Toyota Industries Report 2016

Year ended March 31, 2016

Fuel cell lift truck (feasibility test model)

TOYOTA INDUSTRIES CORPORATION

Message from the Chairman and President

Tetsuro Toyoda
Chairman

Firstly, we would like to extend our sincere appreciation for your continued support of Toyota Industries Corporation and the Toyota Industries Group.

In fiscal 2016 (ended March 31, 2016), despite the solid performance of the U.S. economy, the global economic growth remained at a low level overall due primarily to China's slowing growth. Generally, the economic prospects remain uncertain. In addition, there was a sense of stagnation in the Japanese economy as evident in cautious consumer spending and capital investment.

In this business environment, Toyota Industries Corporation and its Group companies ("Toyota Industries") undertook efforts to ensure customer trust through a dedication to quality first as well as to expand sales by responding flexibly to market trends. As a result, Toyota Industries achieved record highs in consolidated net sales, operating profit, ordinary profit and profit attributable to owners of the parent.

With regard to the future economic outlook, despite international cooperation, it appears uncertainties surrounding the business climate, including an expected further deceleration of the Chinese economy, financial policies in Japan and the United States as well as the effects of Brexit from the EU, will persist and require close monitoring.

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

As immediate tasks, we will endeavor to bolster our management platform to respond quickly to rapid changes in the business environment. Specifically, based on our quality first approach, we aim to build a stronger production foundation by maintaining and improving productivity on a global basis. We will also pursue waste-free business operations and strive to improve profitability by reducing product development lead time throughout the supply chain and carrying out operations improvement activities in administrative and back-office sections. Moreover, we will strengthen risk management in order to quickly and appropriately respond to changes in the world situation. To support such consolidated management on a global scale, Toyota Industries will aim to improve solidarity in the workplace and emphasize diversity in the allocation of personnel while developing human resources who can play active roles in countries around the world.

In addition to these approaches, we will continue to strive to offer attractive products to customers in the global market in a timely manner. In doing so, we will work to not only develop technologies based on the keyword of the 3Es, which we define as "energy," "environmental protection" and "ecological thinking," but also differentiate our production engineering technologies and innovate our business model by utilizing the Internet of Things (IoT). Also, we will nurture buds of new growth from the perspectives of markets and our "Customer First" philosophy, and strive to commercialize them as soon as possible. Through these efforts, we aim for sustainable growth of businesses in respective markets, including automobiles and materials handling equipment for which expansion is expected in the medium to long term, thereby supporting industries and social foundations around the world and contributing to an enriched lifestyle and comfortable society as specified in Vision 2020.

In other areas, Toyota Industries will create a workplace environment that places top priority on safety; thoroughly enforce compliance, including observance of laws and regulations; and proactively participate in social contribution activities. By carrying out these initiatives, we aim to broadly meet the trust of society and grow harmoniously with society. With regard to protection of the global environment, we will undertake Group-wide initiatives toward realization of "a zero CO_2 emission society in 2050" based on our Sixth Environmental Action Plan developed in March 2016.

In closing, we would like to sincerely ask for your continued understanding and support.

July 2016

Tetsuro Toyoda
Chairman

Akira Onishi
President

Akira Onishi
President

Corporate Philosophy of Toyota Industries Corporation

Aiming for the Realization of an Enriched Lifestyle and Comfortable Society

The Toyota Industries Group has achieved prosperity in harmony with society by responding to the changing times, capturing needs and offering products that contribute to society. The spirit of founder Sakichi Toyoda has been encapsulated in the Toyoda Precepts, which serve as Toyota Industries' corporate creed. Our Basic Philosophy carries on that spirit and is stipulated as basic management policies. Based on this Basic Philosophy, we constantly strive for the sustainable growth of our businesses by contributing to the realization of an enriched lifestyle and comfortable society.

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.

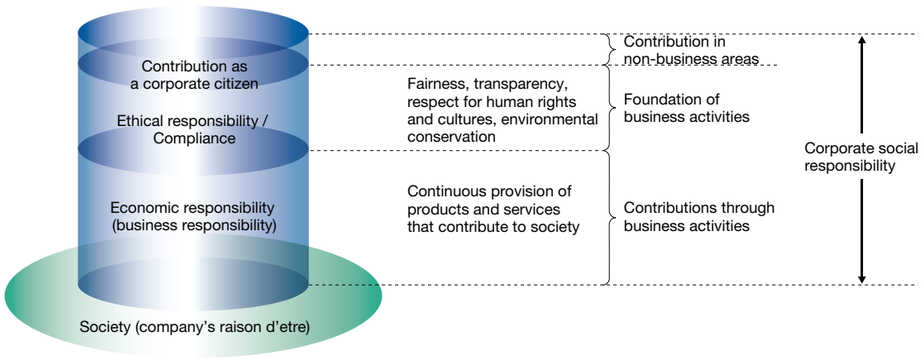
[Respect for Others]
Toyota Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those regions and countries.

[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.

Toyota Industries' CSR Activities



Contents

Editorial policy
In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the *Annual Report* and *Social and Environmental Report* have been combined into the *Toyota Industries Report* 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 2016 (April 1, 2015 to March 31, 2016), but also includes some information outside this period.

Organizations covered in the report
Toyota Industries Corporation and its consolidated subsidiaries

Reference guidelines
- Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* 4th edition (G4)
- ISO 26000
- Japan's Ministry of the Environment *Environmental Accounting Guidelines* (2005 Version)
- Japan's Ministry of the Environment *Environmental Reporting Guidelines* (2012 Version)

The fiscal year ended March 31, 2016 is referred to as fiscal 2016 and other fiscal years are referred to in a corresponding manner.

Growth of Toyota Industries

For 90 years since our founding, we have always strived to be studious and creative and thereby have achieved business growth. We will continue to focus on offering products and services that meet customer needs in our unwavering efforts to be of help to people around the world.

1926— [The Beginning]

After putting a lot of effort into research and trials, Sakichi Toyoda finally invented and completed the Type G automatic loom. Toyoda Automatic Loom Works, Ltd. (now Toyota Industries Corporation) was established to manufacture the loom in 1926. Carrying on his spirit of being studious and creative, we embarked on a path to undertake the development and production of Japanese-made spinning machinery and automobiles.

Company head office at the time of establishment

Type G automatic loom

1926 • Toyoda Automatic Loom Works, Ltd. established
1935 • Prototype of Model A1 passenger car completed
1937 • Automobile Department separates and becomes Toyota Motor Co., Ltd. (now Toyota Motor Corporation)
1940 • Steel Production Department separates and becomes Toyoda Steel Works, Ltd. (now Aichi Steel Corporation)

1953— [Diversification and Expansion of Businesses]

We began production of engines and assembly of vehicles in 1953 and production of lift trucks in 1956 in our efforts to diversify our businesses, followed by production of car air-conditioning compressors in 1960. We continued to engage in research and development to nurture new businesses and build the foundation for future growth.

S-type gasoline engine assembly line

Lift truck assembly line (circa 1958)

1953 • Starts production of S-type gasoline engines
• Starts assembly of automobiles
1956 • Starts production of lift trucks
1960 • Starts production of car air-conditioning compressors
1967 • Nagakusa Plant starts operations to produce small commercial vehicles
1970 • Takahama Plant starts operations to produce materials handling equipment
1982 • Hekinan Plant starts operations to produce engines
1986 • Awarded Deming Application Prize for quality control implementation

1988— [Significant advances toward Becoming a Global Company]

Amid an expansion in demand for lift trucks in North America and giving consideration to trade frictions and impacts from fluctuations in exchange rates, we established a manufacturing company for lift trucks in the U.S. state of Indiana in 1988. This move was subsequently followed by global production of car air-conditioning compressors, foundry parts and textile machinery, and Toyota Industries made great strides toward becoming a global company.

Overview of TIEM

Ceremony to celebrate the first compressor coming off the production line at MACI

1988 • Toyota Industrial Equipment Manufacturing, Inc. (TIEM) established in Indiana, U.S.A., to produce lift trucks
1989 • Michigan Automotive Compressor, Inc. (MACI) established in Michigan, U.S.A., to produce car air-conditioning compressors
1994 • Toyota Industry (Kunshan) Co., Ltd. (TIK) established in Kunshan, Jiangsu Province, China, to produce foundry parts
1995 • Toyota Industrial Equipment, S.A. (now Toyota Material Handling Manufacturing France SAS) established in France to produce lift trucks
• Kirloskar Toyoda Textile Machinery Pvt. Ltd. (KTTM) established in India as a joint venture with the Kirloskar Group to produce textile machinery
1998 • TD Deutsche Klimakompressor GmbH (TDDK) established in Germany to produce car air-conditioning compressors

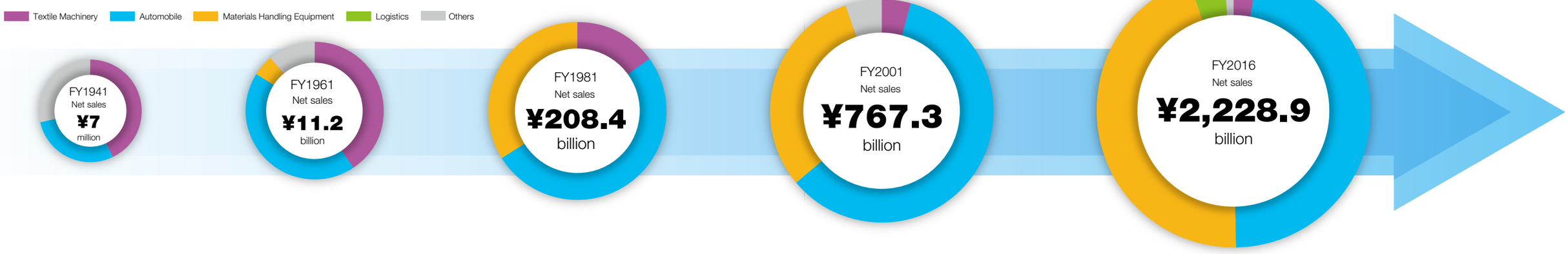
2000— [Strengthening Businesses Utilizing Strategic M&A]

Primarily in the Materials Handling Equipment Business, which grew to become one of our core businesses, we have pushed forward with expanding the value chain and making advances for global business development through such measures as strategic M&A, thereby continuing our efforts to further strengthen our businesses.

Overview of YST

BT Industries AB's warehouse truck

2000 • Acquires BT Industries AB (now Toyota Material Handling Manufacturing Sweden AB), a Sweden-based manufacturer of warehouse trucks
2001 • Takes over the industrial equipment sales division of Toyota Motor Corporation (TMC)
2004 • TD Automotive Compressor Georgia, LLC (TACG) established in Georgia, U.S.A., to produce car air-conditioning compressors
2005 • TD Automotive Compressor Kunshan Co., Ltd. (TACK) established in Kunshan, Jiangsu Province, China, to produce car air-conditioning compressors
2011 • P.T. TD Automotive Compressor Indonesia (TACI) established in Indonesia to produce car air-conditioning compressors
2012 • Acquires Uster Technologies AG, a Switzerland-based manufacturer of yarn quality measurement instruments
• Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) established in Yantai, Shandong Province, China, to produce car air-conditioning compressors
2013 • Acquires Cascade Corporation, a U.S.-based manufacturer of attachments for materials handling equipment
• Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda in Brazil starts production of lift trucks
2015 • Acquires the lift truck business of Taiwan-based Tailift Co., Ltd. and makes it into a subsidiary
• Acquires the materials handling equipment business of a U.S. finance subsidiary of TMC and makes it into a subsidiary
• Sells stakes in Asahi Security Co., Ltd. and Wanbishi Archives Co., Ltd. as part of "concentration and selection" of businesses



Outline of Businesses

Materials Handling Equipment / Logistics

The smooth flow of goods links the world and enriches the lives of people and society. Toyota Industries meets diverse customer needs in logistics by providing a diverse range of materials handling equipment such as lift trucks and offering advanced and efficient logistics services. Through these businesses, Toyota Industries helps customers the world over.

Materials Handling Equipment

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. Toyota Industries also strives to provide finely tuned after-sales 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

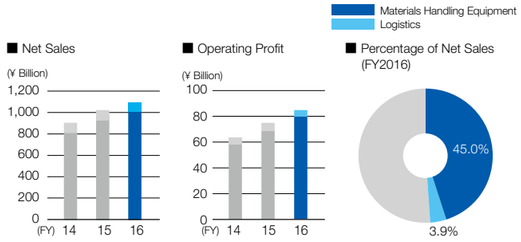
Logistics

The Logistics Segment is composed of value-added business as its pillars, including planning, design and operation of distribution centers to help customers reduce their logistics costs and land transportation services that primarily focus on cargo deliveries via trucks.

† In December 2015, Toyota Industries sold its stakes in Asahi Security Co., Ltd., which engages in cash collection and delivery and cash proceeds management services, and Wanbishi Archives Co., Ltd., which is involved in data storage, management, collection and delivery services.

† Starting from fiscal 2017, the business for planning, design and operation of distribution centers is classified into the Materials Handling Equipment Segment while the business of land transportation services is included in the Others Segment.

GENEO-Ecore electric lift truck




Internal-combustion lift truck


Reach truck


Low lift truck


Aerial work platform


Automated storage and retrieval system


Simple AGV (automatic guided vehicle)


Warehouse logistics

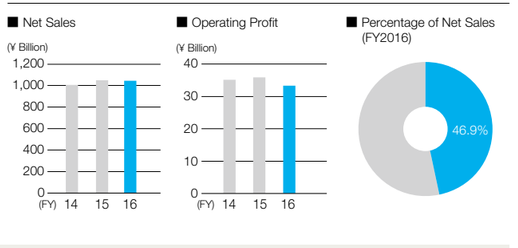
Automobile

Get behind the wheel with a solid, reassuring feel and enjoy comfortable driving. Besides vehicle assembly, Toyota Industries produces various components such as engines and compressors, the latter of which comprises the heart of car air conditioners to keep the vehicle interior comfortable, as well as car electronics. 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 performance features as compactness, light weight 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

RAV4 (hybrid model)




Vitz (Yaris outside Japan)


Diesel engine


Gasoline engine


Electric car air-conditioning compressor


Variable-displacement type compressor


Fixed-displacement type compressor


Oxygen-supplying air compressor for fuel cell vehicles


Hydrogen circulation pump for fuel cell vehicles

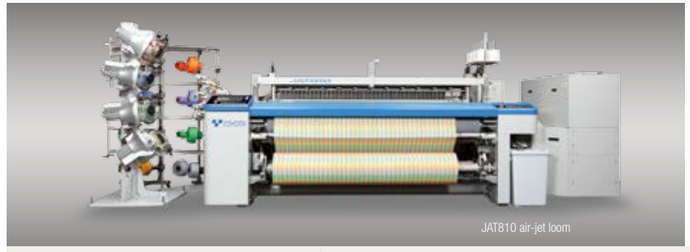

DC-DC converter

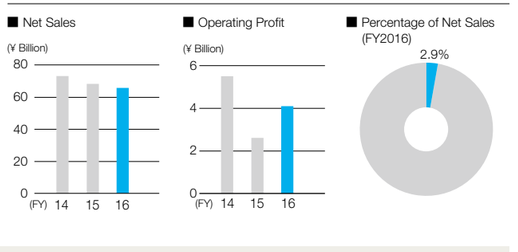
Textile Machinery

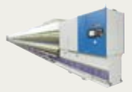
A soft texture caressing your skin and gently enveloping your body. Toyota Industries produces spinning machinery that spins high-quality yarns and high-speed, energy-saving weaving machinery that produces fabrics. We deliver textile machinery to customers around the world that incorporates advanced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

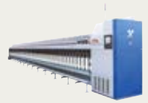
The Textile Machinery Division, our original business, began with the invention of the automatic loom by founder Sakichi Toyoda. Presently, we undertake fully integrated operations from development and production to sales and after-sales services for spinning machines that spin twisted fiber bundles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


JAT810 air-jet loom




Ring spinning frame


Roving frame


Comber


Cotton classing instrument


Yarn testing instrument

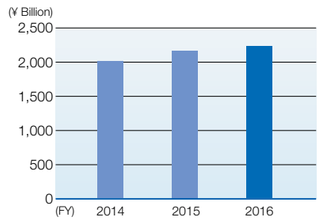
Consolidated Financial and Non-Financial Highlights

Financial Information
(Years ended March 31)

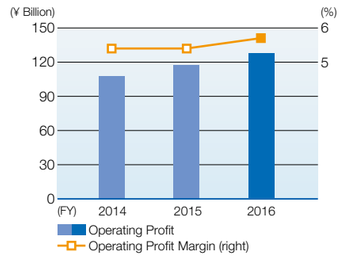
(Millions of yen)

	2014	2015	2016	% change 2015 vs 2016
For the Year				
Net sales	2,007,856	2,166,661	**2,228,944**	2.9%
Operating profit	107,691	117,574	**127,970**	8.8%
Ordinary profit	138,133	170,827	**185,398**	8.5%
Profit attributable to owners of the parent	91,705	115,263	**183,036**	58.8%
Investments in tangible assets	109,479	126,395	**75,438**	(40.3%)
Depreciation	64,153	70,782	**77,366**	9.3%
Research and development expenses	46,326	47,785	**65,440**	36.9%
Cash dividends per share (yen)	85	110	**120**	9.1%

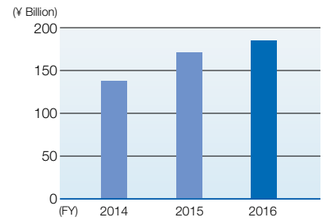
Net Sales



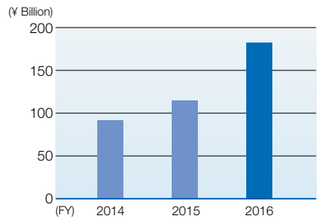
Operating Profit / Operating Profit Margin



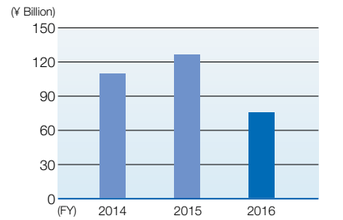
Ordinary Profit



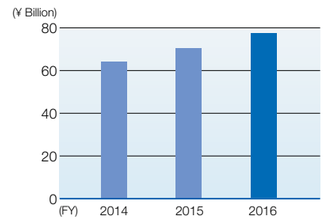
Profit Attributable to Owners of the Parent



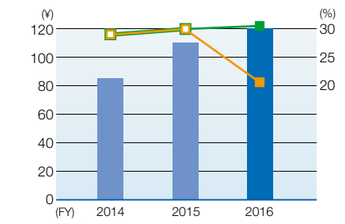
Investments in Tangible Assets



Depreciation

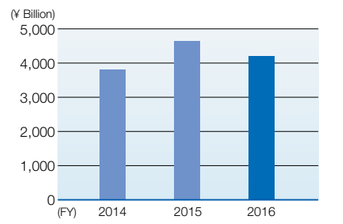


Cash Dividends Per Share / Dividend Payout Ratio / Total Return Ratio*1

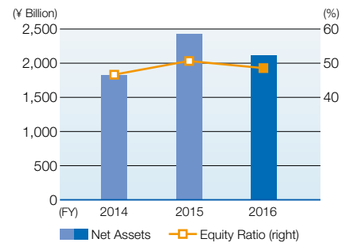


*1: The figure for FY2016 includes the planned acquisition of treasury stock up to a maximum of 4 million shares in the amount of ¥18 billion.

