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### **Toyota Industries Report**

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2014 Year ended March 31, 2014

TOYOTA INDUSTRIES CORPORATION

### **Corporate Philosophy**

(Toyoda Precepts and Basic Philosophy)

Based on the Basic Philosophy that carries on the spirit of founder Sakichi Toyoda, the Toyota Industries Group contributes to the harmonious and sustainable development of society and the Earth.



#### Toyoda Precepts

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

#### Basic 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 traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those regions and 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.

Editorial policy	In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the <i>Annual Report</i> and <i>Social and Environmental Report</i> have been combined into the <i>Toyota Industries Report</i> from the fiscal year ended March 31, 2008. In addition to the Toyota Industries Group's management policies, the report provides easy-to-understand information regarding its business, social and environmental activities over the past year as well as its future direction.
Period covered by the report	This report focuses on activities carried out in fiscal 2014 (April 1, 2013 to March 31, 2014), but also includes some information outside this period.
Organizations covered in the report	Toyota Industries Corporation and its consolidated subsidiaries
Reference guidelines	<ul> <li>Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.1</li> <li>ISO 26000</li> <li>Japan's Ministry of the Environment Environmental Accounting Guidelines (2005 Version)</li> <li>Japan's Ministry of the Environment Environmental Reporting Guidelines (2012 Version)</li> </ul>

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#### Cautionary Statement with Respect to Forward-Looking Statements

This report contains projections and other forward-looking statements that involve risks and uncertainties. The use of the words "expect," "anticipate," "estimate," "forecast," international activities and (13) retirement benefit liabilities

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<sup>&</sup>quot;plan" and similar expressions is intended to identify such forward-looking statements. Projections and forward-looking statements are based on the current expectations and estimates of the Toyota Industries Group regarding its plans, outlook, strategies and results for the future. All such projections and forward-looking statements are based on management's assumptions and beliefs derived from the information available at the time of producing this report and are not guarantees of future performance. Toyota Industries undertakes no obligation to publicly update or revise any forward-looking statements in this report, whether as a result of new information, future events or otherwise. Therefore, it is advised that you should not rely solely upon these projections and forward-looking statements in making your investment decisions. You should also be aware that certain risks and uncertainties could cause the actual results of Toyota Industries to differ materially from any projections or forward-looking statements discussed in this report. These risks and uncertainties include, but are not limited to, the following: (1) reliance on a small number of customers, (2) product development capabilities, (3) intellectual property rights, (4) product defects, (5) price competition, (6) reliance on suppliers of raw materials and components, (7) environmental regulations, (8) success or failure of strategic alliances with other companies, (9) exchange rate fluctuations, (10) share price fluctuations, (11) effects of disasters, power blackouts and other incidents, (12) latent risks associated with

### **Materials Handling Equipment**

The flow of goods links the world and enriches the lives of people and society. By providing a diverse range of materials handling equipment such as lift trucks, Toyota Industries supports persons working at the frontlines of logistics and helps bring smiles to the faces of people the world over.

Get behind the wheel with a solid, reassuring feel and enjoy the true pleasure of driving. Besides vehicle assembly, Toyota Industries produces various automobile-related components such as engines and compressors, the latter of which comprises the heart of car air conditioners. We are there for you to create a comfortable vehicle interior.

[Main Products]







Aerial work platform



Internal-combustion lift truck



Automated storage and retrieval system

The Materials Handling Equipment Segment develops, produces, sells and provides services for a broad range of products, from industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities) to materials handling systems.

Lift trucks, which capture the top global market share\*, are delivered to customers around the world under the TOYOTA, BT, RAYMOND and CESAB brands through Toyota Material Handling Group. Toyota Industries also strives to provide finely tuned aftersales services so that customers can always use our products in the best possible condition. While raising the level of after-sales services for developed countries, we are reinforcing our sales and service networks as well as enhancing service training for emerging countries.

\* Survey by Toyota Industries Corporation



[Main Products]



RAV4

Vitz (Yaris outside Japan)

Diesel engine

From vehicle assembly to parts production, the Automobile Segment engages in a wide range of car-related businesses, leveraging synergies among its business divisions in development and production. Vehicle: With its strengths as an industry leader in safety, the environment, quality, cost and delivery, the Vehicle Business produces compact to midsize automobiles. Engine: In addition to diesel engines produced under a comprehensive structure ranging from planning and development to production, we also produce gasoline engines. Car Air-Conditioning Compressor: Toyota Industries' car air-conditioning compressors are highly acclaimed in terms of their reliability at high operating speeds and quiet operation in addition to such excellent environmental-related performance features as compactness, weight reduction and fuel efficiency. The Car Air-Conditioning Compressor Business captures the world-leading market share in unit sales\*.

Car Electronics: The Car Electronics Business develops and produces electronics products primarily for electric-powered vehicles such as hybrid vehicles. \* Survey by Toyota Industries Corporation



Toyota Industries Report 2014

### **Automobile**





Variable-displacement type compressor



Fixed-displacement type compressor



DC-DC converter

### Logistics

The smooth flow of goods, money and information is essential in our daily lives. Toyota Industries meets diverse customer needs in logistics by offering advanced and highly efficient logistics services, beginning with land transportation services that deliver to automakers "what is needed, when it is needed and in the quantity needed."

A soft texture caressing your skin. Toyota Industries produces spinning machinery that spins high-quality yarns and high-speed, energy-saving weaving machinery that produces fabrics. We deliver textile machinery to customers around the world that incorporates advanced technologies and is imbued with our dedication to quality.

[Main Services]



Warehouse logistics

delivery and cash proceeds management services and data storage and management services.

Cash collection and delivery and cash proceeds management service

Data storage, management

Land transportation service

collection and delivery service

Toyota Industries is building its own unique business model that pursues optimal flows of goods, money and information from producers to consumers, thereby contributing to the overall optimization of customers' logistics. The Logistics Segment is composed of three business pillars: planning, design and operation of distribution centers to help customers reduce their logistics costs; land transportation services that primarily focus on cargo deliveries via trucks; and high value-added services such as cash collection and



12 13 14

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12 13 14

Percentage of Net Sales (FY2014) 4.7%



The Textile Machinery Division, our original business, began with the invention of the automatic loom by founder Sakichi Toyoda. Presently, we undertake fully integrated operations from development and production to sales and after-sales services for spinning machines that spin twisted fiber bundles into yarn and weaving machines that weave spun yarn into fabrics. Our textile machinery is supplied to markets worldwide.

[Main Products

Thanks to superb reliability and high productivity, our air-jet looms have won extensive acclaim from customers around the globe, capturing the world-leading market share in terms of unit sales\*. \* Survey by Toyota Industries Corporation



Outline of Businesses

### **Textile Machinery**





Tetsuro Toyoda Chairman Akira Onishi President In front of the Toyoda Automatic Loom, Type G displayed at the textile machinery showroom in Kariya, Aichi Prefecture

### **Message from the Chairman and President**

We sincerely appreciate your support of Toyota Industries Corporation and the Toyota Industries Group.

Looking at the overall economic conditions during fiscal 2014, ended March 31, 2014, the global economy continued on a recovery path despite some weakness in such emerging countries as China and Southeast Asian nations. The Japanese economy began to rebound as the positive impact of monetary and fiscal policies spurred a favorable growth cycle reflected by higher consumer spending, increased corporate production and improvements in the employment environment and wages.

As articulated in Vision 2020, we will develop environment-friendly, energy-saving products focusing on the keywords of the 3Es (Energy, Environmental protection improvements in the employment environment and wages. Under these business conditions, the Toyota Industries and Ecological thinking), while integrating functions and Group focused on its quality first approach to earn the services demanded by customers (Value Chain) and trust of customers and worked to expand sales by providing these worldwide (World Market). Through these appropriately responding to respective market trends. As a measures, we aim for growth in three business units. result of these measures, Toyota Industries achieved namely the "solution" business unit consisting of materials handling equipment, logistics and textile machinery; the record highs in consolidated net sales, operating income, ordinary income and net income. "key components" business unit encompassing car air-Regarding the future outlook, the recovery in the world conditioning compressors and car electronics; and the "mobility" business unit covering vehicles and engines.

Regarding the future outlook, the recovery in the world economy is expected to sustain momentum while the Japanese economy is anticipated to achieve a full-fledged recovery driven by the government's new growth strategies. Nevertheless, the business environment remains clouded by a host of uncertainties, as trends in the Chinese economy warrant close attention and concerns emerge about the negative effects of the tapering of quantitative easing in the United States and the increase in the consumption tax rate in Japan.

Amid these circumstances, the Toyota Industries Group is building a stronger business foundation and addressing key management issues by leveraging the Group's comprehensive strengths to further raise corporate value.

As immediate tasks, we will maintain and improve our muscular business structure to respond flexibly to rapid changes in the business environment. Specifically, we will comprehensively take into account quality and costs from the design stage, reduce lead times from development to sales and undertake cost improvement activities. Additionally, we will push ahead with the development of new technologies unmatched by competitors around the world and plan and develop competitive products tailored to the characteristics and needs of customers in each market. Moreover, we will work to build global production and sales structures and expand our value chain to provide a wide range of services. Over the medium term, based on our quality first approach, we regard our top priority tasks as responding to environmental and safety issues and enhancing global competitiveness. In doing so, we will support industries and social foundations around the world by continuously supplying products and services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles.

The Toyota Industries Group aims to work in unison to realize Vision 2020 based on the Medium-Term Management Plan, which lays out specific measures in each business unit up to fiscal 2016.

To support our global consolidated management, we will raise workplace capabilities, diversify the utilization of personnel and nurture human resources capable of playing active roles on the global stage.

Besides placing the utmost priority on safety, we will thoroughly carry out compliance, which includes adhering to laws and regulations, and actively participate in social contribution activities. Through these efforts, we aim to win the trust of society while raising corporate value and growing in harmony with society.

In closing, we ask for your continued understanding and support.

July 2014

Tetsuro Toyoda Chairman

Akira Onish President

### **Financial Highlights**

Toyota Industries Corporation Years ended March 31

	Millions of yen					% change
	2014	2013	2012	2011	2010	2014 vs 2013
For the Year						
Net sales	2,007,856	1,615,244	1,543,352	1,479,839	1,377,769	24.3%
Operating income	107,691	77,098	70,092	68,798	22,002	39.7
Ordinary income	138,133	86,836	80,866	73,911	31,756	59.1
Net income (loss)	91,705	53,119	58,594	47,205	(26,273)	72.6
Research and development expenses	46,326	39,057	32,070	27,788	26,826	18.6
Cash dividends per share (yen)	85.00	55.00	50.00	50.00	30.00	54.5

#### At Year-End

Total assets	3,799,010	3,243,779	2,656,984	2,481,452	2,589,246	17.1%
Total net assets	1,829,326	1,524,933	1,197,841	1,075,939	1,104,929	20.0
Number of employees	49,333	47,412	43,516	40,825	38,903	4.1

#### Net Sales



Total Assets



alnoomo



Total Net Assets







Cash Dividends per Share





**Top Interview** 

### Responding Flexibly to an Evolving Business Environment and Accelerating Initiatives for Sustainable Growth

President Akira Onishi explains our initiatives for realizing the vision, as well as management policies, under the principle of "contributing to a comfortable society and enriched lifestyles."

#### Akira Onishi, President



#### First of all, could you provide an overview of Toyota Industries' initiatives and business results in fiscal 2014?

Looking back at fiscal 2014, despite some disparities by geographic region, both the Japanese and world economies were generally favorable. Under these conditions, Toyota Industries implemented important growth initiatives in each business.

In the core **Materials Handling Equipment Business**, amid a generally buoyant market, we undertook proactive sales expansion activities utilizing our wide-ranging product lineup and the sales networks we have strengthened up until now. These measures led to an increase in unit sales and bolstered business results globally. Of particular note, U.S.-based Cascade Corporation, one of the world's leading manufacturers of lift truck attachments that became a consolidated subsidiary at the end of March 2013, steadily carried out business activities and made a significant contribution to our consolidated business results. Toyota Industries and Cascade are currently undertaking activities to foster mutual understanding and learn from each other's strengths.

Among automobile-related businesses, the

Car Air-Conditioning Compressor Business achieved higher unit sales on a global basis. The Vehicle Business recorded a steep increase in unit sales thanks to brisk sales of the RAV4, which underwent a full model change at the end of 2012. Conversely, the **Engine Business** posted lower sales, as sales of KD diesel engines were undermined by sluggish automobile sales in Asia. The **Car Electronics Business** recorded favorable sales to automakers in and outside Japan, primarily to Toyota Motor Corporation (TMC).

The **Logistics Business** attained growth in sales supported by an increase in logistics services and land transportation services for automotive-related parts.

The **Textile Machinery Business** generated a marked increase in sales owing to a positive performance in the important China market as well as to the introduction of a new air-jet loom that offers superb environmental performance.

As a result of these developments, in fiscal 2014 Toyota Industries posted net sales of ¥2,007.8 billion and operating income of ¥107.6 billion, both representing record highs. Taking into consideration an array of factors such as our business results, future demand for funds and the payout ratio, Toyota Industries raised cash dividends per share by ¥30 from the previous fiscal year to ¥85. Can you describe the initiatives you are implementing to attain further growth in the years ahead?

Toyota Industries formulated Vision 2020 as its aspired shape for the medium and long terms. Within this vision, we are implementing the following three measures as major growth strategies.

The first is to contribute to realizing a society with minimum environmental impact through technological innovation in environment and energy areas such as energy conservation.

In lift trucks, a core product in the Materials Handling Equipment Business, we are strengthening environmental performance by undertaking in-house development of main functional components for internal-combustion and electric lift trucks. Regarding internal-combustion lift trucks, we

Vision 2020

Support industries and social foundations around the world by continuously supplying products/services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles







introduced a lift truck fitted with a new industrial engine, which was jointly developed with the Engine Division, and a turbocharger. In October 2013, this lift truck was first unveiled in North America. It meets stringent emission regulations without using a diesel particulate filter and realizes a drastic improvement in fuel efficiency compared with the previous model. Electric lift trucks now account for more than half of Toyota Industries' unit sales of lift trucks corresponding to tighter environmental regulations mainly in developed countries and growth in indoor logistics. In collaboration with the Electronics Division, the Materials Handling Equipment Business has been jointly developing motors and controllers, the keys to raising environmental performance of electric lift trucks, to differentiate our lift trucks in terms of both power and operating hours.

In automobile-related businesses, environmental performance is also becoming increasingly crucial. For example, the tightening of vehicle fuel efficiency regulations is giving rise to a greater need for variabledisplacement type car air-conditioning compressors, which have higher fuel efficiency. Toyota Industries is therefore strengthening development and production of variable-displacement type compressors. We are also making significant strides in raising fuel efficiency and realizing lighter weight for electric compressors for hybrid and other vehicles. Together with compressors for internal-combustion vehicles, we are expanding sales of electric compressors not only to TMC but also to automakers around the world.

#### The second measure is to **expand our value chain**, which includes continuously providing excellent products. In other words, we aim to maximize the value our products create for customers.

Specifically, we strive to assist customers in every domain of their businesses, such as providing services that ensure our materials handling equipment and textile machinery, which are industrial goods, are always used in the best possible condition.

In the Materials Handling Equipment Business, we are pursuing a variety of initiatives to strengthen the quality of crucial services in each country for these industrial goods. These measures include providing education for service trainers primarily at the Global Training Center and holding the Service Skills Contest to enhance dealer service.

We are also strengthening our own in-house response capabilities to address rising needs in leasing and other forms of sales finance. As specific examples, in June 2013 we established bases to provide financing services in Mexico and France, both of which subsequently started operations. Through these steps, we are building a structure that is able to respond to a variety of customer needs through an integrated structure for sales, service and financing.

In the Textile Machinery Business, we rolled out a new air-jet loom that further advances energy-saving performance, one of our strengths. By digitizing our extensive accumulated know-how, we equipped the latest loom with a system that automatically sets the optimal weaving conditions. This feature offers the kind of added value that only a master craftsperson can elicit by maximizing the performance of a weaving machine. As for spinning machinery, we will expand the production capacity of our base in India and carry out production close to our customers to provide more timely services suited to local needs.

#### The third measure is to conduct business and provide customers with products and services wherever there are markets across the world, including in emerging countries that play a growing role in driving economic growth.

In the Materials Handling Equipment Business, our focus in developed countries has been on building production structures close to markets. Alternatively, in emerging countries we have gradually shifted to bases optimally situated for supplying sales distributors to reduce lead times and lower transportation costs. Several important steps for responding to growing



Lift truck plant (Brazil)

markets primarily in emerging countries included the relocation and expansion of a production base in China in June 2013. Also, we established a new plant in Brazil in October 2013, where the market is expected to grow, and commenced production of internal-combustion lift trucks, for which there is a high market demand.

In the Car Air-Conditioning Compressor Business, we are securing increased orders from automakers on the back of an expansion of automobile sales and the strengthening of fuel efficiency regulations globally. To meet this rising demand, we are augmenting our production capacity in North America, Europe and Asia. Especially in North America, there has been marked growth in demand for variable-displacement type compressors that offer high fuel-saving performance. In response, we started up a local plant in September 2013 for producing key functional components to raise local procurement rates.



Production base for key functional components for variable-displacement type compressors (North America)

#### Toyota Industries' Business Composition



#### What benefits does Toyota Industries derive from operating such a diversity of businesses?

Toyota Industries engages in a variety of businesses encompassing materials handling equipment, automobile-related businesses and textile machinery. Within these businesses, we have world-leading market shares\* in three product categories: lift trucks, a core product in the Materials Handling Equipment Business; car air-conditioning compressors in automobile-related businesses; and air-jet looms in our founding Textile Machinery Business. From this perspective, Toyota Industries is a truly unique company within the Toyota Group.

The advantages of this type of business structure may not be apparent for some of our stakeholders. To be more specific, in areas such as development and production, horizontally aligned collaboration among business divisions enables the strengths of each business to be shared, which in turn further reinforces these businesses. Going forward, we will step up efforts to maximize this benefit.

In the area of development, the Materials Handling Equipment Business and automobile-related businesses are leveraging their respective accumulated technologies and know-how and increasing the

\* Survey by Toyota Industries Corporation

#### Textile Machinery/ Others



Automobile

Vehicle Engine Car Air-Conditioning Compressor Electronic Parts, Foundry and Others



number of joint development projects in environmental technologies such as energy conservation and electrification. As prime examples of this teamwork, the Materials Handling Equipment Division has been working jointly with the Engine and Electronics divisions to develop key functional components for lift trucks. Similarly, the Compressor and Electronics divisions have been jointly developing electric compressors. Through such collaboration, we aim to create high value-added and distinctive products.

In the area of production as well, we encourage collaboration among business divisions to raise quality and productivity and promote cost improvement activities. Specific measures include undertaking activities to further strengthen production engineering capabilities such as in casting, machining and assembly, which are common functions in each business. We also promote cross-divisional application of excellent examples of improvements. Although concerns have been voiced about the future of Japan's manufacturing, Toyota Industries is harnessing the strengths of each business division in development and production and further refining its manufacturing so that we can continue providing products and services that meet the needs of customers in every region of the world.



Engine developm



Air-jet loom production site

Looking to the future, we will further promote these measures, utilize the advantages of operating a diversity of businesses and further strengthen our growth potentials.

### **Q** Could you explain what you most value in management?

### Making Group-wide efforts toward the realization of Vision 2020

Designating Vision 2020 as its aspired shape toward the year 2020, Toyota Industries is making Group-wide efforts to realize this vision. Specifically, we aim to "support industries and social foundations around the world by continuously supplying products and services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles." To this end, we particularly value a **customer perspective** and **innovation**.

Since our company was founded, we have been contributing to society by manufacturing and providing high-quality products that satisfy customers. This approach has in turn led to Toyota Industries' growth. We are engaging in business with a customer perspective by going back to the basics, by keeping in mind who our end users are and what their innate needs are and by having an awareness that all our operations are ultimately connected to customers.

Providing customers with excellent products and services is contingent upon spurring innovation in tandem with the implementation of existing initiatives. One of the Toyoda Precepts states, "Always be studious and creative, striving to stay ahead of the times." These words literally refer to innovation. Going forward, we aim to raise competitiveness by sparking innovation not only in technology development but also in production, sales, services and all other functions.

As we work to attain our vision, the business environment surrounding Toyota Industries is evolving at an unprecedented speed. Under such conditions, we will further promote the delegation of authority in our efforts to execute swift and agile management while strengthening necessary monitoring and checking functions. While the Head Office will continue to deliberate on major issues that affect the entire Toyota Industries Group, we will promote delegation of authority to speed up the implementation of individual projects in each business.

The environment today is becoming increasingly uncertain in step with the ongoing advance of globalization. Benefitting from a tailwind at the moment doesn't mean we will never encounter headwinds again. As a matter of course, we must be highly attuned to any risks and keenly sensitive to changes. It will also be crucial that we respond flexibly when changes occur or even when there are signs of change. However, this doesn't mean we should shift gear every time an occasion demands. We must avoid inflexible approaches and respond swiftly, utilizing methods and channels optimally suited to addressing changes in the environment while firmly keeping an eye on our major objective of realizing our vision.

We will promote management based on the conviction that working toward realizing our vision under the principle of contributing to society will inevitably lead to the growth of Toyota Industries.

#### Place high value on our corporate culture that encourages employees to take active roles and tackle new challenges

For a company's sustainable growth, it is essential that each and every employee takes an active role. Currently, approximately 50,000 employees are working at Toyota Industries worldwide. It is a group blessed with an immense diversity in nationalities, job duties, experiences and ways of thinking. In such an environment, each employee can purposefully carry out his or her work by sharing the same goals and having an awareness that completing each task will ultimately lead to the attainment of those goals. As such, Toyota Industries is striving to instill the importance of sharing Vision 2020 as an overall management direction and of fulfilling their roles at their respective workplace.

