In order to reduce these external CO_2 emissions, since May 2005, Toyota Industries had been pursuing the expansion of efficient uses for the scrap metal debris produced by its own Nagakusa Plant and the plants of other Toyota Group companies. After quality issues were dealt with, in July 2006, Toyota Industries switched completely from pig iron, which usually accounts for 15-20% of the total raw materials for casting, to the use of scrap metal.

The use of scrap metal requires more coke than pig iron, but the scrap absorbs a significant proportion of the carbon generated by the coke. For this reason, the standard reduction unit of CO_2 emissions at the Higashichita Plant has been kept down to the same level as when pig iron was used.

An added benefit of this action has been the reduction in CO_2 emissions derived from the manufacture of pig iron outside the company by approximately 17,000t-CO_2/year*. This is equivalent to approximately one-fourth of the CO_2 emissions generated at the Higashichita Plant in a year.

Effective Use of Scrap Metal



* Calculated on the basis of monthly production of 5,000 tons of foundry products (The independent certification organization, Bureau Veritas Japan Co., Ltd. was engaged to ascertain the volume of carbon absorbed ⟶ see Page 56.)

Case Study: Introduction of a Co-Generation System

— Izumi Machine Mfg. Co., Ltd.

At the Kitazaki Plant of Izumi Machine Mfg, which manufactures machine tools, automotive components parts, and other products, a co-generation system was installed in 2005 to generate one-third of the plant's electric power with the use of city gas. The steam that is generated as a by-product of the co-generation system is also being used efficiently in production processes as energy to power steam heaters, water-cooled air-conditioning systems, and the cooling of machinery and equipment. The co-generation system has been installed inside a sound-proof and vibration-proof building, to lessen the impact on local residents.

In fiscal year 2007, the introduction of the co-generation system resulted in a reduction of CO_2 emissions by 3,300 t-CO_2/year.

Kitazaki Plant's Co-Generation System

Continuation and Expansion of Energy Efficiency Diagnoses at Group Companies

Toyota Industries conducts an Energy Efficiency Diagnosis program for its group companies both in Japan and around the world to check the state of their energy consumption and help them to make improvements.

In fiscal year 2007, eight consolidated subsidiaries with high levels of energy consumption, three in Japan and five overseas, underwent this diagnosis program.

Energy efficiency diagnosis involves investigating and diagnosing of energy use from the perspectives of both the operation of energy supplying equipment and from management. Based on those investigations, recommendations are made of ways to improve operations and management that will lead to reductions in CO_2 emissions.

The diagnosis program in fiscal year 2007 enabled the group to find room for further CO_2 reductions of 2,000 tons/year. Toyota Industries will continue to expand this program to pursue further CO_2 reductions across the Group.


Energy efficiency diagnosis at group companies
Tokyu Co., Ltd. Toyota Industry (Kunshan) Co., Ltd.

Reducing Greenhouse Gas Emissions

Promotion of HFCs Recovery and Reuse

Toyota Industries is pursuing the reduction of emissions of hydrofluorocarbons (HFCs), a CFC substitute that contributes significantly to the greenhouse effect.

HFCs are used at the Kariya Plant for quality verification testing of completed products during the development of compressors for car air-conditioners. They are also injected into compressors during vehicle assembly at the Nagakusa Plant. To Reduce emissions of these HFCs, recovery equipment has been installed at both plants, and any reusable HFCs that are recovered are reused.

Reducing CO_2 Emissions from Logistics Operations

Reduction of Energy Loss by Improving Transport Efficiency

The Act for the Partial Revision of the Act Concerning the Rational Use of Energy, which was announced in August 2005, requires not only freight carriers, but also consignors who have large volumes of freight transported by freight carriers, to make efforts to reduce energy consumption in transportation.

Toyota Industries has for several years worked to control and reduce fuel consumption by reorganizing and cutting down on the number of regular truck services and improving load capacity efficiencies. In fiscal year 2007, these controls were extended to provisional services as well as part of Toyota Industries' ongoing efforts to reduce emissions.

TOPICS

Promotion of a Modal Shift by TOYOTA Material Handling Company

TOYOTA Material Handling Company is pursuing a modal shift in freight transportation by expanding its rail transportation services for domestic freight.

Road and sea are the main modes of transportation of lift trucks manufactured at the Takahama Plant that are bound for dealers in Japan, and rail transportation previously accounted for only a very small proportion of this freight.

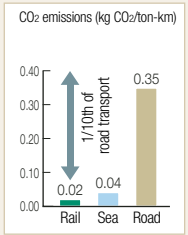
In fiscal year 2007, however, TOYOTA Material Handling Company launched rail freight services to the Shikoku and Chugoku regions. The company is working to increase the volumes of freight transported by rail even further by modifying its loading methods and increasing the number of models that can be carried by rail.
TOYOTA Material Handling Company will continue to pursue this modal shift by expanding its rail freight area and improving its loading technologies.

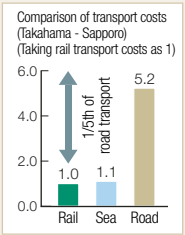
Advantages of Rail Transportation

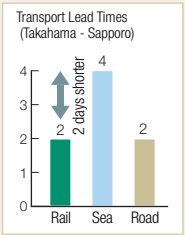
1 Fewer CO_2 emissions
- 1/10th of road transport
- 1/2 of sea transport

2 Lower transport costs
- 1/5th of road transport

3 Shorter lead times
- Two days less than sea transport



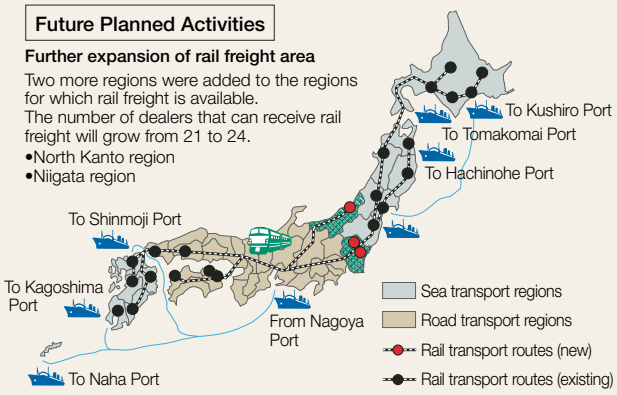




Future Planned Activities

Further expansion of rail freight area

Two more regions were added to the regions for which rail freight is available.
The number of dealers that can receive rail freight will grow from 21 to 24.
- North Kanto region
- Niigata region



Resource Saving or Recycling in Production

Resource Conservation Measures

▶Graph 1 ▶Graph 2 ▶Graph 3

Curbing of Waste Generation at the Source and In-House Reuse

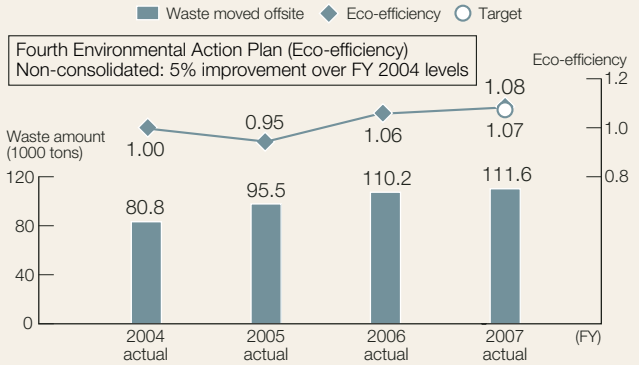
In its Fourth Environmental Action Plan, Toyota Industries has declared a policy of improving resource productivity and achieving a more efficient use of resources. This will be achieved in several ways, including curbing waste generation at the source by increasing yields during production processes, and the in-house reuse of waste that is generated within the company, such as scrap metal.