Total Assets



Net Assets / Equity Ratio



Financial Information
(Years ended March 31)

(Millions of yen)

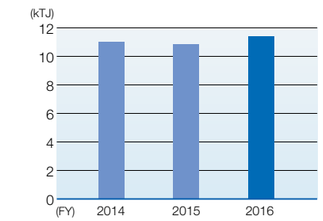
	2014	2015	2016	% change 2015 vs 2016
At Year-End				
Total assets	3,799,010	4,650,896	**4,199,196**	(9.7%)
Net assets	1,829,326	2,425,929	**2,113,948**	(12.9%)
Interest-bearing debt	705,250	753,942	**890,993**	18.2%
Number of employees (persons)	49,333	52,523	**51,458**	(2.0%)

Non-Financial Information
(Years ended March 31)

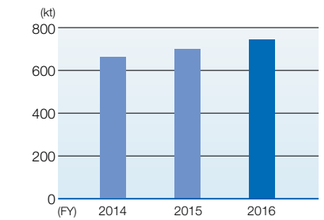
	2014	2015	2016	% change 2015 vs 2016
For the Year				
Energy consumption (TJ)	11,006	10,852	**11,403**	5.1%
Raw material consumption (t)	662,412	700,628	**745,407**	6.4%
Water consumption (km^3)	3,724	4,087	**4,136**	1.2%
CO_2 emissions (t-CO_2)	857,839	826,437	**789,838**	(4.4%)
Waste generation (t)	93,799	90,775	**79,688**	(12.2%)
Discharge of treated wastewater (km^3)*2	2,124	2,029	**2,169**	6.9%

*2: Japan consolidated

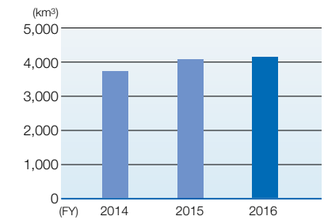
Energy Consumption



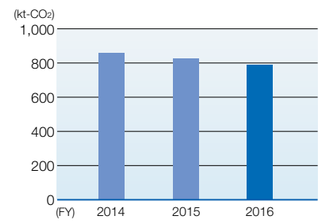
Raw Material Consumption



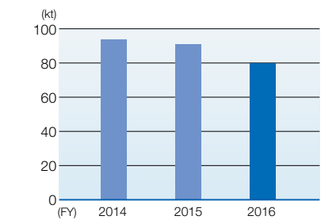
Water Consumption



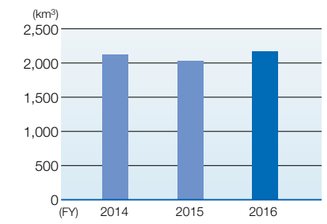
CO_2 Emissions



Waste Generation



Discharge of Treated Wastewater



Stepping Up Efforts to Attain Sustainable Growth for the Realization of Vision 2020

Akira Onishi | President

Q | First of all, could you sum up the Medium-Term Management Plan that ended in fiscal 2016?

In 2011, Toyota Industries formulated Vision 2020, along with the Medium-Term Management Plan that articulates a path toward fiscal 2016 for the realization of Vision 2020, and we have since been steadily implementing measures for growth.

During this period, economic growth slowed down in China and emerging countries including markets in Southeast Asia, but the strong U.S. economy served to drive a modest recovery in the global economy as a whole.

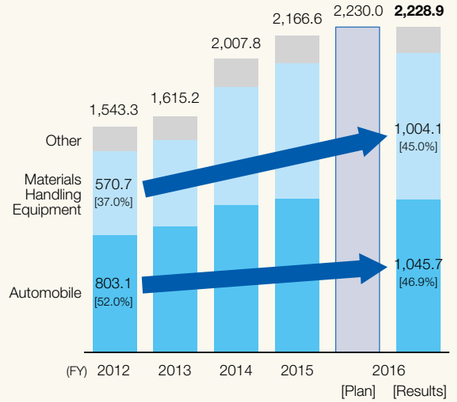
Under these circumstances, we posted growth mainly in the materials handling equipment and automobile-related fields by increasing global unit sales of materials handling equipment and car air-conditioning compressors and by expanding business domains through such measures as enhancement of our value chain of materials handling equipment. Additionally, Toyota Industries and Toyota Motor Corporation (TMC) have agreed to consolidate diesel engine development and production functions into the operations of Toyota Industries. We are currently undertaking preparatory work for the consolidation.

Our proactive forward-looking investment, on the other hand, increased depreciation and other costs, which in turn pushed profits down in the short term. Nevertheless, we have made progress overall, basically as originally planned under the Medium-Term Management Plan, and readied ourselves for a next leap forward.

Overview of the Medium-Term Management Plan (FY2013–2016)

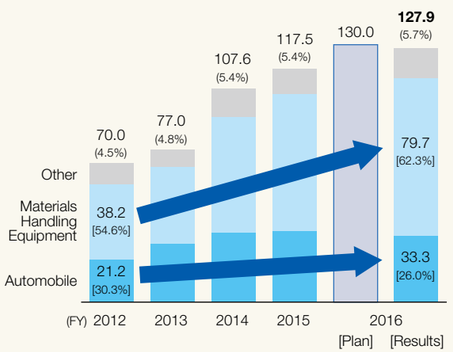
1 Net Sales (¥ Billion)

[ ] = percentage of net sales



2 Operating Profit (¥ Billion)

( ) = profit margin; [ ] = percentage of operating profit



3 Investment

Accumulated total from FY2013 to FY2016:
Approx. ¥780.0 billion
(Of which approx. ¥400.0 billion is invested in tangible assets)

4 ROA and ROE (FY2016)

	Targets	Results
ROA	5.0%	7.3%
ROE	10.0%	20.8%

Notes: • Including gain on sales of shares of Asahi Security Co., Ltd. and Wanbishi Archives Co., Ltd.
• Investment securities included in calculations based on acquisition cost

- Achieved a continued **expansion of business**, centered around **materials handling equipment and automobiles**
- **Costs increased due to proactive investment** but **net sales and operating profit were virtually as planned.**

Q What is the future direction of your business operations?

Toward the realization of Vision 2020

The idea embodied in Vision 2020 is to contribute to an enriched lifestyle of people and comfortable society around the world by continuously supplying products and services that are truly needed by customers, which in turn will allow us to attain growth of our businesses and realize the vision. The Medium-Term Management Plan ended in fiscal 2016, but we will continue to pursue further growth by stepping up our efforts toward the realization of Vision 2020.

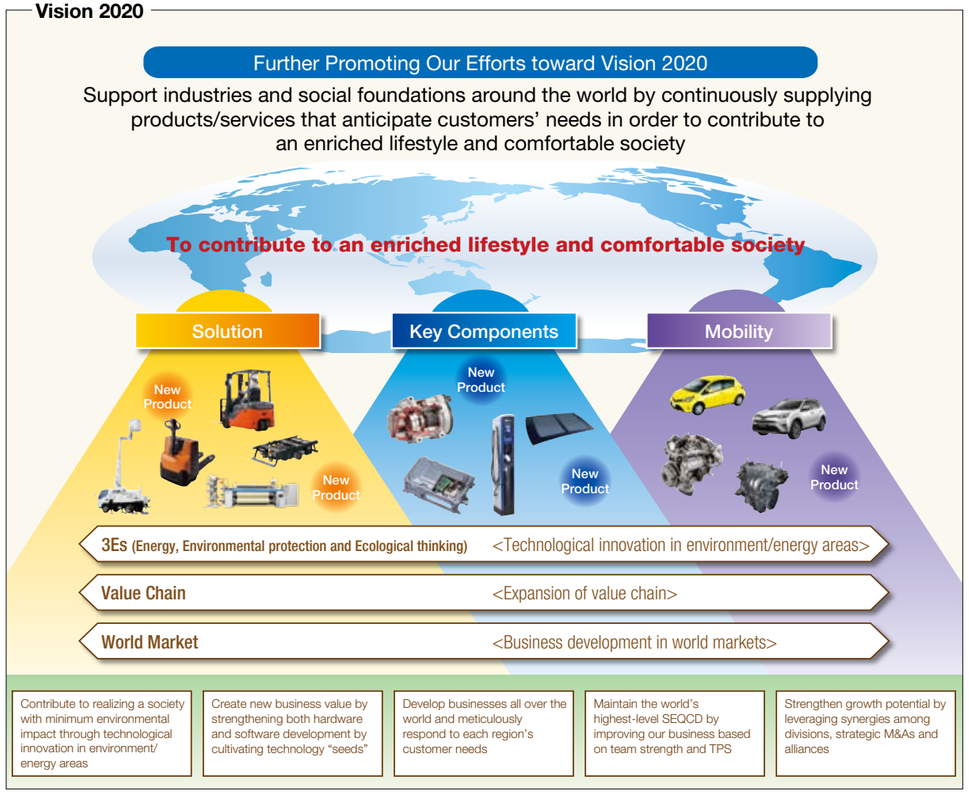
Our basic strategy consists of the three action themes shown below. We will apply these themes across our business units in a horizontally aligned manner.

- **Development of eco-friendly, energy-saving products based on the keywords of 3Es (Energy, Environmental protection and Ecological thinking)**
- **Enhancement of our value chain, including after-sales services**
- **Business development in world markets**

Ongoing “concentration and selection” strategy

In realizing Vision 2020, we have been implementing a strategy of “concentration and selection” of business operations. Specific actions taken since 2007 include withdrawal from the consumer electronics field and consolidation and restructuring of the Logistics Business. In December 2015, we sold our stakes in two logistics-related consolidated subsidiaries, Asahi Security Co., Ltd. and Wanbishi Archives Co., Ltd.

Vision 2020



We had made these companies into our subsidiaries with the aim of expanding consigned logistics services. We have subsequently provided operational improvement support to both companies, which in turn attained a certain level of growth. Nevertheless, we decided to sell off our stakes based on the belief that it will be beneficial for them to work with companies that can generate greater business synergies and make greater steps forward.

We will continue to implement a “concentration and selection” strategy to focus on businesses that are closely linked to our core businesses in the materials handling equipment and automobile-related fields.

Q Could you explain your policies concerning initiatives to be made in each business?

GENEO-Ecore electric lift truck


Service Skills Contest

In the **Materials Handling Equipment Business**, we will focus more on the development of products with high environmental performance, for which needs are growing. In order to improve the fuel efficiency of internal-combustion lift trucks and deliver longer uptime for electric lift trucks, we will increase the use of engines and motors developed and manufactured in-house. On top of providing equipment such as lift trucks, we will improve the quality of our after-sales services, for which we are already renowned, and offer a range of logistics solutions based on our accumulated know-how in operational improvements to assist customers in achieving total logistics efficiency and reducing environmental impact.

To satisfy diverse needs of customers in a more precise manner, we made Cascade Corporation, one of the world’s leading manufacturers of lift truck attachments based in the United States, into a subsidiary in 2013. As part of efforts to increase our presence in emerging countries, we acquired the lift truck business of Taiwan-based Tailift Co., Ltd. in 2015. In the same year, we also acquired the materials handling equipment division of TMC’s financial subsidiary in the United States to strengthen our sales financing operations. Through these endeavors, we have created a foundation on which to expand our value chain. In the future, we plan to pursue synergistic effects and consistently yield successful results.

In automobile-related businesses, we regard the increasingly stringent fuel efficiency standards across the world as a driver of our growth and will push ahead with development of products with high fuel efficiency in the **Car Air-Conditioning Compressor Business**. Besides fuel-efficient compressors for internal-combustion vehicles, we plan to increase the competitiveness of our compressors for electric-powered vehicles, keeping pace with the growth of vehicle electrification.

On the production front, we have already established a structure needed to swiftly respond to an increase in orders from automakers by augmenting production capacities of our production bases outside Japan and increasing the ratio of locally procured parts. To fully leverage the established structure, we will strive for quality improvement at these bases and help them become self-reliant and grow sustainably on their own. We will make meticulous efforts, such as passing on our proprietary skills and the thinking behind *monozukuri* (manufacturing) to key human resources, to ensure higher quality and more stable mass production operations anywhere in the world.

Ceremony to commemorate cumulative production of 100 million units at a U.S. compressor production base


Teaching employees from outside Japan

In the **Vehicle Business**, we expect vehicle production in Japan to remain flat for the medium to long term. Even so, we intend to hone our already superior level of safety, the environment, quality, cost and delivery (SEQCD) and create plants that integrate our latest knowledge and ingenuity. Besides

assembly of vehicles, we plan to proactively engage in vehicle development by conducting planning activities and making proposals to TMC.

In the **Engine Business**, we will proceed with a plan, as agreed with TMC, to shift and consolidate diesel engine development and production functions to Toyota Industries. Although electrification of vehicles is expected to make gradual progress, we anticipate sustained needs for diesel engines that are inherently fuel efficient and generate less CO_2 emissions. Thus, our policy to concentrate harder on the development of clean diesel engines remains intact. We will enhance the competitive edge of diesel engines, including those fitted with our first vehicle-use turbocharger that was internally developed in 2015 and manufactured. At the same time, we will also strive to expand the use of our internally manufactured engines in our own lift trucks and other industrial machinery. By doing so, we plan to increase the scale and efficiency of our business.

Toyota Industries Engine India Private Limited

In March 2016, Toyota Industries Engine India Private Limited (TIEI), a consolidated subsidiary in India, initiated production of GD diesel engines for TMC's Innovative International Multi-purpose Vehicle (IMV) series. We will nurture the company into an important production base of diesel engines, for which demand is expected to grow in emerging and other countries for use in commercial vehicles.

In the **Electronics Business**, needs for greater fuel economy and environmental performance are growing not only in the automobile field but also in materials handling equipment and other non-automotive fields. These growing needs are expected to facilitate a trend toward electrification. In response, we will reinforce activities to plan and develop new products based on our power source technologies and will expand sales to TMC and other automakers in the world. We will also work more closely with the Materials Handling Equipment Division and other business divisions to increase our role in non-automotive fields.

Our efforts in the **Textile Machinery Business** will include promotion of proactive sales activities and establishment of a meticulous after-sales service structure. Moreover, we plan to collaborate with Uster Technologies AG, a Swiss-based consolidated subsidiary, to develop next-generation products with greater energy-saving performance and even higher added value.

Q What will be the focus of management in achieving sustainable corporate growth?

The business environment in the world market is changing at an increasingly rapid pace while the global economy is becoming ever more interdependent. An event in one region could now affect the rest of the world, causing unstable conditions to linger and making economic fluctuations larger. More imminently, continued economic growth in China and other emerging countries is slowing, and there is a persistent economic fluctuation risk linked to national financial policies. In order for us to flexibly adapt to the economic fluctuation risk and changes in the market environment, it is essential that we **strengthen our business platform further** through cost reductions and productivity improvements and always **maintain a lean business structure** to prepare for changes.

Our expanding business operations also entail greater risks. We need to prevent these risks from occurring and make a quick and appropriate response should they occur. We have approximately 50,000 employees working around the world, and corporate culture and ethics are not enough to bring all of us together. As such, we will base our actions on the Toyoda Precepts, which carry the spirit of founder Sakichi Toyoda to respect humanity and take on challenges; use various systems and rules as a means to avoid misconduct; and work to **fully observe corporate ethics and ensure compliance**.

After strengthening our platform and preparing ourselves for the future, we will take steady steps forward for **future growth**. Cost reduction and structural reinforcement are essential in attaining sustainable growth, but these alone will not be effective in preventing our products from becoming commoditized and getting us dragged into price competition. To avoid such a situation, what we need are innovative and appealing products and services. We will enhance our R&D operations and manufacturing capability further while seeking to **encourage innovations**.

Recently, we have entered a new business field of fuel cells and have developed several products by leveraging a pool of technologies accumulated in the field of car air-conditioning compressors. One example is an oxygen-supplying air compressor. It is a key component of the power generation system of fuel cell vehicles (FCVs) and has been installed in TMC's MIRAI FCV. In the materials handling equipment field, which forms one of our core businesses, we have been conducting a feasibility test of our fuel cell (FC) lift truck for possible release during fiscal 2017.

Feasibility test of FC lift truck

As described above, we aim to encourage innovations by capitalizing on our strengths derived from our diverse businesses and focusing on overlaps and synergies among business domains.

To contribute to realizing a society with zero CO_2 emissions by 2050 with the ultimate goal of enriching the lives of people in harmony with the natural environment, Toyota Industries formulated the Sixth Environmental Action Plan. This is a five-year activity plan covering the period from fiscal 2017 to fiscal 2021. Since the First Environmental Action Plan launched in 1993, our focus of activity had been on environmental conservation. However, as external circumstances have changed, we have decided to place greater emphasis on "Establishing a Low-Carbon Emission Society" in our sixth plan.

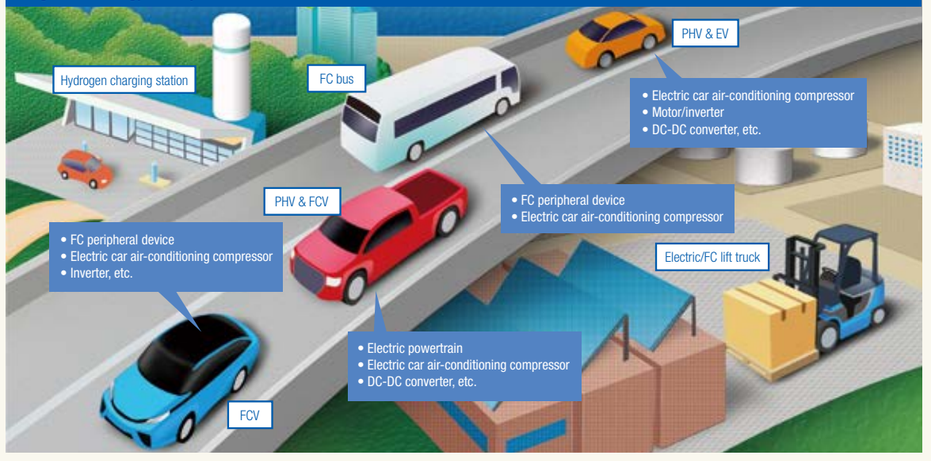
We will foster the development of energy-saving, electrification and other technologies and continue to provide eco-friendly products mainly in the business fields of materials handling equipment and automobiles, thereby contributing to the realization of a society that has less impact on the environment.

Society Envisioned in 2050

—Example initiative for the creation of a zero CO_2 emission society—

Taking on a challenge of achieving zero CO_2 emissions from use of our products or vehicles equipped with our products

Image of an energy society with zero CO_2 emissions



* Excerpt from the Sixth Environmental Action Plan material presented by Toyota Industries Corporation

Companies have a public presence in society. As such, we need to achieve sustainable growth for all our stakeholders, including customers, business partners, shareholders and investors, members of local communities and Toyota Industries Group employees and their families.

The Toyota Industries Group will continue our efforts to contribute to the growth of society through our businesses.

Corporate Governance

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.

Basic Perspective of Corporate Governance

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

Corporate Governance Structure

Implementation Structure

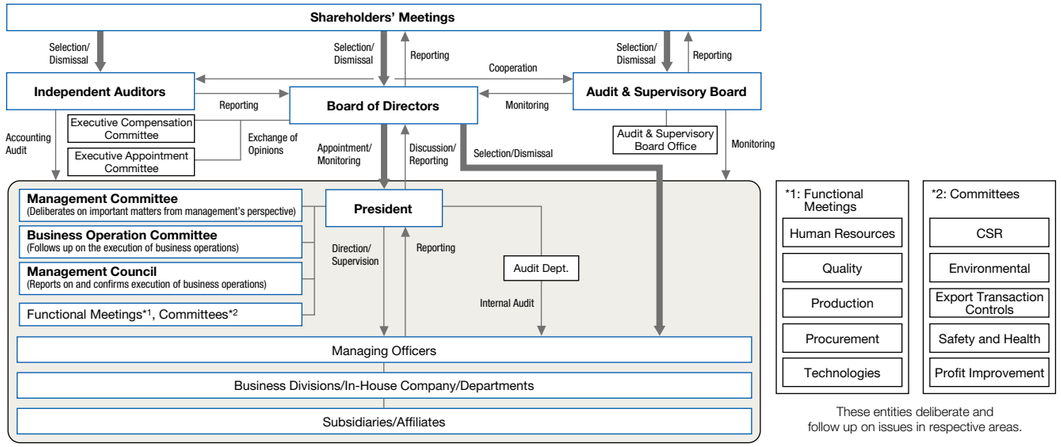
Toyota Industries convenes monthly meetings of the Board of Directors to resolve important management matters and monitor the execution of duties by directors. We also appoint outside directors who have a wealth of experience and knowledge concerning business management. They attend meetings of the Board of Directors and give opinions and ask questions as deemed necessary. Through this supervisory function of outside directors, we ensure the legality and validity of the Board's decisions as well as directors' execution of duties from an objective perspective. The Management Committee, which is composed of directors at the executive vice president level and above as well as relevant managing officers and audit & supervisory board members, deliberates on a variety of issues concerning important management matters such as our corporate vision, management policies, medium-term business strategies and major investments.

