

Corporate Governance	P44–49	Relationship with Our Shareholders and Investors	P53
Relationship with Our Customers	P50–51	Relationship with Our Associates	P54–57
Relationship with Our Business Partners	P52	Relationship with Our Local Communities	P58–59

## Corporate Governance

Toyota Industries strives to enhance its corporate value in a stable manner over the long term and maintains society's trust by earnestly fulfilling its social responsibilities in accordance with its Basic Philosophy. To that end, Toyota Industries endeavors to further enhance its corporate governance in its efforts to maintain and improve management efficiency and the fairness and transparency of its corporate activities.

## ■ Corporate Governance Structure

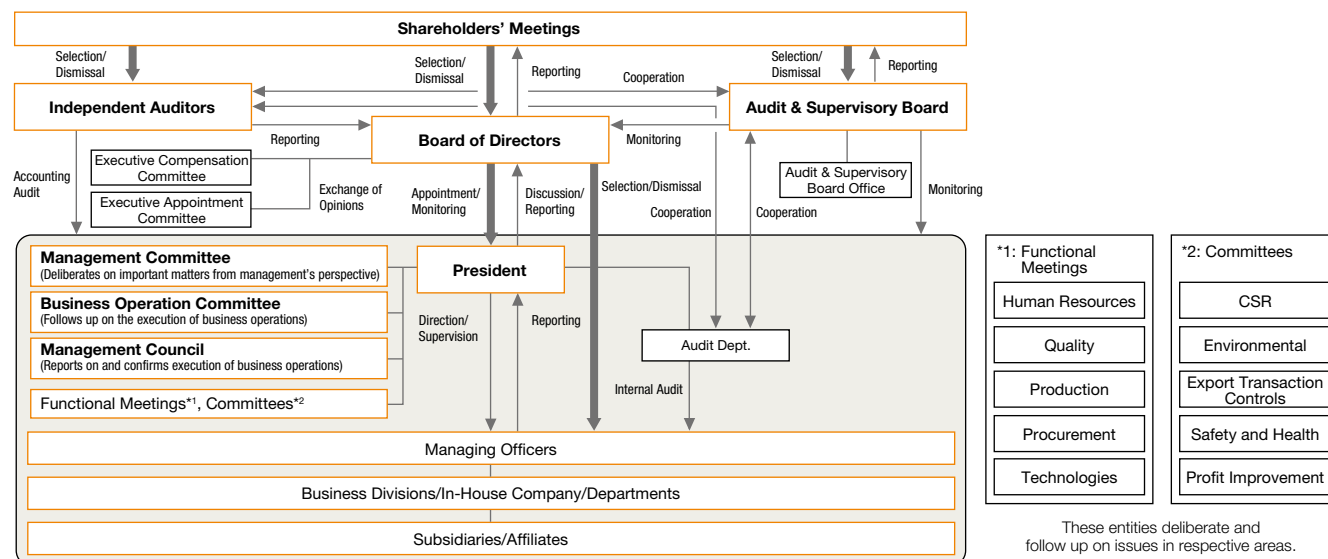
## Implementation Structure

Toyota Industries convenes monthly meetings of the Board of Directors to resolve important management matters and monitor the execution of duties by directors. We also appoint outside directors who have a wealth of experience and knowledge concerning business management. They attend meetings of the Board of Directors and give opinions and ask questions as deemed necessary. Through this supervisory function of outside directors, we ensure the legality and validity of the Board's decisions as well as directors' execution of duties from an objective perspective. The Management Committee, which is composed of

directors at the executive vice president level and above as well as relevant managing officers and audit & supervisory board members, deliberates on a variety of issues concerning important management matters such as our corporate vision, management policies, medium-term business strategies and major investments.

Toyota Industries has a divisional organization system, with significant authority delegated to each business division. For especially crucial matters, however, we have established the Business Operation Committee to enable the president to meet with the heads of each business division regularly to monitor and follow the status of their business execution. At meetings of the Management Council, directors, managing officers and audit & supervisory board members convene to report and confirm the monthly status of business operations and share overall deliberations at Board of Directors meetings and other management-related information.

In addition, issues pertaining to human resources, quality, production, procurement and technologies are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as corporate social responsibility (CSR), the environment and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.



(As of June 9, 2017)  
Toyota Industries' Corporate Governance Reports are available at: <https://www.toyota-shokki.co.jp/> (in Japanese)

## Audit & Supervisory Board System

Toyota Industries has adopted an audit & supervisory board system. Two full-time audit & supervisory board members and three outside audit & supervisory board members attend meetings of the Board of Directors to monitor the execution of duties by directors. At the same time, meetings of the Audit & Supervisory Board are held once a month to discuss and make decisions on important matters related to auditing. The full-time audit & supervisory board members carry out auditing by attending primary meetings and receiving reports directly from directors. Additionally, we have assigned dedicated personnel, while audit & supervisory board members monitor the legality and efficiency of management through collaboration with independent auditors and the Audit Department.

## Appointment of Independent Members of Management

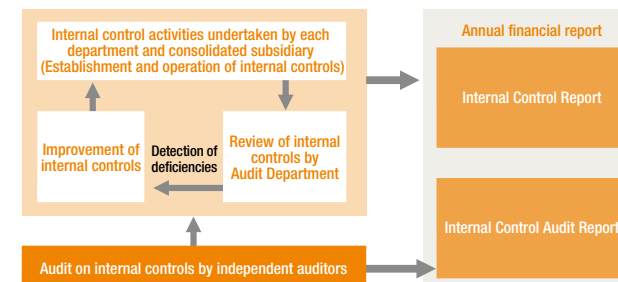
As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated by the Tokyo Stock Exchange and Nagoya Stock Exchange, respectively, to further enhance our corporate governance Toyota Industries has appointed as independent members of management two outside directors and two outside audit & supervisory board members who are deemed to have no conflicts of interest with our shareholders.

## Internal Control System

In accordance with the Companies Act, in May 2006 Toyota Industries' Board of Directors adopted the Basic Policies for the Establishment of an Internal Control System (Basic Policies) to ensure compliance, risk management as well as the effectiveness and efficiency of business operations by incorporating these policies into each business segment's annual policies and day-to-day routine management. The CSR Committee, at its meeting held in March, assesses the progress made in implementing the Basic Policies in the year under review and determines actions for the coming year, including reviewing the implementation structure and enhancing day-to-day operational management.

Furthermore, based on the Financial Instruments and Exchange Law (so-called Japanese Sarbanes-Oxley Act (J-SOX)), we have established and appropriately operated an internal control system to maintain the reliability of financial reporting. The system's status and progress

■ Internal Control Assessment System (Based on J-SOX)



are reviewed by the Audit Department and audited by independent auditors. We determine which Toyota Industries Group companies fall within the scope of J-SOX based on the degree of impact on the reliability of financial reporting. We determined that our internal controls over financial reporting as of the end of fiscal 2017 were effective, and accordingly, submitted an Internal Control Report in June 2017. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.

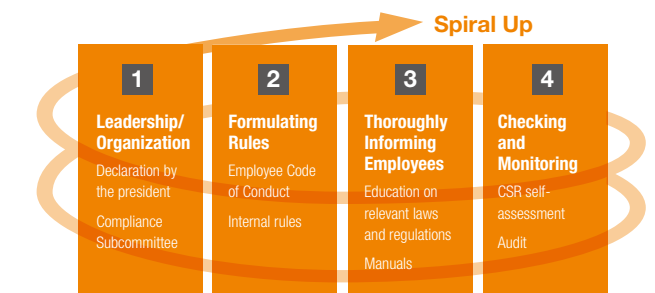
## Compliance

## Four Pillars of Compliance Activities

We believe that compliance means both adhering to laws and regulations and observing ethics and social norms. In order to ensure compliance, it is vital to instill an awareness of compliance in each and every employee.