We are also strengthening our efforts in such areas as safety and quality to solidify the corporate foundation that will support our sustainable growth. In these areas as well, we are nurturing a corporate culture that encourages respective employees to take proactive actions. In July 2013, we formulated the Safety Vision and have been striving to establish a safety-oriented culture in which employees warn each other when someone is engaging in an unsafe activity, rather than relying solely on rules and systems.

In addition to sharing the same goals and playing respective roles, taking on new challenges is absolutely essential. After observing his own mother struggling with her hand loom, Toyota Industries founder Sakichi Toyoda embarked on research into looms with a determination to "invent a loom that will somehow make my mother's work easier." While encountering harsh circumstances of having insufficient capital and lacking the support of the people around him, Sakichi overcame a host of difficulties and finally succeeded in developing an automatic loom. In this regard, it is important to proactively and resolutely take on challenges with high objectives.

Needless to say, nurturing human resources who will lead Toyota Industries in the next generation is vital. We have been enhancing the venues where employees can learn, including the establishment of the Technical Learning Center and the Toyota Industries Global Learning Center. In addition, we are providing an expanding array of opportunities for young employees to interact with staff working at subsidiaries outside Japan so that they can practice what they have learned. Successful development of human resources, however, involves more than just the persons educating providing opportunities unilaterally. It is also important that each of the individuals being educated proactively participate in corporate activities with a strong sense of motivation. As opposed to a workplace environment where supervisors must teach everything, we are striving to create a corporate climate in which supervisors will let their subordinates try without fearing the consequences as well as look out for them.

Going forward, we remain committed to accelerating initiatives for realizing our vision to meet the expectations of our stakeholders through our sustainable growth.



-Product Development Exploiting Combined Strengths of Diverse Businesses-

### Development of New Lift Trucks Fitted with Engines Having Significantly Greater Environmental Performance

As economic activities expand, flows of commodities increase and become more active. Active, yet smooth commodity flows support people's daily life.

Smooth commodity flows are ensured by lift trucks, for which Toyota Industries enjoys the world-leading market share\* in unit sales.

In October 2013, we released new internal-combustion lift trucks in North America. This special feature sheds a spotlight on how we leveraged the combined strengths of our diverse businesses in developing these models.



#### **Continued Growth in Lift Truck Market**

Since commencing production of lift trucks in 1956, we have been providing optimum products to customers and responding to their needs through our enhanced sales and service networks. In the fields of electric-powered and internal-combustion lift trucks, we offer an extensive lineup of products ranging from small to large models and currently hold the world-leading market share in unit sales.

After showing a drastic decline following the global recession triggered by the collapse of Lehman Brothers in 2008, the global lift truck market returned to a growth path in line with an upswing in the global economy, reaching a level of 1 million units in 2013. Going forward, a continued recovery of the global economy and the subsequent rise in logistics volume will add greater importance to the role that lift trucks play in supporting commodity flows.

#### Global Lift Truck Market and Toyota Industries' Unit Sales



CY: calendar year ended Dec. 31; FY: fiscal year ended March 31 of the following year (Survey by Toyota Industries Corporation)

#### Growing Need for Greater Environmental Performance in Internal-Combustion Lift Trucks

Demand for electric lift trucks is growing among customers handling materials in such indoor logistics sites as warehouses and plants. Demand for powerful internalcombustion lift trucks, on the other hand, still remains strong among customers operating outdoors or handling heavy loads.

Recently, environmental awareness has been growing on a global scale. Coupled with efforts in various industries to reduce logistics costs, internal-combustion lift trucks are now required to offer greater fuel efficiency and pass increasingly rigorous emission standards, which have been applied to lift trucks and other materials handling equipment by a number of countries.

Since starting the development of internal-combustion lift trucks about 60 years ago, we have been constantly seeking to enhance the appeal of our products in the areas of functionality, safety and reliability as well as in terms of environmental performance, including fuel efficiency. Internal-combustion lift trucks with capacities of 3.5 to 8.0 tons are one of the core groups of products we offer in the field of lift trucks and have been used by customers in such industries as paper, transportation and lumber for a variety of manufacturing and logistics activities.

Against this background, we undertook efforts to greatly enhance our product appeal, including newly developed engines, under the key concept of "Attain the Industry's Top-Level Environmental Performance" and implemented a model change starting from North America in 2013.

### Development of Lift Trucks with Even Greater Product Appeal

The new lift trucks are fitted with our newly developed industrial engines that offer improved environmental performance in the form of considerably higher fuel efficiency. Other contributing factors to improved fuel efficiency are modifications made to the drive and hydraulic systems.

We also added changes to the truck body in an effort to enhance overall performance. We reviewed the functioning of a mast, which supports the lifting and lowering of a fork carrying cargo, and redesigned its shape. The result was excellent forward visibility, which in turn contributed to ensuring enhanced workability and safety during operation. We also used our ingenuity in the rearrangement of the space surrounding the operator's seat and the shape of cabin openings, thus successfully improving operator comfort and accessibility.



Redesigned mast

Moreover, we divided the lift truck body into six modules, including left and right frames, cabin (operator's seat) and powertrain (drive system). This will enable us to add new models or change specifications more quickly in the future, which we hope will lead to a shorter development period.

#### Developing Industrial Engines Leveraging Years of Experience and via Collaboration among Business Divisions

Our newly developed industrial engines that feature significantly higher environmental performance were the key to success in developing these new lift trucks.

The Materials Handling Equipment Division and the Engine Division have been closely collaborating in the

development of lift truck engines. By quickly and accurately capturing the needs of lift truck customers and reflecting these needs in engine development, the two business divisions are efficiently creating engines that are ideal for lift trucks.

Since launching production of engines in 1953, we have produced a variety of engines for automobiles as well as for lift trucks and other materials handling equipment. Currently, we manufacture automobile engines, including KD diesel engines that are installed in the Innovative International Multi-purpose Vehicle (IMV) series of Toyota Motor Corporation (TMC); VD diesel engines fitted mainly in the Land Cruiser; AR gasoline engines primarily for the RAV4; and industrial engines, including Y gas/gasoline engines.

In addition, we also have been playing a major role in the development of diesel engines and accumulating technology and know-how concerning automobile and industrial engines.



Engine development

#### Engines Featuring Significantly Improved Environmental Performance

Our newly developed Toyota 1KD industrial diesel engine offers 23%<sup>\*1</sup> lower fuel consumption. It also features 43%<sup>\*2</sup> downsized displacement compared with the current model, enabling easier mounting on lift trucks. For the 1KD diesel engine, an internally developed turbocharger greatly contributed to lower fuel consumption and downsized displacement and allowed us to clear emission standards without relying on diesel particulate filters (DPF) that are generally used to remove particulate matter (PM).



Turbocharger

(Survey by Toyota Industries Corporation)

While being able to remove PM, DPF must use fuel to burn PM accumulated in the filter in order to restore their filtering performance, the process of which may require downtime of lift trucks. A structure without DPF eliminates the need for this fuel and work procedures, thereby contributing to greater fuel efficiency and better productivity.

Moreover, industrial engines need to operate for a longer period of time in a more demanding environment compared with automobile engines and thus require a highly durable turbocharger. To develop a component used to compress

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#### Specifications of New Industrial Engines

		Di	iesel		Gas (LPG)/gasoline		
Model							
	Toyota 1KD	(Previous model) 15Z	Toyota 1ZS	(Previous model) 3Z	Toyota 1FS	(Previous model) 1FZ	
Cylinder type	In-line 4-cylinder	In-line 6-cylinder	In-line 3-cylinder	In-line 4-cylinder	In-line 4-cylinder	In-line 6-cylinder	
Displacement	2,982 cc <b>43% smaller</b> than the previous model	5,204 cc	1,795 cc <b>48% smaller</b> than the previous model	3,469 cc	3,685 cc <b>18% smaller</b> than the previous model	4,476 cc	
Maximum output* <sup>3</sup>	55 kW (2,200 rpm)	55 kW (2,000 rpm)	41 kW (2,200 rpm)	42 kW (2,200 rpm)	66 kW (2,550 rpm)* <sup>5</sup>	63 kW (2,350 rpm)* <sup>5</sup>	
Maximum torque*3	300 Nm (1,200-1,500 rpm)	275 Nm (1,800 rpm)	200 Nm (1,600 rpm)	200 Nm (1,600 rpm)	290 Nm (1,200-1,400 rpm)* <sup>5</sup>	294 Nm (1,200 rpm)* <sup>5</sup>	
Fuel consumption* <sup>3 *4</sup>	215 g/kWh <b>23% lower</b> than the previous model	280 g/kWh	221 g/kWh <b>20% lower</b> than the previous model	276 g/kWh	233 g/kWh <b>10% lower</b> than the previous model	259 g/kWh	
Major applications		Lift truck	s, construction equipment,	agricultural machir	nery, etc.		

\*3: Values provided for reference purpose only \*4: Rated fuel consumption \*5: Using liquefied petroleum gas (LPG)

air, we applied our compression and machining technologies that we have cultivated in the field of car air-conditioning compressors. By utilizing a range of technologies and knowhow accumulated in other business divisions, we were able to develop a more durable and compact turbocharger. \*1: Rated fuel consumption compared with the previous model (15Z, 280 g/kWh)

\*1: Rated fuel consumption compared with the previous model (152, 280 g/kWl
 \*2: Compared with the previous model (15Z, 5,204 cc)



#### **Enhancing Development of Industrial Engines**

In 2013, we successively developed three industrial engine models. Leveraging our years of experience and combined strengths of our diverse businesses, these engines have attained significantly higher environmental performance.

The Toyota 1KD diesel engine and Toyota 1FS gas/ gasoline engine are installed in 3.5- to 8.0-ton capacity internal-combustion lift trucks that underwent a model change and were marketed in North America. The Toyota 1ZS diesel engine is fitted in 1.5- to 3.2-ton models.

We expect the need for more compact industrial engines with cleaner emissions will grow both in developed countries, where rigorous emission standards equivalent to



those for automobile engines will be enforced, and in emerging countries, where emissions will become subject to more stringent control. We aim to raise the competitive edge of our industrial engines and extend their use from lift trucks produced in-house to other industrial equipment fields. Specifically, we will promote sales of our engines for such industrial equipment as construction and agricultural machinery.

#### Further Accelerating Development of Lift Trucks by Drawing on Our Strengths Derived from Diverse Businesses

The 3.5- to 8.0-ton capacity internal-combustion lift trucks incorporating our total strengths were released in October 2013 in North America. We will expand sales of these models globally, first to Europe and then to Japan. We seek to satisfy the diverse needs of customers by fine-tuning our product lineup and specifications to the characteristics of respective markets.

In addition to the Engine Division and the Compressor Division highlighted in this feature story, the Materials Handling Equipment Division is facilitating collaboration in the areas of foundry, one of the elemental technologies associated with lift trucks, and electronics, which is closely related to the development of electric lift trucks.

By capitalizing on our strengths generated by these diverse businesses, we will continue to focus on the development of lift trucks that capture customer needs.



Event for dealers held in Chicago to announce the release of new models

-Contributing to Customers' Businesses with Advanced Technologies and Services-

### **Toyota Industries' Air-Jet Looms Undergoing Evolution Together with Customers Worldwide**



Sakichi Toyoda, the founder of Toyota Industries Corporation, devoted his passion to the invention of automatic looms. Inheriting such dedication, our air-jet looms have evolved into a product that incorporates a number of advanced technologies and continue to claim the No. 1 global market share\*.

On the back of economic expansion in such emerging countries as China, India and ASEAN nations, the growth rate of the textile industry is expected to surpass the global population growth rate. As such, we anticipate our air-jet looms will provide vital support to the development of the textile industry.

Toyota Industries' air-jet looms are capable of weaving a vast range of products, including standard fabrics for shirts and sheets; comfortable denim with extensive design possibilities; soft and exceptionally absorbent high-end towels; and light and highly functional sportswear featuring excellent breathability and guick drying. What's more, our air-jet looms can be used to manufacture such industrial products as materials for electronic components. These expansive capabilities are highly acclaimed by numerous customers worldwide.

In this special feature, we look back on how we have forged deep relationships with our customers and how our air-jet looms have become their weaving machine of choice.

\* Survey by Toyota Industries Corporation

Air-Jet Loom Market Share (2013) Total market size and share



#### Textile Product Demand and Global Population Growth



Global population (Source: Population estimates by Japan's Statistics Bureau. Ministry of Internal Affairs and Communications)

### **Toyota Industries' Textile Machinery Winning Trust Spanning Generations** in the Textile Industry That Drives Pakistan's Economy

Established in 1951, Nishat Mills, Ltd is one of the largest textile companies in Pakistan and has since become the country's representative conglomerate, with its businesses encompassing not only textiles, its founding business, but also banking and insurance. Since Nishat Mills' establishment, Toyota Industries has been involved in an excellent business relationship with the company across generations as a main supplier of spinning and weaving machinery.

For this special feature, we spoke with Mr. Muhammad Mansha, Chairman of the Nishat Group, about his thoughts on Toyota Industries' textile machinery and the long-standing history between the two companies.

#### **Toyota Industries Providing Support** since Our Foundation

Nishat Mills began its remarkable journey when my father

established a small spinning mill in 1951 in Pakistan. With the purchase of shuttle looms from Toyota Industries (hereafter, Toyota) in the mid-1950s, the company entered the weaving business. In 1962, we established a spinning mill in what was then East Pakistan (currently Bangladesh) and installed Toyota's spinning machinery. After inheriting the business from my father, we introduced

Tovota's RY spinning frames in



Mr. Muhammad Mansha airman of MCB Bank; airman of Nishat Group

1981 and from there we dramatically expanded our spinning business. In the mid-1990s, we constructed a dyeing and finishing plant, in which we subsequently established the weaving division in 2003, and purchased Toyota's JAT710 air-iet loom for the first time. Since then, our textile business really took off.

From the very beginning of our existence until now, Toyota has always been there for us, supporting our growth

#### Toyota Industries' After-Sales Service Network (Overseas Service Centers)





with their technologies and services. What is remarkable about Toyota is that they not only offer state-of-the-art machinery but also provide our factory operators with meticulous guidance on the optimum methods of operation and maintenance specifically suited to our business through close observation of the operational status at our factories by Toyota's developers and service staff. With this kind of support, we have been able to manufacture products by eliciting the maximum performance of the machines at all times. When machines are not working well, we can depend on Toyota to offer quick and comprehensive maintenance support. If improvements are required, they make sure these will be reflected in the development of the successor model. In these ways and others, we have absolute faith in their sincerity and integrity.

#### Contributing to the Development of the Textile Industry with the Latest Air-Jet Looms

In 2014, we completed a new textile mill, which features the latest JAT810 air-jet looms. Under the concept of the world's best energy-saving textile mill, the factory is fitted with lighting fixtures, air conditioners and other equipment that incorporate the latest advancements in environmental technologies. We believe it's one of the most environmentally conscious textile mills not only in Pakistan but also throughout the world. Needless to say, we demanded extremely strict environmental

performance of weaving machines because they will play a central role at this factory. After closely comparing Toyota's and their competitors' products, we decided to install Toyota's JAT810 air-jet looms. We know we made the right decision because the textile mill as a whole has been able to save energy by up to 20%.

Although Pakistan has been plagued with unstable power supplies, as the country's representative conglomerate the Nishat Group is tackling the problem head on. We are striving to take the initiative in energy savings, thus contributing to the development of our country's industries.

My son, Umer Mansha, has now taken over the Nishat Group's textile business. I hope he will continue to cherish and carry on the relationship of trust with Toyota well into

the future, just as I did when I succeeded my father. I have a special affinity for the textile business, which represents the roots of the Nishat Group. Likewise, Toyota began its corporate journey with the textile machinery business. I sincerely hope the two companies will continue to grow while contributing to the development of society.











JAT810 air-jet looms in operation at Nishat Mills, Ltd

#### Excellent Energy-Saving Performance of JAT810 Air-Jet Loom

The most prominent feature of air-jet looms is to insert the weft yarn at a high speed by injecting compressed air to weave fabrics. This is done using a large compressor, a process that requires the largest amount of energy. Consequently, the key to energy savings is how to minimize waste and efficiently insert weft yarn with little air. In other words, using less air equals consuming less power. Our JAT series of air-jet looms has consistently featured better airsaving performance that surpasses competitor products. For the JAT810, innovations were made to such devices as the sub-nozzle, which injects air, and the air path. All these innovations and more led to a yet another reduction of approximately 20% in air consumption compared with the previous JAT710, also a highly energy-saving model.



(Survey by Toyota Industries Corporation)

### **Toyota Industries Supporting a Cutting-Edge Business**

in Taiwan's Electronics Industry that Contributes to the Global Economy

The electronics industry accounts for a large portion of the Taiwanese economy.

Nan Ya Plastics Corporation (NPC) is a member of the Formosa Plastics Group, one of the largest conglomerates in Taiwan, and engages in the manufacture of such products as cloths for printed circuit boards of mobile phones and PCs as well as glass fibers for weaving these cloths. As one of the world's most prominent players in the glass fiber field. NPC is a significant contributor to the electronics industry in Taiwan and operates more than 3,000 air-jet looms made by Toyota Industries. Mr. William Wong, Chairman of the Formosa Plastics Group, to which NPC belongs, talked about the role Toyota Industries' air-jet looms are playing in the manufacture of high value-added products for the electronics industry.

#### **Air-Jet Looms Suitable for** the Production of High-Quality Cloths for Printed Circuit Boards

The Formosa Plastics Group was established by my father, Wang Yung-tsai, and his older brother, Wang Yung-ching, to produce polyvinyl chloride products. It has grown into one of the largest conglomerates in Taiwan, with businesses encompassing petrochemistry, electronic components, medical care, education, transportation and other areas.



Our business with Toyota Industries (hereinafter, Toyota) began in the 1970s when Formosa Chemicals & Fiber



Corporation, one of the Formosa Plastics Group companies, purchased spinning frames from Toyota. Formosa Chemicals & Fiber has been a continuous user of Toyota's air-iet looms as well since installing the machine's very first generation.

Our relationship further expanded in 1994 when NPC, which manufactures electronic components, introduced air-

#### Various Products That Toyota Industries' Air-Jet Looms Can Weave





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jet looms to weave glass fibers.

Compared with common clothing fabrics, printed circuit board cloths made of glass fibers require extremely delicate quality management because the tiniest defect, which is unrecognizable to the naked eye, could possibly cause malfunctions. Toyota's air-jet looms come equipped with highly sophisticated technologies, such as for realizing gentle weft yarn insertion by reducing air pressure to inject yarn even during high-speed operations, enabling us to meet such rigorous demands and weave high-guality cloths. Valuing such strengths, we decided to switch from weaving machinery produced by other manufacturers that we were using. Currently, we operate a total of more than 3,000 Toyota air-jet looms at our factories.

#### **Fulfilling Expectations through Ever-Evolving Machine Performance and** Sincerity of Toyota Staff

As smartphones and a growing variety of electronic devices rapidly gain popularity, demand for electronic components is exploding all over the world. In response, we need to maximize the capabilities of weaving machinery in our operations. For us, it is of extreme importance that we efficiently manufacture top-quality cloths.

Toyota's air-jet looms constantly meet such exacting demands at a high level while its service staff quickly arrive



Denim



Printed circuit board

on the scene when we need them and make necessary adjustments so that the machines will operate in optimal condition. We believe Toyota's attitude of always being sincere in meeting extremely severe requirements for quality and productivity in the manufacture of electronic components is reflected in the product capabilities of its air-jet looms and the level of its services.

Electronic components represent one of Taiwan's core industries, making significant contributions to the global economy. With Toyota as our essential business partner, we intend to play a central role in Taiwan's progressively growing electronics industry.



Nan Ya Plastics Corporation's glass fibers



JAT710 air-jet looms in operation at Nan Ya Plastics

#### History and Unit Sales of Our Air-Jet Looms



#### Future Development

In addition to technologies accumulated to date, we are tapping into the world's top-level sensor technologies and information processing technologies developed by Switzerland-based Uster Technologies AG, which became a member of the Toyota Industries Group in 2012, in our efforts to create revolutionary new products.

We are striving to further enhance customer trust by strengthening our products along with honing our prompt and meticulous service capabilities.



Textile Machinery

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### **Materials Handling Equipment**

As a market leader with extensive knowledge of global logistics needs, Toyota Industries provides a range of advanced materials handling equipment, including lift trucks, and outstanding logistics solutions to customers worldwide.

#### **Business Overview in Fiscal 2014**

In the materials handling equipment market, sales remained strong in Japan and expanded overseas, reflecting growth in China and North America and a recovery in Europe. Based on the conditions of respective markets, Toyota Industries augmented its production and sales structures and launched new products. At the same time, we undertook efforts to expand our business domain. As one example, we made U.S.-based Cascade Corporation, a manufacturer and distributor of lift truck attachments, into Toyota Industries' consolidated subsidiary in March 2013. As a result, unit sales for fiscal 2014 increased 14,000 units, or 7%, to a total of 199,000 units over the previous fiscal year. Net sales rose ¥212.8 billion, or 36%, to ¥809.2 billion.



### Materials Handling Equipment Sales

#### Toyota Material Handling Group (TMHG)

As a market leader with extensive knowledge of logistics needs across the world, Toyota Industries provides a full range of lift trucks and other materials handling equipment as well as logistics solutions to customers worldwide.