Efforts to improve eco-efficiency include the reduction of defect ratio in the aluminum casting processes at Higashichita Plant, and increased in-house reuse of scrap metal through the expansion of waste iron separation at the Takahama Plant.

Some divisions, however, have experienced declines in resource efficiency, due to increased levels of waste oil in the aluminum die-casting processes at the Obu Plant and production preparations for the new engine models for example.

In fiscal year 2008, further efforts will be made to increase resource efficiency by further reducing defect ratio and promoting in-house reuse of waste materials. The target for these efforts is a 14% increase in eco-efficiency.

▶Graph 1 Changes in the Waste Generated and Eco-Efficiency



*With the expansion of the scope of the Environmental Action Plan's policy, the scope of some calculations has been reviewed.

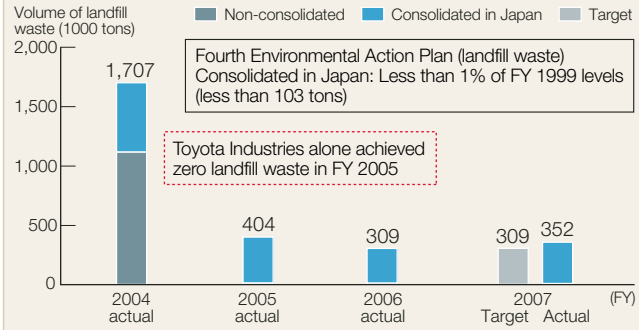
Reducing Landfill Waste to Zero for the Toyota Industries Group

Toyota Industries by itself has already achieved its individual goal of the complete elimination of waste disposed of in landfills and has now set a new goal in the Fourth Environmental Action Plan of zero landfill waste for all group companies in Japan.

To achieve this goal, Japanese group companies launched a variety of measures in fiscal year 2007. These measures will continue to be built upon in fiscal year 2008 and Toyota Industries will continue to support the group companies in their endeavors to reduce their landfill waste.

The target for general waste materials is to maintain the current levels.

▶Graph 2 Changes of Landfill Waste Generated

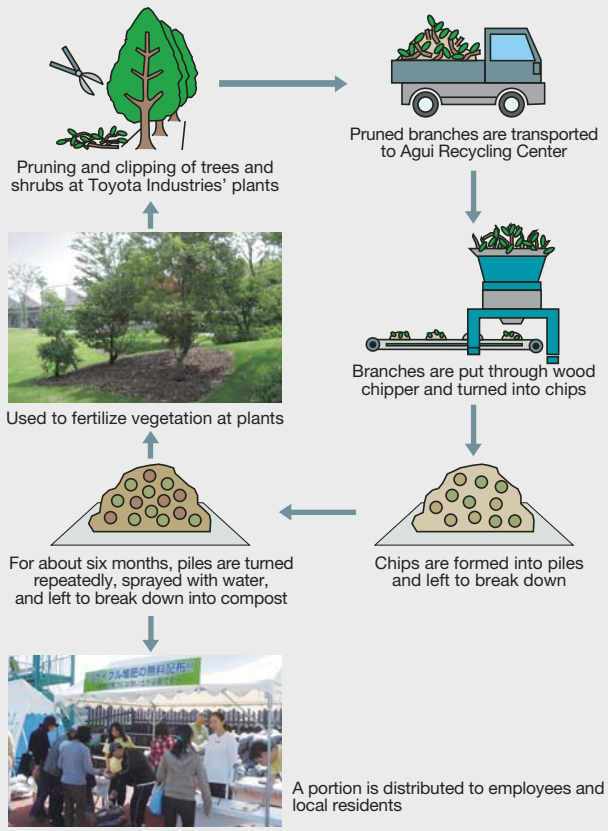


*With the expansion of the scope of the Environmental Action Plan's policy, the scope of some calculations has been reviewed.

Case Study: Pruned Branches Converted to Compost at Agui Recycling Center

Toyota Industries, in conjunction with a local landscaping firm, has established the Agui Recycling Center in Agui-cho, Chita-gun, Aichi Prefecture. The Recycling Center recycles branches pruned from trees and shrubs at Toyota Industries' various plants by converting them into compost. In fiscal year 2006, the Center produced approximately 125 tons of compost. The compost produced is returned to the plants to be placed on the vegetation and is also distributed to, local residents and employees.

Pruned Branches Converted to Compost



Reducing Timber-Derived Packaging Materials

Toyota Industries continues to pursue reductions in the volume of packaging materials it uses, with an emphasis on timber-derived materials that are used in particularly large quantities.

The textile machinery, compressor, and materials handling equipment businesses are all particularly dependent on timber-derived packaging materials, but they are working to reduce the volume used by re-examining their packaging configurations and materials.

Reducing Water Use by Recycling Wastewater

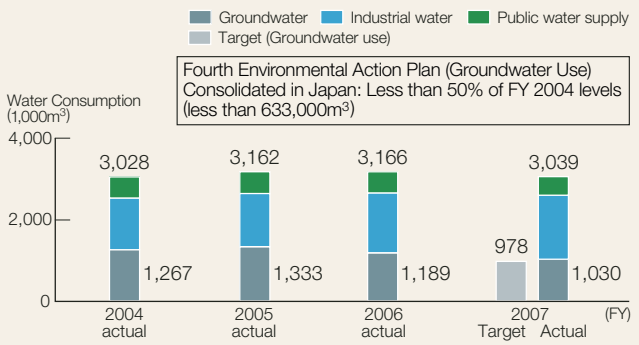
At Toyota Industries, a particular emphasis is being placed on efforts to curtail groundwater use, in consideration of the risks of ground sinkage.

Measures adopted in fiscal year 2007 to reduce groundwater use included the introduction of additional sources of industrial water, a review of existing supply contracts, and the recycling of treated final effluent discharged from wastewater treatment plants and wastewater from plating processes as a means of reducing the overall water consumption. However, production increases and the less-than-expected effectiveness of treated final effluent recycling, among other factors, meant that levels of both overall water use and groundwater use remained unchanged from the previous year and reduction targets were not achieved.

In the future, in addition to increasing the volume of supplied industrial water in an effort to reduce groundwater use, efforts will also be made to reduce overall water use, particularly by those facilities that are the heaviest water users. The goal of these efforts is to lower groundwater consumption levels to less than 50% of fiscal year 2004 levels by fiscal year 2011, the final year of the Fourth Environmental Action Plan.

Also, from the standpoint of securing valuable water resources, Toyota Industries is controlling the volume of water used at all of its facilities. Efforts are being directed towards everyday water conservation, reduction of water in production processes and the recycling of wastewater.

Graph 3 Changes in Total Water Consumption



*With the expansion of the scope of the Environmental Action Plan's policies, the scope of some calculations has been reviewed.