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

In addition, issues pertaining to human resources, quality, production, procurement and technologies are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as 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.



These entities deliberate and follow up on issues in respective areas.

(As of June 10, 2016)
Toyota Industries' Corporate Governance Reports are available at: https://www.toyota-shokki.co.jp/ (in Japanese)

■ Appointment of Independent Members of Management

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

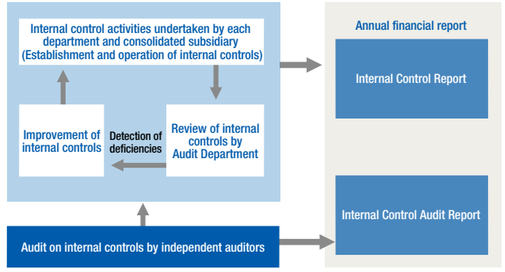
Internal Control System

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

A revision was made to the Companies Act in April 2015 (enforced in May 2015), further requiring companies to set up and upgrade a system to ensure the fairness of their operations and effectiveness of auditor duties. Accordingly, we reviewed our Basic Policies, and the revised policies have been adopted by the Board of Directors.

Furthermore, based on the Financial Instruments and Exchange Law (so-called Japanese Sarbanes-Oxley Act (J-SOX)), we have established and appropriately operated an internal control system to maintain the reliability of financial reporting. The system's status and progress 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 2016 were effective, and accordingly, submitted an Internal Control Report in June 2016. The report was reviewed by independent auditors and judged fair in their Independent Auditors' Report.

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



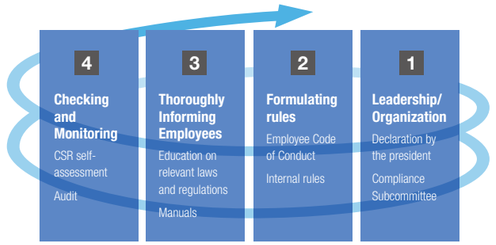
Compliance

Four Pillars of Compliance Activities

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

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

■ Four Pillars of Compliance Activities

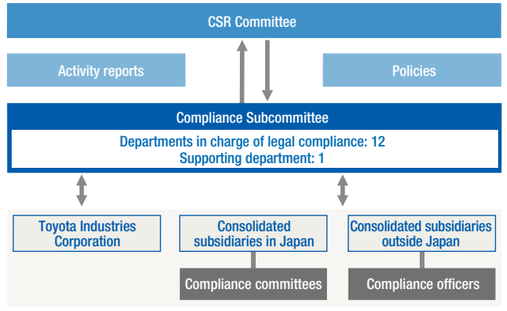


Establishment and Reinforcement of Implementation Organization

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

*As of March 31, 2016

■ Organization for Promoting Compliance



In addition, we have set up compliance committees at subsidiaries in Japan and appointed compliance officers at subsidiaries outside Japan in our efforts to promote autonomous activities in respective communities in collaboration with the Compliance Subcommittee. In fiscal 2016, we carried out activities in line with local needs.

■ Activities in Japan

We held a conference to improve responsiveness of compliance personnel from 31 consolidated subsidiaries in Japan. The conference also included a seminar by external lawyers regarding such topics as proper initial responses when a case of misconduct occurs and measures to prevent recurrence.

■ Activities in North America

We held the Compliance Officer Conference in North America with participation of compliance officers from 19 bases. In fiscal 2016, we exchanged opinions on safe and secure workplaces compliant with the Code of Conduct, how to engage in communication that gives consideration to cultural diversity and other themes that reflected current U.S. social conditions.

■ Activities in Europe

In Europe, the regional headquarters introduced an e-learning system to provide effective education on the Code of Conduct at respective bases while identifying and assessing compliance risks and promoting preventive legal measures for selected priority matters.

■ Activities in China

In China, compliance officers from seven bases attended the Compliance Officer Conference in which they engaged in an exchange of opinions and formulated a standardized Code of Conduct applicable to all bases in the country. In addition, a misconduct prevention seminar regarding bribery, embezzlement, leakage of confidential information and other sensitive themes was held, with supervisors from each base in attendance. Through these measures, we are striving to raise an awareness of the prevention of misconduct at all bases in China.

Standardized Code of Conduct

■ Activities in Asia, Oceania and South America

We held a conference in Singapore attended by presidents and compliance officers from nine bases in Asia (excluding China), Oceania and South America, where we haven't established a regional headquarters, to promote compliance activities. In addition to group discussions, the conference also featured a lecture by an external lawyer regarding management of confidential information, bribery prevention and initial response when a case of misconduct occurs, all of which are a matter of concern in emerging countries.

Compliance conference held in Singapore

Formulation of Code of Conduct and Dissemination

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees, and has been providing familiarization training. Subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures. Toyota Industries' 31 consolidated subsidiaries in Japan and 73 consolidated subsidiaries outside Japan have already created their own Code of Conduct and have been working to instill an awareness among their employees.

Simultaneously, to prevent significant risks of bribery and violations of antitrust laws, in addition to the Code of Conduct we have formulated corresponding regulations and been undertaking activities to familiarize employees with these regulations.

Regarding bribery, Toyota Industries formulated the Global Guidelines for Bribery Prevention. Particularly, in countries with a high risk of bribery, each base has developed internal rules in accordance with the applicable laws in respective countries and been conducting activities to familiarize employees with them.

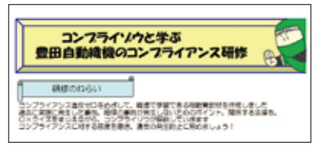
As for antitrust laws, we have put in place a system to conduct a check and review before and after employees of Toyota Industries contact competitors. We are also familiarizing all employees that they are prohibited from any acts that may possibly constitute a violation of antitrust laws. In fiscal 2016, we set up antitrust law compliance month and conducted enlightenment activities at relevant departments.

Thoroughly Informing Employees about Applicable Laws and Regulations

Toyota Industries provides required legal knowledge to employees according to their job ranks or positions, familiarizing them with the initial responses that should be followed upon the occurrence of a problem and educating them on risk management. To new or young employees, we provide easy-to-understand guidance on "what to do" and "what not to do" in order to improve their compliance awareness based on laws and corporate ethics, using the Toyota Industries Corporation Employee Code of Conduct as an instructional material.

Over the three years since fiscal 2014, we have created and disseminated 27 e-learning materials in order to cultivate a deeper understanding of compliance among employees and create an environment in which employees foster compliance consciousness on their own.

In addition, in fiscal 2016 we invited external lawyers to hold executive legal seminars on "antitrust laws" and "revision of the Companies Act and corporate governance" for directors, audit & supervisory board members and managing officers.



Screen display of e-learning material to promote compliance

■ **Example Topics of e-Learning Materials**

Courses started up to fiscal 2015
Compliance, Environment (water quality and waste), Traffic safety, Japan's Personal Information Protection Law, Compliance hotline, Prevention of bribery, Insider trading regulations, Copyrights, Japan's subcontracting law, Sexual harassment, Abuse of power in the workplace, etc.
Courses established in fiscal 2016
Product liability, Basics of contracts, Export/import transaction control, Antitrust laws (cartels), Act on Prohibition of Unauthorized Computer Access, Management of confidential information, Illegal activities, etc.

*Provided to all employees. Additional courses are under consideration.

Checking and Monitoring Compliance

We have been working to strengthen checking and monitoring of compliance through such measures as conducting ongoing compliance self-assessment and promoting prevention activities at consolidated subsidiaries.

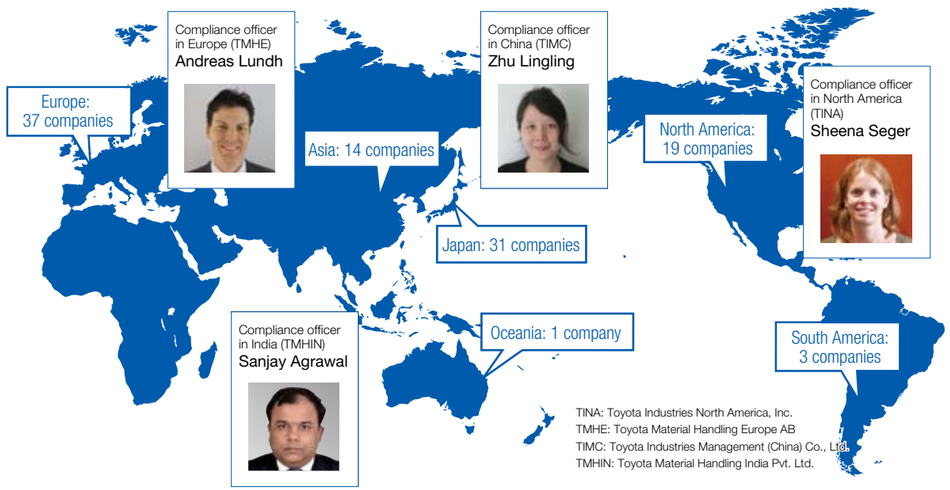
■ Prevention Activities

We have been promoting prevention measures at consolidated subsidiaries in and outside Japan through the Compliance Subcommittees and other entities based on past incidents that occurred at Toyota Industries. Since fiscal 2016, we have started using violations of laws and cases of misconduct at other companies as reference so that similar compliance infringements will not occur at the Toyota Industries Group. Specifically, in view of an insider trading allegation at another company in Japan, we reviewed our internal regulations on insider trading.

■ Compliance Hotline

We also operate a compliance hotline (helpline) that allows employees and their families to seek advice from external experts on compliance-related matters without being exposed to negative consequences, as well as to ensure early discovery and the prevention of issues. This compliance hotline is cited in the Toyota Industries Corporation Employee Code of Conduct, and we periodically distribute pamphlets to inform our employees of the service. In fiscal 2016, we introduced similar helplines at respective consolidated subsidiaries in China, North America and Europe.

■ **Compliance Committees (in Japan) and Compliance Officers (outside Japan)** (As of March 31, 2016)



■ **Compliance Education Provided** (As of March 31, 2016)

	FY2014	FY2015	FY2016	FY2017
Toyota Industries Executive training	Conducted training for newly appointed executives and legal seminars for executives			**Ongoing initiative**
Rank-based (clerical, technical) training Training by function	Promoted training on quality, safety, the environment, labor, management of confidential information, export transactions, subcontracting and antitrust laws ★12,000 employees participated	★12,000 employees participated	★10,900 employees participated	**Ongoing initiative**
Consolidated subsidiaries in Japan	Conducted training on the Code of Conduct, safety, etc. ★15,400 employees participated	★20,200 employees participated	★24,500 employees participated	**Ongoing initiative**

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 the General Administration Department*1) as a subordinate organization to the CSR Committee to promote proper management of confidential information, taking appropriate actions against the risk of leakage of confidential information and complying with laws such as the Unfair Competition Prevention Act and the Act on the Protection of Personal Information.

To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security managers*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.

In fiscal 2016, to counter an increase in risk for leakage of confidential information we strengthened the security check of visitors at the gates of the Toyota Industries premises as well as conducted response training at the headquarters based on the assumption that an incident or accident occurred.

■ Activity Examples

Activities up to fiscal 2015

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

Activities in collaboration with other Toyota Group companies
- "All Toyota Information Security Awareness Month" activities in May and October to raise employee awareness and conduct auditing by checking off-the-premises removal of personal computers and recording media, etc.

New activities in fiscal 2016
- Strengthening the security check of information devices that visitors bring onto the Toyota Industries premises
- Conducting response training at the headquarters based on the assumption that an incident or accident occurred, etc.

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

*1: As of March 31, 2016
*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 in compliance with the Companies Act, Toyota Industries is working to strengthen regulations and a structure to promote risk management. We regard the following aspects as the basics of risk management and implement initiatives accordingly.

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

Implementation Structure

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

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

Response to Possible Major Earthquake

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

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

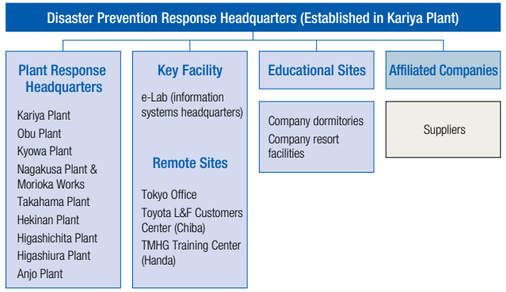
In fiscal 2016, based on the results of a review of our efforts in the previous fiscal year, we conducted disaster drills in more realistic settings, confirmed procedures and standardized countermeasures. We intend to continuously upgrade our activities.

Disaster Prevention Structure

We have been reinforcing our disaster prevention structure to enable smooth transition from the initial response stage to the production restoration stage.

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

■ Disaster Prevention Structure



Efforts to Cultivate Human Resources through Training

1. Training at Disaster Prevention Response Headquarters

We conduct simulation training in which employees collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries.

Since fiscal 2015, assuming the occurrence of a disaster during nighttime and on a weekend or holiday, we have been providing training to members selected from the functional departments who live close to the Head Office.


Reviewing policies on resumption of operations and how to return home


Disaster response meeting

2. Training at Plant Response Headquarters

a) Workshops

In fiscal 2016, members of the Plant Response Headquarters discussed the preparation status and inadequacies of items in the standard response procedures formulated by each plant and worked to improve the procedures to better respond to a disaster.


Discussion among members of Plant Response Headquarters


Identifying inadequacies and items to be improved

b) Tabletop Exercise

We provide training to the head (plant manager) and members of each Plant Response Headquarters to ensure that we promptly make an initial response and offer support to local communities in case of a disaster. Since fiscal 2015, in addition to drills for enabling quick disaster response, we have been holding discussion sessions on the theme of "thinking on your own" to raise awareness of each member for disaster prevention.


Checking internal disaster damage information


Confirming how to decide to resume operations

3. Training for Restoration

a) Power Restoration Drill

Each plant has developed procedures to restore power supplies, including electricity and gas, which are essential in restoring production activities. Starting from fiscal 2015, each plant conducts *genchi genbutsu* training on a periodic basis. Through the training we are identifying problems and making improvements to step up our efforts to ensure quick restoration activities. In fiscal 2016, we selected a model business division and standardized measures. We will consider the application of the initiatives taken at the model business division throughout the company.


Drill to restore a primary power source

b) System Restoration Drill

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

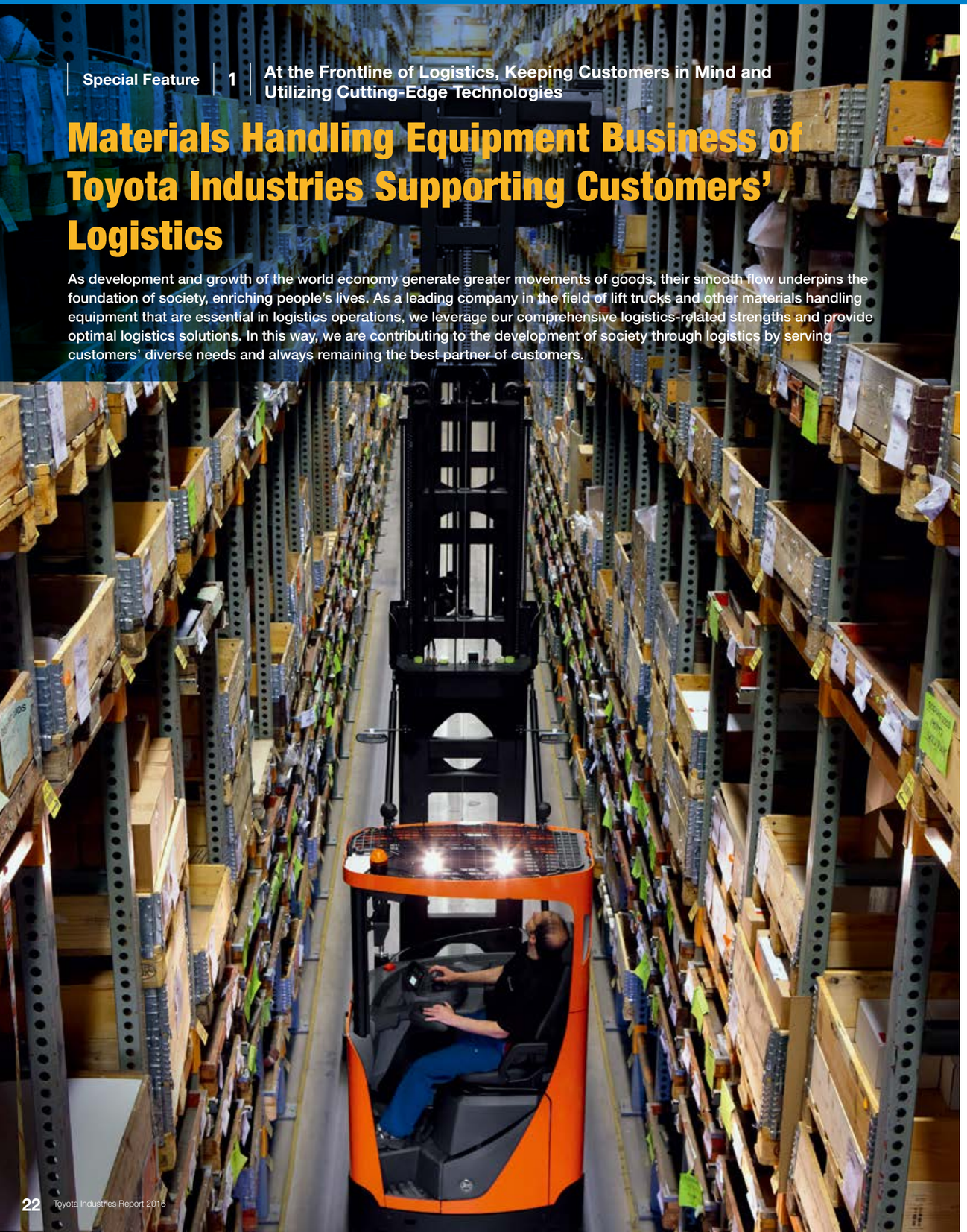
4. Training for Identifying Disaster Damage

Starting from fiscal 2014, we repeatedly conduct drills jointly with our affiliated companies and suppliers in order to familiarize them with the use of IT tools to quickly identify the damage status during a disaster.

Special Feature | 1 | At the Frontline of Logistics, Keeping Customers in Mind and Utilizing Cutting-Edge Technologies

Materials Handling Equipment Business of Toyota Industries Supporting Customers' Logistics

As development and growth of the world economy generate greater movements of goods, their smooth flow underpins the foundation of society, enriching people's lives. As a leading company in the field of lift trucks and other materials handling equipment that are essential in logistics operations, we leverage our comprehensive logistics-related strengths and provide optimal logistics solutions. In this way, we are contributing to the development of society through logistics by serving customers' diverse needs and always remaining the best partner of customers.