Under the TMHG management structure, we engage in business under the TOYOTA, BT, RAYMOND and CESAB brands. Mutually utilizing the sales and development strengths of each brand, TMHG is promoting business expansion on a global scale.

#### **Business Activities in Fiscal 2014**

With the global economy continuing to recover moderately, the lift truck market in 2013 posted a mild increase in sales in Japan, Europe and some emerging countries while showing drastic year-on-year growth in North America and China. In Japan, an upturn in corporate earnings pushed up capital investment, and we proactively implemented various sales expansion activities. In North America, we reinforced our ability to accept large orders covering expansive geographical areas by leveraging the appeal of the TOYOTA and RAYMOND brands. We also focused on expanding sales in Europe primarily through the enhancement of our sales networks in Russia and other countries. Our efforts in emerging countries involved boosting our capabilities both in



terms of manufacturing and sales. We strived to enhance our sales structures and accelerated sales promotion activities in China and India, while commencing operations at a new lift truck production plant in Brazil. We also set up bases to provide financing services in Mexico and France. Integrating these services into the existing sales and aftersales services structures, we now have a comprehensive system in both countries to satisfy the needs of our customers throughout the product lifecycle, from purchase of products to maintenance and replacement.

As for the Materials Handling Engineering Business, which is represented by automated storage and retrieval systems and automatic guided vehicles (AGVs), we worked to meet a wide range of needs by providing consulting services for customers' logistics-related issues as well as assisting them with installation and operation of equipment and promoted sales in the mail order, health care, pharmaceutical and other industries that are performing well. In response to the growing need for greater efficiency in the handling of shipping containers spurred by a rise in port logistics volume, we are aiming for sales expansion of AGV systems for cargo containers based on a pool of technologies we have

accumulated in the field of AGVs over the years.

In the field of aerial work platforms, demand fell in the electric power industry, our principal customer in Japan, as power companies cut back on capital investment. In the leasing and railway industries, however, demand grew in line with various factors, such as an upturn in capital investment in the leasing industry and increasing demand for mechanization of work processes in the railway industry. Accordingly, Aichi Corporation, which possesses the top brand of aerial work platforms in Japan, posted higher sales. Aggressive sales promotion activities also led to a rise in sales outside Japan. On the whole, sales exceeded the previous fiscal year's level.

Aichi Corporation's aerial work platform

**Business Activities** 

Materials Handling Equipment

#### Japanese Market

#### New Record High for No. 1 Market Share\*1 in Lift Truck Sales

In 2013, the Japanese lift truck market expanded moderately. Toyota Material Handling Japan (TMHJ) sought to increase sales in the manufacturing industry, in which there has been an upswing in capital investment, primarily for transportation equipment. In such steadily performing industries as warehousing, TMHJ proactively promoted sales of the GENEO-R and High Pick Lift electric lift trucks released in 2012. As a result, unit sales in fiscal 2014 increased 11% year-on-year to 37,000 units. TMHJ achieved a record-high share of 46.6% in the Japanese market, topping the previous year's record for the second consecutive year in 2013, and maintained its top position\*1 for the 48th consecutive year.

\*1: Surveys by Japan Industrial Vehicles Association and Toyota Industries Corporation,



GENEO-F

High Pick Lift

#### Container Transport AGV System Receiving **Design Awards in Asia**

In December 2013, Toyota Industries' container transport AGV system was a dual winner of the Design for Asia Award 2013\*<sup>2</sup>, receiving the DFA Grand Award and the DFA Special Award for Technology.

This AGV system comprises AGVs, which carry containers between container berths and storage yards, and software programs that control the scheduling of these AGVs. The system went into operation in April 2012 at a container terminal operated by Tobishima Container Berth Co., Ltd. within the Port of Nagoya.

<sup>\*2:</sup> An international award program sponsored by the Hong Kong Design Centre to recognize the most influential and outstanding designs within Asia. Held every year since 2003.

These two awards were given to the AGV system in recognition of its contribution in greatly improving the operational efficiency of cargo handling at seaports as well as its futuristic design.



Container transport AGV system

### Initiative to Achieve Greater Customer Satisfaction

In November 2013, TMHJ held the 2nd TMHJ Service Skills Contest, in which a service representative from the 40 dealers across Japan participated. The aim of this contest is to enhance dealer service to ensure that our products are always used by customers in the best possible condition.

In addition to offering a broad product lineup, TMHJ will continue to contribute to improvement of customers' logistics efficiency by providing meticulous services and a range of logistics solutions.



Service Skills Contest

#### North American Market

#### Maintaining Top Market Share\*

The North American lift truck market expanded in 2013 on the back of a strong economy. Toyota Material Handling North America (TMHNA) remained the market share leader\* in fiscal 2014 with combined unit sales of TOYOTA and RAYMOND brands of approximately 67,000 units, up 14%.

Toyota, as a full-line supplier of lift trucks, remained the market share leader\* for the 12th consecutive year, and Raymond continued to hold its number one\* market share position in narrow aisle electric lift trucks. \* Survey by Crist Information & Research, LLC, 2013

#### **Proactively Launching New Products**

Toyota expanded its product offering in fiscal 2014 with the 3.5- to 8.0-ton capacity 8-Series lift trucks powered by new Toyota designed and built engines. Thanks to new engineering design advancements in engines, TOYOTA's 8-Series lift trucks feature downsized displacement and provide the same or greater horsepower and torque compared with previous models, while achieving greater fuel savings and fewer emissions. (See Special Feature 1 on pages 16–19 for details.)

In fiscal 2014, iMonitor was introduced to further support the iWarehouse fleet management system by Raymond.



8-Series internal-combustion lift truck

Able to be simply installed on any lift truck, iMonitor is a Raymond-manufactured fleet management product that also features the daily operator checklist, vehicle access control and impact detection. Raymond upgraded the iWarehouse user interface in other areas as well to take the entire system to a higher level.



iMonitor fleet management device

### Strengthening Production and Sales Structures

In November 2013, Toyota Material Handling, U.S.A., Inc. (TMHU), a sales base for TOYOTA-brand products in North America, relocated its head office from California to a site adjacent to Toyota Industrial Equipment Mfg., Inc. (TIEM), a production base located in Indiana.



Opening ceremony for TMHU's new head office

Placing the production and sales bases in close proximity will enable a quick and accurate response to customer needs through an integrated chain of processes from development and production to sales and after-sales services.

Since commencing operations in 1990, TIEM has been continuously and efficiently producing high-quality lift trucks. In addition, it plays an important role as a mother plant for the lift truck production plant in Brazil that started operations in October 2013, providing instructions in such areas as production and quality management. TIEM also exports components for the Brazilian plant, progressively increasing its importance within the Toyota Industries Group's global lift truck production structure.

#### Aiming for Industry-Leading Product Offerings and Customer-Oriented Solutions

The North American market is expected to show continued growth in 2014. TMHNA will continue to explore ways to enhance synergies by maximizing the strengths of the TOYOTA and RAYMOND brands. Through leading products and innovative solutions, TMHNA aims to offer energy efficiency and customer productivity benefits, thereby maintaining its leadership position in North America.

#### **European Market**

#### Increasing Unit Sales by Leveraging Market Recovery

Sales units in the lift truck market in 2013 were on par with the previous year as European economies turned the corner on a recession and started to return to positive growth. Amid these conditions, Toyota Material Handling Europe (TMHE) engaged in sales expansion activities and worked to strengthen services. As a result, TMHE posted sales of 59,000 units, up 1%.

#### **Enhancing Product Offering**

In addition to the conventional torque converter transmission, TMHE introduced a hydrostatic transmission as an option on the Toyota Tonero internal-combustion lift truck. The hydrostatic transmission supports agile materials handling and ensures a responsive engine brake. The Toyota Tonero is highly acclaimed for its ease of operation, durability and reliability.

Following successful field tests with customers that confirmed the product's quality and durability, TMHE released a broad range of lithium-ion lift trucks, including BT Levio electric low lift trucks and BT Optio order pickers. Equipping the lift trucks with lithium-ion batteries reduces the frequency of recharging and battery changes, thereby contributing to the improved work efficiency of customers who operate lift trucks for long hours while at the same time realizing energy savings.



oyota Tonero



Lithium-ion lift trucks

### Proactively Participating in Exhibitions and Making Appeals to Customers

TMHE proactively attends various exhibitions to pitch its fullline products and excellent servicing capabilities directly to customers. In fiscal 2014, TMHE exhibited products and services at numerous logistics fairs, including CeMAT Russia, the International Materials Handling Exhibition (IMHX) (UK) and LogiMAT (Germany), as well as *inter airport* Europe (Germany). At these exhibitions, TMHE appealed its comprehensive capabilities, including a wide range of products, tailor-made service system and logistics solutions.



TMHE booth at IMHX 2013

#### Further Enhancing Product Appeal and Service Quality to Expand Market Share in Europe

TMHE completed the 1-channel, 2-brand structure<sup>\*1</sup> of distributors in primary countries in Europe in its efforts to realize stronger sales and service networks that include a newly established sales subsidiary in Russia. This structure is designed to expand TMHE's market share through enhanced appeal of its products and service quality.

#### ALOMA\*<sup>2</sup> and Chinese Markets

### Increasing Unit Sales through Proactive Market Development

Toyota Material Handling International (TMHI) covers the ALOMA<sup>\*2</sup> markets of Asia, Latin America, Oceania, the Middle East and Africa, while Toyota Material Handling China (TMHCN) covers the Chinese market.

Despite a deceleration in emerging countries, the growth rate still outperformed that of developed countries in 2013. As a result, TMHI and TMHCN markets remained strong. Supported by the continuous efforts by both organizations to develop these markets, annual sales in fiscal 2014 reached 36,000 units, an increase of 3% compared with the previous fiscal year.

\*2: ALOMA is a Toyota Industries term for Asia, Latin America, Oceania, Middle East and Africa.

#### Reinforcing Production and Sales Operations in Growing Markets

Brazil is the largest industrial vehicle market in Latin America and is expected to grow further. In October 2013, the new plant in São Paulo state commenced production of internalcombustion lift trucks, for which there is strong market demand. In addition to raising the local procurement rate, TMHI will work to reinforce sales and service structures by taking such measures as establishing new sales bases in areas where demand for lift trucks is rising.



Ceremony for completion of first lift truck at the Brazil pla



Production line at the Brazil plant

In India, TMHI's continued efforts to strengthen its sales and service capabilities through Toyota Material Handling

India (TMH India) and augment sales expansion led to a significant increase in unit sales. In China, Toyota Industry (Kunshan) Co., Ltd. (TIK) engages in production of TOYOTAbrand lift trucks. In



TIK's new plant

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response to an expansion of the Chinese market and an increase in exports to emerging countries, in June 2013 TIK relocated its plant and augmented its production capacity. TIK will continue to expand production in China as a crucial supply base of TOYOTA-brand lift trucks. On the sales side, Toyota Material Handling (Shanghai) Co., Ltd. (TMHS) is enhancing the roles of Tianjin, Guangzhou and Dalian branches in its efforts to further strengthen sales and service networks in key regions.

#### **Responding to Market Expansion**

In 2014, demand for lift trucks is expected to steadily expand in the ALOMA and Chinese markets. TMHI and TMHCN will work to provide products closely matched to local market needs, further improve after-sales services and enhance activities to support customers' logistics efficiencies.

#### TOPIC

The TMHI Distributor Conference held in Nagoya, Japan, in March 2014 was attended by 78 representatives from trading companies and Toyota, BT and Raymond distributors spanning 35 countries. The conference included the confirmation of the mid- to long-term vision and specific action plans, along with a common approach for future directions. Also on the agenda was the awards ceremony for the 2013 TMHI Distributor Award Program. During the conference, participants pledged to work harder to achieve objectives based on the slogan, "Lift Beyond Together."



TMHI Distributor Conference

Automobile



### **Automobile**

In the fields ranging from vehicle assembly to engines, car air-conditioning compressors and car electronics, Toyota Industries continues to meet the expectations and trust of its customers.

#### Vehicle

#### **Business Overview in Fiscal 2014**

In the automobile industry, the Japanese market returned to a path to recovery in the latter half of fiscal 2014, overcoming stagnation in the first half. Overseas, increases in sales in China and North America served to drive continued growth in the global market.

In fiscal 2014, unit production increased by 59,000 vehicles, or 22%, from the previous fiscal year to 328,000 vehicles as a result of an increase in sales of the RAV4 despite a decline in sales of the Vitz (Yaris outside Japan). Net sales were up ¥110.3 billion, or 31%, to ¥467.0 billion.



### Cumulative Unit Production Reaches 9 Million

Since initiating production of the Publica pickup trucks in 1967, we have been undertaking vehicle assembly for 46 years as a production site of compact to midsize automobiles of Toyota Motor Corporation (TMC). Currently, we engage in production of the Vitz and RAV4 and achieved cumulative unit production of 9 million in July 2013.



Ceremony commemorating cumulative unit production of 9 million

## Plastic Glazing Panoramic Roof for the Prius $\alpha$ (Prius v in North America and Prius + in Europe)

Toyota Industries engages in production of a panoramic roof made of plastic glazing for the Prius  $\alpha$ , a hybrid vehicle marketed by TMC in May 2011. The roof is currently a standard feature of Prius + vehicles marketed in Europe.

This product retains the beautiful surface quality typical of a glass roof yet is approximately 40%\* lighter than its glass counterpart, improving vehicle fuel efficiency and thus contributing to the reduction of CO<sub>2</sub> emissions. Toyota Industries will continue to develop attractive new products that leverage the distinctive characteristics of plastic glazing. \* Survey by Toyota Industries Corporation

#### "Our Vitz and RAV4" Initiative for Enhancing Appeal of the Two Car Models

As the sole producer of the Vitz in Japan and with the aim of turning the vehicle into a long-selling series, Toyota Industries collaborates with TMC and its dealers to make various suggestions under the banner "Make Our Vitz More Attractive by Ourselves." Similarly, to boost the appeal of the RAV4, we plan and develop special-edition vehicles that directly reflect the voice of our customers. Through these endeavors, we seek ways to create more appealing and satisfying vehicles for customers worldwide. At the same time, we also undertake activities to expand our customer base by enhancing the appeal of the Vitz through our support to motorsports events.

#### Highest-Level SEQCD to Contribute to Production of Attractive Toyota Cars

In recognition of Toyota Industries' comprehensive strengths in vehicle quality, delivery, cost and safety as the highest among all Toyota-affiliated automobile body manufacturers, we received from TMC an award for excellence under the Toyota Quality Control Award program for two consecutive years. In the face of the shrinking automobile market in Japan, we are further strengthening our already superior level of safety, the environment, quality, cost and delivery (SEQCD). We also are working to leverage our ability to quickly start up production and a flexible structure in terms of vehicle models and production volume to contribute to production in Japan of Toyota vehicles.

#### TOPIC

We participated in the 43rd Tokyo Motor Show held in November 2013 and displayed a concept model of a platform dedicated for use with electric vehicles (EVs). This platform ensures greater safety, achieves body weight reduction and has fewer components through the adoption of a streamlined structure. We also promoted a multifunctional plastic glazing roof that takes advantage of the characteristics of plastic glazing and integrates various functions. In addition, we exhibited products developed based on 3Es (Energy, Environmental protection and Ecological thinking), including car electronics products, an electric compressor for car air conditioners and a turbocharger for industrial diesel engines, as well as a Vitz rally car.



Toyota Industries' booth at Tokyo Motor Show 2013

#### Engine

#### **Business Overview in Fiscal 2014**

Production volume in fiscal 2014 declined 40,000 units, or 6%, from the previous fiscal year to 626,000 units. This was attributable mainly to a decrease in production of KD diesel engines despite an increase in production of AR gasoline engines. Net sales dropped ¥14.2 billion, or 7%, from the previous fiscal year to ¥202.5 billion.



#### Engine Production

#### Toyota Industries' Diesel Engines Highly Acclaimed by Customers Worldwide

We started production of engines at the Kariya Plant (Aichi Prefecture) in April 1953. In June 2013, cumulative production reached 15 million units.

Toyota Industries' diesel engines, fitted in a variety of Toyota vehicles sold around the world, have gained high market recognition for their cleaner emissions, greater fuel efficiency and higher performance. KD diesel engines, for which production started in 2005, are installed in TMC's Innovative International Multi-Purpose Vehicle (IMV) series and sold mainly in Asia and Latin America. The V-type 8-cylinder VD diesel engine, which was developed primarily by Toyota Industries, is installed in the Land Cruiser selling particularly well in Australia, Russia and the Middle East.

#### **Developing Competitive Diesel and Gas/** Gasoline Engines in Non-Automotive Fields

Toyota Industries' engines are highly renowned for their excellent environmental performance in non-automotive fields as well. These engines are used for a wide variety of applications, including GENEO-HYBRID diesel-powered internal-combustion hybrid lift trucks, and adopted by GHP\*1 manufacturers in Japan and CHP\*2 manufacturers worldwide.

In March 2013, we developed the Toyota 1KD, a new industrial diesel engine equipped with a turbocharger developed in-house, and the Toyota 1FS, a new gas/ gasoline engine.



Toyota 1KD new industrial diesel engine

We further expanded our lineup of industrial engines in December 2013 with the addition of the Tovota 1ZS also equipped with an internally developed turbocharger. These three new engines offer downsized displacement compared with conventional models with equivalent output, which results in higher fuel efficiency, cleaner emissions and a reduction in size. (See Special Feature 1 on pages 16-19 for details.)

\*1: Short for gas heat pump; air conditioner driven by a gas engine \*2: Short for combined heat and power: co-generation system

#### Aiming to Bring Satisfaction to More Customers

Toyota Industries has been making efforts to achieve shorter development cycles with improved efficiency. At the same time, we have been carrying out development of nextgeneration automobile engines that can clear Euro 6 and other stringent emission standards, as well as engines for materials handling equipment and general purposes, featuring greater fuel efficiency and lower costs.

For our general-purpose engines, we will plan, develop and produce a lineup of products matched to customers' needs while actively promoting sales activities.

#### **Car Air-Conditioning Compressor**

#### **Business Overview in Fiscal 2014**

Unit sales of car air-conditioning compressors increased both in and outside Japan, pushing up overall unit sales by 2.06 million units, or 9%, to 25.48 million units. Net sales rose ¥47.6 billion, or 21%, over the previous fiscal year to ¥275.7 billion.

#### Compressor Sales



#### **Development Efforts Based on 3Es** (Energy, Environmental Protection and Ecological Thinking)

More stringent fuel efficiency standards have been enforced in North America, Europe, Japan and China, requiring automobiles to provide extremely high fuel efficiency performance.

Against this backdrop, in the field of car air-conditioning compressors to be fitted in internal-combustion vehicles, the need for fuel-efficient models is increasingly growing for both fixed- and variable-displacement type compressors. In North America, in particular, a shift from a fixed-displacement type to a variable-displacement type is accelerating.

In response, we concentrated on development of a variable-displacement type compressor with considerably greater fuel efficiency while also focusing on an optimum balance between product performance and prices of products targeting emerging countries.

In the field of variable-displacement type compressors, we developed the SES series that simultaneously offers greater fuel efficiency and a reduction in weight, and it has been adopted by TMC in its latest Corolla, as well as by Daimler AG, General Motors Company and Volkswagen AG.



6SES14 compressor (variable-displacement type)

Since initially being installed in the second-generation Prius, our electric compressors for hybrid vehicles (HVs) and EVs have been fitted in all of TMC's HVs from the thirdgeneration Prius to the LS600h.

To offer attractive products to the growing number of automakers worldwide now actively engaged in the development of HVs, we developed the ESA series, which is even more compact and fuel efficient. In addition, a change in its structure makes it easier to mount on vehicles. The ESA series has been installed in HVs of Ford Motor Company, Volkswagen AG and Honda Motor Co., Ltd. Looking ahead, we will accelerate our efforts to expand sales to automakers in Japan, the United States and Europe.

#### ■ Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2014)



Consolidated production bases Licensed manufacturers Technical service stations Toyota Industries' car air-conditioning compressors are widely adopted by automakers around the world, garnering the No. 1\* position in global sales. \* Survey by Toyota Industries Corporation



ESA34 compressor (electric type)

#### **Establishing Optimum Global Production** and Supply Structures

In response to growing demand for variable-displacement type compressors triggered by the anticipated enforcement of more stringent fuel efficiency standards, we are proceeding with augmentation of production capacities of our production bases in North America. In addition, with the aim of increasing the ratio of local procurement, Toyota Industries Compressor Parts America, Co. (TICA), a consolidated subsidiary in North America that produces car air-conditioning compressor parts, commenced

production of key functional parts in September 2013.

In Europe, the ASEAN countries and China as well, we are expanding production capacities and increasing the ratio of locally procured parts to accommodate growing demand for car air-conditioning compressors.

In China, in particular, in order to respond to the country's growing automobile market, we established Yantai Shougang TD Automotive Compressor Co., Ltd. (YST), a subsidiary engaged in the production of compressors, in Yantai in Shandong province, with production getting underway in December 2013. In the Kunshan Economic & Technological Development Zone in Jiangsu province, we also constructed a new plant of TD Automotive Compressor Kunshan Co., Ltd. (TACK), another subsidiary that produces compressors, which is slated to go into operation in October 2014.



Yantai Shougang TD Automotive Compressor Co., Ltd. (YST)

In line with our increasingly globalized production operations, the Compressor Division established the Global Training Center of Compressor (GTCC) to maintain and improve product quality and promote the development of human resources. GTCC is a place for manufacturing personnel of our production bases outside Japan to learn the spirit of monozukuri (manufacturing) and improve their skills levels. It also gives Japanese staff who will provide skills guidance at production bases outside Japan the opportunity to refine their teaching techniques. The center has thus far accepted personnel from the United States, China and Indonesia.