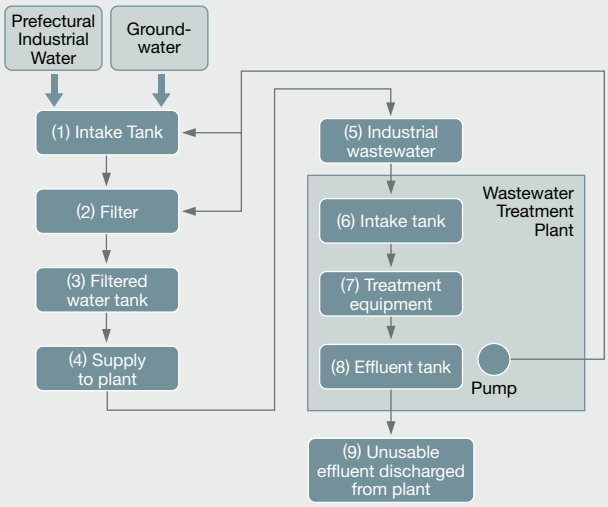
Case Study

Recycling of Treated Wastewater (Kyowa Plant)

Filtered water, which has been treated with filtering equipment to remove metals and other substances at the water treatment plant, is supplied to production processes. This filtering equipment must be periodically cleaned to maintain its filtering performance, and this is a task that has traditionally been performed with filtered water.

In fiscal year 2007, after analysis of the water quality of the final effluent discharged from the water treatment plant, it was found to be suitable for use in cleaning the water filtering equipment. Since then, final effluent has been used for this task. It is also being recycled for use in production processes. This initiative has resulted in a reduction of groundwater consumption of 5,500 m^3/month. This initiative was selected for a special award in Toyota Industries' environmental proposals.

The Recycling of Treated Final Effluent at Kyowa Plant



Wastewater Treatment Plant (Kyowa Plant)

Reduction of Environmental Risks in Production

Risk Assessment Program Based on Environmental Impact

▶Graph 1

Total Environmental Impact

Toyota Industries action policies for the reduction of environmental risks in production, as stated in the Fourth Environmental Action Plan, are the minimization of environmental risk factors and further reductions in the emissions of substances of concern (SoC). During the development of the methods for appropriate management of environmental risk factors, the different characteristics of the environmental impact at the various plants made it difficult to clarify which problems should be given priority. To solve this problem, in fiscal year 2007, Toyota Industries introduced its own index for the integrated management of environmental impact.

Based on JEPIX*1, this index is used to calculate Toyota Industries' total impact on the environment. Statistics used in environmental management—greenhouse gas emissions, PRTR emissions (VOC-derived), and water contaminants (BOD*2, COD, nitrogen, and phosphorous)—are converted into a quantified environmental impact, which is then used to set targets and manage their attainment.

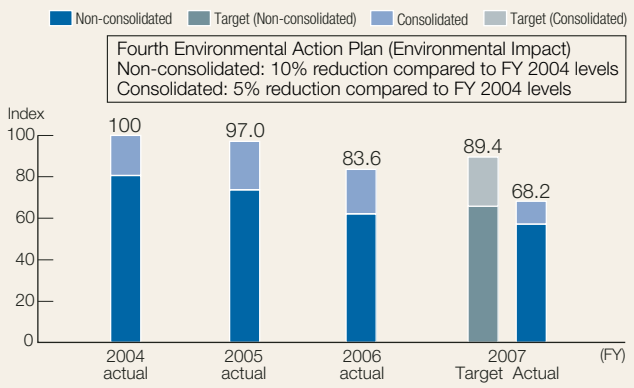
The targets for environmental impact in fiscal year 2007 were both an 18% reduction for Toyota Industries alone and a 10% reduction on a consolidated basis (production companies in Japan), compared to fiscal year 2004 levels. Measures implemented to achieve these targets included the move by away from PRTR Law-designated substances to alternative substances the vehicle business and the switch to water-based coatings for the counterweights on lift trucks by the materials handling equipment business. One of our group companies, ST Liquid Crystal Display Corp., also implemented measures to reduce its emissions of hydrogen fluoride, which is used in its glass etching processes.

These measures enabled both Toyota Industries alone and the Group as a whole to surpass their fiscal year 2007 targets, with Toyota Industries achieving reductions of 29% and the group achieving reductions of 32%.

*1 JEPIX (Japan Environmental Policy Index): A method of assessing environmental performance as a theoretical basis for environmental ratings, developed jointly by the Science and Technology Agency of Japan and the Sustainable Management Forum of Japan.

*2 BOD (Biochemical Oxygen Demand): Indicator of the degree of water pollution

▶Graph 1 Changes in Environmental Impact



* The Index is calculated by setting the FY 2004 level as 100.

Toyota Industries is continuing to reinforce its activities for the reduction of environmental impact in order to achieve the fiscal year 2011 targets set out in the Fourth Environmental Action Plan. Ongoing measures to protect the environment include the expanded use of water-based coatings in the materials handling equipment business and conversion to more efficient painting methods in the car air conditioning business.

Case Study: Introduction of Water-Based Coatings for Lift Truck Parts Achieves a Major Reduction in VOC Emissions

The materials handling equipment business has developed and introduced new painting methods, switching from VOC (volatile organic compounds)-based coatings to water-based coatings for the lift truck counterweights.

This has resulted in a 75% reduction in VOC emissions from the counterweight painting process.

Lift truck counterweight

Case Study: Measures to Reduce Hydrogen Fluoride Emissions from the LCD Panel Manufacturing Processes

— ST Liquid Crystal Display Corp.

ST Liquid Crystal Display Corp., a manufacturer of small to medium-sized LCD panels, uses hydrogen fluoride, a PRTR Law-designated substance, in its glass etching processes. The company has already been recycling used hydrogen fluoride for some time, but washing equipment with water during production shut-downs was generating large volumes of diluted waste liquids. Therefore, in February 2005, the equipment was modified and work processes were changed so that the equipment no longer needed to be washed with water. This succeeded in cutting down on the volume of those diluted waste liquids. Also, after the equipment modifications, the monitoring of changes in the solid content of the hydrogen fluoride during operation management has made it possible to ensure quality and increase operational efficiency.

These initiatives resulted in an improvement of the hydrogen fluoride recycling rate from 50% to 65%, and waste liquids fell by about 30%. The elimination of the washing process also reduced monthly water consumption by 430m^3. As additional benefits, emissions of hydrogen fluoride into the waterways and atmosphere were reduced to virtually nothing, and total environmental impact was cut by 98% compared to the fiscal year 2006 results.

Glass etching equipment

Compliance with Environmental Legislation

Environmental Risk Management

Toyota Industries recognizes that the prevention of risks to the environment, such as environmental pollution and the violation of environmental legislation, is a grave corporate responsibility. Toyota Industries is working to reduce risks such as atmospheric and water pollution, noise and vibration, and the generation of foul odors.

In fiscal year 2007, the Toyota Industries Group, both in Japan and overseas, committed no infringements of environmental legal standards and was subjected to no fines or penalties. There were also no environment-related legal actions taken against any company in the Toyota Industries Group. There were four noise complaints made by local residents, but these were resolved by taking action in the areas generating the noise.

Thorough Controls with Voluntary Target Standards for Prevention of Further Water Pollution

Because all of Toyota Industries' plants are located in the vicinity of Ise Bay, where degradation of water quality due to eutrophication is a serious problem, the maintenance of the quality of wastewater from our plants is of particular importance.

Toyota Industries has therefore set voluntary targets that are stricter than the legally mandated levels and thoroughly controls wastewater quality levels on a daily basis. Also, wastewater volumes have been reduced by recycling water used at the plants, thus reducing the environmental impact on public waterways.

Ongoing Report: The Prevention of Contamination Outflow to Soil and Groundwater and Clean-Up Operations ▶Table 1

Toyota Industries has been investigating the contamination of soil and groundwater from its past use of trichloroethylene as a cleaning agent and conducting clean-up operations where necessary. In addition to the prevention of the outflow of pollutants beyond plant boundaries, clean-ups of contaminated soil and groundwater within those boundaries are also conducted.