Under the strong leadership of top management, we promote compliance throughout the Toyota Industries Group, including consolidated subsidiaries in and outside Japan, by formulating a Code of Conduct and thoroughly informing employees together with checking and monitoring compliance.

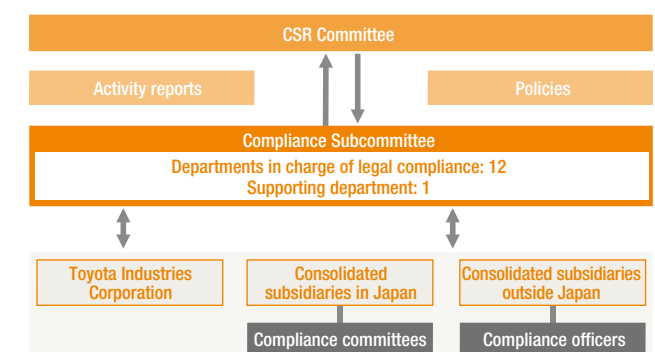
## ■ Four Pillars of Compliance Activities



## Establishment and Reinforcement of Implementation Organization

To promote compliance throughout the Toyota Industries Group, we have established the Compliance Subcommittee (led by an executive in charge of the Legal Department) as a subordinate organization to the CSR Committee. Every year, the subcommittee formulates an action policy and conducts a follow-up check on the progress of corresponding activities twice during that year.

### ■ Organization for Promoting Compliance



## Formulation of Code of Conduct and Dissemination

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees, and has been providing familiarization training. Subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures. Toyota Industries' 31 consolidated subsidiaries in Japan and 74 consolidated subsidiaries outside Japan have already created their own Code of Conduct and have been working to instill an awareness among their employees.

Simultaneously, to prevent significant risks of bribery and violations of antitrust laws, in addition to the Code of Conduct we have formulated corresponding regulations and been undertaking activities to familiarize employees with these regulations. Regarding bribery, Toyota Industries formulated the Global Guidelines for Bribery Prevention. Particularly, in countries with a high risk of bribery, each base has developed internal rules in accordance with the applicable laws in respective countries and been conducting activities to familiarize employees with them. As for antitrust laws, we have put in place a system to conduct a check and review before and after employees of Toyota Industries contact competitors. We are also familiarizing all employees that they are prohibited from any acts that may possibly constitute a violation of antitrust laws. Since fiscal 2016, we have set up antitrust law compliance month and have been conducting enlightenment activities at relevant departments.

## Thoroughly Informing Employees about Applicable Laws and Regulations

Toyota Industries provides required legal knowledge to employees according to their job ranks or positions, familiarizing them with the initial responses that should be followed upon the occurrence of a problem and educating them on risk management. Through new employee education, rank-based education and workplace meetings, we provide easy-to-understand guidance on "what to do" and "what not to do" in order to improve their compliance awareness based on laws and corporate ethics, using the

### Example Topics of e-Learning Materials

#### Courses started up to fiscal 2016

•Environment (water quality and waste) •Japan's Personal Information Protection Law •Compliance hotline •Prevention of bribery •Insider trading regulations •Copyrights •Japan's subcontracting law (general overview) •Sexual harassment and abuse of power in the workplace •Product liability •Basics of contracts •Export/import transaction controls •Management of confidential information •Illegal activities •Response to industrial accidents, etc.

#### Courses established and revised in fiscal 2017

•Compliance •Traffic safety •Japan's subcontracting law (prevention of delay in payment) •Human rights •Environmental risks •Coping with stress, etc.

\*Provided to all employees of Toyota Industries Corporation and its consolidated subsidiaries in Japan. Additional and revised courses are under consideration.

Toyota Industries Corporation Employee Code of Conduct as an instructional material.

Over the four years since fiscal 2014, we have created and disseminated 39 e-learning materials (including revisions to the existing materials) in order to cultivate a deeper understanding of compliance among employees of Toyota Industries Corporation and its consolidated subsidiaries in Japan and to create an environment in which employees foster compliance consciousness on their own.

In addition, in fiscal 2017 we invited external lawyers to hold executive legal seminars on "management of subsidiaries in China" and "post-acquisition management of subsidiaries" for directors, managing officers and audit & supervisory board members.

### Promoting Education on Code of Conduct

In fiscal 2017, we developed a video material describing the Code of Conduct, which employees of the Toyota Industries Group should observe, in seven languages (Japanese, English, Chinese, Spanish, Portuguese, Indonesian and Vietnamese) to assist relevant education in our consolidated subsidiaries in and outside Japan. The material has been distributed to the corresponding subsidiaries and used in their respective education programs.



Japanese-language Code of Conduct video material



English-language Code of Conduct video material

### Compliance Hotline

The Toyota Industries Group has in place a whistle-blower system for employees to report and seek consultation on compliance-related issues. In Japan, North America, Europe and China, in particular, we operate a compliance hotline (external helpline) that allows employees and their families to seek advice from external experts on compliance-related matters without being exposed to negative consequences, as well as to ensure the early discovery and prevention of issues. In fiscal 2017, we received 70 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate action regarding each case. We also started operating a hotline for our major business partners to report and inquire about possible compliance violations by Toyota Industries employees. Through this initiative, we ensure the early discovery and prevention of issues and intend to become a "company on which society places greater trust." We plan to make this hotline available to more business partners in the future.

## Activities in the Toyota Industries Group

We have set up compliance committees at subsidiaries in Japan and appointed compliance officers at subsidiaries outside Japan in our efforts to promote autonomous activities in respective communities in collaboration with the Compliance Subcommittee. In fiscal 2017, we continued to carry out activities in line with local needs.

### Activities in Japan

We held a conference of compliance personnel from 31 consolidated subsidiaries in Japan to share the latest information on applicable laws, introduce tools for employee education and exchange views on responses when a case of misconduct occurs.

### Activities in North America

We held the Compliance Officer Conference in North America with participation of compliance officers from 20 bases. A lecture by a lawyer and a presentation on required actions were given about often changing legal systems in the United States, including obligations imposed on government contractors and response to labor law changes. After the conference, these 20 bases have been fully implementing coordinated measures.

### Activities in Europe

In Europe, the regional headquarters have been promoting employee education on the Code of Conduct at respective bases. In terms of preventive legal measures, these headquarters have been identifying and assessing compliance risks and implementing appropriate measures for selected priority matters.

### Activities in China

In China, compliance officers from seven bases attended the Compliance Officer Conference. In fiscal 2017, the focus of activities was placed on "moral (education)" and "labor laws," and we created and disseminated relevant educational materials for use at all bases in China. Each base conducted education using these materials. We also

held a legal seminar for managers in the procurement department of each base to increase their knowledge on legal matters related to daily operations and improve their awareness of compliance.

### Activities in Asia, Oceania and South America

We have been providing compliance officer training with the aim of upgrading compliance activities. In fiscal 2017, we provided guidance on how to conduct employee education and held case studies on responses to misconduct for compliance officers from five bases in India, Indonesia and Vietnam.

### Cross-Regional Activities

We held the Four Regions Compliance Conference in the United States attended by 19 compliance personnel from four regions (Japan, North America, Europe and China) to share information on and discuss the establishment of a whistle-blower system appropriate for each region. We also selected a new compliance logo of the Toyota Industries Group. Using this logo, we will strive to further increase compliance awareness.



Four Regions Compliance Conference



New compliance logo

### Compliance Committees (in Japan) and Compliance Officers (outside Japan) (As of March 31, 2017)



TINA: Toyota Industries North America, Inc.  
TMHE: Toyota Material Handling Europe AB  
TIMC: Toyota Industries Management (China) Co., Ltd.  
TMHA: Toyota Material Handling Australia Pty Limited



Management of Confidential Information

Basic Perspective

We recognize that the personal information of customers, employees and business partners as well as information concerning our technologies and sales activities are assets that need to be protected. Accordingly, we are making our utmost efforts to safeguard confidential information and strengthen its management as one of the CSR areas.