#### **Car Electronics**

#### **Business Overview in Fiscal 2014**

Net sales of car electronics products grew steadily due primarily to strong sales of DC-DC converters for the Toyota Prius, Aqua and other HVs as well as an increase in sales of DC-AC inverters.

#### **Expanding Experience and Role in Electric-Powered Vehicle Field**

Toyota Industries develops and produces electronic components and devices for electric-powered vehicles, including HVs, plug-in hybrid vehicles (PHVs) and EVs. In addition to TMC, we are pursuing business expansion to other automakers in and outside Japan.

#### **Auxiliary Power Source Devices**

A DC-DC converter converts the high voltage of HV batteries to a lower voltage level suitable for operating lights, wipers, horns and other auxiliary devices. In September 2013, we leveraged our technologies accumulated in the field of DC-DC converters for HVs and successfully developed a DC-DC converter for use with start-stop systems, which can suppress a voltage drop at the time of engine restart. Since being adopted in the first-generation Prius, we have continuously developed more compact and lighter weight models, and cumulative production hit 6 million units in October 2013.

A DC-AC inverter is equipped to use home electric appliances in a vehicle, and has drawn a great deal of public recognition for its use as an emergency power source following the Great East Japan Earthquake. Since commencing production in 1995, we have achieved cumulative production of 12 million units in March 2014.

We have developed an on-board charger based on our technologies and cultivated know-how regarding EV chargers developed since the 1990s. The resulting on-board charger is fitted in the Prius Plug-in Hybrid.

Since 2003, inverters for electric compressors for car air conditioners have been supplied internally to the Compressor Division, and cumulative production reached 6 million units in March 2014.



DC-DC converter fitted in the Aqua

#### **Core Components for Drive Systems**

Since first developing inverters for materials handling equipment in 1967, we have been making steady efforts to refine our power electronics technologies.

Utilizing such technologies, Toyota Industries applied its proprietary direct-cooling method to develop a device with significantly higher cooling performance in 2009. We have entered the field of core components for drive systems such as power control units (PCUs) for the third-generation Prius.

In addition to inverters for drive systems utilizing this direct-cooling method, we have developed a powertrain unit for EVs and other core components. For the powertrain unit for EVs, we integrated designs of functional components, such as an inverter, motor and reduction gears, into one package and successfully reduced the size and weight. By integrating hardware with an electronic control unit (ECU),



GTCC training

36 Toyota Industries Report 2014 including control software, we are working to increase the added value as an entire system.

#### **Charging Infrastructure**

Jointly with Nitto Kogyo Corporation, we developed public-use charging stands and home-use charging units for PHVs and EVs. These chargers have been successfully launched on the market.

Our public-use charging stands are being installed primarily in commercial facilities and local government buildings. We supply home-use charging units mainly to Toyota Home and have sold more than 3,000 units, including both wall-mounted and polemounted types.



Charging stand

#### **Accelerating Development Activities to** Contribute to Low-Carbon Society

Demand for environment-friendly products with high energy efficiency is expected to increasingly grow, with the trend toward electrification likely to expand not only for automobiles but also for non-automotive products such as materials handling equipment. Enhancement of the charging infrastructure will also take a greater role in promoting the spread of PHVs and EVs.

Targeting the high-growth, electric-powered vehicle market, we will accelerate development of technologies and products in the fields of auxiliary power source devices, core components and systems for drive systems and charging infrastructure, thereby making a significant contribution to the realization of a low-carbon society.

Logistics

### **Logistics**

Toyota Industries offers customers highly advanced, efficient logistics services to respond to their diverse needs, including consigned operation of distribution centers; land transportation services; cash collection and delivery and cash proceeds management services; and data storage, management, collection and delivery services.

#### **Business Overview in Fiscal 2014**

Both the logistics services business and the land transportation services business for automotive parts increased. As a result, net sales in fiscal 2014 increased ¥2.3 billion, or 2%, over the previous fiscal year to ¥95.3 billion.

#### Planning, Design and Operation of Distribution Centers

Toyota Industries operates distribution centers for various industries and customers. During fiscal 2014, operation of existing distribution centers generated a relatively steady logistics volume. We continued to promote improvement activities at logistics sites based on the thinking embodied in the Toyota Production System (TPS) to enhance the level of services to customers and strengthen our profit structure.

With an aim of optimizing the entire supply chain of each customer, we continued our proactive sales activities by making proposals that leverage the maximum use of the Toyota Industries Group's resources in collaboration with the Materials Handling Equipment Division. As a result, we successfully obtained five new orders for the consigned operation of distribution centers.

Looking ahead, we will continue to facilitate our proactive sales activities for both increasing orders from our existing customers and acquiring new customers in industries having high growth potential.

#### Land Transportation Services

The Taikoh Transportation Group provides land transportation services under consignment from many automotive parts manufacturers. The group collects finished parts from manufacturers, compiles them by their destination and delivers to automakers "what is needed, when it is needed and in the quantity needed."

During fiscal 2014, favorable business conditions in the automobile industry, our principal customer, have generated a steady logistics volume in the transportation of automotive parts.

Under these circumstances, we continued our profit improvement activities by promoting efficient cargo transport while at the same time aggressively undertaking activities to ensure safe and environment-conscious operations.

Aiming to expand business operations, we will continue to further reinforce our sales activities to capture new customers.



#### High Value-Added Services Including Cash Collection and Delivery and Cash Proceeds Management and Data Storage, Management, Collection and Delivery

#### Cash Collection and Delivery and Cash Proceeds Management

Asahi Security Co., Ltd. provides cash collection and delivery and cash proceeds management services throughout Japan on a 24/7 basis to about 2,700 customers mainly in the retail sector, service industries, post offices and financial institutions.

In addition to cash collection and delivery services tailored to each customer's specific needs, Asahi Security offers comprehensive services that include management of gift certificates and accounting operations at customers' retail outlets. Furthermore, the company provides security services integrating the monitoring by security devices and dispatch of security guards on a 24/7 basis. By providing these comprehensive services, Asahi Security aims to become a unique, distinctive company in the primary field of cash collection and delivery and cash proceeds management services.

Asahi Security operates 19 cash collection and delivery centers and 10 logistics sites from Hokkaido to Okinawa Prefecture, thereby setting up a system to respond to customer needs throughout Japan. In fiscal 2014, the company reinforced its service and support networks by relocating and expanding its Sendai Center.

At each business base, Asahi Security conducts regular training on its own as well as emergency training jointly with local police departments in order to provide safe and trusted services to customers.



Asahi Security Co., Ltd.'s cash collection and delivery and cash proceeds management services

Taikoh Transportation Co., Ltd.'s land transportation services

#### Data Storage, Management, Collection and Delivery

Wanbishi Archives Co., Ltd. provides support to about 4,000 companies and organizations, including large financial institutions and government agencies, to ensure the security and efficient use of their information assets. Under its robust security structure, Wanbishi Archives offers a comprehensive range of services covering the entire lifecycle of critical information assets in electronic, paper or other forms, from storage and utilization to destruction. These services allow customers to reduce risks, achieve higher business efficiency, and ultimately, to focus on their core businesses.

In the wake of the Great East Japan Earthquake that occurred in 2011, there has been an ever increasing awareness toward placing importance on effective business continuity management (BCM), and Wanbishi Archives has undertaken various initiatives tailored to such needs. As one example, the company established Tohoku Center 2 in Fukushima Prefecture as its 13th business base in Japan. We will continue to open and upgrade facilities, equipment and appropriate operational structures to provide support to customers nationwide.

With the use of so-called big data beginning to become more widespread, the volume of data handled by companies and organizations has been growing at an explosive pace. As such, they are now showing a renewed interest in fault-tolerant, cost-effective magnetic tapes to store their data. Wanbishi Archives is responding to the need for ensuring the security of their information assets by adopting various data storage forms and technologies.

Outside Japan, Wanbishi Archives' subsidiary in China provides services to local companies as well as Japanese companies doing business in China. Capitalizing on its experience and know-how accumulated in Japan, Wanbishi Archives will accelerate its efforts to capture business opportunities in growth markets.



Wanbishi Archives Co., Ltd.'s data storage, management collection and delivery services



### **Textile Machinery**

Based on the philosophy of founder Sakichi Toyoda, which reflects his strong commitment to manufacturing. Toyota Industries responds to a broad range of needs with its extensive product lineup. from air-jet looms, for which we enjoy the world-leading market share\*1 in unit sales, to spinning frames and roving frames. \*1: Survey by Toyota Industries Corporation

#### **Business Overview in Fiscal 2014**

The textile machinery market remained on its path to recovery with an upswing in capital investment in China and India backed by an increase in demand in these countries. Reflecting such circumstances, we posted increases in sales of both spinning and weaving machines, our mainstay products. Unit sales of air-jet looms increased 4,700 units, or 101% year-on-year, to 9,300 units. Net sales were up ¥33.2 billion, or 83%, over the previous fiscal year to ¥73.1 billion.

Air-Jet Loom Sales



#### **Business Activities in Fiscal 2014**

In the field of weaving machinery, we implemented a model change for our widely used JAT710 air-jet loom, which boasts the world-leading market share in unit sales and is highly recognized by customers for its outstanding performance and reliability. We commenced production of a new model, the JAT810, in August 2013. To meet the growing need for higher energy efficiency, the JAT810 is equipped with our newly developed weft yarn inserting system that reduces the amount of air required to carry the weft yarn by 20%\*<sup>2</sup> compared with the preceding model, thereby offering unparalleled energy-saving performance. Its productivity has also been improved with the introduction of a higher-speed electronic shedding device that enables the weaving of fabrics with complex patterns. (See Special Feature 2 on pages 20–24 for a related article.)

In the field of spinning machinery, Toyota Industries and Truetzschler GmbH & Co. KG, a German manufacturer of spinning machinery founded in 1888, co-developed the

TCO12 comber, which has been on the market since January 2014. Combining Toyota Industries' weaving machinery technology and know-how accumulated over the years and Truetzschler's spinning machinery technology and expertise which have earned high acclaim among customers

worldwide, the new comber provides improved yarn quality as well as excellent stability during high-speed operation. \*2: Survey by Toyota Industries Corporation

#### **Further Enhancing Product Appeal**

As one initiative to create innovative products, we have been accelerating our R&D activities to integrate the world-class sensor and information processing technologies owned by Swiss-based Uster Technologies AG, which became a Toyota Industries subsidiary in 2012, into our weaving and spinning machinery. By commercializing these technologies in the future, we intend to achieve higher energy savings and improved spinning and weaving guality in order to provide products that are even more satisfying to our customers.

#### TOPIC

Toyota Industries displayed and demonstrated our new JAT810 air-jet loom to show how a towel is made at "The Secret behind the Softness-Towels and Towel Looms" exhibition held for about two months from September 28 to November 24, 2013 at the Toyota Commemorative Museum of Industry and Technology in Nagoya, Aichi Prefecture. The program was enjoyed by adults and children alike, who learned the history of towels and their weaving process while actually touching towels and feeling their soft, fluffy texture.



JAT810 at "Towels and Towel Looms" exhibition (Photo courtesy of the Toyota Commemorative Museum of Industry and Technology)

### **Corporate Social Responsibility**



**CSR** Policy

Corporate Governance Relationship with Our Customers Relationship with Our Associates Relationship with Our Business P Relationship with Our Shareholde

Relationship with Our Local Com

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### **CSR** Policy

### **Corporate Governance**

Based on the CSR Policy formulated with the aim of realizing the Basic Philosophy that carries on the spirit of founder Sakichi Tovoda, the Tovota Industries Group contributes to the harmonious and sustainable development of society and the Earth.

Guided by a strong ambition to "contribute to society and the world through monozukuri (manufacturing)," Toyota Group founder Sakichi Toyoda devoted himself to research and creativity and made various inventions including the non-stop shuttle-change Toyoda Automatic Loom, Type G. The spirit of Sakichi is enshrined in the Tovoda Precepts. formulated in 1935 and passed down today in our Basic Philosophy, which we established in 1992 and revised in 1998. (See the inside cover of this report for details.)

The business environment surrounding Toyota Industries is continuing to evolve rapidly and dramatically. Regardless of changes in the business environment and values, we remain unchanged in our belief that realizing our Basic Philosophy is the cornerstone of the Toyota Industries Group's corporate social responsibility (CSR). Acting on this belief, in March 2009 we formulated and implemented the Toyota Industries Group CSR Policy, which clarifies our relationships with stakeholders, namely customers. employees, business partners, shareholders and local and global communities.

The CSR Policy is divided into nine areas, and the CSR Committee\* confirms and evaluates the implementation status of this policy and promotes CSR activities.

\* Chaired by the president, the committee convenes twice per year and consists of directors, managing officers and audit & supervisory board members



#### Toyota Industries Group CSR Policy (Summary)

#### Preamble

- We contribute to the harmonious and sustainable development of society and the Earth.
- We comply with local, national, and international laws and regulations as well as the spirit thereof.
- We believe that management interacting with its stakeholders is of considerable importance.
- We expect our business partners to support this initiative and act in accordance with it.

#### Customers

- Based on our philosophy of "Customer First," we provide innovative, safe, and high-quality products and services.
- We endeavor to protect the personal information of customers and everyone else with whom we are engaged in business, in accordance with the letter and spirit of each country's privacy laws

#### Employees

- We respect our employees and encourage personal growth for our employees
- We support equal employment opportunities and diversity for our employees and do not discriminate against employees.
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees.
- We respect and honor human rights and do not use or tolerate any form of forced labor or child labor.
- Through communication and dialogue with our employees, we build and share the value of "Mutual Trust and Selfresponsibility
- The management of each company takes leadership in fostering an ethical corporate culture.

#### Business Partners

- We respect our business partners and work to realize mutual growth based on mutual trust.
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths.
- · We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws.

#### Shareholders

- We strive to enhance corporate value for the benefit of our shareholders.
- We provide timely and fair disclosure on our operating results and financial condition.

#### Global Society/Local Communities

#### [Environment]

• We strive to develop, establish, and promote technologies enabling the environment and economy to coexist harmoniously. We work to reduce the effect of climate change and preserve biodiversity

#### [Communitv]

- We operate our business so as to earn the trust of respective communities
- We pursue safer, cleaner technologies that meet the evolving needs of society.
- . We do not tolerate bribery and maintain honest and fair relationships with government agencies and public authorities. [Social Contribution]
- We actively promote and engage in social contribution activities that help strengthen communities and contribute to the enrichment of society.

#### **Basic Perspective of Corporate** Governance

Toyota Industries strives to enhance the long-term stability of its corporate value and maintain society's trust by earnestly fulfilling its CSR commitments in accordance with its Basic Philosophy.

To that end, Toyota Industries strives to enhance its corporate governance based on the belief that maintaining and improving management efficiency and the fairness and transparency of its corporate activities is of utmost importance.

#### **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 are knowledgeable about our business operations. 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 above the executive vice president



(As of June 13, 2014)

#### As a global company operating in various countries and regions, Toyota Industries seeks efficient management while maintaining and enhancing the fairness and transparency of its corporate activities.

level as well as relevant directors, 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, guality, 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 CSR, the environment and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.

### 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 Director and Audit & Supervisory Board Members

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

#### Internal Control System

In accordance with the Corporation Law of Japan, 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 after giving consideration to 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

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



Exchange Law (so-called Japanese Sarbanes-Oxlev 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 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 2014 were effective, and accordingly, submitted an Internal Control Report in June 2014. The report was reviewed by independent auditors and judged fair in their Independent Auditors' 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 that we raise the awareness of 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



North America Compliance Officers Conference participants





\*As of March 31 2014

(led by executive vice president in charge of administration\*) as a subordinate organization to the CSR Committee. Every year, the subcommittee formulates an action policy and conducts follow-up checks on its progress on a quarterly basis.

The Toyota Industries Group strives to further strengthen compliance initiatives. In fiscal 2014, we held a conference in North America, in which compliance officers from 16 bases attended and shared information on their respective compliance-related activities. They also discussed the establishment of a compliance committee at each base, with the intent of facilitating their individual, voluntary

compliance initiatives. In China, we held a workshop on China's labor laws for top management of all bases within the country. Other compliance efforts included providing education on the



Workshop on China's labor laws

#### Compliance Officers (outside Japan) and Compliance Committees (in Japan) (As of March 31, 2014)



Tovota Industries Report 2014



prevention of misconduct to representatives from the business partners of Toyota Industry (Kunshan) Co., Ltd. (TIK), our largest production base in China.

#### Formulation of Code of Conduct and Dissemination

Toyota Industries has formulated and distributed to all employees the Code of Conduct, which serves as conduct guidelines that should be observed by employees. In April 2014, we made revisions to the code in order to make it more readily comprehensible for employees. Revisions included organizing the contents by stakeholder, adding up-to-date key terms such as the Safety Vision\*1 and safe driving standards<sup>\*2</sup> and defining detailed action guidelines to ensure compliance with rules and regulations related to antitrust laws and anti-bribery laws.

Consolidated subsidiaries worldwide are also formulating, delivering to and educating employees on their own Code of Conduct matched to their respective business lines and corporate cultures. Toyota Industries' 33 consolidated subsidiaries in Japan and 69 consolidated subsidiaries outside Japan have already created their own Code of Conduct and have been working to instill an awareness among their employees.

\*1: Formulated in July 2013. See page 52 for more details.

\*2: Internal standards stipulated for the purpose of ensuring safe driving and preventing traffic accidents

#### Thoroughly Informing Employees about **Applicable Laws and Regulations**

Toyota Industries provides compliance education to all levels of employees. This includes providing required legal knowledge to employees according to their job ranks or positions, familiarizing them with the emergency procedures

#### Employee Code of Conduct



#### Compliance Education Provided (As of March 31, 2014)

Toyota Industries Executive training	Conducted training for newly	appointed executives and le	egal seminars for executive	es	Ongoing initiative
Rank-based (clerical, technical) Training by function	Promoted training on quality confidential information, exp ★9,200 employees participated	, safety, the environment, la ort transactions, subcontrac ★9,900 employees participated	bor, management of cting and antitrust laws ★12,000 employees participated		Ongoing initiative
Training for affiliated companies	Promoted group training via work training and public rela ★1,800 employees participated	executive training seminars tion division training, and th ★2,400 employees participated	, subcontractor safe rough visits to dealers ★2,800 employees participated		Ongoing initiative
Consolidated subsidiaries in Japan	Conducted ★11,900 employees participated	training on the Code of Cor ★16,100 employees participated	nduct, safety, etc. ★15,400 employees participated		Ongoing initiative
	(FY) 2012	2013	2014		2015

that should be followed upon the occurrence of a problem and educating them on risk management. To new or young employees, in particular, we provide easy-to-understand guidance on "what to do" and "what not to do" in order to instill compliance awareness based on laws and corporate ethics, using our Code of Conduct as an instructional material.

In order to cultivate a deeper understanding of compliance among employees, we introduce cases of possible compliance violations in internal newsletters, providing commentaries on problem areas in detail. In an effort to create an environment in which employees educate themselves about compliance and related issues on their own, starting from fiscal 2014 we are disseminating e-learning materials on one specific theme every month.

#### Example Topics of e-Learning Materials

	Contents	Target audience
1	What is compliance?	
2	Environment (water quality and waste)	
3	Traffic safety	All employees
4	Japan's Personal Information Protection Law	
5	Compliance hotline	
-		

#### Checking and Monitoring Compliance

In order to monitor the status of compliance, we request internal departments and our consolidated subsidiaries in and outside Japan to perform a compliance self-assessment.

Toyota Industries' subsidiaries answer a checklist comprised of 60 to 250 items defined for each of the applicable laws. If any of these items are found to be insufficient, each responsible department and respective subsidiaries work together to make improvements.

We also operate a compliance hotline that allows employees and their families to seek advice on compliancerelated matters without being exposed to negative consequences, as well as to make adequate responses. This compliance hotline is cited in our Code of Conduct, and we regularly hand out a leaflet to subsidiaries' employees to inform them of the service.

# Compliance Hotline Leaflet ひとりで悩まず堪談しよう

The ninia character on the right is a corporate character selected for promoting compliance.

#### **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 a director in charge of general administration\*1) as a subordinate organization to the CSR Committee to promote proper management of confidential information, taking appropriate actions against the leakage of confidential information and complying with the Unfair Competition Prevention Act and the Personal Information Protection Law.

To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security managers\*2 and information security administrators\*3 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.

Examples of such activities include attaching a security cable with a lock to all PCs to prevent employees from taking their PCs off the premises without permission, systemically restricting the copying of electronic data on recording media, monitoring email correspondences, applying more stringent restrictions on taking photographs on company premises and regularly reviewing rules for management of confidential information.

In addition, we collaborate with other Toyota Group companies to carry out "All Toyota Confidentiality Management Month" activities in May and October. As part of this effort, we are working to discourage and monitor unauthorized carrying out of PCs and recording media.

Our consolidated subsidiaries in and outside Japan also appoint respective information security managers and information security administrators. We also have formulated common guidelines concerning management of confidential

information and follow up on their activities on a periodic basis.

\*1: As of March 31, 2014 \*2: Head of each department \*3: 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, which was set up by the Board of Directors in May 2006 in compliance with the Corporation Law of Japan, Toyota Industries is working to strengthen regulations and a structure to promote risk management. We regard the following two aspects as the basics of risk management.

- (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.

Our Crisis Response Manual provides specific examples of significant risks and lays out basic rules for appropriate decisions and actions when a risk becomes evident or a major problem occurs. This manual is distributed to

executives and those in managerial positions of Toyota Industries as well as to top management at consolidated subsidiaries as a means of facilitating risk management as the Toyota Industries Group.