Observation wells have been drilled at some plants in the past to monitor the progress of soil clean-up operations. In fiscal year 2008, these observation wells will be established at all Toyota Industries plants to check regularly that soil and groundwater are not being contaminated by substances covered by the Soil Contamination Countermeasures Law or other grease and oils.

▶Table 1 Trichloroethylene Readings (FY 2007)

Plant	Weighted Average Concentration in Groundwater (mg/ℓ)	Current Status
Kyowa Plant	0.69	Clean-up in progress
Kariya Plant	0.9	Clean-up in progress

* Environmental limit: 0.03

TOPICS

Introduction of Prior Assessment System for New Plants and Equipment

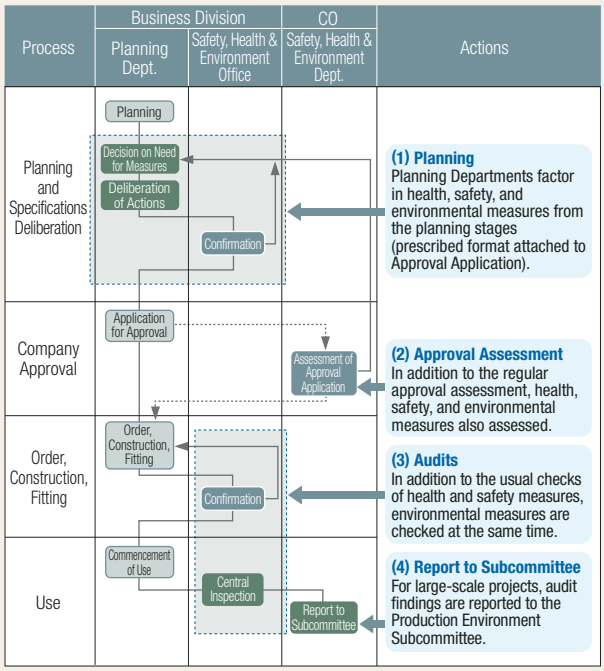
As the scale of the Toyota Industries Group's operations grows, one initiative that the Group has embarked on is the concept of "Eco-Factory Activities", in which health, safety, and environmental measures are taken into account from the very planning stages of operations. As a mechanism to ensure the pursuit of these activities, Toyota Industries has established a Prior Assessment System (in-house standards), which began in fiscal year 2007.

In this program, health, safety, and environmental measures concerning production activities are factored in from the planning stages of the construction of new plants or equipment and the feasibility of those measures is examined. This prior assessment has made it possible to put in place measures that are more effective and efficient than the kind of catch-up measures that are implemented only after construction is complete, which was the usual method used in the past.

The specific flow of the prior assessment system begins with the incorporation of health, safety, and environmental measures by the planning departments at the planning and specifications deliberation stages. These measures are submitted in a prescribed format at the same time as the formal request for project approval is made. After assessment, the measures are audited even after construction or manufacture has commenced, and, in the case of large-scale projects, the results of those audits are reported to the Production Environment Subcomittee (see Page 38).

As well as improving the effectiveness of health, safety, and environmental measures through the implementation of this system, Toyota Industries plans to extend its implementation to other group companies.

Prior Assessment System



Environmental Communication

Promoting Internal and External Environmental Communication

Publication of Information through Various Media

Toyota Industries is reinforcing its environmental communications activities based on the Global Environmental Commitment. It is working hard to interact with its local communities through initiatives such as community roundtables and environmental education programs at local elementary schools. In addition, it communicates through its website, exhibits, and newspaper advertisements, as well as the publication of environmental information to the community at large through its Social and Environmental Reports.

Within the company, day-to-day information that needs to be shared throughout the organization is sent out via the Environment Section of the company's Intranet as necessary. The monthly company magazine also publishes articles, including special features, on environmental issues. Within the Toyota Industries Group, Environmental Liaison Conferences bring together the personnel responsible for environmental programs at each company to exchange information about environmental policies and actions.

The sharing of environmental information both within the Group and with the wider community will continue to be an important task for Toyota Industries.

Our Website with Environmental Information
http://www.toyota-industries.com/csr/

Environmental Liaison Conference for Group Companies

On October 30, 2006, the Toyota Industries Group held an Environmental Liaison Conference, bringing together the personnel responsible for environmental programs at our group companies in Japan. In addition to confirming the state of progress of the environmental action plans in place at each of the group companies, the Liaison Conference also serves as a forum for sharing information, such as the findings from the independent verifications made of the social and environmental reports and energy efficiency diagnoses.

At the most recent conference, the current status of efforts to meet the Fourth Environmental Action Plan targets was confirmed, reports were given, and opinions were exchanged on issues such as compliance with environmental legislation, particularly regarding soil contamination, and second-party EMS audits.

These Environmental Liaison Conferences will be held more frequently starting in fiscal year 2008 and beyond in order to further strengthen the cooperation and communication among group companies.


Environmental Liaison Conference

Case Study — Support for Environmental Education Programs at Elementary School

In February 2007, Toyota Industries' Takahama Plant, which produces lift trucks and other materials handling equipment, invited the fifth-grade students from Takahama City's Tsubasa Elementary School to the plant for an environmental study program. The 105 students were divided into five groups, each of which studied one of five topics—engines, recycling, water, electricity, and gas. They were assisted by representatives of the relevant departments within the plant.

Plant personnel gave the children a guided tour of each section of the plant, providing explanations along the way based on questions sent prior to the visit. This gave the children the opportunity to think about specific environmental initiatives. Another highlight of the tour was the opportunity for the children to experience firsthand, how a sample of dirty water that had been prepared beforehand is treated, allowing them to think about wastewater treatment.


Environmental Education Support at Takahama Plant


Experiencing water treatment firsthand

TOPICS

TIEM Receives an Environmental Award

Toyota Industrial Equipment Manufacturing (TIEM), a subsidiary in US has received the 2006 Governor's Award for Environmental Excellence from the Governor of Indiana.

This award is presented to companies that conduct business activities or make decisions that display excellent environmental strategies. TIEM received the award in recognition of the various results it had achieved over five years of continuous environmental improvement activities.


Indiana Governor's Award for Environmental Excellence

TIEM's Environmental Achievements Over Five Years

33% reduction in VOC, 80% reduction in atmospheric pollutants, 24.4% reduction in electricity consumption, 65% reduction in LNG, etc.

Environmental Accounting

Toyota Industries regards environmental accounting, which evaluates the effectiveness of the company's environmental activities from the perspective of cost, as a critical tool not only for corporate management, but also for the disclosure of quantitative information about the environment. As such, it is continually striving to enhance its environmental accounting systems. Environmental accounting data is collected according to the categories found in the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition.

From this fiscal year, the group company, Nishina Industrial Co., Ltd, has been included in the Group's environmental accounting data.

Scope of data collection: Toyota Industries, TIBC Corporation, Nishina Industrial Co., Ltd.

Data collection period: April 1, 2006 – March 31, 2007

•Calculation Methods

Environmental Conservation Costs ▶Table 1

The total cost of environmental conservation programs in fiscal year 2007 was 11.95 billion yen, consisting of 1.46 billion yen in investment and 10.49 billion yen in expenses. The installation of co-generation systems at five plants was completed in fiscal year 2006, so there were fewer major investment items related to global warming. On the other hand, expenses for global warming counter-measures, such as air leakage counter-measures, increased.