Implementation Structure

Toyota Industries has set up the Information Security Subcommittee (led by an executive in charge of the General Administration Department) as a subordinate organization to the CSR Committee to promote proper management of confidential information, taking appropriate actions against the risk of leakage of confidential information and complying with laws such as the Unfair Competition Prevention Act and the Act on the Protection of Personal Information.

To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security managers\*1 and information security administrators\*2 at each department. We strive to raise awareness about information security among their staff by holding workplace meetings and conducting self-checks regarding their information security practices.

In fiscal 2017, to counter an increase in risk for leakage of confidential information we decided to perform a more thorough check of the history of data being taken off the premises upon retirement as well as reviewed the content of security incident or accident training at the headquarters.

Activity Examples

Activities up to fiscal 2016

Activities by Toyota Industries

- Rank-based group education
- Restrictions on taking photographs on company premises
- Attaching a security cable with a lock to all PCs to prevent unauthorized removal off the premises
- Restricting the copying of electronic data on recording media
- Monitoring of email correspondence
- Requiring employees to sign a confidentiality agreement and checking the history of electronic data being taken off the premises upon retirement

Activities in collaboration with other Toyota Group companies

- “Information Security Awareness Month” activities in May and October to raise employee awareness and conduct auditing by checking off-the-premises removal of personal computers and recording media, etc.

New activities in fiscal 2017

- Checking the history of hard copies being taken off the premises upon retirement
- Reviewing the content of security incident or accident training at the headquarters, etc.

Our consolidated subsidiaries in and outside Japan also appoint respective information security managers and information security administrators. We have also developed common guidelines concerning management of confidential information, which have been distributed among these subsidiaries, and follow up on their activities on a periodic basis in our efforts to raise the level of confidential information

management throughout the Toyota Industries Group.

\*1: Head of each department

\*2: A person within the department, appointed by the head

Risk Management

Basic Perspective

Based on the Basic Policies for the Establishment of an Internal Control System in compliance with the Companies Act, Toyota Industries is working to strengthen regulations and a structure to promote risk management. We regard the following aspects as the basics of risk management and implement initiatives accordingly.

- (1) Incorporating measures to prevent and reduce potential risks into daily routines and following up on the progress of implementation
- (2) Ensuring quick and precise actions to minimize the impact on business and society when a risk becomes apparent

Implementation Structure

Business divisions and other departments at the Head Office develop and promote annual action policies that integrate measures to prevent and control risks related to quality, safety, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed up by each functional management entity such as the CSR Committee and the Environmental Committee. At the same time, functional departments at the Head Office such as those responsible for quality, safety and the environment formulate rules and regulations and manuals from a Group-wide perspective, including consolidated subsidiaries. By confirming and following up on the progress through operational audits and workplace inspections, they provide support for raising the level of risk management at each business division and consolidated subsidiary.

We have also formulated the Crisis Response Manual, which defines our initial response to a problem or a crisis. This manual lays out basic rules to be followed when a risk becomes evident and a problem or crisis occurs. The aim is to ensure quick reporting to top management, perform an accurate assessment of the impact on society and business activities and minimize damage through appropriate actions. The content is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

Response to Possible Major Earthquake

We consider the occurrence of a major earthquake as one of the most significant risks. Since fiscal 2011, we have been implementing disaster prevention measures that focus on three basic policies, namely placing maximum priority on human life; placing top priority on the recovery of local communities; and ensuring the quickest possible recovery.

Furthermore, we divide these measures into the three categories of “precautionary, pre-disaster mitigation,” “initial response to be followed immediately after the disaster” and “restoration of production,” and are respectively making

Company-wide efforts.

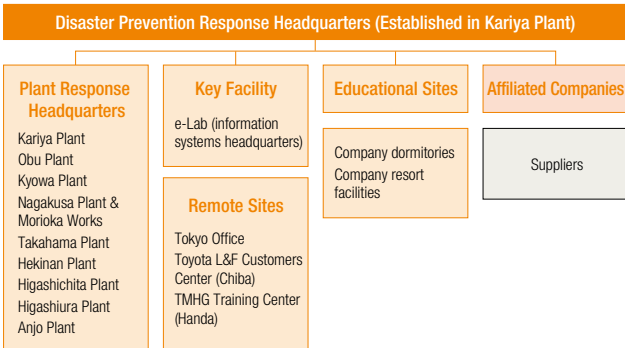
In fiscal 2017, based on the results of a review of our efforts in the previous fiscal year, we conducted training such as disaster drills in more realistic settings. We intend to continuously upgrade our activities.

Disaster Prevention Structure

We strive to reinforce our disaster prevention structure to enable smooth transition from the initial response stage to the production restoration stage.

The Disaster Prevention Response Headquarters, led by the executive vice president and consisting of representatives from the functional departments at the Head Office, is responsible for collecting information from plants and other relevant parties and making Company-wide decisions based on the information collected.

Disaster Prevention Structure



Efforts to Cultivate Human Resources through Training

1. Training at Disaster Prevention Response Headquarters

As one important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response, we conduct simulation training in which employees collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries.

Since fiscal 2015, assuming the occurrence of a disaster during nighttime and on a weekend or holiday, we have been providing training to members selected from the functional departments who live close to the Head Office in order to further enhance our real-time response capabilities.



Reviewing policies on resumption of operations and how to return home



Disaster response meeting

2. Training at Plant Response Headquarters

a) Workshops

In fiscal 2017, the major topic of our Company-wide discussion was the “creation of a structure that is truly functional in an emergency.” We worked to increase our

response capabilities by reviewing and revising our disaster prevention structure and flow of activities, thereby ensuring a quick and smooth transition from initial response activities to restoration activities.



Discussion at a workshop



Identifying inadequacies and items to be improved

b) Tabletop Exercise

We provide training to the head (plant manager) and members of each Plant Response Headquarters to ensure that we promptly make an initial response, offer support to local communities and launch restoration activities in case of a disaster. In fiscal 2017, we added training on the procedures to formulate a restoration plan to further raise awareness of each member for disaster prevention.



Determining whether to stop operations and how to provide support activities



Discussing a restoration plan

3. Training for Restoration

a) Power Restoration Drill

Each plant has developed procedures to restore power supplies, including electricity and gas, which are essential in restoring production activities. Starting from fiscal 2015, each plant conducts *genchi genbutsu* (go and see for yourself) training on a periodic basis. Through the training we are identifying problems and making improvements to step up our efforts to ensure quick restoration activities.

Since fiscal 2016, we have selected a model business division and standardized restoration procedures. We are conducting phased implementation of the initiatives taken at the model business division throughout Toyota Industries.



Drill to restore a primary power source

b) System Restoration Drill

The e-Lab, responsible for managing Toyota Industries’ data servers, has created procedures to restore critical data after a disaster. We conduct annual restoration drills jointly with Toyoda High System, Incorporated, a consolidated subsidiary engaged in development and operation of information infrastructures and systems, and work to improve our readiness for quick restoration.

4. Training for Identifying Disaster Damage

We repeatedly conduct drills jointly with our affiliated companies and business partners in order to familiarize them with the use of IT tools to quickly identify the damage status during a disaster.



Relationship with Our Customers

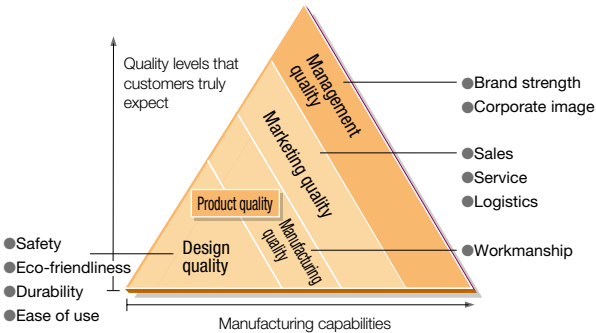
Adhering to a quality first approach, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

“A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results.”  
(from 80 Years of Toyota Industries through Photos)

Carrying on the spirit of founder Sakichi Toyoda, Toyota Industries strongly believes that quality is the lifeblood of a company. Focusing on quality first and ensuring customer safety and reassurance are our most important responsibilities to our customers and form the basis of our approach to CSR.