Responding to Changes in the Environment Surrounding Logistics by Leveraging the Strengths of Our Materials Handling Equipment Business

The world's rising population and economic growth driven by emerging countries have led to an increase in logistics volume, and consequently, an expansion of the lift truck market. At the same time, increasing e-commerce transactions have necessitated larger logistics sites and even more efficient logistics operations. Moreover, the recent advancement in information and communications technology (ICT) has created diverse applications for logistics sites. These factors have triggered significant changes in the environment surrounding logistics. As an industry leader, we strive to accurately respond to these changes and work closely with customers to satisfy their individual needs.

Toyota Industries' Materials Handling Equipment Business has total strengths covering both "hardware" and "software." Besides providing a broad lineup of products, including high-performance lift trucks with superior economic efficiency, we have extensive, global sales and service networks, knowledgeable and skilled service technicians, as well as the ability to offer solutions for a safe, secure and efficient logistics environment.

This special feature presents two case studies in which we showcase our excellent services that assist a customer in building a logistics environment and our advanced technologies that help another customer to improve logistics efficiency.

■ Strengths of Toyota Industries' Materials Handling Equipment Business

Global share of lift trucks (Survey by Toyota Industries Corporation)

No. 1 for 16 consecutive years **21%** (2015)

Global unit sales of Toyota Industries' materials handling equipment in fiscal 2016

239,000 units

Highly skilled and knowledgeable service technicians to support customers in each region

- Japan: **3,000** persons
- North America: **5,300** persons
- Europe: **4,500** persons

Numerous service facilities to swiftly respond to customers' needs

- Japan: **270** locations
- North America: **320** locations
- Europe: **350** locations

Unit Sales of Toyota Industries' Materials Handling Equipment Serving Global Logistics Needs


B315 [CESAB]


GENEO [TOYOTA]


Reflex [BT]


GENEO-R [TOYOTA]


Levio P-series [BT]

GENEO-Ecore [TOYOTA]


8000 Series [RAYMOND]

Toyota Industries engages in business under the TOYOTA, BT, RAYMOND and CESAB brands.

Yonago Mokuzai Ichiba Co., Ltd.
Yonago Mokuzai Ichiba hosts a semimonthly wood auction market in a mountainous area approximately an hour's drive from the center of Yonago City, Tottori Prefecture. Toyota Industries' lift trucks are used for sorting logs gathered for the auction and loading them onto trucks.

CASE STUDY 1

Thorough After-Sales Services to Contribute to the Creation of a Safe and Assured Logistics Environment

Toyota L&F/Toyota Material Handling Japan (TMHJ)
TMHJ has nationwide sales and service networks, supporting and delivering safety and security to customers across Japan with 3,000 highly skilled and knowledgeable service technicians and 1,500 field service vehicles.

While developing its business globally, TMHJ provides extensive support to customers in Japan through an industry-leading nationwide service network, with highly skilled and knowledgeable service technicians. We aim to not only achieve an even higher level of after-sales services through such means as Service Skills Contests but also meet the diverse requests of customers by providing safety training and other support.

Supporting Customers Even in a Remote and Harsh Working Environment

At wood auctions held in a mountainous area, lift trucks work at full capacity to carry 2,000 tons of logs from dawn until dusk. In winter, sometimes having to deal with more than one meter of snow makes for a harsh environment. Therefore, one of the crucial issues for Yonago Mokuzai Ichiba had been whether they could receive maintenance services at any time in order to ensure the continued operation of lift trucks.

TMHJ leverages a pool of resources, including a nationwide network, service technicians and field service vehicles, to respond to customers' needs in a well-executed manner. Service technicians of the Yonago Sales Branch of TOYOTA L&F Okayama Co., Ltd. visit Yonago Mokuzai Ichiba and maintain their lift trucks about three times a month to prevent troubles before they occur. Such assured maintenance services allow the customer to operate lift trucks safely in good condition even in a remote area.

Providing services at Yonago Mokuzai Ichiba Co., Ltd.

Customer Voice

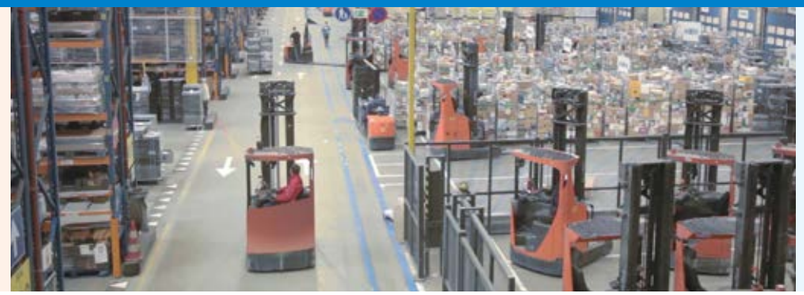
Hiroaki Nagata
Senior Managing Director
Yonago Mokuzai Ichiba Co., Ltd.

Toyota Industries' lift trucks are both powerful and fuel efficient and generate less emissions. Our operators also appreciate the vehicles' good forward view and ease of getting on and off. We operate in a mountainous area in a harsh climate far from the central urban area, so how quickly we can receive support in case of vehicle trouble is very important. We find it very helpful that if we have a problem, TOYOTA L&F Okayama staff will come to us in an hour and provide on-site support. In addition, regular maintenance visits for checkups and guidance for safe operations also provide a sense of security.

Swift Response Underpinning Daily Logistics Operations

Lift trucks operating at logistics sites are closely linked to customers' production activities. As such, it is crucial that they always remain available in optimal condition. Also, service technicians play an extremely important role, as our relationship with customers continues long after they select and purchase our lift trucks. Since the condition of lift trucks also depends on how operators use them, service technicians monitor the usage status of individual customers and offer proper care to ensure the safety of operations, while deepening communications with them so that they fully understand issues such as what care has been taken, what has caused a breakdown and how to prevent a recurrence.

We will continue to contribute to the creation of a better logistics environment for customers by not only developing products meeting diverse needs but also providing responsive services through our global support structure.



Albert Heijn
Albert Heijn is the largest supermarket chain in the Netherlands, with 900 stores nationwide and more than 100,000 employees. The company is a subsidiary of Royal Ahold N.V., for which consolidated net sales exceeded €38 billion in 2015. TMHE has been providing electric lift trucks, racks and after-sales services to Albert Heijn's stores and distribution centers, thereby contributing to realizing efficient logistics operations.

CASE STUDY 2

Leveraging Advanced Technologies for Efficient Logistics Operations

Toyota Material Handling Europe (TMHE)
TMHE has Europe-wide sales and service networks, supporting customers with 4,500 experienced service technicians and 3,300 field service vehicles. In the Netherlands, TMHE operates an extensive service structure to quickly respond to customers' requests.

In recent years, ICT has evolved in a remarkable way and brought a significant change in corporate activities as well as people's daily lives. Toyota Industries combines its expertise accumulated in various logistics sites with cutting-edge ICT to offer a fleet management system that supports the establishment of an efficient logistics site for customers mainly in Europe and the United States. In the future, we intend to extend the services to Japan and other regions to contribute to improving the logistics efficiency of more customers.

Solving Issues Inherent to Managing a Large Fleet

Toyota I_Site

Toyota I_Site's verification system

In dealing with the growing number of stores and commodities, Albert Heijn has added and expanded its distribution centers while seeking and introducing logistics equipment that can maximize operational efficiency. During this time TMHE has provided support to the company in order to ensure the continuity of logistics operations by performing a systematic checkup of each lift truck and providing forward-thinking after-sales services while reducing costs even after the fleet has grown to more than 1,500 units. The growing fleet, on the other hand, has raised several issues. One was that many lift trucks running around the vast space of a distribution center made fleet management difficult. Another issue involved an increase in the number of inexperienced operators and subsequent rises in accidents and repair costs. To counter the situation, TMHE proposed introducing the Toyota I_Site fleet management system.

TMHE's Toyota I_Site is a solution based on the latest ICT to enable easier fleet management by customers. It visualizes on a tablet device the status of each lift truck, including the utilization rate and battery consumption, to eliminate *muda* (wastes) and ensure more efficient fleet operation. Moreover, it offers a feature to preregister operators, a function to perform a pre-operational safety check and a system to detect accidents. These features make Toyota I_Site effective in supporting the operational safety of the logistics site and reducing accident-related costs.

Customer Voice

Dirk-Jan van Lienden
Supervisor at Albert Heijn supply chain
Albert Heijn

The introduction of Toyota I_Site in 2014 has yielded a favorable outcome beyond our expectations.

Firstly, the system offers a feature to check the impact and level of each minor collision on a tablet device from anywhere and monitor the operational status in real time. This allows us to improve fleet management and successfully reduce costs.

Another benefit is an improvement both in terms of safety and the working environment in how operators drive lift trucks. A function that requires operators to perform a pre-operational safety check has served to raise their safety awareness and resulted in a major decrease in accidents and associated damage to lift trucks. A screen that shows the operational status of a lift truck while in operation has also improved operators' awareness toward appropriate and eco-friendly handling of lift trucks.

Toyota I_Site has provided many benefits, and we are truly glad to have introduced the system.

For Building an Even More Efficient Logistics Site

After the introduction of Toyota I_Site, Albert Heijn has been able to make its logistics site safer and attain a considerable reduction in costs that had been required for repairing damaged lift trucks and infrastructure. The company was very pleased with the results and consigns the management of the entire fleet of its lift trucks to TMHE. Looking ahead, TMHE will continue to provide training on safe operations and conduct analysis of collected data to make recommendations for even more efficient logistics equipment and operations. By doing so, TMHE will work to bring about a further improvement in the customer's logistics operations.

Leveraging Strengths in Engaging in Diverse Businesses to Raise the Competitiveness of Products Capturing a World-Leading Market Share*

Toyota Industries engages in a diverse range of businesses, including car air-conditioning compressors, vehicles, engines, electronics, materials handling equipment and textile machinery. While striving to develop and produce highly competitive products in each business, we generate new added value and synergies through collaboration across business domains. Such cross-business efforts have enabled us to garner the world's No. 1 share for car air-conditioning compressors, lift trucks and air-jet looms. We meet customers' expectations with our diverse businesses and technologies.

* Survey by Toyota Industries Corporation

The World's No. 1 Share Products

Car Air-Conditioning Compressors

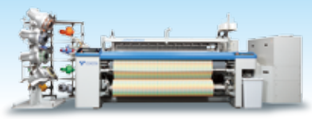
Toyota Industries' car air-conditioning compressors are highly acclaimed in terms of their reliability at high operating speeds and quiet operation in addition to such excellent environmental performance features as compactness, lighter weight and fuel efficiency, and have been adopted by the world's leading automakers.

Lift Trucks

Toyota Industries contributes to the optimization of customers' logistics operations mainly by providing a broad lineup of high-quality lift trucks and through various logistics solutions.

Air-Jet Looms

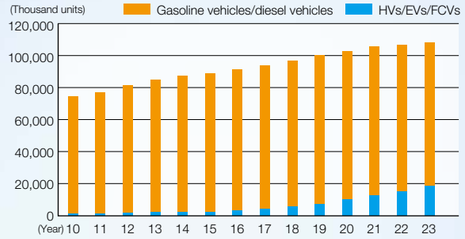
Backed by fully integrated operations from development and production to sales and after-sales services, Toyota Industries' air-jet looms have won extensive acclaim from customers around the globe thanks to superb reliability and high productivity.



Our Strengths in the Compressor Business

Toyota Industries' car air-conditioning compressors have earned a high level of trust from our customers, namely the world's leading automakers, for their superior fuel efficiency and stable quality, and have captured the No. 1 share in global unit sales. In addition to car air-conditioning compressors for conventional vehicles, needs for electric compressors for hybrid vehicles (HVs), plug-in hybrid vehicles (PHVs), electric vehicles (EVs) and fuel cell vehicles (FCVs) have recently been growing in step with advances in the electrification of vehicles.

■ Global Automobile Market Forecast (Based on Production)



Source: February 2016 data, IHS database

Overwhelming Competitiveness of Electric Car Air-Conditioning Compressor Created through Cross-Business Synergies

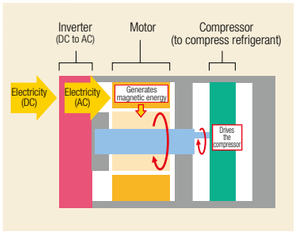
Since we developed the world's first mass-produced electric car air-conditioning compressor (electric compressor) in 2003, we have always remained at the forefront of the global electric compressor industry. In the meantime, we have developed more efficient, quieter and more compact compressors and greatly contributed to the improvement of automobiles' fuel efficiency and interior comfort. The Compressor Division and Electronics Division collaborated early on from the initial development stage in the development of a new electric compressor, as it needed an inverter that performs drive control of its internal motor.

ESB20 electric compressor mounted in the new Prius

The resulting compressor, the ESB20 mounted in the new Prius released by Toyota Motor Corporation (TMC) in December 2015, is a culmination of our collaborative efforts across business domains, and its performance and quality are already receiving high acclaim.

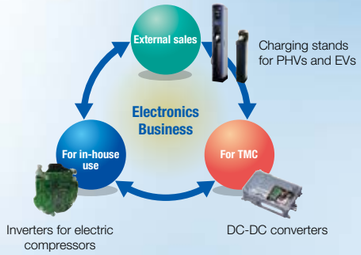
Inverter, a Key Component to Control an Electric Compressor

Compressors for conventional vehicles use power fed from the vehicle's engine to run the air conditioner. In HVs and other similar vehicles, these compressors cannot operate the air conditioner when the vehicle uses eco-friendly features that stop the engine, such as an idling stop system and electric drive mode. Electric compressors, on the other hand, are driven by a motor that uses power from the vehicle's main battery and can run the air conditioner even when the engine is not operating. An inverter is a key component that performs drive control of this motor. It enables the operation of the air conditioner during an idling stop in traffic congestion or when the vehicle runs in electric drive mode, helping to ensure a more comfortable vehicle interior and better fuel economy at the same time.



Electronics Business Supporting Our Global Top-Share Products

■ Honing Technological Capability by Developing Products for TMC, External Sales and In-House Use



Toyota Industries' Electronics Business provides DC-DC converters, AC inverters, rear inverters for four-wheel drive (4WD), cooling devices, on-board chargers, charging stands and other car electronics products to TMC. Based on the experience we have gained in responding to TMC's stringent demand for higher quality and selling products to many automakers in addition to TMC, we utilize accumulated technologies and expertise in our products developed in-house, including electric compressors.

We aim to enhance our total strengths and the competitiveness of our products that capture the world's No. 1 share in their respective markets by refining our proprietary technological capability and leveraging synergies across business domains.

Discussion

Project Members Talk about the Outcome of Collaboration between the Compressor Business and Electronics Business

The ESB20 electric compressor, which is mounted in the new Prius to contribute to higher environmental performance and vehicle comfort, integrates synergies between the Compressor Division and Electronics Division from product development to production and quality assurance. In this section, project members from these two divisions talk about the outcome of their collaboration.

Challenges Faced with the Development of the ESB20 Electric Compressor

In developing the ESB20, one of the tasks assigned to the project team was to contribute to achieving the world's highest-level fuel economy and interior comfort in the new Prius. Higher performance was thus required in every aspect of the compressor, such as raising the air-conditioning function without increasing its volume, making it quieter, improving its vibration resistance and reducing power consumption. "At the same time, we had to think about future models to be derived from the ESB20 and ensure their easier development and production through the use of a common structure and production method," notes Tatsuya Koide of the Compressor Division.

To achieve these goals, a higher level of collaboration and greater synergies were called for between the Compressor Division and the Electronics Division, which is in charge of development and production of inverters, during concept formulation in the initial development stage.

Tatsuya Koide
Group manager, Engineering Dept.
Compressor Div.

Inverter for electric compressors

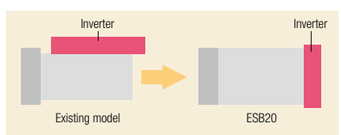
ESB20 electric compressor

Positive Outcome Derived from Collaboration by Surmounting Development Challenges

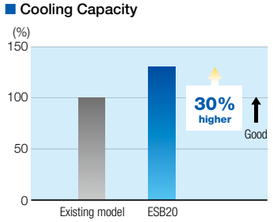
In order to both improve performance and make components more compact, efforts had to be made in various aspects. One is finding the best structure-performance balance in a scroll, which compresses refrigerant, and such key components as an inverter, which controls the motor that rotates the scroll, as well as in the shape of the compressor itself. Another is seeking total optimization in the resulting electric compressor.

Koide explains: "To make the compressor fit more easily in the narrow engine room, we first moved the inverter, which was previously positioned on top of the compressor, to the rear end of the compressor. We also made the shape of the compressor cylindrical by eliminating surface irregularities as much as possible. We selected a thin cylindrical shape for the inverter so as not to add much to the compressor's total length and needed to integrate all its functions into this small space. The compressor team and the inverter team worked together and found the optimum solution by utilizing computer aided engineering (CAE) analysis*1 on the structural design and the cooling performance design."

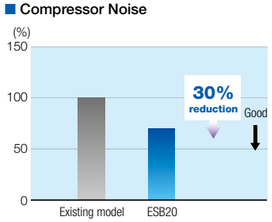
Takeshi Harasawa of the Electronics Division observes: "For this inverter, we needed to reduce its size and house everything in the cylinder while at the same time ensuring the ease of production. So, we totally revamped the size and layout of the components. One of the most significant results of our collaboration was a method to ensure solid cooling



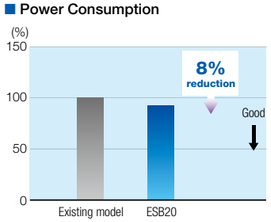
■ Cooling Capacity



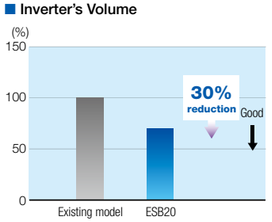
■ Compressor Noise



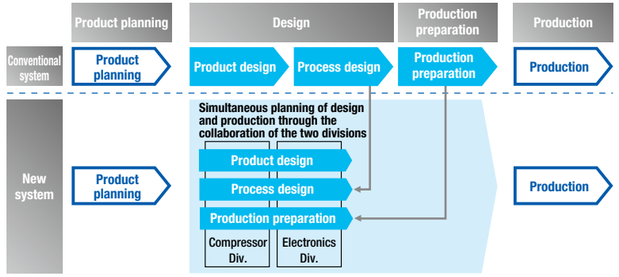
■ Power Consumption



■ Inverter's Volume



■ New Development and Production System for Generating Synergies



Takeshi Harasawa
Assistant General Manager,
Engineering Dept.
Electronics Div.

performance. Electronic circuits and components of an inverter generate heat when electricity flows through them. Reducing the size of an inverter makes it difficult to secure enough surface area needed to release that heat. The new cooling structure that has been developed is the result of true synergy between the two divisions." Koide adds: "The aluminum die-cast base of the inverter was designed by the Compressor Division. Because its thickness and shape determine the cooling performance of the compressor, the Electronics Division utilized its thermal simulation technology to identify the optimum shape under various design restrictions and succeeded in securing the required cooling performance."

As a compressor is mounted near the engine, an inverter integrated into the compressor is required to be heat- and vibration-resistant. Electronic components, in general, are rarely used in such harsh conditions, but the close collaboration of the two divisions made successful development of such an inverter possible.

The resulting ESB20 achieves a 30% higher cooling capacity, 30% reduction in compressor noise, and through improved efficiency, 8%*2 less power consumption. A 30% reduction in the inverter's volume also allows easier vehicle mounting. The ESB20 has been mounted in the new Prius as an electric compressor boasting the world's leading performance.