Within resource recycling costs, the waste treatment costs increased due to production increases at TIBC.

Research and development cost items included the development of the new environmentally friendly internal combustion lift truck, GENEO (8FG/D outside Japan), with its low fuel consumption and cleaner exhaust gas emissions, and the development of the LWT710, a water-jet loom that has achieved a major reduction in vibrations.

Environmental Conservation Benefits ▶Table 2

The benefits of environmental conservation express the accumulated outcomes of environmental conservation measures every year.

As an example of the benefits of individual investment items, the spin-off effects from the active introduction of co-generation systems in fiscal year 2006 resulted in a reduction of approximately 52,000 tons of CO_2.

Economic Benefits of Environmental Conservation Initiatives ▶Table 3

Toyota Industries calculates the actual economic benefits of environmental conservation initiatives through calculable benefits, including reductions in energy costs and wastewater treatment costs, as well as profits from the sale of valuable resources.

The economic benefit achieved in fiscal year 2007 was 7.21 billion yen, which was 710 million more than in fiscal year 2006. The main contributor to the total was the profits from the sale of valuable resources, which accounted for 6.24 billion yen.

▶Table 1 Environmental Conservation Costs*1

(million yen)

Category		Principal approaches in FY 2007	FY 2007		FY 2006	
			Investment	Expenses	Investment	Expenses
Business area costs	Pollution prevention cost •Preventing atmospheric pollution •Preventing water pollution	Expanding number of plants in which water-based painting of vehicles is introduced	483	866	224	925
	Global environmental conservation costs	Introduction of a solar power generation system and high-efficiency motors, counter measures for air leakage	875	3,147	2,397	2,357
	Resource recycling costs	Promotion of waste recycling and converting waste into valuable resources	4	1,715	96	1,275
Upstream/downstream costs		Promoting green procurement	—	15.3	—	0.5
Management costs		Newspaper advertising promoting environmental considerations, publication of Social and Environment Reports	—	1,123	—	1,160
Research and development costs		Development of internal combustion lift truck "GENEO" and water jet loom LWT 710	92	3,592	386	869
Social contribution activity costs		Support for environmental organizations	—	10	60	60
Environmental remediation costs		Purification of soil and groundwater contamination, measures to prevent occurrence of oil and grease ground seepage	1	26	1	18
Total			1,455	10,494	3,163	6,664
			11,949		9,826	

▶Table 2 Environmental Conservation Benefits*2

Environmental Impact	Comparison with previous fiscal year	Environmental Impact	Comparison with previous fiscal year
CO_2	(52,000 t decrease)	Watar	(755 t decrease)
VOC	(311 t decrease)	SOx	16 t increase
Generation of waste products	(8,627 t decrease)	NOx	(43 t decrease)
		COD	(2 t decrease)

▶Table 3 Economic Benefits of Environmental Conservation Initiatives

(million yen)

Item	Details	FY 2007	FY 2006
Revenue	Returns from sale of recycled waste products	6,237	4,429
Cost reductions*3	Energy cost reductions	797	1,932
	Cost reduction by resource saving (including reductions in amount of water use and amount of waste water)	174	137
Total		7,208	6,498

*1 Depreciation component not included in costs of environmental conservation. Costs and investments that include objectives other than environmental aspects either have the difference aggregated or the component removed.
*2 Figures calculated after correcting the sales volume difference as the difference between the volume of environmental impact in the previous fiscal year and the volume of environmental impact in the current applicable period. Effects of environmental conservation = Amount of environmental impact in previous year x (sales volume in applicable period/sales volume in previous year) - environmental impacts of applicable period
*3 Cost reduction is calculated by multiplying the volume of reduction in environmental impacts by the unit cost.

Toyota Industries Group-Wide Environmental Data

Category	Environmental Performance Index			Unit	Toyota Industries, non-consolidated	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries	Total
Input	Energy	Purchased electric power		MWh	345,430	381,731	273,419	1,000,580
		City gas		1,000m³N	72,095	27,840	12,836	112,771
		LPG		t	161	1,091	3,223	4,475
		A heavy oil		kℓ	–	526	–	526
		Kerosene		kℓ	2	295	–	297
		Coke		t	6,664	–	–	6,664
		Oil cokes		t	1,948	–	–	1,948
		Gasoline		kℓ	538	25	–	563
		Light oil		kℓ	2,470	2	2,302	4,774
		LNG		t	–	205	–	205
		Propylene		t	–	19	–	19
		Subtotal		GJ	**6,614,770**	**5,138,854**	**3,432,005**	**15,185,629**
	Electric power generated	Co-generation		MWh	200,190	44,664	–	244,854
		Solar-generated		MWh	181	–	–	181
		Wind-generated		MWh	0	–	–	0
	Raw materials	Metals	Ferrous	t	190,130	2,812	204,168	397,110
			Non-ferrous	t	61,497	24,508	11,309	97,314
			Subtotal	t	**251,627**	**27,320**	**215,477**	**494,424**
		Nonmetals	Resins	t	1,929	7,207	385	9,521
			Inorganic compounds	t	–	924	49	973
			Subtotal	t	**1,929**	**8,131**	**434**	**10,494**
	Water	Industrial water		1,000m³	1,710	1,720	465	3,895
		Municipal water		1,000m³	445	128	173	746
		Well water		1,000m³	1,030	1,552	–	2,582
		Subtotal		1,000m³	**3,186**	**3,400**	**639**	**7,225**
	Chemical substances	Toxic materials		t	7,844	6,370	–	14,214
		PRTR Law-designated substances		t	2,891	1,001	–	3,892
	Packaging materials	Wood		t	2,256	104	2,235	4,595
		Cardboard		t	2,199	231	1,039	3,469
		Plastics		t	195	8	0	203
		Other		t	–	166	12	178
	Office supplies	Copy paper		t	164	74	0	238
Output	Greenhouse gases	From production activities	CO_2	t-CO_2	283,433	201,387	212,850	697,670
			CH4	t-CO_2	–	–	–	–
			N_2O	t-CO_2	–	776	–	776
			HFC	t-CO_2	2,551	794	345	3,690
			PFC	t-CO_2	–	3,673	–	3,673
			SF_6	t-CO_2	–	6,067	–	6,067
			Subtotal	t-CO_2	**285,984**	**212,696**	**213,196**	**711,876**
		From logistics operations	CO_2	t-CO_2	16,951	3,649	40,935	61,535
	Air pollutants	SOx		kg	313	446	–	759
		NOx		t	134	55	33	222
		VOC		t	1,844	550	137	2,531
	Wastewater	Volume of water discharged to treatment plants		1,000m³	2,330	2,251	218	4,799
	Water pollutants	COD		t	11	8	–	19
		Nitrogen		t	14	6	–	20
		Phosphorous		t	0.1	0.1	–	0.2
	PRTR-designated substances Released	Air		t	481	82	–	563
		Water		t	6	1	–	6
		Landfill waste		t	–	–	–	0
		Subtotal		t	**486**	**83**	**0**	**569**
	PRTR-designated substances Transferred	Waste		t	135	171	–	306
		Sewage		t	–	6	–	6
		Subtotal		t	**135**	**177**	**0**	**312**
	Waste	Reusable materials		t	111,693	28,576	22,604	162,873
		Industrial Waste	Recycled	t	51,038	69,767	2,236	123,041
			Intermediate processing by third party	t	–	1,779	9,301	11,080
			Direct landfill waste	t	–	211	2,207	2,418
			On-site storage	t	–	–	178	178
			Subtotal	t	**51,038**	**71,757**	**13,922**	**136,717**
				t	104	44,531	–	44,635
			Recycling rate	%	100	97	16	90
		Municipal waste	**Subtotal**	t	**1,355**	**533**	**0**	**1,888**
		total		t	**164,086**	**100,867**	**36,526**	**301,479**
	Hazardous substances	PCB storage	Condensers	units	404	75	–	479
			Transformers	units	8	–	–	8
			Ballast	units	479	125	–	604