Toyota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses not only “product quality” but also “marketing quality” and “management quality.” “Product quality” is embodied in the safety, eco-friendliness, durability, ease of use and workmanship of our products, while “marketing quality” entails excellent sales and service in addition to these attributes and “management quality” further enhances our overall corporate image and brand strength in terms of all of these attributes.

Types of Quality Sought by Toyota Industries



“We should express our gratitude to our customers by providing them our best quality products.”  
(from Toyota Industries’ Quality Guidelines)

Placing top priority on our “Customer First” philosophy, Toyota Industries undertakes product development that meets customer expectations.

At Toyota Industries, development of a new product entails defining specific goals to incorporate quality in every stage from product planning and design to production preparation, production, sales and after-sales services. We perform a design review (DR), which allows a product to proceed to the next stage only when a responsible business division head examines and approves whether the product has reached the target quality level.

Should a defect occur after the product launch, the quality assurance departments of each business division

immediately devise necessary measures. At the same time, a probable cause is identified from both technical and structural aspects, and if deemed necessary, the new product development system itself is reviewed to prevent a recurrence in the successor model.

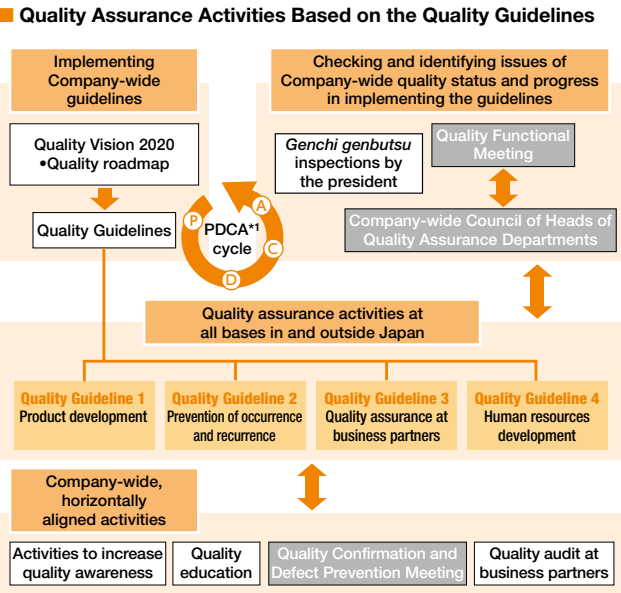
Activities Based on the Quality Guidelines

Quality forms the basis of our operations and is essential in attaining the goals of our Vision 2020. As such, we formulated our Quality Vision 2020, which defines our philosophy in ensuring quality.

**Quality Vision 2020**

All members in the Toyota Industries Group ensure quality first and build in quality with ownership at their own workplaces and positions in an effort to continuously supply attractive products/services that anticipate global customers’ needs.

To achieve the goal of this vision, we issue the Quality Guidelines, which identify priority quality-related issues to be implemented in each fiscal year, to all production bases in and outside Japan and engage in quality assurance activities accordingly. The implementation status of these guidelines is reviewed by top management at the Quality



\*1: PDCA (Plan, Do, Check, Act)



Genchi genbutsu inspection by the president

Functional Meeting chaired by the head of the Production Headquarters\*2 for identifying additional issues and devising countermeasures. Issues raised are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by the head of the Quality Control Department\*2. The president also checks on the outcome of these activities through *genchi genbutsu* inspections.

\*2: As of March 31, 2017

Initiatives to Prevent Defects

To achieve a level higher quality control and assurance, heads of all business divisions, quality assurance departments and engineering departments share information on defect prevention activities upon new product development or launch of mass production at the Quality Confirmation and Defect Prevention Meeting. Additionally, we provide education on a periodic basis not only to employees of Toyota Industries but also to our business partners to improve work procedures and mechanisms for defect prevention.

If a defect is found in a product after its launch, we implement thorough measures to prevent a recurrence and apply the results to other business divisions.

We have been strengthening measures to prevent the occurrence of similar defects in all products we develop and manufacture in the future.

Initiatives to Raise Quality Awareness

To ensure that we live up to our customers’ expectations in terms of quality, we believe it is important to have a high degree of quality awareness on an individual level. That is why we engage in various activities to raise quality awareness, including organizing various events during Quality Month. As a new initiative in fiscal 2017, we published two quality-related booklets to promote higher quality awareness.

One of the booklets, which is for all employees, reaffirms the origin of our quality assurance activities and includes such topics as the introduction of a Company-wide quality management structure in 1982 and details of the Deming Prize we received in 1986. This booklet was translated into English and distributed to major production bases outside Japan.

Based on the results of quality awareness questionnaires that have been conducted since fiscal 2016, we also created a booklet for engineering departments to facilitate the application of statistical quality control methods.



Booklets to raise quality awareness

Providing Support to Business Partners

Since improving the quality of our products requires concerted efforts with our business partners in and outside Japan, we are strengthening joint quality assurance activities with major business partners.

In each quality audit, we determine priority areas, confirm the improvement status of the previously identified deficiencies and provide quality education on items that should be reinforced in order to cultivate a deeper understanding of *kaizen* (improvement). As a result of these activities, in fiscal 2017 we successfully reduced the quantity of defective products delivered to us by about 30% from the previous fiscal year.

These activities enable our business partners to attain the level of quality assurance that Toyota Industries requires and establish a culture to foster quality assurance on their own.

Promoting Human Resources Development

Toyota Industries provides systematic quality education to all employees to help them acquire quality assurance skills needed in actual operations.

Our production bases outside Japan also promote *kaizen* efforts and human resources development through quality control (QC) circle activities. We visit subsidiaries outside Japan to give hands-on instructions for promoting QC circle activities and train QC circle instructors. As a venue for presenting activity results, we hold the Global QC Circle Convention and Regional QC Circle Convention every year and provide workshop sessions to raise skills.

We are working to reinforce our foundation for quality assurance based on the belief that manufacturing starts with nurturing excellent personnel.



Global QC Circle Convention



Regional QC Circle Convention in China



## Relationship with Our Business Partners

Toyota Industries encourages open procurement and seeks co-existence and co-prosperity with our business partners (suppliers) based on mutual trust. We also facilitate environmentally preferable purchasing, CSR-oriented procurement practices, human resources development and disaster prevention activities for a possible major earthquake.

### Fair Business Transactions Based on an Open Door Policy

To achieve open procurement, we provide fair and equal opportunities to all potential business partners on our Website.

We comprehensively evaluate our business partners based on such factors as quality, price, adherence to delivery times, technological capabilities and management information. We also assess their initiatives for safety, the environment and compliance as we strive for the timely and stable procurement of excellent products at lower costs based on fair business transactions.

### Co-Existence and Co-Prosperity Based on Mutual Trust

We work hard to realize co-existence and co-prosperity with our business partners based on mutual trust. Every year, we hold procurement policy meetings and top manager seminars for major business partners to facilitate mutual understanding and cooperation. In addition, we provide such programs as quality management and technical skills training, guidance directed toward *kaizen* at their production sites and safety and health education throughout the year.

### Reducing Environmental Impact through Environmentally Preferable Purchasing



Environmentally Preferable Purchasing Guidelines

In order to create environmentally friendly products, we aim to procure parts, raw materials and equipment from business partners that give sufficient consideration to the environment.