*1: A system to aid in product development using computers in the areas of design and numerical analyses
*2: Results of measurements under year-round use conditions

New Development and Production System Adding Greater Value to the Collaboration Outcome

Upon the development and production of the ESB20, we exercised our ingenuity in each stage from design to production preparation. Conventionally, we begin with product planning and then proceed to product design, process design and finally to production preparation. This time, we conducted product design, process design and production preparation concurrently, sharing the simultaneous engineering approach between the two divisions to pursue higher quality, lower costs and ease of production for the product. The two divisions were mutually inspired by sharing knowledge and ideas with each other while promoting the project. "Continuously stable production of a quality product is difficult to manage and maintain. With the design team, we shared information from the product design stage on hundreds of issues that could occur in the mass production stage. Based on the information, the design team worked to modularize*3 components and simplify their structures," explains Daisuke Katayama of the Electronics Division, who is well-versed in compressors and was in charge of production engineering of the inverter. Energetic discussions among project members led to the completion of a new, simple, compact and highly efficient production line. The new line will make adding variations to the ESB20 easy and allow mixed production of these models at a consistently high quality level.

Inverter production line

Daisuke Katayama
Assistant manager,
Production Engineering Dept.
Electronics Div.

*3: A group of functionally associated components forming one larger functional component

Continued Cross-Business Collaboration to Enhance Synergistic Effects and Increase Product Appeal

At Toyota Industries, personal exchanges across different business domains have always been active, and our strengths stem from a corporate culture that proactively encourages cross-business collaboration. This time, the Compressor and Electronics divisions started working together from the concept development stage of the ESB20, which enabled the manufacture of a product that meets ambitious goals. We will continue to leverage the synergies from cross-business collaboration with a view to further increasing our competitive edge and delivering products needed by customers around the world.

Business Activities

Materials Handling Equipment / Logistics

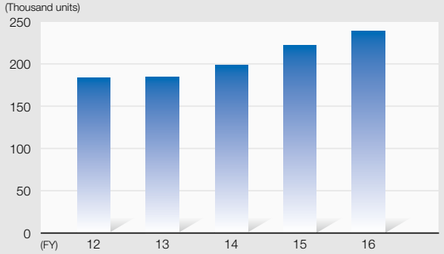
Materials Handling Equipment

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

Business Overview in Fiscal 2016

In the materials handling equipment market, an increase in sales in Europe, North America and Japan compensated for weaker sales in China and drove continued growth globally. Based on the conditions of respective markets, Toyota Industries augmented its production and sales activities and launched new products. As a result, unit sales of our mainstay lift trucks for fiscal 2016 increased 17,000 units, or 7%, to a total of 239,000 units over the previous fiscal year. Also, in a bid to expand our business domains, we acquired the lift truck business of Taiwan-based Tailift Co., Ltd. and the sales financing operations for materials handling equipment in the United States. Consequently, net sales increased ¥79.2 billion, or 9%, to ¥1,004.1 billion.

Materials Handling Equipment Sales



Global Business Development Led by Toyota Material Handling Group (TMHG)

As a market leader in the materials handling equipment and logistics fields, Toyota Industries assists customers worldwide in attaining greater logistics efficiencies by delivering logistics solutions optimally tailored to their specific needs.

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.

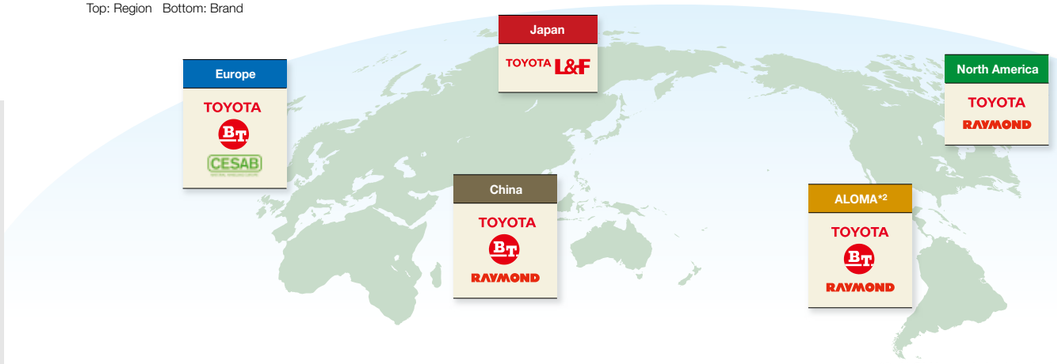
Business Activities in Fiscal 2016

The lift truck market in 2015 sustained growth primarily in developed countries. Amid this environment, we carried out sales expansion activities for remodeled internal-combustion lift trucks and electric lift trucks, while offering solutions designed to achieve greater logistics efficiencies, enhancing responsiveness to large-order customers and ensuring reliable after-sales services.

To increase our presence in emerging countries, we acquired the lift truck business of Taiwan-based Tailift Co., Ltd. in August 2015. Capitalizing on Tailift's strengths, we aim to expand sales in emerging countries where market expansion is expected over the medium to long term.

■ **Toyota Material Handling Group Brands**

Top: Region Bottom: Brand



Toyota Industries Commercial Finance, Inc. (TICF), which was established in the United States with the aim of strengthening our sales financing operations for materials handling equipment, commenced operations in October 2015. In order to respond to customers' needs for the lease and rental of materials handling equipment, TICF will strive to strengthen its value chain, from sales of new equipment to maintenance services during the lease period and sales of used equipment after the expiration of the lease contract. We plan to extend our reach to Europe, Asia and other regions and reinforce our sales financing operations on a global scale.

As for the Logistics Solutions Business, which is represented by automated storage and retrieval systems and automatic guided vehicle systems, we are working 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. In the e-commerce industry, which has been growing in recent years, we have been proactively making various proposals and successfully acquiring new orders.

In the field of aerial work platforms, sales of Aichi Corporation, which possesses the top brand*1 in this field in Japan, were negatively affected by a cutback in capital investment by the telecommunication industry. On the other hand, sales grew in line with rises in demand for the replacement of aging facilities in the electric power industry, demand for construction and such social infrastructure work as tunnel and bridge inspections in the leasing industry as well as demand for mechanization in the railway industry. Thus, overall sales of aerial work platforms increased, and Aichi posted sales exceeding the previous fiscal year's level.

*1: Survey by Aichi Corporation

Aichi Corporation's aerial work platform

■ **Toyota Industries' Global Lift Truck Market Share**

(Survey by Toyota Industries Corporation, 2015)

*2: ALOMA stands for Asia, Latin America, Oceania, Middle East and Africa.

Japanese Market

No. 1 Market Share in Lift Truck Unit Sales for the 50th Consecutive Year

In Japan, growing environmental consciousness has triggered a drastic change in the lift truck market. Based on the keywords of 3Es (Energy, Environmental protection and Ecological thinking), we promoted sales of the new GENEO internal-combustion lift trucks equipped with our own engines with greater environmental performance. We also introduced the remodeled GENEO-Ecore compact electric lift truck fitted with our originally developed highly efficient AC motor that significantly reduces overall power consumption. Through these efforts, we offer products precisely matched to customers' needs. As a result, unit sales in fiscal 2016 increased 4% year-on-year to 40,000 units. Toyota Industries achieved a share of 46.8% in the Japanese market and maintained its top position*3 for the 50th consecutive year.

*3: Surveys by Japan Industrial Vehicles Association and Toyota Industries Corporation, 2015

New GENEO-Ecore electric lift truck (released in October 2015)

Promoting Feasibility Test of Fuel Cell (FC) Lift Truck

Since October 2015, Toyota Industries has been conducting a feasibility test of its FC lift truck in a local wholesale market under a project hosted by Shunan City, Yamaguchi Prefecture. The test verifies the FC lift truck's ability to achieve "Well to Wheel*4" CO_2 emissions reduction under usage conditions that differ from factories and airports and a degree of operational improvement resulting from its use. We have also been engaging in a feasibility test of our FC lift truck in the international cargo area of Kansai International Airport since February 2015 and added two new practical-use models for the test in 2016. The models are equipped with an FC system newly and specifically developed for lift

trucks, which uses the same fuel cell used in the MIRAI fuel cell vehicle released by Toyota Motor Corporation (TMC). We plan for possible release of this FC lift truck during fiscal 2017.

*4: From extraction of fuel raw materials to operation of lift trucks

FC lift truck

Initiative to Achieve Greater Customer Satisfaction

To further upgrade services to customers, we held the 4th Service Skills Contest in November 2015, in which a service representative from the 40 dealers across Japan participated. Through this contest, we aim to improve our servicing capabilities and raise awareness among service staff in order to provide services that bring even greater satisfaction to customers.

Service Skills Contest

North American Market

Maintaining Top Market Share

In the expanding North American lift truck market, Toyota Industries remained the market share leader*5 in 2015 with combined unit sales of TOYOTA and RAYMOND brands of approximately 86,000 units, up 16% from the previous fiscal year.

Toyota, as a full-line supplier of lift trucks, remained the market share leader*5 for the 14th consecutive year, and Raymond continued to hold its number one*5 market share position in narrow aisle electric lift trucks.

*5: Survey by Crist Information & Research, LLC, 2015

Expanding Product Lineup and Strengthening Brand Appeal

Toyota expanded its product offering with the launch of five electric lift trucks and one internal-combustion lift truck. In response to high levels of needs for logistics solutions, Toyota released into the market the newly developed T-Matics vehicle management system. T-Matics helps increase efficiency and uptime by allowing operators to easily track current usages and use collected data.

T-Matics vehicle management system

Raymond introduced models that improve operations efficiency and energy-saving performance. They include the Raymond Model 6210 Walkie Straddle Stacker, which stores pallets up to three levels high, and the Raymond Model 7310 Reach-Fork truck with unique four-directional travel capabilities. Both models contribute to greater efficiency in customer operations and work space. The Raymond Model 8210 Walkie Pallet Truck enables use in wider applications thanks to dust- and water-proof protection of electronic devices.

Raymond 7310 Reach-Fork truck

In addition, both Toyota and Raymond implemented a new marketing strategy to strengthen their respective brands, including re-designed websites and new sales and marketing materials.

Reinforcing Quality and Production Functions

In fiscal 2016, Toyota celebrated 25 years of manufacturing lift trucks in North America. Throughout these years, Toyota has been committed to manufacturing operations with an emphasis on quality to satisfy our customers and received a number of awards, including 2015 Supplier of the Year from United Rentals, Inc., the largest equipment company in the world, in recognition of its product and service quality. On another front, Toyota consolidated the manufacturing and support functions into one large space. The project is designed to enhance communication between employees and repurpose factory floor space for improved manufacturing processes.

2015 Supplier of the Year awarded by United Rentals, Inc.

While working to raise product quality, Raymond has been carrying out various improvement activities at its production site and headquarters. Prime examples include the reconfiguration of manufacturing space and the upgrade of its warehouse management software by applying the Toyota Production System (TPS).

Further Solidifying Our Leadership Position

The North American lift truck market is expected to show continued growth in 2016. Toyota and Raymond will continue to provide innovative products, excellent customer service and solutions to our customers while focusing on the areas of automation, telematics and others. Through these initiatives, we aim to further solidify our leadership position.

European Market

Capturing Favorable Market Conditions to Expand Unit Sales

Except for Russia and some other countries, European economies in fiscal 2016 registered mild growth, and the lift truck market expanded from the previous year. Amid these conditions, Toyota Industries posted sales of 75,000 units, up 9% from the previous fiscal year.

Continuing to Offer Attractive Products and Logistics Solutions

Toyota Industries proactively launched a series of new products to meet various customer needs. In fiscal 2016, we introduced the BT Staxio P-series, which helps alleviate the burden on operators arising from long transport distances within large distribution centers. The series includes 11 platform stackers offering the right model for each application.

The new electric counterbalanced lift truck Toyota Traigo 48 was also introduced, offering class-leading energy efficiency while being highly productive in limited spaces and featuring a shorter turning radius to contribute to raising customers' logistics efficiencies.

Toyota Traigo 48 electric lift truck

In addition to low lift trucks, the lithium-ion range of electric lift trucks was expanded to include reach lift trucks and towing tractors. Lift trucks with lithium-ion batteries are 30% more energy-efficient than lead-acid batteries, significantly reducing CO_2 emissions as well as energy costs. Besides offering new products, we proactively make logistics solutions proposals, such as the introduction of fleet management systems, thereby contributing to more efficient overall logistics of customers.

Sales Promotion Initiatives

Each sales and marketing company in Europe actively organized and participated in sales promotional events in the market. In the Netherlands, we took part in Logistica, the country's largest trade fair held every three years, and welcomed approximately 1,200 visitors at the booth where we promoted our products and logistics solutions. In other countries, we appealed product offerings by organizing a customer event and other activities.

Prior to the upcoming CeMAT Fair, a press preview conference was held in February 2016 in Hanover, Germany, inviting 100 journalists from 22 European countries. Under the theme for CeMAT 2016, "think CeMAT, think Toyota," we highlighted a wide range of product offerings and logistics solutions as well as our dedicated initiatives to improve quality.

Toyota Industries booth at CeMAT 2016

In October 2015, the used trading facility in Antwerp, Belgium, was opened. Dealers from all over the world have the opportunity to buy used Toyota lift trucks from one single source from wide product offerings. In Germany, an online shop was launched as a new sales channel, which raises customer convenience by enabling quick order placement of spare parts, and already indicates incremental business opportunities.

Continuing to Accurately Meet Customer Needs

The lift truck market in Europe in 2016 is anticipated to be on par with 2015. Amid this backdrop, we will stay focused and listen to customers. We will also continue investment in R&D to offer products and logistics solutions that capture market needs and contribute to improving customers' materials handling operations with the aim of becoming No. 1 in Europe.

ALOMA* and Chinese Markets

Engaging in Sales Expansion Activities amid Slowing Markets

Toyota Industries covers the ALOMA markets of Asia, Latin America, Oceania, the Middle East and Africa as well as the Chinese market. We are serving these markets with a lineup consisting of TOYOTA, BT and RAYMOND brands.

In 2015, the market uptrend enjoyed during recent years took a downturn, resulting in stagnation in both markets. Amid this market condition, unit sales decreased 9% compared with the previous fiscal year to 38,000 units. Increased efforts for sales expansion, however, have been successful in keeping market share virtually unchanged.

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

Initiatives in Major Markets

Toyota Material Handling India Pvt. Ltd. is working to strengthen its sales network in India. In 2015, a new sales office and parts warehouse were opened in Gujarat to improve its customer service capabilities. Parts warehouses were also opened in Chennai and Pune to be closer to customers and deliver parts more quickly.

Toyota Material Handling Australia Pty Limited (TMHA) covers the entire Australian region with fully captive sales, service and rental finance service branch operations offering TOYOTA, BT and RAYMOND brands. Through these efforts, TMHA expanded unit sales, although the market showed signs of a decline in 2015. TMHA will continually enhance sales activities to further meet customers' needs.

Participants of service skills contest in Australia

In Brazil, amid a slowing economic condition, Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM) stepped up company-wide sales expansion activities primarily in strategic areas while working to improve the local procurement ratio of parts for internal-combustion lift trucks that TMHM manufactures.

In Argentina, TMHM held the annual Dealer Convention in September 2015 in Buenos Aires. A total of 16 dealers participated, including two newly assigned dealers from Bolivia and Paraguay, and actively engaged in discussions regarding sales policies and strategies in the region.

Dealer Convention in Buenos Aires

In Singapore, Toyota Material Handling Marketing Asia Pacific Pte. Ltd. (TMHMAP) was established in 2015 and replaced the previous Asia Regional Office in Singapore to strengthen the relationship with distributors in the Asia and Pacific region. TMHMAP continuously works closely with distributors in an effort to raise its responsiveness in terms of sales and after-sales services and to meet customer expectations.

In China, amid rising needs for electric lift trucks, we worked to strengthen the sales structure of electric lift trucks at Toyota Material Handling (Shanghai) Co., Ltd. and further reinforce the sales and service networks in principal regions. We are also promoting cooperation with Tailift, which became a subsidiary of the Toyota Industries Group in August 2015, and considering strategies to create synergies.

Providing Reliable Support to Customers' Logistics Efficiencies

While 2015 showed a decrease in demand for lift trucks in the ALOMA and Chinese markets, growth is expected to remain weak during 2016. Amid this prospect, we will continue to strive for providing reliable support to improve customers' logistics efficiency by capturing the needs of both new and existing customers regardless of the market situation.

TOPICS

Distributor Conference

The Distributor Conference held in Nagoya, Japan, in April 2015 was attended by 146 representatives from Toyota, BT and Raymond distributors/dealers spanning 46 countries. The conference included the confirmation of the medium- to long-term vision and specific action plans, and a common approach for future directions was confirmed. Also on the agenda was the awards ceremony for the 2014 Distributor Award Program. During the conference, participants pledged to work harder to achieve objectives based on the slogan "Lift Beyond Together."

Distributor Conference

Regional Distributor Conferences for Warehouse Trucks

From October to December 2015, we held Regional Distributor Conferences for the ALOMA region with around 50 participants from major distributors. The events took place in Dubai, Jakarta and Santiago, with a focus on the concept of "Increasing Sales of Warehouse Trucks." Presentations by successful distributors confirmed the necessity of having knowledge and functions in place such as proper stock, leasing services and a strong service organization.

Regional Distributor Conferences for Warehouse Trucks

Materials Handling Equipment / Logistics

Logistics

Toyota Industries offers customers highly advanced, efficient logistics services through consigned operation of distribution centers and land transportation services.

Business Overview in Fiscal 2016

Both the logistics services business and the land transportation services business for automotive parts increased. However, as we sold our stakes in two subsidiaries, one engaging in cash collection and delivery and cash proceeds management services and the other in data storage, management, collection and delivery services, net sales in fiscal 2016 declined ¥11.1 billion, or 11%, from the previous fiscal year to ¥86.9 billion.

* Starting from fiscal 2017, the business for planning, design and operation of distribution centers will be classified into the Materials Handling Equipment Segment while the business of land transportation services will be included in the Others Segment.

Planning, Design and Operation of Distribution Centers

Toyota Industries operates distribution centers for various industries and customers. During fiscal 2016, operation of existing distribution centers generated a relatively steady logistics volume. In this environment, we strived to strengthen our profit structure through cost improvement activities undertaken at logistics sites based on the thinking embodied in TPS and simultaneously worked to enhance the level of services to customers.

With an aim of optimizing logistics in each customer's entire supply chain, we continue 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 Engineering Business. In fiscal 2016, we started operating two additional distribution centers for customers mainly in the medical and pharmaceutical industries. In total, we now operate 20 distribution centers under consignment.

Looking ahead, we will continue to facilitate our proactive sales activities for both increasing orders from 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 2016, despite a slowdown in automobile production in Japan, we acquired a steady logistics volume in the transportation of automotive parts. Under these circumstances, we continued to conduct various profit improvement activities, including the promotion of efficient cargo transport, while at the same time aggressively undertaking activities to ensure safe and environment-conscious operations.

We will continue to further reinforce our sales activities to capture new customers and, ultimately, to expand business operations.

Taikoh Transportation Group's land transportation services

Sale of Shares of Two Consolidated Subsidiaries

We have been pushing for "concentration and selection" of our operations to focus on businesses that are closely linked to our core businesses in the materials handling equipment and automobile-related fields. As part of this effort, we sold our stakes in two subsidiaries, Asahi Security Co., Ltd. and Wanbishi Archives Co., Ltd., in December 2015. The former was sold to SECOM Co., Ltd. and the latter to Nippon Express Co., Ltd.

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. Wanbishi Archives provides support to 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.

Both companies have attained a certain level of growth by providing these value-added logistics services to customers and benefited from our support in achieving operational improvements. Nevertheless, in order to make significant growth in the future, we believe that it will be beneficial for them to work with companies that can generate greater business synergies. We decided to sell off our stakes after holding discussions with both companies.