PRTR Law-Designated Substances Released and Transferred (Domestic Production Facilities)

(kg)

Category	Ordinance No.	Chemical Substance	Amount Handled	Released Volume			Transferred Volume		Volume Recycled	Volume Removed	Consumption Volume	Volume Used in Products
				Air	Water	Landfill waste	Waste	Sewage				
Toyota Industries' non-consolidated	1	Zinc compounds (water-soluble)	22,186	0	1,872	0	2,565	0	0	0	0	17,749
	16	2-Aminoethanol	2,439	0	16	0	2,257	0	0	166	0	0
	25	Antimony and its compounds	14,593	0	0	0	5	0	0	0	0	14,588
	30	Bisphenol-A epoxy resin	37,820	0	219	0	2,685	0	0	726	3	34,187
	40	Ethylbenzene	173,464	124,738	0	0	22,832	0	9,487	9,631	6,776	0
	43	Ethylene glycol	1,416,420	40	0	0	4,367	0	0	0	2,176	1,409,837
	45	Ethylene glycol monomethyl ether	1,150	0	0	0	1,150	0	0	0	0	0
	63	Xylene	492,750	219,396	0	0	46,707	0	26,301	11,257	38,667	150,422
	68	Chromium and chromium (III) compounds	74,785	0	0	0	3,035	0	15,960	0	0	55,790
	101	2-ethoxyethyl acetate; ethylene glycol monoethyl ether acetate	1,742	1,742	0	0	0	0	0	0	0	0
	176	Organic tin compounds	16,091	0	43	0	3,030	0	0	145	0	12,873
	177	Styrene	5,087	51	0	0	102	0	0	0	0	4,934
	224	1,3,5-trimethylbenzene	37,077	30,415	0	0	0	0	3,818	2,842	2	0
	227	Toluene	397,506	103,784	0	0	14,584	0	0	1,939	56,580	220,619
	230	Lead and its compounds	4,505	0	0	0	2,735	0	0	0	0	1,770
	231	Nickel	1,596	0	0	0	0	0	1,596	0	0	0
	232	Nickel compounds	18,010	0	82	0	2,441	0	0	0	0	15,487
	273	N-butyl benzyl phthalate	2,403	341	93	0	1,247	0	0	103	0	619
	299	Benzene	12,413	8	0	0	0	0	0	0	2,377	10,028
	307	Poly (oxyethylene) alkyl ether (C=12-15)	11,882	0	1,588	0	8,512	0	0	1,782	0	0
	309	Poly (oxyethylene) nonylphenyl ether	27,136	0	0	0	0	0	0	0	27,136	0
	311	Manganese and its compounds	88,065	0	1,761	0	16,253	0	8,778	0	0	61,273
	346	Molybdenum and its compounds	42,742	0	0	0	128	0	0	0	0	42,614
Subsidiaries and affiliates in Japan	16	2-Aminoethanol	8,216	0	31	0	8,150	0	0	35	0	0
	40	Ethylbenzene	5,198	5,105	0	0	92	0	0	0	0	0
	63	Xylene	38,788	32,396	0	0	172	0	0	0	6,220	0
	207	Copper salts (water-soluble, except complex salts)	44,554	0	446	0	21,831	0	0	0	0	22,277
	227	Toluene	49,542	44,923	0	0	0	0	0	0	4,620	0
	231	Nickel	1,914	0	0	0	0	0	0	1,311	0	603
	232	Nickel compounds	689	0	1	0	550	0	0	138	0	0
	283	Fluorine compounds, water-soluble chlorides	220,186	9	19	0	88,619	0	118,622	12,917	0	0
	304	Hydrogen fluoride and its water-soulble salt	3,735	0	75	0	3,660	0	0	0	0	0
	309	Poly (oxyethylene) nonylphenyl ether	6,239	0	0	0	0	6,239	0	0	0	0
	310	Formaldehyde	38,120	24	0	0	38,096	0	0	0	0	0
	311	Manganese and its compounds	9,822	0	10	0	9,812	0	0	0	0	0
	346	Molybdenum and its compounds	2,231	0	4	0	0	0	166	0	0	2,061

CO_2 Emission Conversion Factors

Contents	Coefficient
Electric power	0.3817kg-CO_2/kWh
City gas	2.3576kg-CO_2/m^3
LPG	3.0094kg-CO_2/kg
Coke	3.2502kg-CO_2/kg
A heavy oil	2.7000kg-CO_2/ℓ
Kerosene	2.5308kg-CO_2/ℓ
Light oil	2.6468kg-CO_2/ℓ
Gasoline	2.3609kg-CO_2/ℓ
LNG	2.790kg-CO_2/kg
Propylene	3.141kg-CO_2/kg

CO_2 Emission Conversion Factors from Logistics

Contents	Coefficient
Gasoline	2.32kg-CO_2/ℓ
Light oil	2.62kg-CO_2/kg
LPG	3.00kg-CO_2/ℓ

Definitions

Input Contents	
Electric power	Electricity purchased from electric companies for plant and office use
City gas, LPG	Gas used as energy source at plants and offices
Coke	Coke used as energy source at plants and offices
Petroleum	A heavy oil, kerosene, light oils, and gasoline used as energy source at plants and offices
Raw materials	Volume of raw materials purchased for manufacturing of products
Water	Service water, industrial water, and underground water used at plants and offices (excluding recycled water)
Chemical substances	Toxic and PRTR Law-designated substances used for manufacturing (including by-products)
Packaging materials	Wood, cardboard, and plastics used for logistics and shipping of products
Paper	Office paper used at plants and offices

Output Contents	
CO_2	CO_2 emissions resulting from electricity, gas, and fuel use
SOx	SOx emissions resulting from fuel use
NOx	NOx emissions resulting from gas and fuel use
Wastewater	Wastewater from plants and offices
Nitrogen	NOx contained in wastewater from plants and offices
Phosphorous	Phosphorus compounds contained in wastewater from plants and offices
COD	Amount of oxygen used in the oxidation of substances (mainly organic) contained in wastewater from plants and offices
Industrial waste	Waste, as defined by the Waste Disposal and Public Cleansing Law, generated from plants and offices as a result of business activities (excludes substances of value such as sludge, acid waste, alkali waste, and metals)
Recycled	Recycling of raw materials, resources, and energy through reuse, material recycling, and thermal recycling
Intermediate processing by third party	Landfill waste intermediately processed through crushing, incineration, etc.
Direct landfill waste	Landfill waste not intermediately processed through crushing, incineration, etc.
Waste	Total waste generated, including direct landfill waste, intermediate processing by third party, and recycled waste
CO_2 emissions from logistics operations	CO_2 generated from the transport of finished products from Toyota Industries to the initial customer

ISO 14001 Certification by Toyota Industries and Group Subsidiaries and Affiliates (As of March, 2007)