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#### **Response to Possible Major Earthquake**

We consider the occurrence of a major earthquake in and around Japan as one of the most significant risks and implement 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 "mitigation," "initial response to be followed immediately after the disaster" and "restoration of production," and are respectively making Company-wide efforts.

In fiscal 2014, we formulated a business continuity plan (BCP) in each category and undertook activities accordingly. More specifically, we upgraded disaster prevention drills at each plant, established a disaster prevention organization that oversees Company-wide initiatives and simulated responses in the event of a disaster.

#### **Implementation Structure**

The Disaster and Fire Prevention Council devises overall policies while the Disaster Prevention Measures Promotion Council monitors progress. Specific measures are formulated and implemented by working groups (WGs) consisting of members of the functional departments at the Head Office and representatives from each plant.

#### Structure for Promoting Disaster Prevention Measures



**Primary Measures for Disaster Prevention** 

#### Mitigation Measures

Activities in this area primarily focus on disaster prevention measures concerning equipment and other devices to protect the lives of employees.

#### 1) Equipment

We developed quake resistance standards for equipment within plants and implemented measures to avoid turning over, falling and sudden sliding of equipment.

#### 2) Buildinas

We created a prioritized list of buildings requiring antiseismic treatment and have been carrying out reinforcement work. 3) Prevention of Secondary Disasters

In fiscal 2014, the disaster prevention team of the Head Office conducted genchi genbutsu (go and see for yourself) inspections based on the Disaster Mitigation Plan and Initial Response Action Guidelines to check the validity and full implementation of these measures at each plant.



On-site inspection at the Anjo Plant in Aichi Prefecture

#### 2 Initial Response

#### 1) Initial Response Procedures

Placing maximum priority on the protection of human life, we formulated and disseminated initial response procedures to be followed by employees immediately after a disaster.

#### 2) Safety Confirmation System

Since July 2011, we have operated a safety confirmation system to account for employees in case of an earthquake. When an earthquake with a magnitude of 5 or greater occurs, this system automatically sends email messages to employees' cell phones and other devices, to which employees send replies together with information on their safety status.

#### 3) Disaster Drills

(a) Upgrading Disaster Drills

We set up a new disaster prevention organization with clearly defined functions and roles at each plant and base. In addition to conventional disaster drills, we conducted more practical drills centered on transportation and rescue of injured persons.



Drill for rescuing injured persons

Drill for initial firefighting

#### (b) Drills at Disaster Prevention Response Headquarters Drills that were conducted in fiscal 2013 were again carried out at the disaster prevention response headquarters, which coordinates Company-wide

measures in case of a disaster. We also conducted drills at the plant headquarters, which oversees plant-level activities in emergency situations. Through these drills, we simulated earthquake responses from immediately

after occurrence to the following day and reaffirmed response procedures and the allocation of roles. We seek to raise the level of our response both in taking action in emergency situations and readiness in peacetime.



Drills at the plant headquarters

#### 4) Strengthening Activities to Raise Awareness for

**Disaster Prevention** In July 2013, we invited a consultant to give a lecture on disaster prevention for the members of the Disaster and Fire Prevention Council, including executives, as well as the personnel tasked



Lecture on disaster prevention

with disaster prevention activities at consolidated subsidiaries. Through the lecture, participants reviewed Toyota Industries' disaster prevention measures based on the lessons learned from the Great East Japan Earthquake.

We also set up a disaster prevention corner at such company events as Toyota Industries' annual Aozora Ichiba cross-organizational exhibition to share best practices for improvement and various other initiatives undertaken at each Group company as well as the Shokki Festa, a festival for promoting interaction with local communities. In this way, we sought to instill a higher awareness in and encourage each employee to take stronger disaster prevention measures not only at work but also at home.





Aozora Ichiba

Shokki Festa

#### **3** Restoration of Production

To meet the expectations of society and customers in and outside Japan, Toyota Industries has been implementing measures to quickly restore production operations. Starting from fiscal 2011, we have been enhancing function-based initiatives by setting up a Company-wide Production Restoration WG. Since September 2012, the Procurement WG, which makes up the organizational structure for promoting Company-wide disaster prevention measures, has been working on initiatives concerning the supply chain.

#### 1) Initiatives Related to Organization and Personnel Assianments

#### (a) Organization for Restoration

Anticipating emergency situations and a prolonged restoration period, we set up a structure in which two or more responsible persons (leader and co-leader) are appointed at the Head Office and respective departments in each business division.

#### (b) Responsible Personnel during Restoration

We have established a structure to guickly initiate measures to restore production by selecting trained persons capable of taking the lead in restoration activities and making adequate responses at a place of disaster as well as restoration personnel having appropriate experience, knowledge and skills.

#### 2) Pre-Disaster Mitigation Measures

Each business division carries out Production Restoration WG activities to promote pre-disaster mitigation measures. Members from various departments tasked with restoring production participate to identify latent risks and issues and engage in the following activities.

#### (a) Infrastructure Restoration

We are reinforcing facilities and equipment for such utilities as electricity, gas and water as well as for information systems, all of which are vital for restoring production, along with undertaking measures for vulnerable spots in wiring and pipework.

#### (b) Formulating Production Restoration Procedures

We have formulated production restoration procedures for the Company and individual business divisions. The procedures lay out the target timeline and clearly define implementation items and time allocation for each item at departments tasked with restoration work.

#### (c) Production Equipment

Upon clarifying processes that should be prioritized for restoring production and identifying latent risks and issues, we are considering methods of restoration and making a list of required materials and supplies.

#### (d) Logistics

We are examining the infrastructures around each plant and review the results to define safe logistics routes.

#### (e) Backup Logistics Support

We have clarified the division of labor and implementation items among departments tasked with providing production restoration support, including how to obtain food and water, manage work shifts and clarify commuting routes and means of transportation.



oduction restoration workshop (identifying risks and contemplating

### **Relationship with Our Customers**

Adhering to a quality first approach, Toyota Industries strives to realize 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 has been tested thoroughly and satisfactorily."

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 CSR approach.

Tovota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses "product quality," "marketing quality" and "management quality." "Product quality" is embodied in the safety, ecofriendliness, durability, ease of use and workmanship of our products, while "marketing guality" entails excellent sales, service and other aspects 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 recurrence.

#### 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 place utmost emphasis on quality first and 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. The implementation status of these guidelines is reviewed by top management at the Quality Functional Meeting and the Quality Confirmation and Proactive Prevention Meeting, both chaired by the executive vice president in charge of quality control\*, 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 a quality control department head\*. The president also checks on the outcome of these activities through genchi genbutsu inspections.

For critical quality issues, we enforce Company-wide, horizontally aligned activities to prevent both recurrence in the responsible business divisions and occurrence in other



Quality inspection by top management

business divisions. Under these efforts, we have standardized procedures to ensure the specified level of quality and formulated related guidelines. \* As of March 31, 2014

#### Company-Wide, Horizontally Aligned Quality Assurance Activities



#### **Initiatives to Ensure Product Safety**

As one priority issue under the Quality Guidelines to meet customers' expectations for safety and reassurance, we reinforced the system to minimize risks at the design stage based on the assumption that customers make use of our products in diverse ways, including foreseeable misuse.

In an effort to raise the level of our Company-wide activities, we have established the Product Safety Promotion Committee comprising representatives from the engineering and quality assurance departments of each business division to share best practices throughout the Company. In each business division, the members of the committee take the lead in organizing a Divisional Product Safety Promotion Meeting, which undertakes activities covering all functional areas from engineering and guality assurance to sales and after-sales services.

When developing new products, we use the R-Map risk assessment tool, which was developed by the Union of Japanese Scientists and Engineers and recommended by Japan's Ministry of Economy, Trade and Industry, to evaluate associated risks. If the results of an assessment fall within level A or B, we incorporate additional risk reduction measures into our products and seek to keep risks to an absolute minimum. In this way, we offer products seeking the highest level of safety to our customers.

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	5	Frequent	С	B3	A1	A2	A3	
f occurrence	4	Probable	С	B2	B3	A1	A2	Level A
	3	Occasional	С	B1	B2	B3	A1	
tbility o	2	Remote	С	С	B1	B2	B3	Loval B
Probe	1	Improbable	С	С	С	B1	B2	Level D
	0	Rare	С	С	С	С	С	Level C
			None	Negligible	Marginal	Critical	Catastrophic	
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#### Severity of harm

#### **Providing Support to Business Partners**

Improving the quality of our products requires the upgrading of quality control capabilities of our business partners in and outside Japan. For this reason, we work to augment our supply chain primarily by means of an annual quality audit.

Our annual quality audit is based on 28 audit items spanning nine areas, including quality assurance systems and response to defects. Our certified auditors assess these items and identify strengths and weaknesses of each business partner. We also seek to raise the level of quality assurance by sharing best practices among business partners. Moreover, our business partners make voluntary efforts to analyze discrepancies between the results of their self-assessment and those of our assessment, thereby fostering a culture to continue to progress 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. In the basic education program, employees gain a perspective and learn the concepts of quality control (QC), basic kaizen (improvement) techniques and how to proceed with kaizen activities by utilizing our originally developed textbook that describes the quality assurance approach of Toyota Industries. After completing the basic program, they move on to practical training tailored to the specific needs of their respective workplaces.

Our production bases outside Japan also promote kaizen efforts and development of human resources through QC circle activities.

Focusing our efforts on the area of human resources development, we intend to combine the Group's strengths and facilitate quality assurance activities globally to achieve the level of quality that exceeds customers' expectations.

### **Relationship with Our Associates**

Our ultimate goal is to create safe and healthy workplaces 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.

In fiscal 2014, we reflected on what we have achieved through safety and health activities to date and accelerated our efforts in attaining an even higher level of safety that forms the basis of our business operations.

Based on the idea of building "a homelike atmosphere at work that is warm and friendly" as stated in the Toyoda



Workshop for affiliated companies in Japan

Precepts, we had several long, thorough discussions about "the true meaning of safety" and "the form of safety we seek" and formulated the Safety Vision in July 2013.

One of the top priority issues in fiscal 2014 was to instill this Safety Vision among all associates. With top management declaring the Company's commitment to safety, managers and supervisors took the lead and became a role model for others in enforcing required action.

With a view to communicating the Safety Vision and consequently reinforcing our idea of safety within the Toyota Industries Group, we also held workshops mainly for leaders responsible for ensuring safety and health in our consolidated subsidiaries worldwide.

In the future, we will enhance our safety awareness further and step up safety and health activities.



Workshop for affiliated companies outside Japan



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

### Initiatives for Health Management and Improvement

As a task for the medium term, we are promoting associate health improvement programs to counter risks associated with aging and greater stress.

Specifically, we proactively provide health guidance to prevent lifestyle diseases for persons with metabolic syndrome and actively encourage follow-up after annual health checkups. We also conduct periodic age-based health education for all associates to maintain and promote their health and wellness.

Mental health care activities include providing self-care/ line-care education and setting up a health-related hotline. We have also successfully worked to build closer collaboration with external medical institutions, prevent relapses by launching a return-to-work support program for persons on long-term leave and take preventive measures by offering follow-up support to persons assigned to new positions.



Physical fitness measurement conducted during age-based health education



Seminar held as part of age-based health education

#### **Enhancing Team Strength**

Toyota Industries believes that enhancing team strength is vital to forming a dynamic workforce and achieving sustainable corporate 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 "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

We are currently working to enhance the skills of our technical staff primarily by providing training programs at the Technical Learning Center, one of our training facilities, to gain skills to support manufacturing. At the 51st National Skills Competition held in November 2013, the Toyota Industries team won one gold medal in the "mechatronics" category and received prizes in the categories of "mechanical device control," "structural ironsmith," "electrical welding" and "lathe," thereby attaining medals

for the 13th consecutive competition. We believe this is the result of our success at nurturing basic manufacturing skills and cultivating topcaliber specialists.



51st National Skills Competition

Corporate Social Responsibility

Relationship with Our Associates/

Relationship with Our Business Partners

### **Relationship with Our Business Partners**

#### Management Skills

We conduct work procedures training on problem solving targeting associates in administrative and engineering fields with the aim of sharing our thinking and values regarding work procedures and improving their problem-solving capabilities. This training is also provided at subsidiaries outside Japan in an effort to hone these management skills throughout the Toyota Industries Group.

#### Spirit of Harmony

Toyota Industries is 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. Throughout the world, 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.



Ekiden long-distance relay race



Cheer squad in action at a company sports event

#### **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 measures include supporting managing both work and family, supporting the employment of persons with disabilities and creating a work environment in which older associates can play active roles.

#### Support for Managing Both Work and Family

As part of efforts to offer an easier-to-work environment for associates managing both their work and family and help them develop their career, we have introduced a telecommuting system that allows them to perform part of their work at home.

#### 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 2014, the ratio of associates with disabilities on a non-consolidated basis was 2.13%.

#### Creating a Work Environment for Older Associates

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.



55 Career Training

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

#### Fair Competition Based on an Open Door Policy

We have a fair entry process that allows all potential business partners, regardless of nationality, size and experience, the same opportunity to offer us their products or services through our Website to achieve broad and open procurement.

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Procurement page on our Website

We comprehensively evaluate our business partners based on quality, price, their adherence to delivery times, technological capabilities and company stability. 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. We hold annual procurement policy meetings and an executive seminar for major business partners to gain their understanding and cooperation. In order to consistently procure better products, we also conduct quality and technical skills training programs and safety and health education as well as provide guidance directed toward kaizen at business partners' production sites.

#### Reducing Environmental Impact through Environmentally Preferable Purchasing

In order to create environmentally friendly products, we aim to procure parts, materials and equipment from business partners that give sufficient consideration to the environment. Our Environmentally Preferable Purchasing Guidelines, which we have formulated to enforce "green" purchasing,

apply not only to parts and raw materials but also to packaging materials. By working to prevent prohibited substances of concern from being mixed into our products and associated packaging. we deliver even greater safety and reassurance to customers along with environment-friendly products.



TOYOTA

The guidelines also clarify Toyota Industries' point of view and initiatives regarding the protection of biodiversity, which

Environmentally Preferable Purchasing Guideline

is included in our Fifth Environmental Action Plan, and seek the understanding of business partners.

#### 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.

#### **Disaster Prevention Activities for Possible** Major Earthquake

We engage in disaster prevention activities in anticipation of a major earthquake in Japan. To improve our preparedness for resuming the supply of products to customers at the earliest possible opportunity in the event of a disaster, we are making concerted efforts with business partners to ensure the stable supply of parts and raw materials during the restoration of production.

More specifically, we held seminars to cultivate a deeper understanding on the importance of disaster prevention and conducted disaster mitigation workshops (tabletop exercises)

that help business partners formulate and implement their own mitigation plans.

In order to render their mitigation plans effective, we share information with provide support to and check progress with business partners.



Disaster mitigation workshop

Relationship with Our Shareholders and Investors/ Relationship with Our Local Communities

### **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 provide not only information required under disclosure laws and regulations but also information on our management policy and business activities. Also, we strive to promote communications with shareholders and investors and feed back their comments to executives and relevant business divisions to reflect them in our business activities.

#### **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 laying the groundwork for 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 135th General Shareholders' Meeting on June 13, 2013, in which 396 shareholders participated. For the purpose of fostering a better understanding of our business activities, we invited our shareholders for a lift truck plant tour following the general shareholders' meeting.

Starting with the 136th meeting, we printed in color our Notice of the General Shareholders' Meeting and added topics on current business initiatives in order to provide improved readability.

#### 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, we also hold plant tours to facilitate a deeper understanding of the Company and its operations. To respond to the growing number of institutional investors from outside Japan

requesting a meeting, 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.

Toyota Industries provides a variety of information, including financial information as well as an overview of our business and various initiatives, via the company Website. We use RSS feeds (in Japanese) to promptly provide the latest information.



Briefing on financial results for fiscal 2014 by the president (May 2014)

#### **Dividend Policy**

Toyota Industries regards returning profits to shareholders as one of the most important management policies. Accordingly, we strive to continue paying dividends and meet the expectations of shareholders upon taking into consideration such factors as business results, demand for funds and the payout ratio. For fiscal 2014, Toyota Industries paid annual cash dividends per share of ¥85.0 (interim cash dividend per share of ¥35.0 and year-end cash dividend per share of ¥50.0).

#### Cash Dividends per Share (Annual)



### **Relationship with Our Local Communities**

With a view toward fostering community growth and creating an enriched society, we 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, 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 promote enlightenment efforts such as sharing information on volunteer activities and providing a venue for volunteer activities that encourage the participation of all employees.

#### **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.

#### Activity Examples of Toyota Industries and Consolidated Subsidiaries (Japan)

#### **Environmental Education for Local Elementary School** Children

In December 2013, we invited fifth graders of a local elementary school to the Higashiura Plant in Aichi Prefecture to show our safe and efficient manufacturing operations and a range of environmental initiatives. Combining guizzes and experiments, we communicated to the children that

manufacturing activities will become increasingly important in the future and encouraged them to think about what they can do to protect the environment.

environment-conscious



Children watching an experiment on wastewater

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#### Three Pillars of Our Social Contribution Activities

Toyota Industries is engaging in various activities in close cooperation with every local community in which we operate, placing particular emphasis on social welfare. youth development and environmental protection.

#### Social Welfare

To help develop local communities where everyone enjoys an active life, we hold various social welfare events to encourage exchange with persons with disabilities and conduct joint fund-raising programs with our consolidated subsidiaries in Japan.

#### Vouth Development

With the aim of providing opportunities for youth, who will lead the next generation, to learn the importance of monozukuri (manufacturing) and the meaning of work through actual experiences, we hold events jointly with Youth Invention Clubs, host work experience activities and conduct environmental education.

#### Environmental Protection

We carry out a range of environment-related activities, including promoting the use of wood thinned from forests in Japan, conserving forests through employee volunteer programs and engaging in cleanup activities in the community where our plants are located, to contribute to environmental preservation and the development of a sustainable society.

#### Agreement to Cooperate in the Event of a Disaster

In June 2013, TOYOTA L&F Tokyo Co., Ltd., a consolidated subsidiary in Japan engaging in sales and servicing of materials handling equipment, concluded an agreement with the local government of Shinagawa-ku, Tokyo, to cooperate in disaster relief activities using its lift trucks. This agreement is aimed at reinforcing a system to promptly and smoothly

deliver relief supplies to evacuation shelters in the event of a disaster. These lift trucks are expected to allow a small group of people to efficiently accept and deliver a large quantity of relief supplies in a short time.



Concluding a disaster cooperation agreement with Shinagawa-ku, Tokyo

#### Activity Examples of Consolidated Subsidiaries (outside Japan)

#### Indonesia Support for Community Health Care

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

In April 2013, TACI worked jointly with the village office and a local health center and provided medicines and medical advice by a doctor free of charge to residents living in the neighborhood of its plant. As another effort to support local residents in promoting their health, TACI distributed nutritional supplements for infants.



Providing nutritional supplements for infants

#### Sweden Joining and Supporting Environmental **Protection Activities**

#### **BT Products AB (BTP)**

Subsidiary producing materials handling equipment

The environmental event "Golden Garbage Festival" was held in July 2013 in Vadstena, a city near BTP's plant. BTP employees and their families participated in the event and gained an awareness of environmental conservation through such programs as a workshop to create toys from milk cartons and egg containers. BTP also provided financial support to the event.



Employees and their families participating in environmental event

#### France Support for Breast Cancer Research

Toyota Material Handling France SAS (TMHFR) Subsidiary engaging in sales and servicing of materials handling equipment

To improve awareness for breast cancer and help raise funds for related medical research, a marathon event was held in Paris in September 2013. A team of about 40 female employees of TMHFR participated, wearing team T-shirts and bringing additional excitement to the event. Participation fees were donated to a breast cancer research foundation.



Employees participating in the marathon event

#### U.S.A. Support for Education and Job Placement **Guidance for Local High School Students**

North Vernon Industry Corp. (NVIC) Subsidiary producing materials handling equipment parts

In November 2013, NVIC contributed to the local community by collaborating with a local high school. NVIC employees served as interviewers in mock interviews and as lecturers in the classroom to provide guidance for students proceeding to higher education or those applying for a job. NVIC has been engaging in this initiative for the 11th consecutive year, and more than 200 students participated in the event in fiscal 2014.



Employee conducting a mock interview with a high school student

### **Environmental Initiatives**



Vision for Environmental Activitie

Structure to Implement Environm

Fifth Environmental Action Plan

Establishing a Low-Carbon Emis

Establishing a Recycling-Based

Reducing Environmental Risk an Establishing a Society in Harm

**Environmental Management** 

Environmental Impact Flow and

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Environmental Accounti	ng P <b>70</b>

### **Vision for Environmental Activities**

Toyota Industries works with consolidated subsidiaries in and outside Japan to promote environmental activities on a global scale. With regard to our "CO2 Cancel" initiative, we aim to accomplish its targets in fiscal 2016.

#### **Global Environmental Commitment**

As one tenet under our Basic Philosophy, 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. Accordingly, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline. to be shared and implemented throughout the Toyota Industries Group.

The entire Toyota Industries Group comprising 154 companies in and outside Japan will dedicate concerted efforts to realizing a prosperous life in harmony with the natural environment by carrying out activities aimed at "establishing a low-carbon emission society," "establishing a recycling-based society" and "reducing environmental risk and establishing a society in harmony with nature" as our way of "promoting environmental management."



Notional Diagram of Global Environmental Commitment

#### Working toward "CO<sub>2</sub> Cancel"



product efficiency and other means. We have adopted this approach as a new environmental target under the Fifth Environmental Action Plan.