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 2016

In the automobile industry, market conditions were sluggish in Japan, Latin America and other emerging countries but remained strong in North America. Consequently, global sales were on par with the previous year.

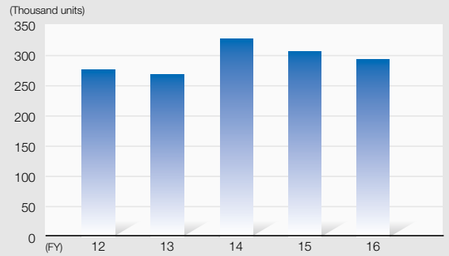
In fiscal 2016, unit sales of the Vitz (Yaris outside Japan) and the RAV4 declined by 15,000 units, or 5%, from the previous fiscal year to 293,000 units. However, various factors, including the addition of a hybrid version of the RAV4, served to push up net sales by ¥21.0 billion, or 5%, to ¥480.0 billion.

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, from Toyota Motor Corporation (TMC) we have received an award for excellence under the Toyota Quality Control Award program for four consecutive years.

In October 2015, following a minor model change of the RAV4 for markets outside Japan, we initiated production of a hybrid model of the RAV4 in addition to the conventional internal-combustion models. 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.

Vehicle Sales



Development and Production of Plastic Glazing

Toyota Industries' plastic glazing panoramic roof has been used on TMC's hybrid vehicle Prius α (Prius + in Europe and Prius v in North America). 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_2 emissions.

Our plastic glazing rear and quarter windows have been adopted on the 86 GRMN, a limited-edition model released by TMC in 2016, and have contributed to achieving a reduction in weight and a lower center of gravity. Moreover, this rear window offers the world's first defogger for a plastic glazing product.

Toyota Industries will continue to develop attractive new products that leverage the distinctive characteristics of plastic glazing.

* Survey by Toyota Industries Corporation

Plastic glazing rear window

Plastic glazing quarter window

“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 “Taking the Lead in Making Our Cars More Attractive.” 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.

Vitz No. 3 car participating in Rally Toya

TOPIC

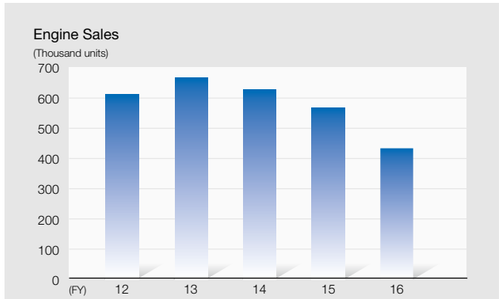
Toyota Industries participated in Tokyo Auto Salon 2016, held from January 15 to 17, 2016, to showcase its concept car for the first time to the public. Many visitors were pleased with its unique, flowing contour and wanted it to be introduced into the market as it is.

Concept car on display

Engine

Business Overview in Fiscal 2016

Despite the launch of production of GD diesel engines, unit sales in fiscal 2016 declined 134,000 units, or 24%, from the previous fiscal year to 434,000 units. This decline was mainly attributable to decreases in sales of KD diesel engines and AR gasoline engines. Net sales dropped ¥33.8 billion, or 18%, from the previous fiscal year to ¥158.2 billion.



Toyota Industries’ Diesel Engines Highly Acclaimed by Customers Worldwide

Toyota Industries’ diesel engines, mounted in a variety of Toyota vehicles sold around the world, have gained high market recognition for their clean emissions, fuel efficiency and high performance. The V-type 8-cylinder VD diesel engine is installed in the Land Cruiser for markets outside Japan, including Australia, Russia and the Middle East. As a successor model of KD diesel engines, we commenced production of GD diesel engines in June 2015. These engines, which are installed in TMC’s Land Cruiser Prado and other vehicles, are equipped with a turbocharger, for which we participated in the development and started production in-house, and boast significantly higher performance.

As part of efforts to increase the production of GD diesel engines, an additional production line went into operation in January 2016 at our Hekinan Plant in Aichi Prefecture to manufacture the turbocharger to be mounted on GD diesel engines. In March, Toyota Industries Engine India Pvt. Ltd. (TIEI), a consolidated subsidiary in India engaging in the manufacture of engines, also initiated production of GD diesel engines.

GD diesel engine

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 our lift trucks, and adopted by GHP*1 manufacturers in Japan and CHP*2 manufacturers worldwide.

We expanded our lineup of industrial engines with the addition of the Toyota 1KD industrial diesel engine, which is equipped with a turbocharger developed in-house, and the Toyota 1FS gas/gasoline engine in March 2013, followed in December 2013 by the Toyota 1ZS industrial diesel engine also equipped with a turbocharger developed in-house. 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.

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

For the Creation of Better Engines

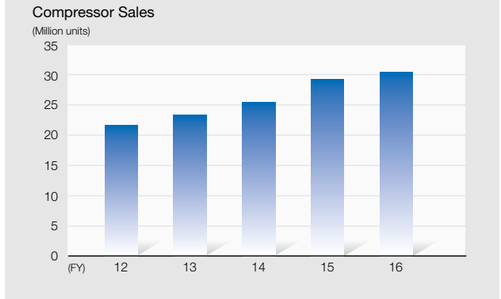
Fuel efficiency and emissions standards are becoming more and more strict, as called for in the twenty-first session of the Conference of the Parties (COP21) held in Paris, France, in November 2015 and as evidenced by India imposing increasingly severe regulations on diesel engines. Even before such trends became prevalent, Toyota Industries has been carrying out development of next-generation 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. In November 2014, TMC and Toyota Industries agreed to gradually consolidate diesel engine development and production functions into the operations of Toyota Industries. Accordingly, we will step up our efforts to achieve shorter development cycles with improved efficiency in order to develop and produce diesel engines with greater competitiveness.

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 2016

In fiscal 2016, unit sales of car air-conditioning compressors rose 1.05 million units, or 4%, over the previous fiscal year to 30.37 million units as a result of an increase in sales in North America, Europe, China and other regions. Net sales rose ¥18.0 billion, or 6%, over the previous fiscal year to ¥342.6 billion.



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 mounted in internal-combustion vehicles, we are concentrating on development of a variable-displacement type compressor with considerably greater fuel efficiency while also focusing on an optimum

6SES14 compressor (variable-displacement type)

balance between performance and prices of fixed-displacement type 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 Corolla, as well as by Daimler AG, General Motors Company (GM), Volkswagen AG and Hyundai Motor Company.

As for fixed-displacement type scroll compressors for light and compact vehicles, we developed the SCSE series, which possesses such excellent properties as lighter weight, greater fuel efficiency and quieter operation. It has been installed in an increasing number of vehicle models of Daihatsu Motor Co., Ltd. and GM.

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

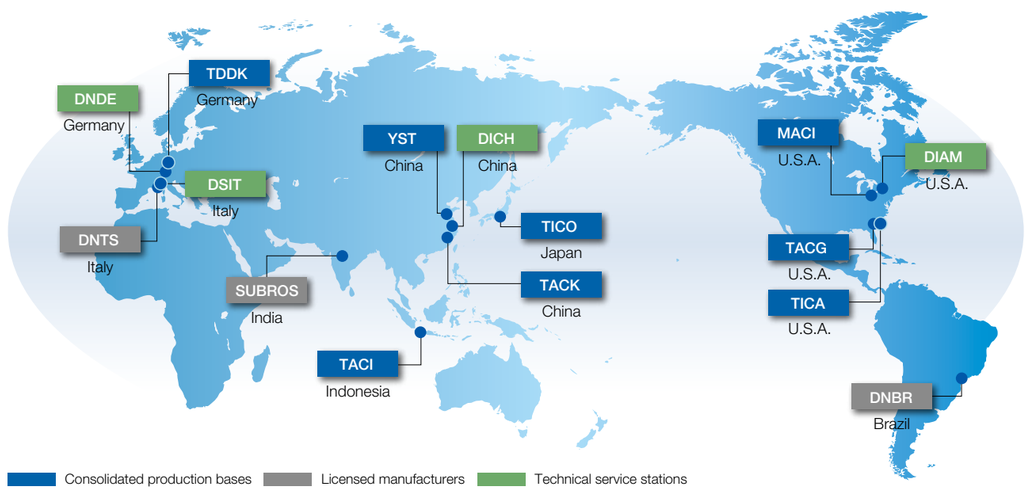
SCSE06 compressor (fixed-displacement scroll type)

To offer attractive products to the growing number of automakers worldwide now actively engaged in the development of HVs, we developed the ESB series, which is even more compact, fuel efficient and lighter weight. The ESB20 compressor mounted in the new Prius uses a newly developed motor and inverter and has an improved compression structure. We have succeeded in reducing its size and weight compared with the ES14 installed in the third-generation Prius models, while improving its air-conditioning capability by 30% and reducing power consumption by 8%.

Besides TMC, Ford Motor Company, Volkswagen, Honda Motor Co., Ltd. and Nissan Motor Co., Ltd., which are already using our electric compressors in their respective HVs and EVs, we will continue to ramp up our efforts to expand sales to other automakers in Japan, the United States and Europe.

ESB20 compressor (electric type)

■ **Worldwide Bases of Car Air-Conditioning Compressors** (As of March 31, 2016)



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

Augmenting Technical Support Capabilities

We station our sales engineers in the United States, Germany, Italy and China and provide technical support locally, promoting sales expansion and activities to prevent quality issues from occurring.

In fiscal 2014, two of our consolidated subsidiaries, namely, Michigan Automotive Compressor, Inc. (MACI) in the United States and TD Deutsche Klimakompressor GmbH (TDDK) in Germany, began to conduct design operations locally. A reduction in development lead time resulting from our local design operations has been received favorably by automakers. We plan to continue this initiative in the future.

Local design operations at MACI

Establishing Optimum Global Production and Supply Structures

To respond to growing demand for variable-displacement type compressors triggered by the enforcement of more stringent fuel efficiency standards, we are proceeding with augmentation of corresponding production capacities and commenced local production of key functional parts at our production bases in North America.

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.

TOPIC

MACI is Toyota Industries' oldest compressor manufacturing base outside Japan and celebrated its 25th anniversary in June 2015. Globalization of our Car Air-Conditioning Compressor Business, for which we now boast the world's top share*, began from here. Currently, MACI operates the largest compressor plant in the United States with annual production of more than 5 million units of mainly variable-displacement type compressors, which possess such attributes as high efficiency, greater fuel economy and low environmental impact. Cumulative production reached 100 million units in December 2015.

Ceremony to commemorate the cumulative production of 100 million units

* Survey by Toyota Industries Corporation

Car Electronics

Business Overview in Fiscal 2016

Net sales of electronics products were affected by a model change of TMC's Prius. Along with the growing market of electric-powered vehicles, we proceeded with efforts to enhance the appeal of our products.

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), EVs and fuel cell vehicles (FCVs). 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 to supply power to electronic control units, lights, wipers and other auxiliary devices.

For the new, fourth-generation Prius, by developing the world's first thick copper substrate with excellent heat dissipation property and revising the way to integrate components on the circuit board, we reduced the volume and weight of the converter by 50% and 60%, respectively, compared with the product used on the third-generation Prius.

Leveraging our technologies accumulated in the field of DC-DC converters for HVs, we successfully developed and commenced sales of a DC-DC converter for use with start-stop systems, which can suppress a voltage drop at the time of engine restart, and have been promoting its sales to automakers.

DC-DC converter mounted in the new Prius

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 18 million units in March 2016.

DC-AC inverter mounted in the new Prius

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 mounted in the Prius Plug-in Hybrid.

In addition, we develop and produce inverters for electric car air-conditioning compressors for HVs and other electric-powered vehicles. These inverters have been contributing to increasing the product appeal of our car air-conditioning compressors. (See Special Feature 2 on pages 26–29 for details.)

We have also leveraged our inverter technologies related to electric car air-conditioning compressors and successfully developed a highly efficient, low-cost inverter for hydrogen circulation pumps. The new inverter has been adopted in TMC's MIRAI FCV.

Core Components for Drive Systems

Since 1967, we have been providing inverters for materials handling equipment and accumulating a pool of know-how and expertise on 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.

4WD rear inverter mounted in the new Prius

The new Prius offers a four-wheel drive (4WD) model for the first time in the series, and it is fitted with our rear inverter for 4WD use. This product converts the DC voltage of HV batteries to AC voltage and feeds power to the 4WD rear motor. The adoption of a forced air-cooling system eliminates the need to install cooling water piping, thereby providing greater ease in mounting the inverter on vehicles. The inverter also features quieter operation as it is mounted near the cargo space.

In the future, we will augment our development efforts in order to increase orders for core components of drive systems, for which further growth is expected.

Charging Infrastructure

Toyota Industries sells public-use charging stands and home-use charging units for PHVs and EVs, which have been jointly developed with Nitto Kogyo Corporation.

We exhibited our new public-use charging stand at the 44th Tokyo Motor Show held in October 2015. This product consists of one main control stand that offers charging functionality as well as such features as communication, IC card-based user authentication and billing, and multiple low-cost, charging-only sub-stands. Besides the existing model's features, the main control stand has an additional capability to control up to 10 sub-stands, thereby reducing the initial costs of installing multiple charging stands.

We are positioning this new charging stand as a standard model of the charging infrastructure and will strive to enhance its functionality to ensure that we continue to satisfy customer needs. Along with sales of charging stands, we will work to enhance maintenance, inspection and other services.

Main control stand (high-performance unit to control sub-stands)

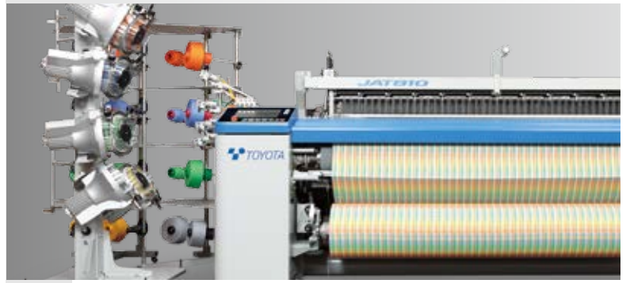
Sub-stands (charging only)

Charging stand for PHVs and EVs

Accelerating Development Activities to Contribute to a Low-Carbon Society

As many countries adopt regulations requiring high energy efficiency, electrification is expected to become more widespread not only for automobiles but also for materials handling equipment and other non-automotive products. Targeting the high-growth, electric-powered vehicle market, we will accelerate our development efforts to enhance our products in the fields of HVs, PHVs, EVs and FCVs, thereby contributing to a low-carbon society.

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 ring spinning frames and roving frames.

*1: Survey by Toyota Industries Corporation

Business Overview in Fiscal 2016

The textile machinery market remained stagnant as economic growth slowed down in China and emerging countries in Asia. While sales of weaving machinery expanded, with unit sales of air-jet looms increasing 400 units, or 8% year-on-year, to 6,200 units, sales of spinning machinery and yarn quality measurement instruments declined. As a result, net sales were down ¥2.5 billion, or 4%, from the previous fiscal year to ¥65.6 billion.

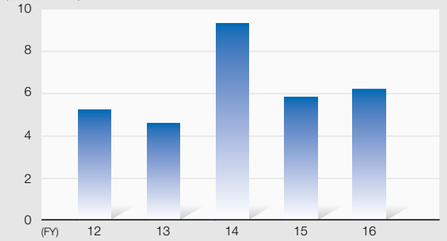
Business Development of Weaving and Spinning Machinery

In the field of weaving machinery, we introduced an enhanced electronic shedding device to our JAT810 air-jet loom, for which we enjoy the world's top market share. This shedding device serves to increase textile variations by enabling the weaving of fabrics with complex patterns.

In the field of spinning machinery, we have added a feature to the RX300 high-speed ring spinning frame as an option to produce a new spun yarn called mosaic yarn*2

Air-Jet Loom Sales

(Thousand units)



and have been receiving favorable feedback from many customers.

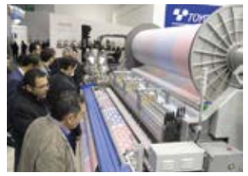
We aim to meet customer expectations by developing textile machinery that produces high value-added textile products through the pursuit of advanced technologies and continuous creativity and ingenuity as well as by providing meticulous after-sales services via an enhanced service structure.

Participation in ITMA 2015

In November 2015, Toyota Industries participated in ITMA 2015, an international textile machinery exhibition held in Milan, Italy. A total of 1,600 companies from 46 countries participated in the event, including those in Europe, India and China, and there were more than 120,000 visitors. At this exhibition, we displayed our JAT810 air-jet loom, RX300 high-speed ring spinning frame and various other products and appealed the excellence of these products' environmental performance and reliability. As for the TCO12 comber co-developed with Truetzschler GmbH & Co. KG, our partner manufacturer of spinning machinery in Germany, we conducted a demonstration of its automatic lap*3 change system called Automatic Lap Piecer. The system's excellent stability during high-speed operation received high marks from visitors.

Uster Technologies AG, a Swiss-based consolidated subsidiary producing yarn quality measurement instruments, also participated in the exhibition to present, among others, the world's first quality control system covering the entire spinning process and appealed its advanced total quality solutions.

Spinning machinery booth



Weaving machinery booth

Uster Technologies booth

*2: A special yarn newly developed by Toyota Industries, which is made by alternating or mixing two rovings in different colors, offering a considerable degree of freedom in color and design choices

*3: A roll of thinly spread sheet of fibers

Relationship with Stakeholders

Relationship with Our Customers

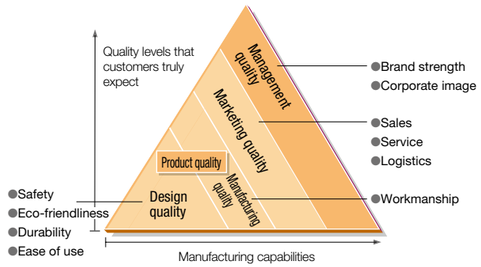
Adhering to a quality first approach, Toyota Industries strives to realize *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

"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 approach to corporate social responsibility (CSR).

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

■ Types of Quality Sought by Toyota Industries



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

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

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

Should a defect occur after the product launch, the quality assurance departments of each business division immediately devise necessary measures. At the same time, a probable cause is identified from both technical and structural aspects, and if deemed necessary, the new product development system itself is reviewed to prevent a recurrence in the successor model.

Activities Based on the Quality Guidelines

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

Quality Vision 2020

All members in the Toyota Industries Group 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 and enforce Company-wide, horizontally aligned activities. The implementation status of these guidelines is reviewed by top management at the Quality

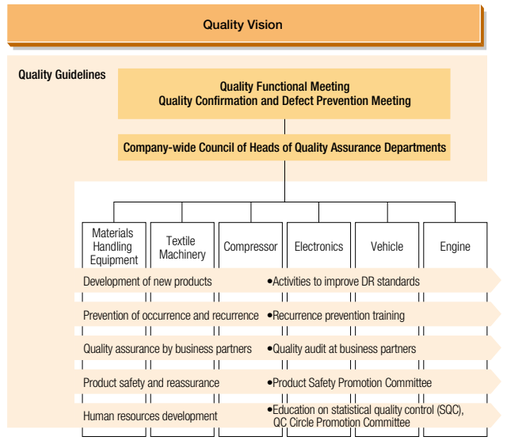
Quality inspection by top management

Functional Meeting and the Quality Confirmation and Defect Prevention Meeting, both chaired by the head of the Production Headquarters*, for identifying additional issues and devising countermeasures. Issues raised are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by the head of the Quality Control Department* of the Production Headquarters. The president also checks on the outcome of these activities through *genchi genbutsu* (go and see for yourself) inspections.

As for initiatives to ensure product safety, in order to meet customers' expectations for safety and reassurance we have been promoting activities to minimize risks at the development and design stage based on the assumption that customers make use of our products in diverse ways, including foreseeable misuse and use under malfunctioning conditions.