Category	Plant, Company	Location	Acquisition Date
Toyota Industries domestic plants	Nagakusa	Obu, Aichi	October 1997
	Kariya	Kariya, Aichi	October 1998
	Takahama	Takahama, Aichi	December 1998
	Hekinan	Hekinan, Aichi	November 1999
	Kyowa	Obu, Aichi	January 2000
	Obu	Obu, Aichi	March 2000
	Higashiura*1	Chita-gun, Aichi	March 2003
	Higashichita	Handa, Aichi	March 2003
	Morioka Works*2		
Domestic subsidiaries and affiliates	TIBC Corporation*3	Obu, Aichi	January 2000
	Tokyu Co., Ltd.	Niwa-gun, Aichi	November 2001
	ST Liquid Crystal Display Corp.	Chita-gun, Aichi	January 2002
	Nishina Industrial Co., Ltd.	Nagano, Nagano	January 2002
	Tokaiseiki Co., Ltd.	Iwata, Shizuoka	March 2002
	Nagao Kogyo Co., Ltd.	Nagoya, Aichi	October 2002
	Taikoh Transportation Co., Ltd.	Kariya, Aichi	November 2002
	Unica Co., Ltd.	Kiyosu, Aichi	November 2002
	Izumi Machine Mfg. Co., Ltd.	Obu, Aichi	December 2002
	SKE Inc.	Nagoya, Aichi	March 2003
	Altex Co., Ltd.	Hamamatsu, Shizuoka	September 2003
	Mizuho Industry Co., Ltd.	Nagoya, Aichi	September 2003
	Hara Corporation	Ibi-gun, Gifu	January 2004
	SK Maintenance Inc.	Kariya, Aichi	March 2004
	Iwama Loom Works, Ltd.	Niwa-gun, Aichi	April 2004
	Aichi Corporation	Ageo, Saitama	July 2004
	TOYOTA L&F Shizuoka, Inc.	Shizuoka, Shizuoka	July 2004
	TOYOTA L&F Tokyo Co., Ltd.	Shinagawa, Tokyo	August 2004
	TOYOTA L&F Keiji Co., Ltd.	Kuse-gun, Kyoto	December 2004
	Sun Valley Inc.	Kariya, Aichi	November 2005
	Sun River Co., Ltd.	Suita, Osaka	March 2006
	TOYOTA L&F Kanagawa Co., Ltd.	Yokohama, Kanagawa	May 2006
	TOYODA HIGH SYSTEM, Inc.*4	Kariya, Aichi	September 2006

Category	Plant, Company	Location	Acquisition Date
Overseas subsidiaries	Toyota Industrial Equipment Mfg., Inc. (TIEM)	U.S.A.	June 1999
	Michigan Automotive Compressor, Inc. (MACI)	U.S.A.	June 1999
	Toyota Industrial Equipment, S.A. (TIESA)	France	January 2001
	Toyota Industry (Kunshan) Co., Ltd. (TIK)	China	October 2001
	Kirloskar Toyoda Textile Machinery, Ltd. (KTTM)	India	January 2002
	TD Deutsche Klimakompressor GmbH (TDDK)	Germany	March 2002
	BT Products AB	Sweden (PT*5)	November 1997
		Sweden (MT*6)	
	CESAB Carrelli Elevatori S.p.A.	Italy	May 2006
	The Raymond Corporation	Canada	March 1999
		U.S.A. Green	February 2001
		U.S.A. Mascatine	September 2004

* 1 Included in the certification of the Obu Plant.
* 2 Included in the certification of the Nagakusa Plant.
* 3 Included in the certification of the Kyowa Plant.
* 4 Included in the certification of the Kariya Plant.
* 5 Powered truck (PT): refers to plant that only manufactures powered trucks.
* 6 Manual truck (MT): refers to plant that only manufactures manual trucks such as hand pallet trucks.

Manufacturing Subsidiaries and Affiliates Included in the Consolidated Performance Data

Category	Company	Established	Capital	Business Category	Major Businesses	Location	Website
Domestic	Nishina Industrial Co., Ltd.	1939	100 million yen	Materials Handling Equipment Business	Manufacture and sales of oil hydraulic equipment (industrial equipment, construction machinery)	Nagano, Japan	http://www.nishina-ind.co.jp/index-e.html
	Tokaiseiki Co,. Ltd.	1936	98 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of compressor components	Shizuoka, Japan	
	Tokyu Co., Ltd.	1941	135 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of compressor components and industrial machinery	Aichi, Japan	
	Izumi Machine Mfg. Co., Ltd.	1946	150 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of compressor components, specialized machine tools, friction welding machines, and automotive components	Aichi, Japan	
	Hara Corporation	1948	23 million yen	Textile Machinery Business	Manufacture and sales of textile machinery	Gifu, Japan	
	Iwama Loom Works, Ltd.	1948	49 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of compressor components, press dies, and textile machinery components	Aichi, Japan	
	Miduho Industry Co., Ltd.	1950	20 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of automotive, compressor, and industrial equipment components	Aichi, Japan	
	Aichi Corporation	1962	10,425 million yen	Materials Handling Equipment Business	Manufacture and sales of aerial work platforms	Saitama Japan	http://www.aichi-corp.jp/
	Nagao Kogyo Co., Ltd.	1969	31 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of compressor components	Aichi, Japan	
	Unica Co., Ltd.	1974	50 million yen	Materials Handling Equipment Business	Manufacture and sales of electric tow tractors	Aichi, Japan	
	Altex Co., Ltd.	1989	200 million yen	Car Air-Conditioning Compressor Business	Manufacture and sales of aluminum die casting (compressor components, etc.)	Shizuoka, Japan	
	SKE Inc.	1991	80 million yen	Others	General engineering of production lines	Aichi, Japan	
	ST Liquid Crystal Display Corp.	1997	23,000 million yen	Others	Manufacture of LCD panels	Aichi, Japan	
	TIBC Corporation	1998	3,250 million yen	Others	Manufacture and sales of semiconductor package substrates	Aichi, Japan	http://www.tibc.co.jp/english/top_e.html
Overseas	Toyota Industrial Equipment Mfg., Inc. (TIEM)	1988	US$ 60,000,000	Materials Handling Equipment Business	Manufacture of industrial equipment and its spare parts	Indiana, U.S.A.	
	Michigan Automotive Compressor, Inc. (MACI)	1989	US$ 146,000,000	Car Air-Conditioning Compressor Business	Manufacture of car air-conditioning compressors, magnetic clutches	Michigan, U.S.A.	http://www.michauto.com/
	ACTIS Manufacturing, Ltd. LLC (ACTIS)	2001	US$ 2,000,000	Car Air-Conditioning Compressor Business	Remanufacture of compressors for the compressor aftermarket	Texas, U.S.A.	
	Toyota Industries Sweden AB (TISAB)	1946	SEK 560,000,000	Materials Handling Equipment Business	Manufacture and sales of warehouse equipment	Mjölby, Sweden	http://www.bt-industries.com/
	Toyota Industrial Equipment, S.A. (TIESA)	1995	EUR 9,000,000	Materials Handling Equipment Business	Manufacture of industrial equipment and industrial spare parts	Ancenis, France	
	TD Deutsche Klimakompressor GmbH (TDDK)	1998	EUR 20,451,000	Car Air-Conditioning Compressor Business	Manufacture of car air-conditioning compressors	Germany	
	Toyota Industry (Kunshan) Co., Ltd. (TIK)	1994	US$ 23,000,000	Engine Business Materials Handling Equipment Business	Manufacture and sales of foundry parts for automobiles,textile machinery and industrial equipment, manufacture of lift trucks	China	
	Kirloskar Toyoda Textile Machinery, Ltd. (KTTM)	1995	Rs. 2,426,200,000	Textile Machinery Business Materials Handling Equipment Business Engine Business	Manufacture and sales of spinning frames and parts, Manufacturing and painting of automotive parts	India	http://www.kttml.com
	Toyota Industry Automotive Parts(Kunshan) Co., Ltd. (TIAP)	2004	US$ 25,000,000	Engine Business	Manufacturing and sales of forged automotive parts	China	