#### Activities for Accomplishing "CO<sub>2</sub> Cancel"

Aiming to accomplish "CO2 Cancel" in fiscal 2016, we have been undertaking activities accordingly.

In fiscal 2014, our efforts to develop products with improved efficiency led to the successful development and release of engines with considerably less CO<sub>2</sub> emissions and an air-jet loom with lower energy consumption. As a result of concerted efforts to reduce CO<sub>2</sub> emissions from production activities, we made steady progress toward the goal of attaining "CO2 Cancel" in fiscal 2016.

We will continue to promote our CO2 reduction activities both in terms of product development and production activities.



6 Define higher targets (e.g., "CO<sub>2</sub> Double Cancel")



Positioning environmental response as one of its most crucial management issues, Toyota Industries is enhancing its environmentally oriented corporate management on a global basis through the promotion of consolidated environmental management.

#### Improving Environmental Management System Efficiency

Toyota Industries has positioned environmental response as one of its most crucial management issues. To guickly reflect top management's decisions on business operations. Toyota Industries has established and been operating a Company-wide integrated environmental management system (EMS), with the president at the top.

Since fiscal 2011, we have been consolidating environment-related regulations that had been established separately by each business division with the aim of improving the efficiency of our EMS. In fiscal 2014, we formulated Company-wide standards to identify facilities that must be included in our evaluation of the environmental impact of production activities (evaluation of environmental aspects). These standards helped us to evaluate all facilities that could potentially affect the environment and reduce associated environmental risks. We have also simplified the evaluation process.

#### Environmental Management Structure



#### Scope of Group-Wide Environmental Management (As of March 31, 2014)



Vision for Environmental Activities Structure to Implement Environmental Management

### **Structure to Implement Environmental Management**

#### **Environmental Audits**

Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third-party institute.

The external audit conducted in fiscal 2014 revealed one non-conformance. We have already completed measures to correct it and passed on the relevant information to other plants to prevent recurrence.

As for internal audits, we introduced a system of conducting mutual audits among business divisions in fiscal 2013. Under the system, the Environment Department of one business division plays a central role in an internal audit of another business division. By adopting this method, we aim to upgrade the overall capabilities of the Environment Department of each business division. At the same time, in order to improve the capabilities of auditors, they work in pairs when conducting an audit, with one auditor having a high level of expertise teaming up with a less experienced auditor.



Production companies: 7 Production companies: / TD Automotive Compressor Kunshan Co., Ltd. (China) Toyota Industry (Kunshan) Co., Ltd. (China) Zhejiang Aichi Industrial Machinery Pot. Ltd. (India) Kirloskar Toyota Textile Machinery Pvt. Ltd. (India) Toyota Industrial Equipment Vietnam Co., Ltd. (Vietr lishina Industries Vietnam Co. 1 td. (Vietnam P.T. TD Automotive Compresso

#### Japan

Non-consolidated: 10 plants Production companies: 13 Aichi Corporation (Saitama Nishina Industrial Co., Ltd. (Nagano) Tokaiseiki Co., Ltd. (Shizuoka) Altex Co., Ltd. (Shizuoka) Hara Corporation (Gifu) Mino Tokyu Co., Ltd. (Gifu) HANDA Casting Company (Aichi) Unica Co., Ltd. (Aichi) IZUMI MACHINE MEG. CO., LTD. (Aichi) Nagao Kogyo Co., Ltd. (Aichi) Miduho Industry Co., Ltd. (Aichi) Iwama Loom Works, Ltd. (Aichi) Tokyu Co., Ltd. (Aichi)

### **Fifth Environmental Action Plan**

The results of our activities in fiscal 2014 showed steady progress across the board toward achieving respective targets for fiscal 2016.

#### **Progress in the Fifth Environmental** Action Plan

With an eye to realizing a prosperous life in harmony with the natural environment through the establishment of a

sustainable society, we have formulated the Fifth Environmental Action Plan for the period from fiscal 2012 to fiscal 2016, promoting activities according to the plan. Through activities undertaken during fiscal 2014, we

made steady progress toward achieving respective targets for fiscal 2016.

#### Product Related

	Fifth Environmental Action P			
Segments	Action Policies	Action Policies Specific Actions		
	Reduce CO <sub>2</sub> emissions by 10% <sup>*1</sup> from major prod the Fifth Plan	ucts to be developed during the period covered by		
	In the Automobile-Related Business, promote electrification and develop technologies and products that will contribute to reduction of CO <sub>2</sub> emissions	<ul> <li>Improve energy efficiency of car air conditioners</li> <li>Develop technologies to respond to electrification of vehicles</li> <li>Develop technologies to enable weight reduction</li> <li>Reduce energy loss</li> <li>Develop new engines</li> </ul>	<automobile-related business=""> • Developed highly efficient electric compressor</automobile-related>	
Establishing a Low-Carbon Emission Society	In the Materials Handling Equipment Business, develop technologies and products that will contribute to reduction of CO <sub>2</sub> emissions	<ul> <li>Improve fuel efficiency of internal-combustion lift trucks</li> <li>Reduce energy loss in electric-powered lift trucks and improve energy efficiency of functional units</li> </ul>	<materials business="" equipment="" handling=""> <ul> <li>Improved energy efficiency of diesel/gasoline-powered internal-combustion lift trucks</li> </ul> <li><textile business="" machinery=""> <ul> <li>Developed the new JAT810 air-jet loom with lower air consumption</li> </ul> </textile></li> </materials>	
	In the Textile Machinery Business, develop technologies and products that will contribute to reduction of CO <sub>2</sub> emissions	<ul> <li>Reduce energy use through lower air consumption</li> <li>Reduce power use through lower load from windage loss</li> <li>Reduce energy loss</li> </ul>		
	In the R&D field, develop technologies for energy efficiency	Develop new technologies that contribute to improved energy efficiency in automobiles		
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	<ul> <li>Reduce use of resources through longer product life</li> <li>Reduce use of resources through standardization, modularization and reduction of components</li> <li>Reduce use of resources through weight and size reductions</li> <li>Promote reuse of components and resources</li> </ul>	Developed plastic glazing back window	
Reducing Environmental Risk and	Reduce emissions to improve air quality in urban areas in all countries and regions	Develop engines that meet future regulations	Developed lift truck engines compliant with emissions regulations ahead of schedule	
Society in Harmony with Nature	Manage chemical substances contained in products	<ul> <li>Investigate chemical substances contained in products and manage switching over of SVHC*2 and other substances of concern to other substances</li> </ul>	• Expanded the scope of substances of concern (investigated substances of concern contained in supplies)	

† Targets for FY2016 undisclosed due to confidential information

#### Production Related

Fifth Environmental Action Plan Targets			FY2014 Achievements				
Segments	Action Policies/Specific Actions	Subject	Scope	Control Items	Base Year (FY)	Achievements	Targets
	Promote energy reduction and energy conservation	CO <sub>2</sub> emissions	Non- consolidated	Total emissions	2006	-13%	-18%
Establishing a	through innovative production technologies Reduce greenhouse gas emissions during production processes through energy JT*3	derived CO <sub>2</sub> • 5 gases <sup>*4</sup>	Global	Eco	2006	1.25	1.27
Low-Carbon	Promote measures to curb global warming	<ul> <li>CO<sub>2</sub> from logistics</li> </ul>	Non- consolidated	efficiency*5	2006	1.43	1.47
	Reduce CO <sub>2</sub> emissions through green logistics	CO <sub>2</sub> from logistics	Non-	Total emissions	1991	-30%	-20%
			consolidated	Eco efficiency	2007	1.41	1.09
Establishing a	<ul> <li>Enhance resource productivity</li> <li>Reduce use of timber-derived packaging materials</li> <li>Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures</li> <li>Promote internal reuse</li> </ul>	Packaging material volume	Non- consolidated	Eco efficiency	2007	4.86	1.09
Recycling-Based Society		Waste generation volume	In Japan	Eco efficiency	2013	1.02	1.01
, i i i i i i i i i i i i i i i i i i i			Non- consolidated			1.02	1.01
Reducing invironmental Risk and Establishing a iociety in Harmony with Nature	<ul> <li>Further reduce emissions of substances of concern</li> <li>Minimize environmental risks</li> <li>Continuously use a preliminary review system</li> <li>Reduce risks related to wastewater</li> <li>Appropriately manage chemical substances based on social conditions</li> <li>Enhance risk communication with relevant organizations and local residents</li> </ul>	VOC*6 emissions	Non- consolidated (automobile body)	Emission volume per unit of production	_	24 (g/m²)	24 (g/m²)

#### Promoting Environmental Management

	Fifth Environmental Action Plan Targets	EV0014 Achievements	
Action Policies	Specific Actions	F12014 Achievements	
Reinforce CO <sub>2</sub> reduction activities for "CO <sub>2</sub> Cancel"	<ul> <li>Further reduce CO<sub>2</sub> emitted from production activities in plants</li> <li>Aim to cancel out CO<sub>2</sub> emissions of Toyota Industries by reducing CO<sub>2</sub> emissions through improved efficiency in newly developed products</li> </ul>	Conducted activities for achievement of "CO <sub>2</sub> Cancel"     (Target: FY2016)	
Augment and promote consolidated environmental management	<ul> <li>Build a global environmental management system and promote related activities to:</li> <li>1) Comply with environment-related laws and reduce environmental risks in each country</li> <li>2) Achieve the highest-level performance in each country</li> <li>Aim for efficient and systematic corporate management by integrating and operating environmental management system and quality/safety management systems</li> </ul>	<ul> <li>Conducted on-site inspections of environmental risks and confirmed compliance at consolidated subsidiaries in Japan, and conducted interview survey of environmental risks at consolidated subsidiaries outside Japan</li> <li>Checked the precision of environmental data at consolidated subsidiaries in Japan and provided support for improvement</li> </ul>	
Enhance and promote environmental education and enlightenment activities	<ul> <li>Develop environmental specialists to lead internal environment-related activities</li> <li>Strengthen internal environment-related activities and broaden family-friendly initiatives by planning and promoting enlightenment activities that can be carried out at home</li> </ul>	<ul> <li>Conducted environmental awareness survey among employees, which scored 3.8 out of 5 points</li> </ul>	
Improve eco-conscious brand image	<ul> <li>Reinforce environmental activities according to the contents and results of Survey of Environmental Oriented Management Index to pursue higher brand image</li> </ul>	Won Biotope Award in the 5th Biotope Commendation	
Augment activities related to protection of biodiversity	<ul> <li>Identify the impact of business activities on biodiversity and reinforce initiatives by defining specific goals</li> <li>Contribute to biodiversity through conservation of forests and protection of rare species</li> </ul>	Conducted maintenance and management activities at Biotope of the East of Obu Station, which were jointly carried out with the local community	
Promote sustainable plant activities	<ul> <li>Build a plant environment in harmony with nature by promoting energy reduction and energy conservation through innovative production engineering, by reducing energy loss and by using renewable energy and other means</li> </ul>	Continually reviewed energy strategy for the medium to long term	

\*1: Target products Toyota Industries develops and produces. The CO2 reduction volume is calculated based on the method Toyota Industries determined using FY2011 levels as the baseline. \*2: Substances of Very High Concern

\*3: Just In Time \*4: Greenhouse gases other than CO<sub>2</sub>, including methane (CH4), dinitrogen monoxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF6) \*5: Eco-efficiency = Production efficiency in subject year / Production efficiency in base year
 Production efficiency = Production indicator (Net sales or production volume, etc.) / Environmental impact of production activities
 \*6: Volatile Organic Compounds

#### Fifth Environmental Action Plan

† Targets for FY2016 undisclosed due to confidential information

### **Establishing a Low-Carbon Emission Society**

We position the establishment of a low-carbon emission society as one of our most crucial environmental tasks. We are working to reduce CO<sub>2</sub> emissions in our global business activities and at the same time accelerate our efforts to develop more environment-friendly products.



Under the Fifth Plan, we set out to achieve a target of reducing total non-consolidated CO<sub>2</sub> emissions from production activities by 18% in fiscal 2016 compared with the fiscal 2006 level. We successfully achieved a 13% reduction in CO<sub>2</sub> emissions in fiscal 2014 as a result of our ongoing efforts to save power and reduce peak power load as well as joint activities among the manufacturing, production engineering and environment departments to reduce the amount of air used in production activities.

Our product development activities are based on the keywords of 3Es (Energy, Environmental protection and Ecological thinking), and we focus on developing products that meet the need for increased energy savings, electrification and weight reduction. In this area, we are currently working toward a target of attaining a 10% reduction in CO<sub>2</sub> emissions from primary products by fiscal 2016 compared with the fiscal 2011 level.

#### Initiatives for Establishment of a Low-Carbon **Emission Society**

CO2 Emissions (Non-consolidated/Consolidated subsidiaries in and outside Japan)



#### **Reinforcing Activities to Reduce Peak** Power Consumption by Visualizing Use of Electricity

To help promote activities to lower the upper limit of power consumption during summer and at other occasions, we introduced a new. Company-wide power management system capable of monitoring the usage and demand estimates of electricity in real time. By visualizing data on the usage status of electricity, which had been managed solely by the department responsible for supplying energy, and making the data available to all employees, we worked to raise their awareness for conserving electricity further and reduce our peak power consumption.

This management system enables us to adjust our use of electricity according to power demand estimates. If we are reaching the internal target (upper limit) of power usage, the system notifies supervisors by displaying a message on the screen, sending email alerts and lighting indicator lamps, all of which serve to accelerate the process of reducing peak power load. The result was a 12% reduction in peak power consumption of the entire Company (compared with the assumed power consumption in fiscal 2014 if the system was not introduced).

We will continue to undertake proactive efforts to promote the management of electricity and other forms of energy at plants and contribute to the conservation of the global environment through power- and energy-saving activities.

#### Company-Wide Energy Management System





#### Kazunori Mizogami (left) CO<sub>2</sub> Reduction Group Plant Engineering Office, Plant Engineering & Environment Dept

Takahiro Omura (right) Working Group Leader. CO<sub>2</sub> Reduction Group. Plant Engineering Office Plant Engineering & Environment Dept.

Position and departments are as of March 31, 2014.

In introducing a Company-wide power management system, we needed to consolidate in our servers data on electricity that we receive from a power company, so our first task was to develop a system that can do this easily.

Because we had not accumulated power usage data in the past, we had difficulty analyzing peak power consumption. By saving relevant data in servers at one-minute intervals, the analysis of peak power consumption became possible. In the future, we will incorporate information on the production status and operational plans of each plant into the system to improve the accuracy of power demand estimates. We will also increase email alerts and install more indicator lamps in a wider area as a means of raising the system's effectiveness in reducing power consumption.

#### **Rearranging Boiler Placement to Reduce Steam Transmission Loss**

As part of efforts to reduce CO<sub>2</sub> emissions, the Takahama Plant in Aichi Prefecture, which engages in development and production of materials handling equipment, has been working to improve the efficiency of its production facilities since fiscal 2009 with the aim of reducing steam transmission loss in production processes.

Previously, steam was generated in one boiler room within the plant and distributed to each production process. This necessitated steam to be carried over a long distance and thus a considerable amount of heat was lost from piping. In order to shorten the distance of distributing steam, additional boiler rooms were installed close to the steamconsuming production processes located far from the central boiler room. The steam piping system was also modified to enable control of the steam transmission volume according to the seasons or the time of day. As a result, annual CO<sub>2</sub> emissions of the Takahama Plant were reduced by roughly 600 tons.

We will continue to undertake similar improvement activities to further reduce steam transmission loss

**Environmental Initiatives** 

Establishing a Low-Carbon Emission Society

#### **Certification of Environmentally Friendly Products**

Toyota Industries has been proactively promoting development and design of eco-conscious products. To certify products that possess exceptionally outstanding environmental performance and meet internal environmental standards, we launched the Environmentally Friendly Product Certification System in fiscal 2007. Up to fiscal 2013, 12 products have obtained certification under this system. In fiscal 2014, we certified another three types of industrial engines as environmentally friendly products.

(Survey by Toyota Industries Corporation)

#### Toyota 1KD diesel engine (industrial engine)



#### **Eco-conscious features:**

- •Fitted with a turbocharger developed in-house for downsized displacement, offers greater fuel efficiency and weight reduction
- •Capable of greatly reducing emissions of particulate matter (PM) compared with the previous model without using a diesel particulate filter (DPF) and has cleared emission standards\*1 of various countries and regions

Fuel consumption: 23% lower (versus previous model)

Displacement: 43% smaller (versus previous model)

- \*1: This engine has cleared the following emission regulations:
- (1) U.S. Environmental Protection Agency (EPA) Tier 4 emission standards
- (2) EU Stage IIIB standards for non-road engines

(3) Japan's 2013 Non-road Special Motor Vehicle emission regulation

#### Toyota 1ZS diesel engine (industrial engine)



#### **Eco-conscious features:**

- •Optimized the turbocharger mounted on the Toyota 1KD for use in the Toyota 1ZS. Shifted from the previous 4-cylinder engine to 3-cylinder diesel engine, which marks as a first for Toyota Industries, realizing downsized displacement while maintaining high output power and achieving greater fuel efficiency and weight reduction
- Drastically reduces PM emissions compared with the previous model without using a DPF and passes emission standards of various countries and regions

Fuel consumption: 20% lower (versus previous model)

Displacement: 48% smaller (versus previous model)

#### Toyota 1FS gas/gasoline engine (industrial engine)



#### •Offers greater combustion efficiency resulting from the optimally shaped combustion chamber and central placement of the spark plug within the chamber and

- achieves both improved output and higher fuel efficiency
- •Downsized displacement for realizing weight reduction

Fuel consumption: 10% lower versus previous mode

Displacement: **18%** smaller (versus previous model)

### **Establishing a Recycling-Based Society**

With a view to establishing a recycling-based society, we have been dedicating considerable efforts to making effective use of resources throughout our entire supply chain.



Our fiscal 2016 eco-efficiency targets in the area of waste generation volume under the Fifth Plan are set at 1.01 both on a non-consolidated basis and for Toyota Industries and its consolidated subsidiaries in Japan (fiscal 2013 as the base year). During fiscal 2014, to reduce materials losses we launched activities to make effective use of resources throughout the entire supply chain, extending the scope of our activities to our business partners.

#### Initiatives for Establishing a Recycling-Based Society



#### **Recovering Cleaning Fluid by a Mechanical** Pump

The Hekinan Plant in Aichi Prefecture, which produces diesel and gasoline engines, created a pump for collecting and recycling cleaning fluid.

This pump operates mechanically without using power generated by motors. It is one example of kaizen (improvement) utilizing Japan's traditional karakuri (simple

mechanical systems).

Previously, cleaning fluid that accumulated in a recovery box outside the facility due to dew condensation was collected and disposed of by operators. To eliminate this loss, the plant installed a mechanical pump to recover the fluid and send it back to the cleaning fluid tank for reuse. This process involves an operator stepping on a floor panel, which is positioned several millimeters higher than the floor, to pump up cleaning fluid in the recovery box. When the operator steps off the panel, the fluid is sent back to the tank. This floor panel is located in an area where operators normally work, thus they operate the pump unconsciously. This mechanism has been successfully adopted in other production processes throughout the Company.





Members of the Facilities Section, Preventive Maintenance Office, Manufacturing Dept. No. 1, Hekinan Plant

The Facilities Section has been proactively undertaking "kaizen by karakuri" initiatives, and our efforts have led to a considerable improvement not only for environmental areas but also safety and productivity. "Kaizen by karakuri" also has served to raise kaizen awareness within the workplace and promote the development of capable human resources. Our abilities are improving on a daily basis.

All employees of the Toyota Industries Group are honing their ability to identify environmental risk and promote prevention activities on a global scale.

Summary					
VOC Emissions (Production Activities)					
FY2014 Results					
Emissions per unit of production (non-consolidated/automobile body) <b>24</b> g/m <sup>2</sup>	FY16 target: 24 g/m²				

Under the Fifth Plan, we set a fiscal 2016 target of attaining emission volume per unit of production below 24 g/m<sup>2</sup> for volatile organic compounds (VOCs) from the automobile body painting process and undertook activities accordingly. In fiscal 2014, we focused on increasing the recovery rate and enhancing maintenance and management of thinner, a solvent used for cleaning. Consequently, emission volume per unit of production in fiscal 2014 was 24 g/m<sup>2</sup>.

#### Status of Compliance with Environmental Laws

In fiscal 2014, there were two incidents in which plant effluents exceeded standard values at consolidated subsidiaries within the Toyota Industries Group. These incidents have been reported to the relevant authorities, and corrective measures have already been completed by the subsidiaries concerned. Subsequent confirmations have also been made to ensure that there are no recurrences.

#### Soil and Groundwater Pollution **Countermeasures**

Toyota Industries carries out surveys and purification of soil and groundwater contaminated from the past use of trichloroethylene. We regularly report the survey results to local government authorities and provide information at local community meetings. As measures to prevent pollution from substances covered by the Soil Contamination Countermeasures Law as well as from grease and oils, we have drilled observation wells at all plants to conduct regular checks.

Establishing a Recycling-Based Society/ Reducing Environmental Risk and Establishing a Society in Harmony with Nature

### **Reducing Environmental Risk and Establishing a Society in Harmony with Nature**

#### Trichloroethylene Readings

Plant	FY2010	FY2011	FY2012	FY2013	FY2014
Kariya Plant	0.67	0.41	0.38	0.26	0.27
Kyowa Plant	0.34	0.41	0.48	0.33	0.31

Weighted average concentration in groundwater (mg/l)

### Initiatives to Minimize Environmental Risk

We regard the prevention of environmental irregularities as one of our most important themes and have been promoting activities under the Fifth Plan.