* As of March 31, 2016

■ Company-Wide, Horizontally Aligned Quality Assurance Activities



Initiatives to Raise Quality Awareness

To ensure that we live up to our customers' expectations in terms of quality, we believe it is important to have a high level of quality awareness on an individual level. That is why we engage in various activities to raise quality awareness, including organizing quality seminars and distributing Quality Month Texts.

As a new initiative in fiscal 2016, we asked all employees to complete a quality awareness questionnaire. With the aim of elevating quality awareness to the next level, we created the questionnaire ourselves so that answering questions would encourage personal development. Based on the results, we analyzed strengths and weaknesses in each line of work and department, and provided departmental feedback as a tool to help individuals understand what actions they need to take to improve quality.

We intend to conduct quality awareness questionnaires every year as part of Quality Month in an effort to maintain and improve high levels of quality awareness.

Providing Support to Business Partners

Improving the quality of our products requires joint quality improvement activities with our business partners in and outside Japan. For this reason, we collaborate with our major business partners in upgrading their quality assurance efforts. Specifically, we conduct an annual quality audit to identify deficiencies and ensure effective improvement, and provide quality-related education.

Responsible executives of Toyota Industries verify the outcome of these activities through *genchi genbutsu* inspections.

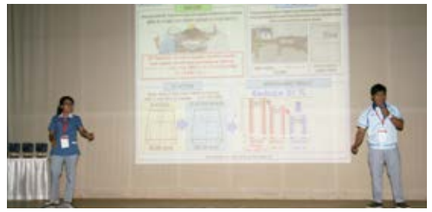
These activities enable our business partners to attain the level of quality assurance that Toyota Industries requires and establish a culture to foster quality assurance on their own.

Promoting Human Resources Development

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

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

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



Global QC Circle Convention

Global QC Circle workshop

Relationship with Our Business Partners

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

Fair Business Transactions Based on an Open Door Policy

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

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

Co-Existence and Co-Prosperity Based on Mutual Trust

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

Reducing Environmental Impact through Environmentally Preferable Purchasing

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

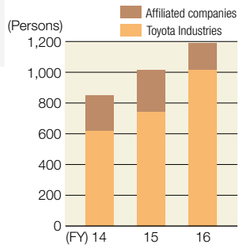
Our Environmentally Preferable Purchasing Guidelines, which we have formulated to enforce “green” purchasing, apply not only to parts, raw materials and equipment but also to packaging materials. Along with environment-friendly products, we deliver safety and reassurance to customers.

Localization of Business for Good Corporate Citizenship

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

Promoting Human Resources Development

■ **Participants of Japan’s Subcontracting Law Seminar**



We proactively provide procurement education both internally and externally. In fiscal 2016, we provided training on Japan’s subcontracting law to strengthen compliance, with seminars attended by 1,012 Toyota Industries employees and 175 participants from affiliated companies. We also carried out workplace compliance inspections in an effort to prevent violations.

As a new initiative getting underway from fiscal 2017, we have started providing basic education for less-experienced employees at Toyota Industries and affiliated companies, with the aim of improving knowledge among personnel in procurement.

We also work with Hoeikai, an organization consisting of our business partners, to provide support to strengthen the management platforms of member companies through Toyota Production System (TPS) activities in manufacturing and QC circle activities.

Basic education in procurement

Business Continuity Plan (BCP) Activities for Possible Major Earthquake

We engage in BCP-related 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.

Having formulated disaster mitigation plans for all companies that took part in disaster mitigation workshops (tabletop exercises) up until fiscal 2015, in fiscal 2016 we promoted BCP initiatives by starting to confirm actual progress through *genchi genbutsu* inspection. We also provided emergency recovery support in the wake of the earthquake in Kumamoto that occurred in April 2016, including sending personnel and providing relief supplies to affected suppliers.

Antiseismic initiatives

■ **BCP Activities**

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

Relationship with Our Shareholders and Investors

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

Basic Perspective

Toyota Industries continually carries out timely and appropriate information disclosure for shareholders and investors. In this way, we raise management transparency so that we obtain an appropriate company valuation in stock markets. We proactively provide not only information required under disclosure laws and regulations but also information on our management policy and business activities. Also, we engage in various investor relations activities to facilitate productive dialogue with shareholders and investors 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 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 137th General Shareholders’ Meeting on June 11, 2015, in which a record-high 418 shareholders participated. To foster a better understanding of our business activities, we invited our shareholders for a lift truck plant tour following the general shareholders’ meeting.

■ **Number of Participants**

(Persons)

	133rd	134th	135th	136th	137th
Shareholders’ meeting	320	363	396	348	418
Plant tour	112	132	185	144	163

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 host lift truck plant tours (production lines, technical exhibits, etc.) to showcase our approach to manufacturing and on-site initiatives and facilitate a deeper understanding of Toyota Industries. To respond to the growing number of institutional investors 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. For individual investors, we hold company information sessions to promote an understanding of our business and management policies.

Toyota Industries’ redesigned website. The English website is to be redesigned within fiscal 2017.

We have redesigned the Investor Relations page on our website and newly added a page for individual investors, in which our business details and strengths are summed up in an easy-to-understand manner.

■ **Major IR Activities**

For institutional investors and securities analysts in Japan

- Quarterly financial results briefings
- Individual interviews/visits
- Small meeting
- Teleconferencing
- Company-hosted plant tours
- Issuing/delivering *Toyota Industries Reports*

For institutional investors outside Japan

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

For individual shareholders and investors

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

Lift truck plant tour hosted by Toyota Industries (Dec. 2015)

Returning Profits to Shareholders

Toyota Industries regards ensuring shareholder benefits as one of the most important management policies. Accordingly, we strive to continue paying dividends at the consolidated dividend payout ratio of roughly 30% and meet the expectations of shareholders upon comprehensively taking into consideration such factors as business results and demand for funds. For fiscal 2016, Toyota Industries paid annual cash dividends per share of ¥120.0 (interim cash dividend per share of ¥60.0 and year-end cash dividend per share of ¥60.0).

We will also be acquiring treasury stock up to a maximum of 4 million shares in the amount of ¥18 billion during the period from June 10, 2016 to June 9, 2017, with the aim of improving capital efficiency and returning profits to shareholders.

Relationship with Our Associates

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

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

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

Based on the idea of building "a homelike atmosphere at work that is warm and friendly" as stated in the Toyoda Precepts, we clarified "the true meaning of safety" and "the ideal goal of safety" and formulated the "Safety Vision" in fiscal 2014. With the aim of fostering a safety-oriented culture, we have promoted activities to instill the vision throughout the Toyota Industries Group. Having extended activities to top management at consolidated subsidiaries in Japan in July 2015, we have now completed safety workshops for top management, as well as health and safety staff, at all Group companies worldwide.


Safety Vision

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

July 1, 2013


Safety workshop for top management at consolidated subsidiaries in Japan

Safety workshops have helped top management at individual companies to recognize that "safety is the cornerstone of business continuity," and enabled them to take the initiative in safety dialogue, including ceremonies for new employees and meetings, based on the conviction that it is possible to eliminate accidents entirely.

In fiscal 2016, we primarily implemented "activities aimed at establishing a safety-oriented culture" and "pursuit of fundamental safety for machinery and equipment centering on risk assessments and activities to promote safety measures from human, object and administrative standpoints." We intend to continue with such activities in the future.

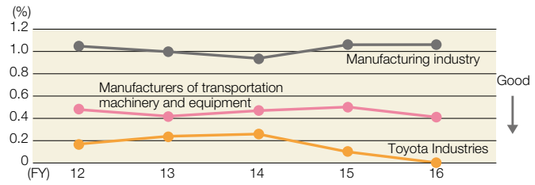
For a safety culture to firmly take hold, leadership and strong awareness among managers and supervisors are vital. As such, we provide safety workshops for managers and supervisors at respective departments.

Having completed workshops for manufacturing departments during the first half of fiscal 2016, we are planning to finish rolling out workshops to administrative and engineering departments by the end of fiscal 2017. We also intend to continually improve safety awareness by establishing an educational framework for newly appointed managers and supervisors.

As typical examples of activities aimed at establishing a safety-oriented culture, we encourage point-and-call practices to check safety, instruct associates to use hand rails when going up or down stairs and call on associates to raise awareness among each other.

Implementation of these various initiatives resulted in a certain year-on-year improvement in the frequency rate of lost workday injuries in fiscal 2016. We will continue to implement unfaltering initiatives to instill a safety culture among associates.

■ **Frequency Rate of Lost Workday Injuries**



(Source: Survey on Industrial Accidents, Japan's Ministry of Health, Labour and Welfare)

In terms of chemical risk assessments, we have revised our proprietary Ecology, Safety and Health Material Investigation System (EMIS) in order to assess risks during preliminary inspections of harmful chemical substances and to contribute to health and safety management in the workplace. The system itself is designed so that chemical substances cannot be purchased unless an application is filed in advance.

At subsidiaries outside Japan, since a notion of a safety-oriented culture differs in individual countries and regions, communication is particularly important when mutually incorporating effective activities from one another while understanding and respecting a diverse range of cultures. With that in mind, we planned a health and safety regional meeting and organized one at a base in North America in November 2015.

This meeting is designed to create a cooperative framework not only in complying with laws but also in establishing a safety-oriented culture and improving health and safety technology and measures, with an emphasis on strengthening cooperation among subsidiaries in respective regions.

We are planning to organize a regional meeting in Europe and other areas in fiscal 2017 onward and aim to establish a health- and safety-oriented culture at the highest level in each region.


Health and safety regional meeting at a base in North America


A unique safety *dojo* at a base in North America

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 from developing into 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. Along with specific health guidance required by the Japanese government, we provide health promotion guidance to associates below the age of 40 to help them improve lifestyle habits early on.

■ **Major Health Promotion Activities in Fiscal 2016**

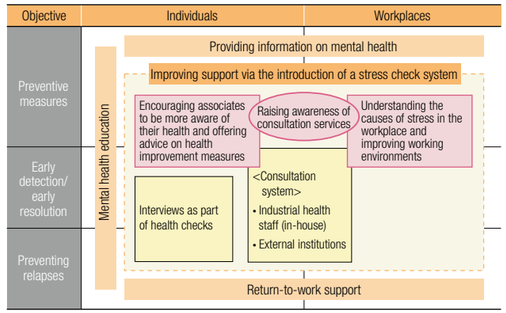
Participants of age-based health education	(2,157 persons)
Persons having completed guidance program on prevention of lifestyle diseases	(556 persons)
Stop smoking enlightenment events • World No Tobacco Day: One-day no smoking (May 29) • No Smoking Days: Half-day no smoking (for 10 days)	
Participants of stop smoking campaigns (held jointly with health insurance association)	(44 persons)
Participants of walking events (held jointly with health insurance association)	(3,783 persons)


Stretching exercise during age-based health education

As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line-care education to prevent new cases and operation of a return-to-work support program for persons on long-term leave for prevention of relapses. We have successfully achieved positive results through these activities.

In fiscal 2016, we looked into establishing the necessary mechanisms to introduce a stress check system in September 2016. From the initial fiscal year in which this system will be implemented, we are also planning to introduce feedback to relevant workplaces so that we can improve our mental health support structure even further.

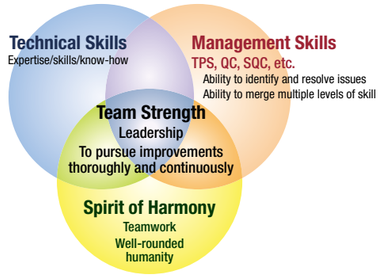
■ **Improving Mental Health Support Systems (Introducing a Stress Check System)**



Enhancing Team Strength

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

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



Technical Skills

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

At the 53rd National Skills Competition* held in 2015, the Toyota Industries team won one gold medal in the "mechanical device control" category and received prizes in various other categories, thereby attaining medals for the 15th consecutive competition.

In addition, the Toyota Industries team won a bronze medal in the "structural ironsmith" category at the 43rd WorldSkills Competition held in São Paulo, Brazil, in 2015.


53rd National Skills Competition (mechanical device control)

* Skills competition for determining Japan's top young engineers

■ **Number of Medals Won at the National Skills Competition**

	FY2014	FY2015	FY2016
Gold medal	1	1	1
Silver medal	2	3	2
Bronze medal	3	1	3
Total	6	5	6

Management Skills

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

Spirit of Harmony

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. We are proactively encouraging communication not only during work hours but also through social gatherings, sports days, summer festivals, Group-wide *ekiden* long-distance relay races and cheer squads for various sports events.

Establishing Work Environments Where Diverse Human Resources Can Play Active Roles

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

Promoting Active Roles of Female Associates

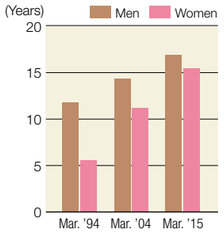
We have been formulating plans to harness a more diverse range of human resources and continuing to carry out activities since 2008.

We have been working to enhance support systems through such measures as introducing "a return-to-work ("welcome-back") system for associates who have left work to care for children and family members or to accompany their spouse for a job transfer" and "a shorter work-hour system for child care." We also introduced a telecommuting system in April 2014. As a result, we have managed to reduce the gender gap in terms of average length of service in administrative and engineering positions to 1.4 years.

We have also been cultivating a better corporate culture through the launch of Diversity Navi activities, which entail such ongoing activities as providing forums for associates with limited working hours to share opinions and seek advice from one another. As a result, the number of female associates in managerial positions has quadrupled over the course of 10 years from 2006 to 2016 (from seven to 29).

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

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



Project members to promote more active roles for female associates

■ **Action Plan**

Implementation

		FY2016	FY2017
Changing mindsets among managerial staff and across all associates	(1) Launch, message from president		
	(2) Awareness seminar for managerial staff		
	(3) Follow-up on individual development plans	(Ongoing)	
	(4) Getting spouses involved in pre-maternity leave seminars		
Career support for female associates	(1) Sending associates overseas for training at an early stage in their careers	(Ongoing)	
	(2) Career training and interviews for female assistant managers		
	(3) Role model exchange meetings		
	(4) Early return-to-work support (pre-maternity leave seminars)		
	(5) Improving career development support		
Promoting flexible working practices	(1) Expanding telecommuting options		

■ **Initiatives for Promoting Active Roles of Female Associates**

~ FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Enhancing support systems •Extending the period of childcare leave •Introducing a shorter work-hour system for child care •Introducing a telecommuting system •Introducing a leave system to allow parental care of children with illnesses •Establishing on-site day care •Introducing a "welcome-back" system*1								
		Cultivating corporate culture •Opening a Diversity Navi page on the intranet •Holding exchange meetings and lectures to share experiences of female associates in balancing work and family						•Project for promoting active roles of female associates •President's message
Increasing the ratio of female associates •Starting to recruit main career track female associates (for engineering positions in 1986 and administrative positions in 1996)								•Seminars for female students in science track •Increasing recruitment of female associates from non-engineering university departments
						Cultivating career consciousness •Individual interviews with female assistant managers and their superiors •Formulating individual development plans •Sending trainees overseas •Training for career development for assistant managers		
						Setting targets for the number of female associates in managerial positions •Keidanren*2 •MHLW*3		Toyota Industries 7 (2006); 29 (2016); 75 (target for 2020)

*1: A system to enable reinstatement under certain preconditions
*2: Japan Business Federation
*3: Ministry of Health, Labour and Welfare

In 2015, we set up a project to promote more active roles for female associates, comprising 11 men and women from different departments. This project was key for the identification of issues and formulation of policy proposals in promoting the increased active roles of female associates through discussions and exchanges among project members and stakeholders. The results of these discussions formed the basis for the development of a Company-wide action plan in clarifying the initiatives for this project. In carrying out the action plan, we specifically focus on the initiatives to change the mindset among managerial staff and across all associates, provide female associates career support and promote flexible working practices. We have already launched activities involving management, heads of departments and managerial staff, and have relayed a message from the president.

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

In January 2016, we were certified by the Aichi Labor Bureau as a "Female-Friendly Company." We will continue to promote activities aimed at creating more active roles for female associates.

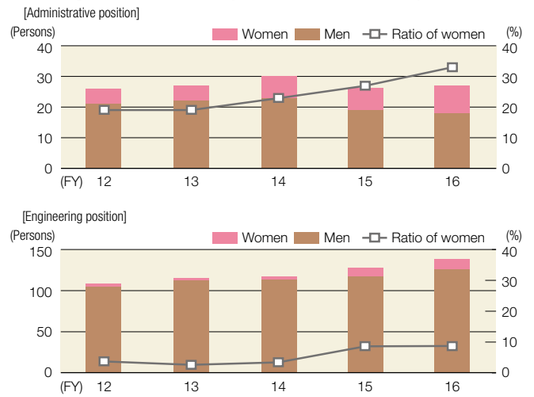
Creating a company where all associates can fulfill their potential

- Ask yourself, what is a company for? Its purpose is to make its customers, shareholders and associates happy.
- Given Japan's declining birthrate and aging society, the time will come when a male-dominated system of long working hours is no longer viable. We need to embrace diversity.
- Promoting more active roles for female associates is not only for the benefit of women but also for the benefit of all our associates and our vitality as a company so that we can all be happy in our work.

Announcing project recommendations

Project activities

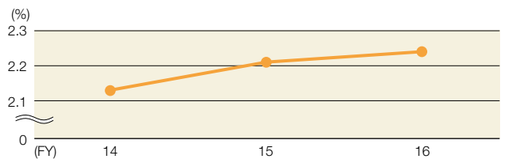
■ **Hiring of New Graduates (Non-Consolidated Basis)**



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 2016, the ratio of associates with disabilities on a non-consolidated basis was 2.24%.

■ **Ratio of Associates with Disabilities (Non-Consolidated)**



Creating a Work Environment for Older Associates

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

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

Relationship with Our Local Communities

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

Activities as a Good Corporate Citizen

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

* Voluntary organizations formed by employees at each job level

Structure for Promoting Social Contribution Activities

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

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities
Social welfare	Events to interact with persons with disabilities · "Walk Rally (orienteering)," harvest festival, festival Support for welfare facilities · Support for charity bazaars at facilities by providing goods · Volunteer work for facility cleanup/repair/pruning/weeding · Support for sales of products from facilities for persons with disabilities by providing opportunities to set up stalls · Volunteer listening activities at elderly care facilities **Supporting activities and raising money for medical institutions through a charity marathon (France) (P53)** Support for feeding the homeless and needy (Australia) Donating Christmas presents for less fortunate children (U.S.A.)
Youth development	Support for Youth Invention Clubs · *Monozukuri* workshops for elementary school children during summer vacations · Holding handmade kite-flying competitions · Running craft corners at local events Providing plant-hosted environmental education to elementary school children Holding mini concerts at elementary schools **Organizing food education and exchange meeting for children from children's homes (P52)** **Assisting with events aimed at sharing the joys of *monozukuri* (U.S.A.) (P53)**
Environmental protection	Initiatives for forest conservation · Tree thinning activities for conservation of prefecture-owned forests · Producing and donating benches made of thinned wood · Tree-planting activities for reforestation · Support for environmental festival through participation and financial assistance (Sweden) · Tree-planting activities on Mt. Papandayan (Indonesia) **Tree-planting activities to protect mangrove forests (Indonesia) (P53)** Cleanup activities along the delta coast (Romania) Cleanup activities at Semeru National Park (Indonesia)
Community contribution	Participation in local traditional events (Mando Festival) Road cleanup activities in areas around plants Activities to raise awareness for traffic safety Crime prevention patrols Highway cleanup activities (U.S.A.) Donating plumbing equipment, desks, uniforms and other items to schools (India) **Participating in joint patrols to stop nuisance parking (P52)**
Other	Holding charity concert Support for international NGO in collecting spoiled postcards Periodic blood donation drives **Participating in earthquake recovery support activities in Japan (Germany) (P53)**

(Activities without country designation were conducted in Japan.)