Reference View

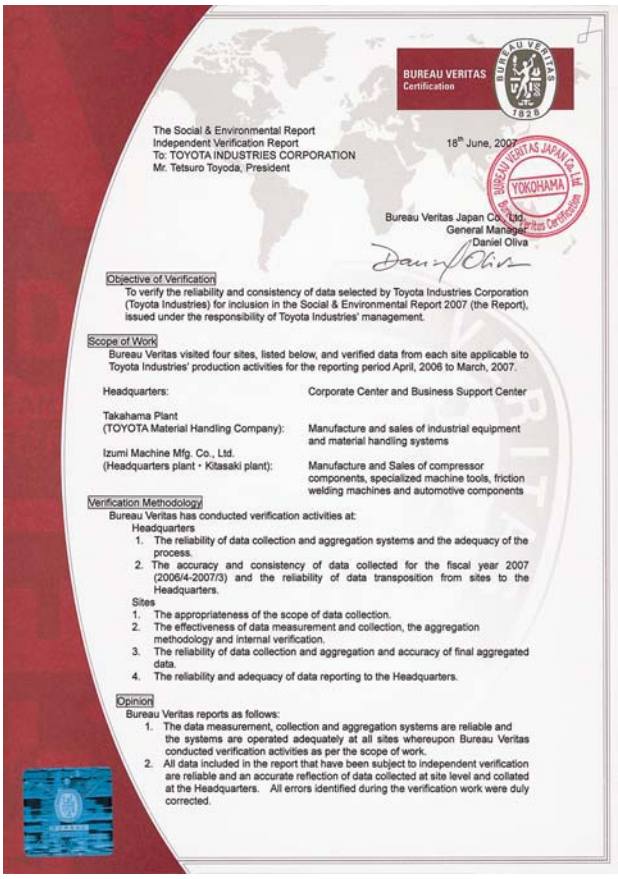
Bureau Veritas has verified environmental data collection activities at the Headquarters and the stated sites and concludes the following.

1. Good points

- It has been decided to include two domestic plants and a number of domestic and overseas manufacturing subsidiaries/ affiliates in the scope of the Environmental Action Plan, which is already under implementation from the 4th Environmental Action Plan. This is in order to provide more information to the public as well as to establish a more accurate understanding about the environmental impact of the entire group. Furthermore, Toyota Industries has included domestic manufacturing subsidiaries/ affiliates within the scope of verification for this reporting cycle.
- Toyota Industries is using metrics for environmental efficiency which allows third parties to evaluate the activities more comprehensively.
- Based on discrepancies identified in the 2006 Report, the scope of data aggregation has been unified and expanded across entire plants managed under Headquarters, resulting in more reliable and accurate information at Headquarters and domestic plants which have been included in verification scope since last year.
- Clarifications and enhancements to the data monitoring rules and manuals has further improved the collection and reliability of data.

2. Follow-up on Issues from Verification Report on Social & Environmental Report for 2006

- Aggregation rules for environmental performance data were reviewed and the gap in the perception between Headquarters and the plants has been closed; additionally, the aggregation rules for data that has a significant difference between input and output was also revised in the interests of greater clarification.
- The calculation method for the greenhouse gas emissions from the casting process at the Higashichita Plant, which was subject to verification last year, was improved and the figures reported are considered to be closer to actual conditions; the new calculation method now includes the absorbed carbon rate and has been deployed since October 2006. It is also considered that a calculation method of this refinement is uncommon in Japan and is a commendable approach by Toyota Industries. ・Data generated from company controlled meter readings, is now considered to be fully reliable due to the recognition for the necessity of effective and consistent meter management.
- The calculation method for HFC usage is now based on actual measurement reporting and as a result the accuracy of this data has been improved. (It is preferable to examine evidence using a revised format for the purpose).
- Promoting of waste recycling and a clarification of waste management processes (including the reclassification of waste and the identification of reusable and waste materials) has been carried out following re-evaluation of the business contract for waste collection and disposal.



BUREAU VERITAS
Certification

The Social & Environmental Report
Independent Verification Report
To: TOYOTA INDUSTRIES CORPORATION
Mr. Tetsuro Toyoda, President

18th June, 2007

Bureau Veritas Japan Co., Ltd.
General Manager
Daniel Oliva

Objective of Verification

To verify the reliability and consistency of data selected by Toyota Industries Corporation (Toyota Industries) for inclusion in the Social & Environmental Report 2007 (the Report), issued under the responsibility of Toyota Industries' management.

Scope of Work

Bureau Veritas visited four sites, listed below, and verified data from each site applicable to Toyota Industries' production activities for the reporting period April, 2006 to March, 2007.

Headquarters:	Corporate Center and Business Support Center
Takahama Plant (TOYOTA Material Handling Company):	Manufacture and sales of industrial equipment and material handling systems
Izumi Machine Mfg. Co., Ltd. (Headquarters plant・Kitasaki plant):	Manufacture and Sales of compressor components, specialized machine tools, friction welding machines and automotive components

Verification Methodology

Bureau Veritas has conducted verification activities at:

Headquarters
1. The reliability of data collection and aggregation systems and the adequacy of the process.
2. The accuracy and consistency of data collected for the fiscal year 2007 (2006/4-2007/3) and the reliability of data transposition from sites to the Headquarters.

Sites
1. The appropriateness of the scope of data collection.
2. The effectiveness of data measurement and collection, the aggregation methodology and internal verification.
3. The reliability of data collection and aggregation and accuracy of final aggregated data.
4. The reliability and adequacy of data reporting to the Headquarters.

Opinion

Bureau Veritas reports as follows:
1. The data measurement, collection and aggregation systems are reliable and the systems are operated adequately at all sites whereupon Bureau Veritas conducted verification activities as per the scope of work.
2. All data included in the report that have been subject to independent verification are reliable and an accurate reflection of data collected at site level and collated at the Headquarters. All errors identified during the verification work were duly corrected.

3. Opportunities for Improvement

Headquarters/ domestic plants

- There is not yet an enough understanding of data aggregation rules and processes at plants and departments which have recently been included in the verification scope. The rule must be strictly followed at the plants and departments in future.

Domestic manufacturing subsidiaries/ affiliates

- The specification of actual subject data is not completely accurate at sites and because of this, there are certain errors in data collection and interpretation; stricter implementation and control of the established data aggregation rules are necessary.
- Improvements to the reliability of data aggregation processes and to internal verification are important in order to prevent errors that were identified in data input and transfer.

The English versions of the Independent Verification Report and Reference View from BV are translated from the original Japanese versions. The Japanese versions shall be the sole official texts in case of discrepancy.

GRI (Sustainability Reporting Guidelines 2002) Table

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	●	EC2.	Geographic breakdown of markets	2
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	●	EC4.	Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	——
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	●	LA6.	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	31,32
	●	LA7.	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	31
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	△	LA15.	Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements	31,32
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For information on our general business activities or earnings results, please visit our Website.

http://www.toyota-industries.com

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