We are identifying facilities and work processes with the risk of leakage of chemical fluid or oils and implementing preventive measures, both mechanical and procedural, following a prioritized list. We seek to minimize environmental risk throughout the Toyota Industries Group by conducting *genchi genbutsu* (go and see for yourself) inspections at consolidated subsidiaries and promoting activities to raise awareness among employees as well as business partners.

#### **Enlightenment Activities Utilizing Environmental AP Cards**

To communicate to employees the details of environmental irregularities and potentially serious near-accidents that have occurred in the past and to prevent similar incidents from occurring, we created Environmental AP (Accidental Pattern) Cards, which we use to promote enlightenment activities.

Environmental AP Cards provide an outline of and responsive action and procedures required for each incident

along with points to keep in mind during the worst case scenario in which a similar incident occurs. We categorize incidents by type, source, cause and applicable work process and create a list to manage these incidents. Upon the occurrence of a new incident that is not similar to any on the list, we create a new card and distribute it internally.



Environmental AP Card

During fiscal 2014, we conducted enlightenment activities simultaneously at production sites using the Environmental AP Cards to raise employee awareness. The head of each department explained the contents of the cards as well as how to prevent similar incidents and how to respond to an incident if it occurs within their department. In addition, we created a collection of written declarations to be observed by employees to prevent incidents.

Going forward, we will expand the scope of our enlightenment activities based on the Environmental AP Cards from production sites to other departments throughout the Company.

#### **Establishment of Award Program to Recognize Risk Reduction Efforts**

We established the Environmental Award Program to recognize employees, including temporary and term employees, for early detection of environmental irregularities or potentially serious near-accidents and their subsequent contribution to preventing such incidents from spreading. The program focuses on raising awareness for risk reduction among employees by "recognizing" their efforts to prevent damage from spreading, rather than "blaming" should incidents occur.

The program provides points according to the level of seriousness of an incident or difficulty in detection, and based on the points given, awards prizes such as an award certificate, various incentives and points under our internal eco-point system. The program, launched in January 2014, has recognized eight employees as of the end of March 2014.



Takeshi Hongo istant Team Leade Power Section No. 4, Power Office, Plant Engineering & Environment Dept.

Position and department are as of . March 31, 2014.

I noticed a change in the reading on a meter early and received an award for identifying the cause quickly and preventing damage from becoming serious. I'm glad that my action was effective in preventing damage, and the award is a strong reminder that reducing risk is very important. I will make sure to quickly discover, respond to and report any irregularity, being careful not to miss the smallest change, and work to prevent environmental irregularities before they occur.

#### Genchi Genbutsu Inspections on Management of Consolidated Subsidiaries' Drainage Systems

With a view to preventing the occurrence of any environmental irregularities or potentially serious nearaccidents throughout the Toyota Industries Group, we periodically monitor risk reduction activities of consolidated subsidiaries. In fiscal 2014, we performed genchi genbutsu inspections on drainage systems and their management status at 11 bases of seven consolidated subsidiaries in Japan.

Prior to inspection, we created a list primarily of facilities with high risk of external leakage, such as wastewater treatment facilities, grease and oil tanks, effluent pits and piping that connect to the external environment, and inspected how they are managed based on a check sheet. We make suggestions for kaizen for any problems found during the inspection and share good examples of kaizen throughout the Group.

We also held hearings with consolidated subsidiaries outside Japan using a similar check sheet. In the future, we will raise the level of our risk reduction activities on a global scale by proactively undertaking genchi genbutsu inspections.



Genchi genbutsu inspection of a drainage system (consolidated subsidiary in Japan)

In addition to the conservation of biodiversity, Toyota Industries is also undertaking a range of environmental activities at its consolidated subsidiaries in and outside Japan.

#### Creation of a Biotope Considering **Ecological Networks**

In September 2012, we created a biotope open to the local community on our idle land in Obu City, Aichi Prefecture. In cooperation with an Aichi prefectural government initiative to promote development of ecological networks, we created an environmental setting that serves as a node to connect isolated areas with green zones and waterways and become a habitat for various living organisms. During fiscal 2014, we conducted maintenance and management activities jointly with local community members. After holding a study session to which we invited an expert on biotope maintenance and management, we cut grass and conducted other maintenance activities on the premises. Participants were impressed that certain ways of cutting grass can create an environment friendly to various living organisms. We will collaborate with local residents in developing this biotope to contribute to the conservation of the region's ecological networks.



Study session on biotope maintenance and management

#### "No-Car Commuting Day" Event Held by Nagao Kogyo

Nagao Kogyo Co., Ltd., a consolidated subsidiary in Aichi Prefecture engaging in the manufacture of parts for compressors, materials handling equipment and textile machinery, has been holding an annual "No-Car Commuting Day" event since fiscal 2009. At the sixth event held in June 2013, about 55% of employees commuting by car came to work on foot or by public transportation, bicycle or ridesharing. This result was equivalent to a 221 kg reduction in CO<sub>2</sub> emissions.

Reducing Environmental Risk and Establishing a Society in Harmony with Nature/ Environmental Management

### **Environmental Management**



Nobukazu Taguchi Deputy General Manager Business Administration Department. Nagao Kogyo Co., Ltd.

Position and department are as of March 31, 2014.

We have been holding the No-Car Commuting Day event as part of ISO 14001 activities.

The event encouraged employees living in the same neighborhood to share rides. This not only resulted in less environmental impact but also generated active communication among employees. We will continue to hold this event and raise environmental awareness among employees.

#### TMHE to Publish its First Social and **Environmental Report**

In November 2013, Toyota Material Handling Europe (TMHE), the European headquarters for the materials handling equipment business, published a social and environmental report for the first time.

The title of this report, "DUAL IMPACT," shows TMHE's commitment to minimize the environmental impact of its products and production activities in Europe in support of Europe's ambitious environmental regulations. It indicates how TMHE would focus on both product development and production activities to support customers adhering to new legal requirements.



Tom Schalenbourg in charge of report development

### **Environmental Impact Flow and Environmental Accounting**

In this section, we provide an overall picture of environmental impact resulting from our global business activities and report the results of environmental accounting (environmental conservation cost, environmental conservation benefits and economic benefits of environmental conservation initiatives).



\*2: Short for Pollutant Release and Transfer Register, the PRTR law is 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.

#### **Environmental Accounting and On-Site** Verification

#### Fiscal 2014 Environmental Accounting\*3

**Environmental Impact Flow** 

Scope of data collection: Toyota Industries Corporation Period of data collection: April 1, 2013 - March 31, 2014 \*3: Environmental accounting data is collected in compliance with the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition.

#### Environmental Conservation Cost

Enviror	nmental Conservation	n Cost		(Mi	llions of yen)
	Cotogony	FY2	014	FY2013	
	Category	Investment	Expenses	Investment	Expenses
	Pollution prevention costs	585	427	516	761
Business area costs	Global environmental conservation costs	325	3,192	113	3,167
	Resource recycling costs	144	639	10	514
Upstream/downstream costs		0	343	2	80
Management costs		5	1,219	14	1,219
Research and development costs		28	1,943	0	1,872
Social contribution activity costs		0	456	-	6
Environmental remediation costs		0	43	37	21
Total		1,087	8,262	692	7,640
Iotal		0.0	10	0.0	00

#### Environmental Conservation Benefits

Environmental Impact	Comparison with Previous Fiscal Year
CO <sub>2</sub>	22,479 t decrease
Generation of waste products	5,197 t decrease
Water	552,672 m <sup>3</sup> decrease

#### Economic Benefits of Environmental Conservation Initiatives

		(NUMBER OF YOUR
Item	Details	Amount
Revenue	Returns from sale of recycled waste products	4,278
	Energy cost reductions	190
Cost reduction	Cost reduction by resource savings (including reductions in amount of water use and wastewater treatment costs)	71
Total		4,539

**On-Site Verification** 

Every year, Toyota Industries Head Office's Plant Engineering & Environment Department takes the initiative in conducting on-site verification of the accuracy and consistency of environmental data included in the Toyota Industries Report. The results for fiscal 2014 are as follows.

#### **On-Site Verification Sites**

#### **Toyota Industries Corporation**

 Kyowa Plant, Takahama Plant, Higashichita Plant, Higashiura Plant

#### Consolidated subsidiaries in Japan

• Unica Co., Ltd., Miduho Industry Co., Ltd., Iwama Loom Works, Ltd.

#### Items to be Verified

- 1. Adequacy of the scope of data collection; validity of data collection and calculation methods; validity of internal verification
- 2. Trustworthiness and accuracy of collected/calculated data as well as data reported to the Head Office; accuracy of methods of reporting to the Head Office

#### Results

- 1. The verified sites retained original data (evidence) for all statistics, which were confirmed valid as were the scope and method of data collection.
- 2. All discrepancies found during verification have been corrected after respective causes have been identified.
- 3. Considerations of improvements will be made for data collected using complex collection methods that may result in calculation errors.

### **Financial Section / Corporate Information**

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Corporate Information

Board of Directors, Audit & Supe and Managing Officers

Major Consolidated Subsidiaries

Major Production Bases

Investor Information

#### Note:

For details on the consolidated financial statements, please refer to the separate publication, which is also posted on the following Website: www.toyota-industries.com

Toyota Industries Report **2014** 



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### **Consolidated Eleven-Year Summary**

Toyota Industries Corporation Years ended March 31

		Millions of yen									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
For The Year											
Net sales	¥2,007,856	¥1,615,244	¥1,543,352	¥1,479,839	¥1,377,769	¥1,584,252	¥2,000,536	¥1,878,398	¥1,505,955	¥1,241,538	¥1,164,378
Operating income (loss)	107,691	77,098	70,092	68,798	22,002	(6,621)	96,853	89,954	64,040	53,120	52,631
Ordinary income	138,133	86,836	80,866	73,911	31,756	14,343	126,488	108,484	80,635	70,912	58,970
Net income (loss)	91,705	53,119	58,594	47,205	(26,273)	(32,767)	80,460	59,468	47,077	43,357	33,623
Investment in tangible assets	¥ 109,479	¥ 89,459	¥ 58,404	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121	¥ 111,321	¥ 65,651
Depreciation	64,153	57,954	59,830	62,372	73,238	87,219	83,744	74,449	64,423	51,277	49,264
Research and development expenses	46,326	39,057	32,070	27,788	26,826	33,646	36,750	34,548	31,166	30,051	29,562
Per share of common stock (yen):											
Net income (loss) per share—basic	¥ 292.76	¥ 170.36	¥ 188.02	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16	¥ 135.09	¥ 108.04
Net income per share—diluted	292.57	170.35	_	_	_	—	257.43	189.66	146.02	135.03	101.97
Total net assets per share	5,640.08	4,719.66	3,662.26	3,300.17	3,390.02	2,987.16	4,483.32	5,612.11	5,044.45	3,504.80	3,199.69
Cash dividends per share	85.00	55.00	50.00	50.00	30.00	40.00	60.00	50.00	38.00	32.00	24.00
At Year-End											
Total assets	¥3,799,010	¥3,243,779	¥2,656,984	¥2,481,452	¥2,589,246	¥2,327,432	¥2,965,585	¥3,585,857	¥3,245,341	¥2,326,824	¥2,011,995
Total net assets	1,829,326	1,524,933	1,197,841	1,075,939	1,104,929	977,670	1,453,996	1,810,483	1,611,227	1,115,747	1,016,763
Common stock	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	313,730	312,207	311,687	311,564	311,570	311,577	311,589	312,075	319,320	318,237	317,666
Cash Flows											
Net cash provided by operating activities	¥ 155,059	¥ 151,299	¥ 101,718	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784	¥ 100,095	¥ 92,406
Net cash used in investing activities	(118,483)	(274,210)	(9,403)	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)	(128,230)	(92,667
Net cash provided by (used in) financing activities	6,183	7,050	10,279	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172	50,020	(56,015
Cash and cash equivalents at end of year	226,406	179,359	296,811	195,566	317,590	188,011	121,284	108,569	112,596	100,535	77,212
Indices											
Return on equity (ROE) (%)	5.7	4.1	5.4	4.5	(2.6)	(2.8)	5.1	3.5	3.5	4.1	3.8
Return on assets (ROA) (%)	2.6	1.8	2.3	1.9	(1.1)	(1.2)	2.5	1.7	1.7	2.0	1.8
Operating profit margin (%)	5.4	4.8	4.5	4.6	1.6	(0.4)	4.8	4.8	4.3	4.3	4.5
Equity ratio (%)	46.6	45.4	43.0	41.4	40.8	40.0	47.1	48.8	49.7	48.0	50.5
EBITDA (millions of yen)	¥ 216,175	¥ 155,234	¥ 161,876	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674	¥ 128,381	¥ 113,676
Number of employees	49,333	47,412	43,516	40,825	38,903	39,916	39,528	36,096	32,977	30,990	27,431

1. Investment in tangible assets and depreciation apply to property, plant and equipment. They do not, however, include materials handling equipment

leased under operating leases.

Net income (loss) per share is computed based on the average number of shares for each year.
 ROE and ROA are computed based on the average total net assets and total assets, respectively, for each year.

Investment securities are stated at market value.

4. Operating profit margin = Operating income (loss) / Net sales

5. Equity ratio = (Total net assets - Subscription rights to shares - Minority interests) / Total assets

6. EBITDA = Income before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization

### **Consolidated Balance Sheets**

Toyota Industries Corporation As of March 31, 2014 and 2013

	Millions	of yen
	2014	2013
Assets		
Current assets:		
Cash and deposits	¥ 226,383	¥ 230,348
Cash deposits for cash collection and deposit services	50,765	49,981
Trade notes and accounts receivable	246,676	215,799
Lease investment assets	50,122	41,964
Short-term investments	46,012	33,047
Merchandise and finished goods	77.989	66.670
Work in process	38.782	35.088
Raw materials and supplies	53.470	40.762
Deferred tax assets	25.961	23,836
Other current assets	59.727	46 222
Allowance for doubtful accounts	(3,832)	(3,204
	(0,002)	(0,201
Total current assets	872,058	780,517
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	395,692	365,308
Accumulated depreciation	(238,697)	(226,436
Buildings and structures, net	156,995	138,871
Machinery, equipment and vehicles	976,511	864,534
Accumulated depreciation	(703,217)	(646,319
Machinery, equipment and vehicles, net	273,294	218,214
Tools, furniture and fixtures	149,580	135,525
Accumulated depreciation	(114,281)	(105,024
Tools, furniture and fixtures, net	35,298	30,500
Land	119,107	118,244
Construction in progress	41,418	43,982
Total property, plant and equipment	626,114	549,814
Intangible assets:		,
Goodwill	100.814	122.003
Other intangible assets	90.068	46.045
	,	,
Total intangible assets	190,882	168,049
Investments and other assets:		
Investment securities	1,926,353	1,598,437
Deferred tax assets	15,285	12,304
Lease investment assets	118,849	93,572
Other investments and other assets	49,793	41,231
Allowance for doubtful accounts	(328)	(148
Total investments and other assets	2.109.954	1.745.398
Total fixed assets	2.926.951	2,463.262
Total assets	¥3,799,010	¥3,243,779

Liabilities	
Current	liabilities:
Trade	e notes and accounts payable
Shor	t-term loans payable
Com	mercial paper
Curre	a abligationa
Leas	e obligations
Accr	ued income taxes
Defe	rred tax liabilities
Allow	ance for bonuses to directors and audit & superviso
Othe	r current obligations
Tota	I current liabilities
Long-te	rm liabilities:
Bond	ds payable
Long	-term loans payable
Leas	e obligations
Dete	rred tax liabilities
AllOW	/ance for retirement benefits
Otho	r long torm liabilition
Othe	r long-territ liabilities
Tota	l long-term liabilities
Total lia	bilities
Net Asset	s
Shareho	olders' equity:
Capi	tal stock
A	uthorized – 1,100,000,000 shares
le	sued - 325,840,640 shares as of March 31, 20 325,840,640 shares as of March 31, 20
Capi	tal surplus
Reta	ined earnings
Treas	surv stock
1	2,109,864 shares as of March 31, 2014
1	3,632,854 shares as of March 31, 2013
Tota	l shareholders' equity
Accum	lated other comprehensive income:
Valua	ation difference on available-for-sale securities
Defe	rred gains or losses on hedges
Forei	gn currency translation adjustment
Rem	easurements of defined benefit plans
Tota	l accumulated other comprehensive income

Iotal accumulated other comprehensive income	
Subscription rights to shares	
Minority interests	
Total net assets	
Total liabilities and net assets	

#### Consolidated Balance Sheets

	Millions o	f yen
	2014	2013
	¥ 196,904	¥ 180,146
	120,058	183,920
	20,524	30,224
	29,139	4,499
	47,644	44,851
	29,138	17,623
	20,902	15,958
n board mombora	1,430	2,923
ry board members	101 003	170 270
	191,903	170,070
	663,353	659,095
	212,128	213,584
	323,400	236,318
	122,151	101,883
	567,859	440,356
	62 954	52,779
	16 936	
	10,000	
	1,306,330	1,059,750
	1,909,064	1,710,040
14	80,462	80,462
10	105,654	105,898
	563,957	492,578
	(43,012)	(48,405)
	707.062	630.534
	, <b>-</b>	
	1,022,525	830,054
	(139)	(237)
	44,649	13,163
	(4,629)	—
	1.062.404	842,980

1,062,4	104	842,980
3	330	1,478
59,5	528	49,939
1,829,3	326	1,524,933
¥3,799,0	)10	¥3,243,779

### **Consolidated Statements of Income**

Toyota Industries Corporation For the years ended March 31, 2014 and 2013

	Millions of yen	
	2014	2013
Net sales	¥2,007,856	¥1,615,244
Cost of sales	1,651,573	1,347,238
Gross profit	356,282	268,006
Selling, general and administrative expenses:		
Sales commissions	13,832	12,240
Salaries and allowances	85,831	74,452
Retirement benefit expenses	3,788	1,739
Depreciation	11,125	8,076
Research and development expenses	39,363	32,203
Others	94,647	62,196
Total selling, general and administrative expenses	248,590	190,908
Operating income	107,691	77,098
Non-operating income:		
Interest income	11,205	9,071
Dividends income	38,602	21,084
Gain on sales of marketable securities	1,106	784
Equity in net earnings of affiliated companies	2,294	825
Other non-operating income	7,319	5,277
Total non-operating income	60,527	37,043
Non-operating expenses:		
Interest expenses	16,023	14,508
Loss on disposal of fixed assets	1,345	1,006
Other non-operating expenses	12,718	11,789
Total non-operating expenses	30,086	27,304
Ordinary income	138,133	86,836
Extraordinary losses:		
Loss on liquidation of subsidiaries and affiliates	-	6,710
Total extraordinary losses	_	6,710
Income before income taxes and minority interests	138,133	80,126
Income taxes-current	40,670	27,345
Income taxes-deferred	3,263	(493)
Total income taxes	43,934	26,851
Income before minority interests	94,198	53,275
Minority interests in income	2,493	155
Net income	¥ 91,705	¥ 53,119

	Ye	n
Net income per share—basic	¥ 292.76	¥ 170.36
Net income per share—diluted	292.57	170.35
Net assets per share	5,640.08	4,719.66
Cash dividends per share	85.00	55.00

### **Consolidated Statements of Comprehensive Income**

Toyota Industries Corporation For the years ended March 31, 2014 and 2013

	Million	s of yen
	2014	2013
Income before minority interests	¥ 94,198	¥ 53,275
Other comprehensive income:		
Valuation difference on available-for-sale securities	192,795	265,277
Deferred gains or losses on hedges	97	(106
Foreign currency translation adjustment	33,588	30,444
Share of other comprehensive income of associates accounted for using equity method	526	392
Total other comprehensive income	227,007	296,008
Comprehensive income	321,206	349,283
Profit attributable to:		
Owners of the parent	315,759	345,988
Minority interests	5,447	3,295

Consolidated Statements of Income/ Consolidated Statements of Comprehensive Income

### **Consolidated Statements of Changes in Net Assets**

Toyota Industries Corporation For the year ended March 31, 2014

	Millions of yen						
	Shareholders' equity						
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity			
Balance at March 31, 2013	¥80,462	¥105,898	¥492,578	¥(48,405)	¥630,534		
Changes of items during the period							
Dividends from surplus			(20,326)		(20,326)		
Net income			91,705		91,705		
Repurchase of treasury stock				(96)	(96)		
Disposal of treasury stock		(244)		5,489	5,245		
Net changes of items other than shareholders' equity							
Total changes of items during the period	_	(244)	71,378	5,393	76,527		
Balance at March 31, 2014	¥80,462	¥105,654	¥563,957	¥(43,012)	¥707,062		

		Millions of yen						
		Accumulated	other comprehe					
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2013	¥ 830,054	¥(237)	¥13,163	¥ —	¥ 842,980	¥1,478	¥49,939	¥1,524,933
Changes of items during the period								
Dividends from surplus								(20,326)
Net income								91,705
Repurchase of treasury stock								(96)
Disposal of treasury stock								5,245
Net changes of items other than shareholders' equity	192,470	97	31,485	(4,629)	219,423	(1,147)	9,588	227,865
Total changes of items during the period	192,470	97	31,485	(4,629)	219,423	(1,147)	9,588	304,392
Balance at March 31, 2014	¥1,022,525	¥(139)	¥44,649	¥(4,629)	¥1,062,404	¥ 330	¥59,528	¥1,829,326