In October 2016, we published the sixth edition of our Environmentally Preferable Purchasing Guidelines, which we have formulated to enforce “green” purchasing. In the sixth edition, we responded to the increasing global call for stricter environmental requirements throughout the product lifecycle

by adding to the guidelines the goals we are pursuing for the year 2050 as well as provisions to ensure greater environmental management in our entire supply chain.

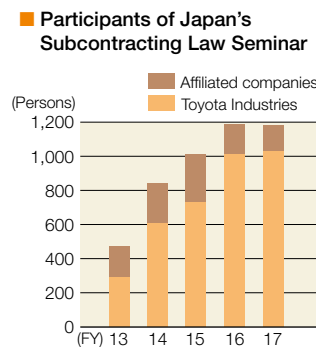
### Localization of Business for Good Corporate Citizenship

In view of increased local production outside Japan, we promote procurement from local business partners in order to contribute to the local community through consolidated subsidiaries as a good corporate citizen.

### Promoting Human Resources Development

We proactively provide education to enhance procurement knowledge both internally and externally. In fiscal 2017,

we provided training on Japan's subcontracting law to strengthen compliance, with seminars attended by 1,030 Toyota Industries employees and 150 participants from affiliated companies. We also held seminars for those who have missed previous ones, and all applicable individuals have completed this training. Along with sharing a model to develop procurement professionals across all procurement departments of Toyota Industries with the aim of improving the knowledge of procurement personnel, we have started providing basic education on procurement as well as financial education. We also work with Hoeikai, an organization consisting of our business partners, to provide support to strengthen the management platforms of member companies through Toyota Production System (TPS) activities in manufacturing and QC circle activities.



### Efforts toward Future-Oriented Trade Practices

In September 2016, the Ministry of Economy, Trade and Industry released Basic Policies for Future-oriented Trade Practices, requesting all industries in Japan to “formulate voluntary-based action plans toward the further introduction of fair trade and the improvement of added value across whole supply chains.” Accordingly, we conducted a review of our payment conditions for subcontracting business partners and decided to entirely switch from payment in bills and notes to payment in cash starting from fiscal 2018. As part of our efforts to become a “company on which society places greater trust,” we established a business partner hotline, through which we receive their opinions and inquiries and external lawyers take appropriate action for each case.

### Business Continuity Plan (BCP) Activities for Possible Major Earthquake

In the wake of a series of earthquakes that hit Kumamoto in 2016, we reviewed our previous BCP activities and identified deficiencies. In further promoting our BCP activities, we are making concerted efforts with business partners to reduce associated risks by implementing specific measures. In fiscal 2017, as a new initiative to ensure the smooth launch of a production restoration phase after a disaster, we provided production restoration workshops (tabletop exercises) to our major business partners.

#### BCP Activities

Topic	FY2013	FY2014	FY2015	FY2016	FY2017
Action policy	Determining current status	Reinforcing disaster mitigation			
					Production restoration
Scope of activities	Hoeikai (business partners)				
	Suppliers of major parts				
Activities	Supply chain surveys	Improving accuracy through periodic surveys			
	Mitigation workshops	Tabletop exercises			
	Disaster mitigation plans	Formulation, aggregation and review			
	Genchi genbutsu confirmation				Confirmation
	Training for determining extent of damage	Periodic training			
	Production restoration workshops				Tabletop exercises

## Relationship with Our Shareholders and Investors

We aim to obtain an appropriate company valuation in stock markets through timely and appropriate information disclosure while promoting good communications with shareholders and investors.

### Basic Perspective

Toyota Industries continually carries out timely and appropriate information disclosure for shareholders and investors. In this way, we raise management transparency so that we obtain an appropriate company valuation in stock markets. We proactively provide not only information required under disclosure laws and regulations but also information on our management policy and business activities. Also, we engage in various investor relations activities to facilitate productive dialogue with shareholders and investors.

### General Shareholders' Meeting

We hold our annual general shareholders' meeting early to avoid the date on which many companies hold their respective shareholders' meetings so that more shareholders can attend. We are further facilitating the exercise of voting rights of our shareholders by allowing them to exercise such rights via the Internet and by joining the electronic voting platform for institutional investors.

We held our 138th General Shareholders' Meeting on June 10, 2016, in which a record-high 475 shareholders participated. To foster a better understanding of our business activities, we invited our shareholders for a lift truck plant tour following the general shareholders' meeting.

#### Number of Participants

	134th	135th	136th	137th	138th
Shareholders' meeting	363	396	348	418	475
Plant tour	132	185	144	163	198

### Investor Relations Activities

For institutional investors and securities analysts, our management conducts briefing sessions to explain our quarterly financial results, including business performance, progress achieved at each business division and future initiatives. In addition to accepting individual interviews and making visits to institutional investors, in fiscal 2017 we hosted information sessions for the Materials Handling Equipment Business and car air-conditioning compressor plant tours. These events serve to showcase our business policies, our approach to manufacturing and on-site initiatives and facilitate a deeper understanding of Toyota Industries.

As for institutional investors outside Japan, we visit some of them to explain our management policies and business overview. We also participate in conferences hosted in Japan by securities companies and hold individual meetings.

For individual investors, we hold company information

sessions mainly in regions in Japan where our bases are located to promote an understanding of our business and management policies. Our Website also provides descriptions of our business details and strengths in an easy-to-understand manner.

Opinions and requests we collect through various means of communications with shareholders and investors are fed back to executives and relevant business divisions to reflect them in our future business activities.

#### Major IR Activities

##### For institutional investors and securities analysts in Japan

•Quarterly financial results briefings •Individual interviews/visits  
•Small meetings •Teleconferencing •Company-hosted business information sessions/plant tours •Issuing/delivering *Toyota Industries Reports*

##### For institutional investors outside Japan

•Individual interviews/visits •Teleconferencing •Participation in conferences hosted by securities companies •Issuing/delivering *Toyota Industries Reports*

##### For individual shareholders and investors

•Company information sessions •Company-hosted plant tours  
•Issuing/delivering notice of general shareholders' meeting  
•Issuing/delivering business reports



Company-hosted information session for the Materials Handling Equipment Business (September 2016)



Q&A session after a car air-conditioning compressor plant tour hosted by Toyota Industries (December 2016)

### Returning Profits to Shareholders

We strive to continue paying dividends from retained earnings at the consolidated dividend payout ratio of roughly 30% and meet the expectations of shareholders upon comprehensively taking into consideration such factors as business results and demand for funds.

For fiscal 2017, Toyota Industries increased annual cash dividends by ¥5.0 over the previous fiscal year and paid annual cash dividends per share of ¥125.0 (interim cash dividend per share of ¥60.0 and year-end cash dividend per share of ¥65.0).



Relationship with Our Associates

Our ultimate goal is to create safe and secure workplaces for everyone, where each and every associate can exercise their diverse potentials and play active roles.

Building a Safety-Oriented Culture That Aims for Zero Industrial Accidents

In accordance with our fundamental policy of “creating people capable of autonomously maintaining occupational safety and health,” Toyota Industries strives to prevent industrial accidents and occupational disorders as well as realize better work environments.

Based on the idea of building “a homelike atmosphere at work that is warm and friendly” as stated in the Toyoda Precepts, we clarified the “true meaning of safety” and “optimal safety we seek” and formulated the Safety Vision in fiscal 2014. Under this vision, all associates of the Toyota Industries Group are undertaking the task of establishing a safety-oriented culture.

In fiscal 2017, we continued to promote primarily “activities aimed at establishing a safety-oriented culture” and “safety measures from human, object and administrative standpoints based on risk assessment.”

For a safety culture to firmly take hold, strong awareness among all associates is vital. It is equally important that they recognize health and safety issues in the workplace and plan and sustain their own activities to reduce industrial accidents under the leadership of managers and supervisors.

To this end, managers and supervisors observe workplaces from a viewpoint of workers and strive to visualize issues through *genchi genbutsu* dialogue, share goals with workers and cultivate a sharper sensitivity to problems.