Toyota Industries Corporation For the year ended March 31, 2013

	Millions of yen							
	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance at March 31, 2012	¥80,462	¥106,128	¥455,042	¥(50,266)	¥591,367			
Changes of items during the period								
Dividends from surplus			(15,584)		(15,584)			
Net income			53,119		53,119			
Repurchase of treasury stock				(109)	(109)			
Disposal of treasury stock		(230)		1,971	1,741			
Net changes of items other than shareholders' equity								
Total changes of items during the period		(230)	37,535	1,861	39,166			
Balance at March 31, 2013	¥80,462	¥105,898	¥492,578	¥(48,405)	¥630,534			

	Millions of yen							
		Accumulated other comprehensive income						
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2012	¥565,007	¥(131)	¥(14,763)	¥ —	¥550,112	¥2,310	¥54,051	¥1,197,841
Changes of items during the period								
Dividends from surplus								(15,584)
Net income								53,119
Repurchase of treasury stock								(109)
Disposal of treasury stock								1,741
Net changes of items other than shareholders' equity	265,047	(106)	27,927	_	292,868	(832)	(4,111)	287,924
Total changes of items during the period	265,047	(106)	27,927	_	292,868	(832)	(4,111)	327,091
Balance at March 31, 2013	¥830,054	¥(237)	¥ 13,163	¥ —	¥842,980	¥1,478	¥49,939	¥1,524,933

Consolidated Statements of Changes in Net Assets

### **Consolidated Statements of Cash Flows**

Toyota Industries Corporation For the years ended March 31, 2014 and 2013

	Millions	s of yen
	2014	2013
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 138,133	¥ 80,126
Depreciation and amortization	111,826	90,756
Impairment loss	-	4,516
Increase (decrease) in allowance for doubtful accounts	504	26
Interest and dividends income	(49,807)	(30,156)
Interest expenses	16,023	14,508
Equity in net (earnings) losses of affiliates	(2,294)	(825)
(Increase) decrease in receivables	(13,469)	(475)
(Increase) decrease in inventories	(15,459)	(6,041)
Increase (decrease) in payables	6,305	2,929
Others, net	(32,107)	4,981
Subtotal	159,655	160,346
Interest and dividends income received	49,782	30,181
Interest expenses paid	(15,517)	(14,688)
Income taxes (paid) refunded	(38,861)	(24,540)
Net cash provided by operating activities	155.059	151.299
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(131,672)	(112,430)
Proceeds from sales of property, plant and equipment	12.879	8.137
Payments for purchases of investment securities	(32.015)	(14.679)
Proceeds from sales of investment securities	2.211	987
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(1,137)	(68 503)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	265	(00,000)
Payments for sales of subsidiaries' stock resulting in change in scope of consolidation		(505)
Payments for Joans made	(867)	(13)
Proceeds from collections of loans	640	275
Net (increase) decrease in time deposite	38 300	(64 435)
Othore not	(7 177)	(04,400)
Not each used in investing activities	(1,17)	(23,043)
Cook flows from financing activities	(110,403)	(274,210)
	(50.026)	51 706
Increase (decrease) in short-term loans payable	(09,200)	JI,700
Proceeds from long-term loans payable	120,203	40,420
Repayments of long-term loans payable	(00,721)	(49,362)
Proceeds from Issuance of bonds	20,000	30,000
Repayments of bonds	(4,505)	(54,125)
Payments for repurchase of treasury stocks	(96)	(109)
Cash dividends paid	(20,326)	(15,584)
Cash dividends paid to minority shareholders	(454)	(435)
Proceeds from payment by minority shareholders	270	1,899
Others, net	(3,609)	(2,423)
Net cash provided by financing activities	6,183	7,050
Translation adjustments of cash and cash equivalents	4,286	(1,591)
Net increase (decrease) in cash and cash equivalents	47,046	(117,451)
Cash and cash equivalents at beginning of period	179,359	296,811
Cash and cash equivalents at end of period	¥ 226,406	¥ 179,359

# Board of Directors, Audit & Supervisory Board Members and Managing Officers (As of June 13, 2014)

#### **Board of Directors**





Chairman Tetsuro Toyoda



Executive Vice President Chiaki Yamaguchi



Senior Managing Directors	Directors
Shinya Furukawa	Toshifumi Onishi
Masaharu Suzuki	Takaki Ogawa
Norio Sasaki	Kan Otsuka
Toshifumi Ogawa	Taku Yamamoto

#### **Audit & Supervisory Board Members**

Full-Time Audit & Supervisory Board Members	Audit & Su
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Kakuo Ishikawa Kohei Nozaki

#### **Managing Officers**

Senior Managing Officers
Hiroaki Asai
Hirooki Fujiwara
Yukihisa Tsuchimoto
Takashi Ito

Junichi Harada Mikihiko Okamoto Yasuhiro Murata Yojiro Mizuno Masahiro Kawaguchi Susumu Toyoda Yuji Ishizaki Keizo Hara

Consolidated Statements of Cash Flows/ Board of Directors, Audit & Supervisory Board Members and Managing Officers



President Akira Onishi

Kazue Sasaki



Executive Vice President Hirotaka Morishita

Keiichi Fukunaga Fujio Cho Shuzo Sumi

upervisory Board Members

Toshio Mita Hans-Juergen Marx Satoshi Ozawa

Managing Officers

- Toshiya Yamagishi
- Kiyotsugu Kurimoto

Masafumi Kunito Toshihiko Shimizu Koichi Ito Yasushi Kawai Hiroaki Kayukawa Kazuyuki Yamaguchi Toru Inagawa Hiroshi Matsumoto Kota Otoshi

### Major Consolidated Subsidiaries (As of March 31, 2014)

			*Including indirect ir	nvestmen
Segment	Company Name	Location	Business Activities	Ownershi Ratio* (%)
Japan				
	TOYOTA L&F Akita Co., Ltd.	Akita-shi, Akita	Sales and servicing of materials handling equipment	100.0
	Aichi Corporation	Ageo-shi, Saitama	Production of aerial work platforms	52.2
	TOYOTA L&F Fukui Co., Ltd.	Fukui-shi, Fukui	Sales and servicing of materials handling equipment	100.0
Materials	TOYOTA L&F Tokyo Co., Ltd.	Shinagawa-ku, Tokyo	Sales and servicing of materials handling equipment	100.0
Handling	Nishina Industrial Co., Ltd.	Nagano-shi, Nagano	Production of materials handling equipment and construction machinery parts	97.5
Equipment	TOYOTA L&F Shizuoka Co., Ltd.	Shizuoka-shi, Shizuoka	Sales and servicing of materials handling equipment	100.0
	HANDA Casting Company	Handa-shi, Aichi	Production of foundry parts	100.0
	Unica Co., Ltd.	Kiyosu-shi, Aichi	Production of in-house transporters	100.0
	TOYOTA L&F Hyogo Co., Ltd.	Nishinomiya-shi, Hyogo	Sales and servicing of materials handling equipment	100.0
	Tokaiseiki Co., Ltd.	lwata-shi, Shizuoka	Production of compressor and engine parts	100.0
	Altex Co., Ltd.	Hamamatsu-shi, Shizuoka	Production of compressor parts	100.0
	IZUMI MACHINE MFG. CO., LTD.	Obu-shi, Aichi	Production of specialized machine tools, friction welding machines, automotive parts	100.0
Automobile	Nagao Kogyo Co., Ltd.	Nagoya-shi, Aichi	Production of compressor, materials handling equipment and textile machinery parts	100.0
	Miduho Industry Co., Ltd.	Nagoya-shi, Aichi	Production of automotive, compressor and materials handling equipment parts	100.0
	Iwama Loom Works, Ltd.	Oguchi-cho, Niwa-gun, Aichi	Production of compressor parts	100.0
	Tokyu Co., Ltd.	Oguchi-cho, Niwa-gun, Aichi	Production of compressor parts and industrial machinery	100.0
	KTL Co., Ltd.	Koto-ku, Tokyo	Management and operation of distribution centers	50.5
	Wanbishi Archives Co., Ltd.	Minato-ku, Tokyo	Data storage, management, collection and delivery services	100.0
Logistics	Asahi Security Co., Ltd.	Minato-ku, Tokyo	Cash collection and delivery and cash proceeds management	100.0
	Taikoh Transportation Co., Ltd.	Kariya-shi, Aichi	Land transportation services	53.1
	Advanced Logistics Solutions Co., Ltd.	Takahama-shi, Aichi	Planning, design and operation of distribution centers	100.0
Textile Machinery	Hara Corporation	lkeda-cho, Ibi-gun, Gifu	Production of textile machinery and materials handling equipment parts	100.0
	SKM CORPORATION	Kariya-shi, Aichi	Total construction management, security management, civil engineering/construction design work and real estate management	100.0
	Sun Staff, Inc.	Kariya-shi, Aichi	Personnel placement, contract office staffing	100.0
	Sun Valley Inc.	Kariya-shi, Aichi	Sales of goods, travel agency, organizing and running of events	100.0
Others	Shine's Co., Ltd.	Kariya-shi, Aichi	Management and operation of employee clubs	100.0
	Toyota Industries Well Support Corporation	Kariya-shi, Aichi	Planning and operation of benefit programs; administrative processing services for payroll accounting, etc.	100.0
	Toyoda High System, Incorporated	Kariya-shi, Aichi	Planning, development, formulation and operation of information infrastructure and systems	100.0
	Sun River Co., Ltd.	Suita-shi, Osaka	Sports facilities, real estate lease, restaurant management	100.0

				-including indirect	Investmen
Segment	Country	Company Name	Location	Business Activities	Ownershi Ratio* (%
North America					
		Cascade Corporation	Portland, Oregon	Production of materials handling equipment parts	100.0
		Indiana Hydraulic Equipment, Corp.	Franklin, Indiana	Production of materials handling equipment parts	100.0
		Industrial Components and Attachments, Inc.	Portland, Oregon	Holding company for materials handling equipment business in the U.S.A.	100.0
		North Vernon Industry Corp.	North Vernon, Indiana	Production of materials handling equipment parts	100.0
Materials	U.S.A.	Raymond-Muscatine Inc.	Muscatine, Iowa	Production of materials handling equipment	100.0
Fauinment		The Raymond Corporation	Greene, New York	Production of materials handling equipment	100.0
		Toyota Industrial Equipment Mfg., Inc.	Columbus, Indiana	Production of materials handling equipment	100.0
		Toyota Material Handling North America, Inc.	Columbus, Indiana	North American headquarters for materials handling equipment business	100.0
		Toyota Material Handling, U.S.A., Inc.	Columbus, Indiana	Sales of materials handling equipment	100.0
	Canada	G. N. Johnston Equipment Co., Ltd.	Mississauga, Ontario	Sales and servicing of materials handling equipment	100.0
		Michigan Automotive Compressor, Inc.	Parma, Michigan	Production of compressors	60.0
A		TD Automotive Compressor Georgia, LLC	Pendergrass, Georgia	Production of compressors	77.4
Automobile	U.S.A.	Toyota Industries Compressor Parts America, Co.	Pendergrass, Georgia	Production of compressor parts	100.0
		Toyota Industries Electric Systems North America, Inc.	Novi, Michigan	Development and sales of electronics products	90.0
Textile Machinery	U.S.A.	Toyoda Textile Machinery, Inc.	Charlotte, North Carolina	Sales and servicing of textile machinery	100.0
Others	U.S.A.	Toyota Industries North America, Inc.	Columbus, Indiana	North American headquarters	100.0

Segment	Country	Company Name	Location	Business Activities	Own Rati
Europe					
		BT Products AB	Mjölby	Production of materials handling equipment	1
	Quardan	Toyota Industries Europe AB	Mjölby	Holding company for materials handling equipment business in Europe	1
	Sweden	Toyota Material Handling Europe AB	Mjölby	European headquarters for materials handling equipment business	1
		Toyota Material Handling Sweden AB	Bromma	Sales and servicing of materials handling equipment	1
	Norway	Toyota Material Handling Norway AS	Trondheim	Sales and servicing of materials handling equipment	1
	Finland	Toyota Material Handling Finland OY	Vantaa	Sales and servicing of materials handling equipment	1
	Denmark	Toyota Material Handling Danmark A/S	Slangerup	Sales and servicing of materials handling equipment	1
	Latvia	Toyota Material Handling Baltic SIA.	Riga	Sales and servicing of materials handling equipment	1
	Poland	Toyota Material Handling Polska Sp. z o.o.	Pruszków	Sales and servicing of materials handling equipment	1
	Czech Republic	Toyota Material Handling CZ s.r.o.	Rudna	Sales and servicing of materials handling equipment	1
	Slovakia	Toyota Material Handling Slovensko s.r.o.	Bratislava	Sales and servicing of materials handling equipment	1
	Hungary	Toyota Material Handling Hungary Ltd.	Budapest	Sales and servicing of materials handling equipment	1
Matarials	Romania	Toyota Material Handling Romania s.r.l.	Bucharest	Sales and servicing of materials handling equipment	1
Handling	Russia	000 Toyota Material Handling RUS	Moscow	Sales and servicing of materials handling equipment	1
Equipment	Switzerland	Toyota Material Handling Schweiz AG	Zürich	Sales and servicing of materials handling equipment	t
	Austria	Toyota Material Handling Austria GmbH	Wiener Neudorf	Sales and servicing of materials handling equipment	<b>T</b> .
		Tovota Material Handling Europe Brussels NV/SA	Brussels	Sales and marketing of materials handling equipment	
	Belgium	Toyota Material Handling Belgium NV/SA	Wilrijk	Sales and servicing of materials handling equipment	1
	Netherlands	Toyota Material Handling Nederland B.V.	Fde	Sales and servicing of materials handling equipment	+
	U.K.	Tovota Material Handling UK Limited	Slough, Berkshire	Sales and servicing of materials handling equipment	+
	Germany	Toyota Material Handling Deutschland GmbH	Isernhagen	Sales and servicing of materials handling equipment	-
	France -	Tovota Industrial Equipment, S.A.	Ancenis	Production of materials handling equipment	+
		Toyota Material Handling France SAS	Marne La Vallée	Sales and servicing of materials bandling equipment	+
	Snain	Toyota Material Handling France one	Barberá del Vallés	Sales and servicing of materials handling equipment	+
	opun	CESAB Carrelli Elevatori S n A	Bologna	Production of materials handling equipment	+
	Italy	Toyota Material Handling Italia S r I	Bologna	Sales and servicing of materials handling equipment	+
	Greece	Toyota Material Handling Greece SA	Markopoulo Attica	Sales and servicing of materials handling equipment	+
	010000	TD Deutsche Klimakompressor GmbH	Bornsdorf	Production of compressors	+
Automobile	Germany	Toyota Industrias Electric Systems Europa CmbH	Münchon	Development and cales of electronics products	+
		Toyota Toyota Machinony Europa AC	lletor	Sales and convicing of toxillo machinery	+
Textile Machinery	Switzerland		Uster	Braduction of vora quality managurament instruments and action classing instruments	+
Othoro	Swadan	Tourte Industrias Einance International AP	Miölby	Production of yarn quality measurement instruments and cotton classing instruments	+
Othoro	Sweden	Toyota industries Finance international Ab	Тијоњу		
Juliers	India	Tousto Material Llandling India Dit 11d	Dolhi	Calco and convision of materials handling agrifumant	-
	lillula Mista sas	Toyota Material Handing India Pvt. Ltd.		Sales and servicing of materials handling equipment	+
	Vietnam	Toyota Industrial Equipment Vietnam Co., Ltd.	Hung Yen	Production of materials handling equipment parts	+
Matoriale	Australia	Toyota Material Handling Australia Pty Limited	New South Wales	Sales and servicing of materials nandling equipment	-
Handling	China	BT Manufacturing (Foshan) Co., Ltd.	Fosnan, Guandong	Production of materials handling equipment	+
Equipment		Toyota Material Handling (Snanghal) Co., Ltd.	Snangnai	Sales of materials handling equipment	+
	Brazil	Comércio de Equipamentos Ltda	São Paulo	Production, sales and servicing of materials handling equipment	
	Mexico	Toyota Material Handling Capital S.A.P.I. de C.V., SOFOM E.N.R.	Santiago de Querétaro	Rental and leasing of materials handling equipment	
	India	Kirloskar Toyota Textile Machinery Pvt. Ltd.	Bangalore	Production of textile machinery and automotive parts	
	Indonesia	P.T. TD Automotive Compressor Indonesia	Bekasi	Production of compressors	$\square$
Automobile		Toyota Industry (Kunshan) Co., Ltd.	Kunshan, Jiangsu	Production of automotive parts and materials handling equipment, etc.	$\uparrow$
	China	TD Automotive Compressor Kunshan Co., Ltd.	Kunshan, Jiangsu	Production of compressors	$\uparrow$
		,	,	· · · · · · · · · · · · · · · · · · ·	+
		Yantai Shougang TD Automotive Compressor Co I td.	Yantai, Shandong	Production of compressors	
Logistics	China	Yantai Shougang TD Automotive Compressor Co., Ltd. Tovota Industries Management (China) Co. 1 td	Yantai, Shandong Shanghai	Production of compressors Logistics-related services for China-based companies	+

#### Affiliates Accounted for by the Equity Method

Automobile Poland Toyota Motor Industries Poland Sp. z o.o. Jelcz-Laskowi

#### Major Consolidated Subsidiaries

/ice	Production of diesel engines	40.0

### Major Production Bases (As of March 31, 2014)

#### Major Plants (Parent Company)

Plant	Location	Main Products	Start of Operations
Kariya Plant	Kariya-shi, Aichi	Textile machinery, compressors	1927
Obu Plant	Obu-shi, Aichi	Parts for compressors	1944
Kyowa Plant	Obu-shi, Aichi	Electronic equipment, automotive press dies, production facilities, engine parts	1953
Nagakusa Plant	Obu-shi, Aichi	Vehicles	1967
Takahama Plant	Takahama-shi, Aichi	Materials handling equipment, materials handling systems	1970
Hekinan Plant	Hekinan-shi, Aichi	Diesel engines, gasoline engines	1982
Higashichita Plant	Handa-shi, Aichi	Foundry parts, diesel engines	2000
Higashiura Plant	Higashiura-cho, Chita-gun, Aichi	Parts for compressors	2002
Anjo Plant	Anjo-shi, Aichi	Electronic equipment	2007

#### Major Plants (Outside Japan)



Company Name	Country	Location	Main Products	Year of Foundation
1 Toyota Industrial Equipment Mfg., Inc.	U.S.A.	Columbus, Indiana	Materials handling equipment	1988
2 The Raymond Corporation	U.S.A.	Greene, New York	Materials handling equipment	1922
3 Michigan Automotive Compressor, Inc.	U.S.A.	Parma, Michigan	Compressors	1989
4 TD Automotive Compressor Georgia, LLC	U.S.A.	Pendergrass, Georgia	Compressors	2004
5 BT Products AB	Sweden	Mjölby	Materials handling equipment	1946
6 CESAB Carrelli Elevatori S.p.A.	Italy	Bologna	Materials handling equipment	1942
7 Toyota Industrial Equipment, S.A.	France	Ancenis	Materials handling equipment	1995
8 TD Deutsche Klimakompressor GmbH	Germany	Bernsdorf	Compressors	1998
9 Toyota Motor Industries Poland Sp. z o.o.	Poland	Jelcz-Laskowice	Diesel engines	2002
10 Kirloskar Toyota Textile Machinery Pvt. Ltd.	India	Bangalore	Automotive parts, textile machinery	1995
11 Toyota Industry (Kunshan) Co., Ltd.	China	Kunshan, Jiangsu	Automotive parts, materials handling equipment, etc.	1994
12 TD Automotive Compressor Kunshan Co., Ltd.	China	Kunshan, Jiangsu	Compressors	2005
13 Yantai Shougang TD Automotive Compressor Co., Ltd.	China	Yantai, Shandong	Compressors	2012
14 P.T. TD Automotive Compressor Indonesia	Indonesia	Bekasi	Compressors	2011
Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda	Brazil	São Paulo	Materials handling equipment	2004

### Investor Information (As of March 31, 2014)

Corporate Head Office TOYOTA INDUSTRIES CORPORATION	<b>Stock</b> Tokyo a
Telephone: +81-(0)566-22-2511 Facsimile: +81-(0)566-27-5650	<b>Numb</b> 16,799
Date of Establishment	Indep
November 18, 1926	Pricewa
Common Stock	8-21-1
Authorized: 1,100,000,000 shares	Trans
Issued: 325,840,640 shares	Speci
Capital Stock 80,462 million yen	1-4-5, I

#### Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Toyota Motor Corporation	76,600	23.51
DENSO Corporation	29,647	9.10
Towa Real Estate Co., Ltd.	15,697	4.82
Toyota Tsusho Corporation	15,294	4.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,801	3.01
Nippon Life Insurance Company	6,657	2.04
Aisin Seiki Co., Ltd.	6,578	2.02
Japan Trustee Services Bank, Ltd. (Trust Account)	5,355	1.64
Toyota Industries Corporation Employee Ownership Program	4,586	1.41
State Street Bank Client Omnibus OM04	4,236	1.30
Total	174,456	53.54

the above list. 2. Shares held for the purpose of trust services of respective banks are as follows: The Master Trust Bank of Japan, Ltd. (Trust Account) 9,801 (Thousands) Japan Trustee Services Bank, Ltd. (Trust Account) 5,355 (Thousands)

#### **Distribution of Shares**



Major Production Bases/ Investor Information

#### k Exchange Listings

and Nagoya (Ticker Code: 6201)

#### hber of Shareholders

#### pendent Accountant

waterhouseCoopers Aarata tomo Fudosan Shiodome Hamarikyu Bldg. 1 Ginza, Chuo-ku, Tokyo, 104-0061, Japan

#### sfer Agent

#### cial Account Management Institution

bishi UFJ Trust and Banking Corporation , Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan



#### TOYOTA INDUSTRIES CORPORATION

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