Since many of the issues that have become apparent often show trends specific to individual business divisions, we hold sessions to report the results of work observations to encourage matching response actions within each business division.

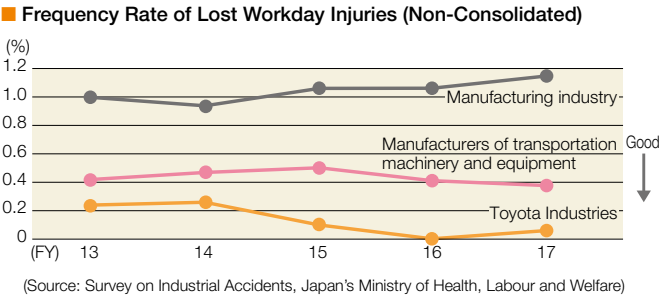

As typical examples of safety culture activities, we encourage point-and-call practices to check safety, instruct associates to use hand rails when going up or down stairs and let associates remind each other to mutually raise awareness. As a result of these activities, we have increased opportunities to hold safety dialogue within Toyota Industries and cultivated stronger awareness among all associates, making steady progress toward zero industrial accidents.

In fiscal 2017, we continued to record no accidents caused by production facilities. However, as there were human-induced accidents, such as injuries while handling heavy objects and while walking, the frequency rate of lost workday injuries rose to 0.06. We will continue to implement and expand unfaltering initiatives to instill a safety culture

**Safety Vision**

Each and every associate in the Toyota Industries Group, guided by the spirit of our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas and focuses on mutual courtesy and safety as well as realizing workplaces where associates work each day with a sense of happiness and pride.

July 1, 2013



among associates to achieve zero industrial accidents.

There was an industrial accident at another company, which involved an explosion in a heating furnace that uses combustible gas. Following the accident, our top management conducted focused inspections on gas-fired equipment used within the Toyota Industries Group. Using the information released by public offices and other organizations, we performed checks on the ventilation setting at the time of ignition, safety devices used to check the combustion conditions, functions of the automatic and emergency gas shut-off valves and the contents of operational manuals, and confirmed that our procedures and equipment ensure safety in all of our assumed scenarios. We will continue to seek the latest safety technology for increasing safety and endeavor to curb industrial accidents by repeatedly conducting risk assessments.



Overseas, we again held a health and safety regional meeting at bases in Europe and North America.

These meetings focused on increasing collaboration among bases in each region and aimed to ensure legal compliance, build a safety-oriented culture and improve health and safety technology and measures. Participants exchanged views on how to apply cause analysis methods to prevent a recurrence of an industrial accident and how to ensure safety in logistics operations while using vehicles within a plant. For the former, in particular, we created a manual that compiles issues found so far to deepen an understanding of the importance of cause analysis and our approach to preventive measures.



We will continue to reinforce ties among bases within Japan and among bases in each region, with the ultimate goal of establishing the highest level of health and safety culture in respective regions.

Initiatives for Health Management and Improvement

As a task for the medium term, we are promoting health improvement of associates, mainly focusing on prevention of lifestyle diseases and mental health support activities, to counter risks associated with aging and greater stress.

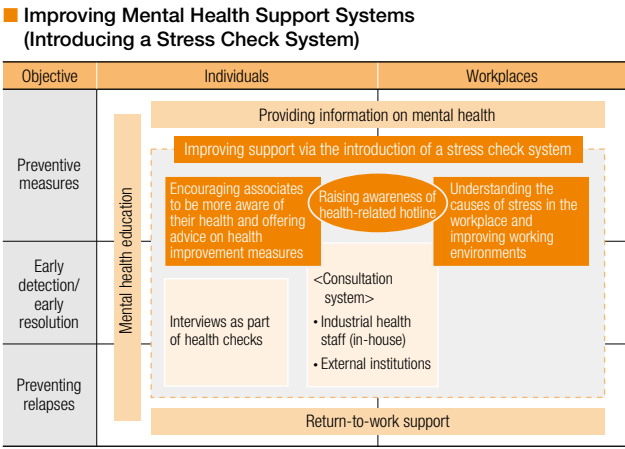
For prevention of lifestyle diseases, we conduct periodic age-based health education for all associates. We also feed back to associates the results of an annual health checkup and measurements conducted on the same day, including physical fitness, body fat percentage and amount of fat around internal organs, along with advice to improve lifestyle habits. Our health checkup is designed to provide motivation for better health by letting associates think about their health over the course of the one-day program.

In addition, we conduct enhanced follow-up activities after annual health checkups. As one effort, we provide health promotion guidance to associates below the age of 40 in addition to specific health guidance required by the Japanese government. By doing so, we encourage associates to improve lifestyle habits early on in order to prevent or ameliorate symptoms of metabolic syndrome. Our company cafeterias also offer healthy meals to help associates maintain and promote their health.

As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line-care



Participants of age-based health education (non-consolidated)	
(2,142 persons)	
Persons having completed guidance program on prevention of lifestyle diseases (non-consolidated)	
(717 persons)	
Stop smoking enlightenment events	
•World No Tobacco Day: One-day no smoking (May 31)	
•No Smoking Days: Half-day no smoking (for nine days)	
Participants of stop smoking campaigns (held jointly with health insurance association)	
(29 persons)	
Participants of walking events (held jointly with health insurance association)	
(5,025 persons)	



education to prevent new cases of mental health problems and operation of a return-to-work support program for persons on long-term leave for prevention of relapses. We have successfully achieved positive results through these activities.

In fiscal 2017, we introduced a stress check system and conducted a check on all associates. The results were fed back to all participants with suggestions for improvement, and we set up an individual interview with a doctor for those wishing to do so. We also provided feedback of group analysis results to each workplace, as encouraged by the Ministry of Health, Labour and Welfare. We promoted effective data utilization in improving working environments by feeding back the results along with tips for improvement to all department heads. Our in-house industrial health staff and external institutions also provided improvement support to departments needing to implement countermeasures.

Enhancing Team Strength

Toyota Industries believes that it is essential to enhance team strength so that each associate can work with vitality and the Company can achieve sustainable growth.

We believe that team strength is made up of “technical skills” that form the basis of manufacturing operations, “management skills” to make maximum use of technical skills and a “spirit of harmony” that supports both. While further enhancing our team strength, we are striving to extend and hand it down beyond all business domains, generations and geographic regions.



**Technical Skills**

To develop skills to support manufacturing, the Technical Learning Center, one of our training facilities, plays the central role in associate education, offering basic skills training at the Technical Training School and facilitating efforts to enhance the skills of young technical staff through in-house skills contests. We also work to cultivate highly skilled specialists through participation in the national and international skills competitions.

At the 54th National Skills Competition\* held in 2016, the Toyota Industries team won one gold medal in the “electrical welding” category and received prizes in various other categories, thereby attaining medals for the 16th consecutive competition.



\* Skills competition for determining Japan's top young engineers



Number of Medals Won at the National Skills Competition

	FY2013	FY2014	FY2015	FY2016	FY2017
Gold medal	—	1	1	1	1
Silver medal	1	2	3	2	3
Bronze medal	4	3	1	3	1
Total	5	6	5	6	5

Management Skills

We conduct TICO Business Practices (TIBP) training targeting associates in administrative and engineering fields, with the aim of mutually sharing the thinking and values that the Company gives importance to, as well as to improve our associates’ problem-solving capabilities. TIBP training programs are also provided at subsidiaries outside Japan in our efforts to raise the level of management skills throughout the Toyota Industries Group.

Spirit of Harmony

We are creating a bright, energetic and caring work environment that fosters a dynamic workforce and allows every member to demonstrate his or her capabilities both as an individual and as a team. We are proactively encouraging communication not only during work hours but also through social gatherings, sports days, summer festivals, Group-wide *ekiden* long-distance relay races and cheer squads for various sports events.

Establishing Work Environments Where Diverse Human Resources Can Play Active Roles

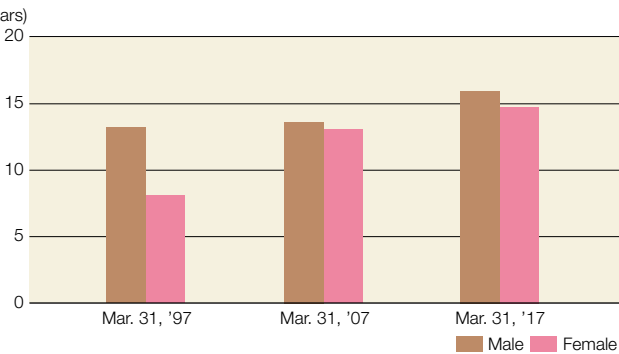
We are implementing a variety of measures to create work environments where a diverse range of human resources can fully exercise their capabilities. These include promoting active roles of female associates, supporting the employment of persons with disabilities and creating an environment in which older associates can work more actively.

Promoting Active Roles of Female Associates

We have been formulating plans to harness a more diverse range of human resources and continuing to carry out activities since 2008.

We have been working to enhance support systems through such measures as introducing “a shorter work-hour system for child care.” We also introduced a telecommuting system in April 2014. As a result, the average length of service increased overall in administrative and engineering positions, with a significant rise for female associates.

Average Service Years by Male and Female Associates (Administrative and Engineering Positions, Non-Consolidated)



In addition, by introducing “a return-to-work (“welcome-back”) system,” which allows associates who have left work to care for children and family members or to accompany their spouse for a job transfer to get reinstated under certain preconditions, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind.

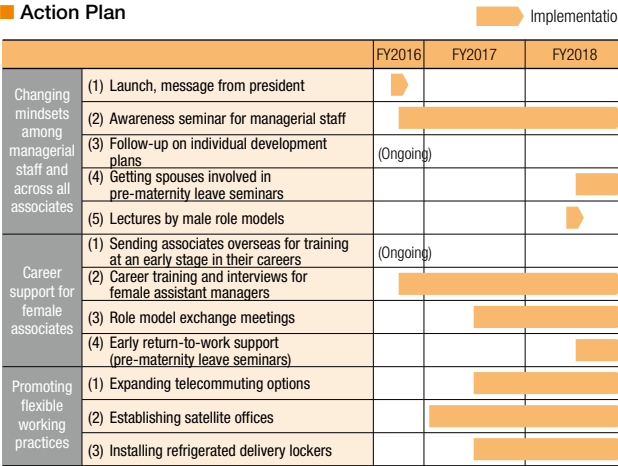
In terms of measures to promote more active roles for female associates, we have set the target of increasing the ratio of female graduate recruits to 40% in administrative positions and 10% in engineering positions, and tripling the number of female associates in managerial positions by the year 2020 compared with 2014, and intend to step up activities to achieve our goal.

In 2015, we set up a project to promote more active roles for female associates, comprising 11 males and females from different departments.

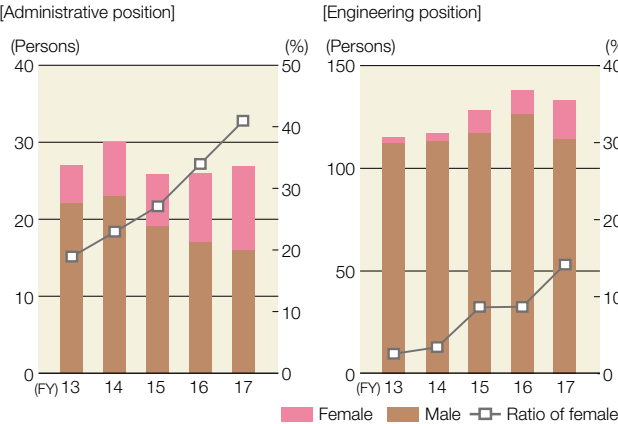
This project was key for the identification of issues and formulation of policy proposals in promoting the increased active roles of female associates through discussions and exchanges among project members and stakeholders. The results of these discussions formed the basis for the development of a Company-wide action plan in clarifying the initiatives for this project.

In carrying out the action plan, we specifically focus on the initiatives to change the mindset among managerial staff and across all associates, provide female associates career support and promote flexible working practices.

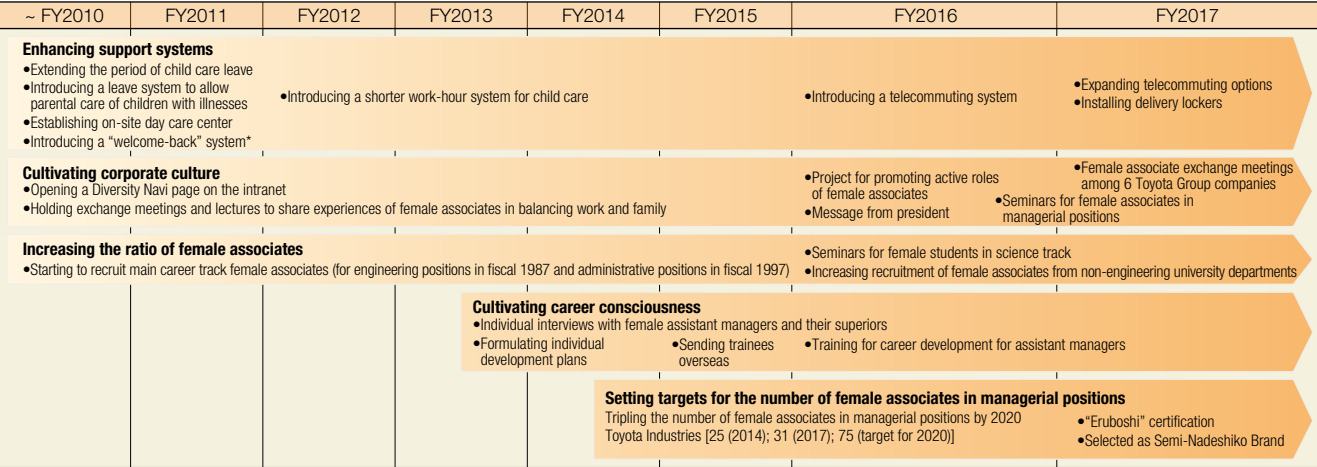
In fiscal 2017, we held a seminar for about 1,000 managerial staff members who directly engage in the mentoring and development of associates. The aim was to promote an understanding of how female associates regard their career paths as well as the environment in which they



Hiring of New Graduates (Non-Consolidated)



Initiatives for Promoting Active Roles of Female Associates



\* A system to enable reinstatement under certain preconditions

are working and to raise awareness of human resources development that takes into account their life events.

In order to create an environment to allow associates who are balancing work and child/nursing care to work with higher motivation and pursue career development, we expanded our telecommuting system in October 2016, which promotes the early return to work from a break in their career.

Rather than merely appointing more female associates to managerial positions, we are working to improve workplaces so as to offer females a wider range of jobs and higher quality of work and to enable female associates to fulfil their individual potential.

We were certified by the Aichi Labour Bureau as a “Female-Friendly Company” in January 2016 and received “Eruboshi (“L Star”: L stands for Lady, Labour and Laudable)” certification from the Ministry of Health, Labour and Welfare in October of the same year. The latter certification is given to companies making excellent efforts in promoting active female roles in the workplace.

In March 2017, we were selected as a Semi-Nadeshiko Brand, a status investors may find appealing when making investment decisions. The designation is granted to publicly listed companies that are outstanding in terms of encouraging the empowerment of women.

We will continue to promote activities aimed at creating more active roles for female associates.



Training for career development for female assistant managers



Seminar for managerial staff members

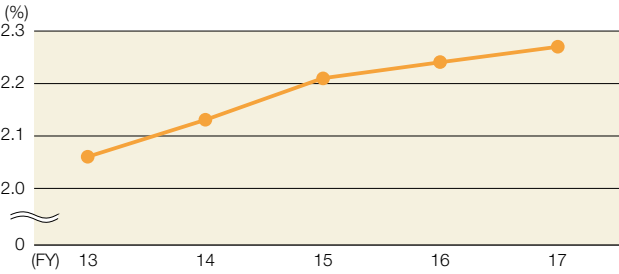


Female associate exchange meeting among six Toyota Group companies

Employment of Persons with Disabilities

We respect the idea of people with and without disabilities working together and sharing life and work values. Under this basic policy, we continue to employ persons with disabilities every year. They are assigned to a variety of sections and work with other members to perform their designated tasks. In fiscal 2017, the ratio of associates with disabilities on a non-consolidated basis was 2.27%.

Ratio of Associates with Disabilities (Non-Consolidated)



Creating a Work Environment for Older Associates

We focus on creating a better work environment for older associates by adjusting the height of jigs in production lines and modifying processes to compensate for deterioration of vision so that they can work with less stress.

Moreover, since the introduction of a re-employment system for associates who reach the mandatory retirement age of 60, the number of associates who choose to continue working has been increasing. In response, we hold “55 Career Training” for associates reaching the age of 55 to give them an opportunity to envision life and work after the age of 60 and think about how they should work during the remaining pre-retirement period.



Relationship with Our Local Communities

With a view toward creating an enriched and healthy society and ensuring its sustainable growth, we fulfill our role as a good corporate citizen and actively undertake social contribution activities in every region where we do business.

Activities as a Good Corporate Citizen

Based on “Respect for Others” as described in our Basic Philosophy, we strive to fulfill our role as a good corporate citizen in every region where we do business and actively engage in social contribution activities to realize an enriched and healthy society. In our activities that emphasize social welfare, youth development, environmental protection and community contribution, we not only provide cooperation and support through personnel, facilities, funds and know-how but also strive to closely connect with participants. To foster employees’ awareness of their ties to society and raise their interest in contributing to society, we make enlightenment efforts such as providing a venue for volunteer activities and sharing information on volunteer activities that encourage the participation of all employees. Employee associations\* are actively undertaking various activities to contribute to local communities, mainly in the areas of supporting welfare facilities and protecting the natural environment.

\* Voluntary organizations formed by employees at each job level

Structure for Promoting Social Contribution Activities

The CSR Committee deliberates on policies of our social contribution activities while the Social Contribution Group within the General Administration Department at the Head Office takes the initiative in carrying out activities.

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities
Social welfare	Events to interact with persons with disabilities • “Walk Rally (orienteering),” harvest festival, festival Support for welfare facilities • Support for charity bazaars at facilities by providing goods • Volunteer work for facility cleanup/repair/pruning/weeding • Support for sales of products from facilities for persons with disabilities by providing opportunities to set up stalls • Volunteer listening activities at elderly care facilities <b>Donation to a breast cancer enlightenment NPO through a charity running event (Belgium) (P59)</b> Support for feeding the homeless and needy (Australia) Donating Christmas presents for less fortunate children (U.S.A.)
Youth development	Support for Youth Invention Clubs • Monozukuri workshops for elementary school children during summer vacations • Holding handmade kite-flying competitions • Running craft corners at local events Providing plant-hosted environmental education to elementary school children Holding mini concerts at elementary schools <b>Donation to an organization supporting sound youth development (U.S.A.) (P59)</b>
Environmental protection	Initiatives for forest conservation • Tree thinning activities for conservation of prefecture-owned forests • <b>Producing and donating benches made of thinned wood (P58)</b> • Tree-planting activities for reforestation <b>Cooperating in a government-led environmental program (Indonesia) (P59)</b>
Community contribution	Participation in local traditional event (Mando Festival) Road cleanup activities in areas around plants Activities to raise awareness for traffic safety Crime prevention patrols <b>Holding a drill on how to use fire extinguishers at an elementary school (P58)</b> Highway cleanup activities (U.S.A.) <b>Donating toilets and desks to elementary schools and conducting health and hygiene education (India) (P59)</b>
Other	Holding charity concert Support for international NGO in collecting spoiled postcards, bell marks and others Periodic blood donation drives

(Activities without country designation were conducted in Japan.)

Activity Examples of Toyota Industries and Consolidated Subsidiary (Japan)

Toyota Industries Corporation	Environmental Protection
-------------------------------	--------------------------

Donating Benches Made of Thinned Wood

In collaboration with Aste, a public interest foundation engaging in forest conservation, Toyota Industries donated 12 benches made of thinned Japanese cypress to kindergartens and children’s day care centers. This initiative aims to promote the sound development of forests and effectively utilize thinned wood. At a donation ceremony held at a kindergarten, we performed a skit to explain what is happening to satoyama (village forests) in an easy-to-understand manner and convey the importance of conserving forests to children.



Skit by employees participating in a donation ceremony

Consolidated Subsidiary	Community Contribution
-------------------------	------------------------

Holding a Drill on How to Use Fire Extinguishers at an Elementary School

SKM Corporation, engaging in building management, security services for facilities and management and brokerage of real estates, conducted a drill on how to use fire extinguishers for about 90 fourth graders at a nearby elementary school, utilizing the skills accumulated through routine training by its security department. On the day of the drill, after a lecture on fires and a Q&A session, each child actually shot off a fire extinguisher. We will continue to contribute to local communities through these and similar activities.



Drill for children to practice using a fire extinguisher

Activity Examples of Consolidated Subsidiaries (Outside Japan)

Belgium	Social Welfare
---------	----------------

Donation to a Breast Cancer Enlightenment NPO through a Charity Running Event

**Toyota Material Handling Belgium NV/SA (TMHBE)**  
Subsidiary engaging in sales and servicing of materials handling equipment

From TMHBE, 18 employees participated in a charity running event to support the Susan G. Komen® organization, an NPO fighting against breast cancer. The event solicits donations from runners according to the distance they run, and the company donated the matching amount to the NPO. The funds raised through the event are used to support efforts to increase the breast cancer examination rate, help patients find a job and promote therapeutic research.



Employees who participated in the charity running event

U.S.A.	Youth Development
--------	-------------------

Donation to an Organization Supporting Sound Youth Development

**TD Automotive Compressor Georgia, LLC (TACG)**  
Subsidiary producing car air-conditioning compressors

In September 2016, TACG employees collected snacks and beverages and raised donation funds for the Boys & Girls Clubs of America. The organization offers a variety of support programs for economically or socially challenged youth having difficulty leading a stable life to help them achieve sound growth.



Employees who participated in the donation drive

Indonesia	Environmental Protection
-----------	--------------------------

Cooperating in a Government-Led Environmental Program

**P.T. TD Automotive Compressor Indonesia (TACI)**  
Subsidiary producing car air-conditioning compressors

TACI cooperated in the Adiwiyata Program, an environmental program for the sustainable growth of society run by the Ministry of Environment and Ministry of Education of Indonesia. The program encourages respective schools to address environmental issues and convey to children the importance of environmental conservation. At a school in Cikarang, 20 TACI employees supported the development of a system to produce a fertilizer from organic waste.



Employees who cooperated in the environmental program

India	Community Contribution
-------	------------------------

Donating Toilets and Desks to Elementary Schools and Conducting Health and Hygiene Education

**Toyota Industries Engine India Pvt. Ltd. (TIEI)**  
Subsidiary producing engines

TIEI constructed girls’ restrooms at an elementary school in the Krishna district, which is located near its plant and had been in need of more girls’ restrooms. TIEI also donated desks and chairs to and conducted health and hygiene awareness education at other elementary schools. Along with these efforts, TIEI conducted a variety of community contribution activities, including planting trees for beautification of areas surrounding its plant.



Employees who participated in awareness education