Activity Examples of Toyota Industries and Consolidated Subsidiary (Japan)

Toyota Industries Corporation — Youth Development

Organizing Food Education and Exchange Meeting for Children from Children's Homes

The Toyota Industries Team Leader Association from manufacturing departments planned a rice growing experience alongside children from children's homes as a new type of social contribution activity. With help from members of the local agricultural cooperative, the association got involved in activities such as planting rice, harvesting rice and pounding rice cakes, and shared with the children the importance of food all year round. From making scarecrows to playing in the mud, everyone got some exercise and had a fun time as well.

Employees planting rice with children from children's homes

Consolidated Subsidiary — Community Contribution

Participating in Joint Patrols to Stop Nuisance Parking

Sun River Co., Ltd., which operates sporting facilities, leases real estate and manages restaurants, carries out traffic safety activities in fall every year as a member of an association of local companies. During this campaign, employees took part in joint patrols to stop nuisance parking in the area around Esaka Station (Osaka Prefecture). As well as helping to improve traffic manners among local residents, this activity also serves to raise awareness among employees themselves.

Employees taking part in a joint patrol to stop nuisance parking

Activity Examples of Consolidated Subsidiaries (Outside Japan)

France — Community Contribution

Supporting Activities and Raising Money for Medical Institutions through a Charity Marathon

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

The TMHFR team made up of 89 people participated in charity marathons held in Paris and Toulouse in November 2015. These events are part of a campaign to raise recognition and awareness of men-specific illnesses and to be more health-conscious, and participants must wear a moustache whether real or fake. Participation fees of around 45,000 euros were raised and donated to medical institutions to support treatment and research on depression and prostate cancer.

Employees who participated in charity marathons

U.S.A. — Youth Development

Assisting with Events Aimed at Sharing the Joys of *Monozukuri*

Michigan Automotive Compressor, Inc. (MACI)
Subsidiary producing car air-conditioning compressors

In July 2015, MACI cooperated in the annual Learning Fair conducted in Jackson County in Michigan. The fair provides a hands-on opportunity to explore technology and craftsmanship and is a great learning experience for children and adults alike. Five MACI employees took part and prepared a *monozukuri* corner using compressor pieces and a robot experience corner.

Employees and children who took part in the event

Indonesia — Environmental Protection

Tree-Planting Activities to Protect Mangrove Forests

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

In January 2016, TACI provided cooperation to an environmental protection program promoted by an Indonesian subsidiary of Toyota Motor Corporation and its group companies and planted trees at Maron Beach on the island of Java. This activity is conducted to protect mangrove forests, which play an important role in safeguarding biodiversity. A total of approximately 300,000 mangrove trees were planted, including 2,000 trees donated by TACI.

Employees planting trees

Germany — Other (Recovery Support)

Participating in Earthquake Recovery Support Activities in Japan

TD Deutsche Klimakompressor GmbH (TDDK)
Subsidiary producing car air-conditioning compressors

In May 2015, five employees of TDDK joined recovery support efforts in the area greatly damaged in the Great East Japan Earthquake through the NPO Kizuna-in-Berlin. The volunteers engaged in various activities, such as restoring homes, tending farms and repairing tools. They stayed with the local residents in a homestay, which enabled them to deepen their insights into Japanese culture and daily life and to form bonds with people in the communities.

Employees helping repair tools

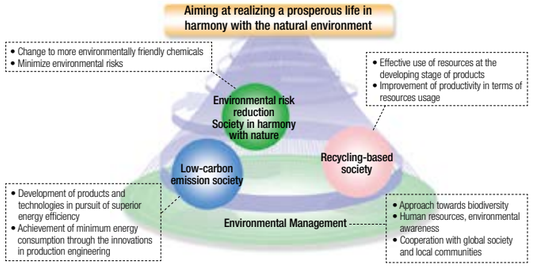
Environmental Initiatives

Vision for Environmental Activities

We have achieved the Fifth Environmental Action Plan and have launched the Sixth Environmental Action Plan in fiscal 2017.

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 165 companies in and outside Japan will dedicate concerted efforts to realizing a prosperous life in harmony with the natural environment.



Notional Diagram of Global Environmental Commitment

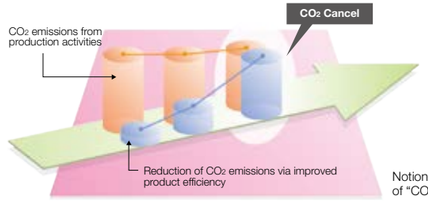
Achievement of the Fifth Environmental Action Plan

Toyota Industries completed its Fifth Environmental Action Plan covering the five years from fiscal 2012 to fiscal 2016.

We conducted activities according to the action items and targets laid out in the Fifth Plan. They included a 10% reduction in CO_2 emissions from major products to be developed during the period covered by the Fifth Plan; accomplishment of "CO_2 Cancel," our original concept to offset CO_2 emissions from production activities by reducing CO_2 emissions via improved product efficiency and other means; and improvement of environmental performance.

We successfully achieved all designated targets.

(See Five Years of Steady Progress on pages 56–57 and Summary of the Fifth Environmental Action Plan on pages 58–59 for details.)



Notional Diagram of "CO_2 Cancel"

CO_2 emissions from production activities
= Total CO_2 emissions from Toyota Industries' plants
Reduction of CO_2 emissions via improved product efficiency
= Total reduction in CO_2 emissions attained by major products which are manufactured at Toyota Industries' plants

Formulation of the Sixth Environmental Action Plan

Based on the Global Environmental Commitment that articulates our basic approach to environmental initiatives, we have formulated the Sixth Environmental Action Plan, a new five-year plan for the period from fiscal 2017 to fiscal 2021. The plan incorporates a far-sighted approach to creating a society with zero CO_2 emissions by 2050 with a view toward contributing to a society that realizes enriched lifestyles in harmony with the natural environment.

In formulating the new plan, we reviewed the results of activities under the Fifth Plan and specified key points as shown below on which to concentrate our efforts as the Toyota Industries Group in aggressively promoting the four action themes of the Global Environmental Commitment, namely, 1) establishing a low-carbon emission society; 2) establishing a recycling-based society; 3) reducing environmental risk and establishing a society in harmony with nature; and 4) environmental management.

(See the Sixth Environmental Action Plan on pages 60–61 for details.)

Key Points of the Sixth Environmental Action Plan

Challenge: Take on a challenge of reducing CO_2 emissions for a zero CO_2 society in 2050
- Develop products and technologies with the highest level of environmental performance
- Develop production engineering technologies with lower CO_2 emissions and utilize clean energy

Contribute: Contribute to a future society through technology development and resource utilization
- Develop technologies for the realization of a hydrogen-based society
- Promote measures against resource depletion by recycling waste

Give back: Nurture the natural environment and give back to nature
- Collaborate with all Toyota Group companies to promote activities of the Toyota Industries Group to promote greening activities
- Prepare and promote countermeasures against water depletion after determining water usage and wastewater amount

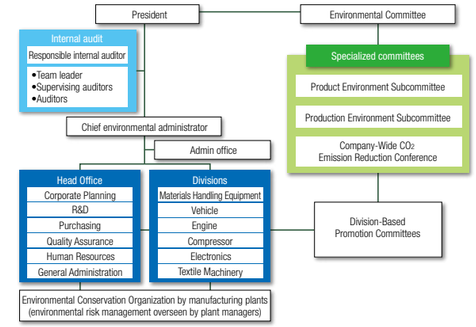
Structure to Implement Environmental Management

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.

Promotion of Environmental Management System

Toyota Industries has positioned environmental response as one of its most crucial management issues. To quickly 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.

■ **Environmental Management Structure**



In fiscal 2016, we continued to provide education to employees, including introductory courses for environmental management and environmental audits, in which the former is for cultivating required knowledge and the latter for gaining knowledge and techniques of internal audits. Proactive participation by department heads and others in managerial positions has enabled us to increase understanding of environmental management and develop internal auditors.

As a first attempt to enhance the quality of our audits, we invited an external institute to provide auditor education to supervising auditors engaging in internal audits.

Auditor education by an external institute

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 2016 revealed no non-conformances. For matters pointed out in the audit to have the potential to cause non-conformances in the future, we will implement improvement measures and disseminate the relevant information to other plants to raise the overall level of environmental management.

We continued to conduct internal audits under the mutual, interdivisional audit system. In fiscal 2016, we strived to upgrade our auditing capabilities by organizing audit teams with the dual goals of fostering the development of auditors and increasing audit efficiencies. In the area of audits, our focus was placed on reducing environmental risks and improving environmental performance, and we successfully clarified how much each business division contributes to overall environmental management.

■ **Scope of Group-Wide Environmental Management** (As of March 31, 2016)

Non-production companies
Japan: 21
Outside Japan: 106

Europe
■ **Production companies: 6**
Toyota Material Handling Manufacturing Sweden AB (Sweden)
Toyota Material Handling Manufacturing Italy S.p.A. (Italy)
Toyota Material Handling Manufacturing France SAS (France)
L.T.E. Lift Truck Equipment S.p.A. (Italy)
TD Deutsche Klimakompressor GmbH (Germany)
Uster Technologies AG (Switzerland)

Asia
■ **Production companies: 8**
Toyota Industrial Equipment Vietnam Co., Ltd. (Vietnam)
Toyota Industries Engine India Private Limited (India)
Kirloskar Toyota Textile Machinery Pvt. Ltd. (India)
P.T. TD Automotive Compressor Indonesia (Indonesia)
Toyota Industry (Kunshan) Co., Ltd. (China)
TD Automotive Compressor Kunshan Co., Ltd. (China)
Yantai Shougang TD Automotive Compressor Co., Ltd. (China)
Tailift Material Handling Taiwan Co., Ltd. (Taiwan)

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

North America
■ **Production companies: 9**
Cascade Corporation (U.S.A.)
Indiana Hydraulic Equipment, Corp. (U.S.A.)
North Vernon Industry Corp. (U.S.A.)
Raymond-Muscatine Inc. (U.S.A.)
The Raymond Corporation (U.S.A.)
Toyota Industrial Equipment Mfg., Inc. (U.S.A.)
Michigan Automotive Compressor, Inc. (U.S.A.)
TD Automotive Compressor Georgia, LLC (U.S.A.)
Toyota Industries Compressor Parts America, Co. (U.S.A.)

Latin America
■ **Production company: 1**
Toyota Material Handling Mercosur Indústria Comércio de Equipamentos Ltda (Brazil)

Five Years of Steady Progress

Toyota Industries completed its Fifth Plan covering the five years from fiscal 2012 to fiscal 2016.

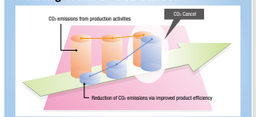
This section provides a digest of our efforts in the past five years taken from our previous *Toyota Industries Reports*.

Details of each topic are available at our corporate website.

- Establishing a Low-Carbon Emission Society
- Establishing a Recycling-Based Society
- Reducing Environmental Risk and Establishing a Society in Harmony with Nature
- Environmental Management

FY2012
(Ended March 31, 2012)

"Formulation of the Fifth Environmental Action Plan"
Working toward "CO_2 Cancel"



Toyota Industries Report 2012 P**62**

"Lecture on the environment (by Mr. Ukyo Katayama)"
What everyone can do now for the environment

Toyota Industries Report 2012 P**70**

"Wall greening activity received the Best Award in Aichi Green Curtain Contest"

Toyota Industries Report 2012 P**70**

"Introduction of internal eco-point system"
Selection of our corporate eco character

Toyota Industries Report 2012 P**70**

FY2013
(Ended March 31, 2013)

"A biotope to link people, nature and the local community"

Toyota Industries Report 2013 P**58**

"Won Biotope Award in the Fifth Biotope Commendation"

Toyota Industries Report 2013 P**61**

"Won silver prize of the Aichi Environmental Awards for serializing electric compressors"

Toyota Industries Report 2013 P**66**

"Received the Environment Minister's Award for global warming prevention activity"

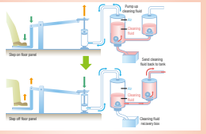
Toyota Industries Report 2013 P**68**

FY2014
(Ended March 31, 2014)

"Reinforcing activities to reduce peak power consumption by visualizing use of electricity"

Toyota Industries Report 2014 P**64**

"Recovering cleaning fluid by a mechanical pump"



Toyota Industries Report 2014 P**66**

"Enlightenment activities utilizing environmental AP cards"

Toyota Industries Report 2014 P**67**

"TMHE (consolidated subsidiary outside Japan) to publish its first social and environmental report"

Toyota Industries Report 2014 P**69**

FY2015
(Ended March 31, 2015)

"Toyota 1KD industrial diesel engine received Logistics Environmental Technology Development Award"

Toyota Industries Report 2015 P**67**

"Compiling and disseminating waste disposal know-how within Toyota Industries" Issued Waste Disposal Handbook

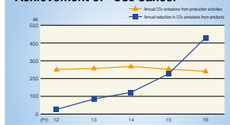
Toyota Industries Report 2015 P**69**

"Visualizing risk through piping inspections"

Toyota Industries Report 2015 P**70**

FY2016
(Ended March 31, 2016)

"Completion of the Fifth Environmental Action Plan"
Achievement of "CO_2 Cancel"

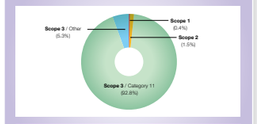


Toyota Industries Report 2016 P**63**

"Certification of environmentally friendly products"
19 items certified in 10 years

Toyota Industries Report 2016 P**63**

"Calculating greenhouse gas emissions in the supply chain"



Toyota Industries Report 2016 P**68**

"Tree-planting event held during Environment Month in India"

Toyota Industries Report 2016 P**69**

FY2017
(Ending March 31, 2017)

"Formulation of the Sixth Environmental Action Plan"
Taking on a challenge of creating a society with zero CO_2 emissions

Toyota Industries Report 2016 P**60**

Taking another step forward
under the Sixth Environmental Action Plan

Internally Used Posters on Energy Saving

Energy saving we all can do

Save energy to create a better future for children

Keep the environment clean for our future

A little care

Everyone to support the future earth

Details are available at our corporate website.

Toyota Industries Search

http://www.toyota-industries.com/

Summary of the Fifth Environmental Action Plan

We have achieved all targets for fiscal 2016.

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 formulated the Fifth Environmental Action Plan for the period from fiscal 2012 to fiscal 2016 and promoted activities according to the plan.

Through activities undertaken during these years, we have achieved all respective targets laid out in the plan.

■ Product Related

Fifth Environmental Action Plan Targets			FY2016 Achievements
Segments	**Action Policies**	**Specific Actions**	
Establishing a Low-Carbon Emission Society	Reduce CO_2 emissions by 10%*1 from major products to be developed during the period covered by the Fifth Plan		• Reduced CO_2 emissions by 17%
	In the Automobile-Related Business, promote electrification and develop technologies and products that will contribute to reduction of CO_2 emissions	• Improve energy efficiency of car air conditioners • Develop technologies to respond to electrification of vehicles • Develop technologies to enable weight reduction • Reduce energy loss • Develop new engines	<Automobile-Related Business> • Developed highly efficient electric car air-conditioning compressor <Materials Handling Equipment Business> • Improved energy efficiency of electric lift truck <Textile Machinery Business> • Developed technologies to reduce power consumption
	In the Materials Handling Equipment Business, develop technologies and products that will contribute to reduction of CO_2 emissions	• Improve fuel efficiency of internal-combustion lift trucks • Reduce energy loss in electric-powered lift trucks and improve energy efficiency of functional units	
	In the Textile Machinery Business, develop technologies and products that will contribute to reduction of CO_2 emissions	• Reduce energy use through lower air consumption • Reduce power use through lower load from windage loss • Reduce energy loss	
	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	• Reduce use of resources through longer product life • Reduce use of resources through standardization, modularization and reduction of components • Reduce use of resources through weight and size reductions • Promote reuse of components and resources	• Developed plastic glazing rear window
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	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
	Manage chemical substances contained in products	• Investigate chemical substances contained in products and manage switching over of SVHC*2 and other substances of concern to other substances	• Expanded the scope of substances of concern (investigated substances of concern contained in supplies)

■ Production Related

Fifth Environmental Action Plan Targets							FY2016 Achievements	Assessment
Segments	**Action Policies/Specific Actions**	**Subject**	**Scope**	**Control Items**	**Base Year (FY)**	**Targets**		
Establishing a Low-Carbon Emission Society	Promote energy reduction and energy conservation through innovative production technologies Reduce greenhouse gas emissions during production processes through energy JIT*3 Promoting measures to curb global warming	CO_2 emissions •Energy-derived CO_2 •5 gases*4 •CO_2 from logistics	Non-consolidated	Total emissions	2006	-18%	-22%	√
			Global	Eco efficiency*5	2006	1.27	1.34	√
			Non-consolidated			1.47	1.53	√
	Reduce CO_2 emissions through green logistics	CO_2 from logistics	Non-consolidated	Total emissions	1991	-20%	-35%	√
				Eco efficiency	2007	1.09	1.59	√
Establishing a Recycling-Based Society	Enhance resource productivity • Reduce use of timber-derived packaging materials • Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures • Promote internal reuse	Packaging material volume	Non-consolidated	Eco efficiency	2007	1.09	4.20	√
		Waste generation volume	In Japan	Eco efficiency	2013	1.01	1.14	√
			Non-consolidated			1.01	1.14	√
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Further reduce emissions of substances of concern Minimize environmental risks • Expand the use of a preliminary review system • Reduce risks related to wastewater • Appropriately manage chemical substances based on social conditions • Enhance risk communication with relevant organizations and local residents	VOC*6 emissions	Non-consolidated (automobile body)	Emission volume per unit of production	—	24 (g/m^2)	24 (g/m^2)	√

■ Promoting Environmental Management

Fifth Environmental Action Plan Targets		FY2016 Achievements
Action Policies	**Specific Actions**	
Reinforce CO_2 reduction activities for "CO_2 Cancel"	• Further reduce CO_2 emitted from production activities in plants • Aim to cancel out CO_2 emissions of Toyota Industries by reducing CO_2 emissions through improved efficiency in newly developed products	• Achieved "CO_2 Cancel"
Augment and promote consolidated environmental management	• Build a global environmental management system and promote related activities to: 1) Comply with environment-related laws and reduce environmental risks in each country 2) Achieve the highest-level environmental performance in each country • Aim for efficient and systematic corporate management by integrating and operating environmental management system and quality/safety management systems	• Strengthened environmental performance and environmental risk reduction measures of consolidated subsidiaries in and outside Japan
Enhance and promote environmental education and enlightenment activities	• Develop environmental specialists to lead internal environment-related activities • Strengthen internal environment-related activities and broaden family-friendly initiatives by planning and promoting enlightenment activities that can be carried out at home	• Conducted environmental awareness survey among employees, which scored 4.0 out of 5 points
Improve eco-conscious brand image	• Reinforce environmental activities according to the contents and results of Survey of Environmental Oriented Management Index to pursue higher brand image	• Certified the GENEO-Ecore as an environmentally friendly product
Augment activities related to protection of biodiversity	• Identify the impact of business activities on biodiversity and reinforce initiatives by defining specific goals • Contribute to biodiversity through conservation of forests and protection of rare species	• Conducted maintenance and management activities at Biotope of the East of Obu Station, which were jointly carried out with the local community • Held biotope tour for students
Promote sustainable plant activities	• 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	• Continually reviewed energy strategy for the medium to long term

*1: Target products Toyota Industries develops and produces. The CO_2 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_2, including methane (CH_4), dinitrogen monoxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF_6)
*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

Sixth Environmental Action Plan

We have formulated another five-year action plan for the period from fiscal 2017 to fiscal 2021.

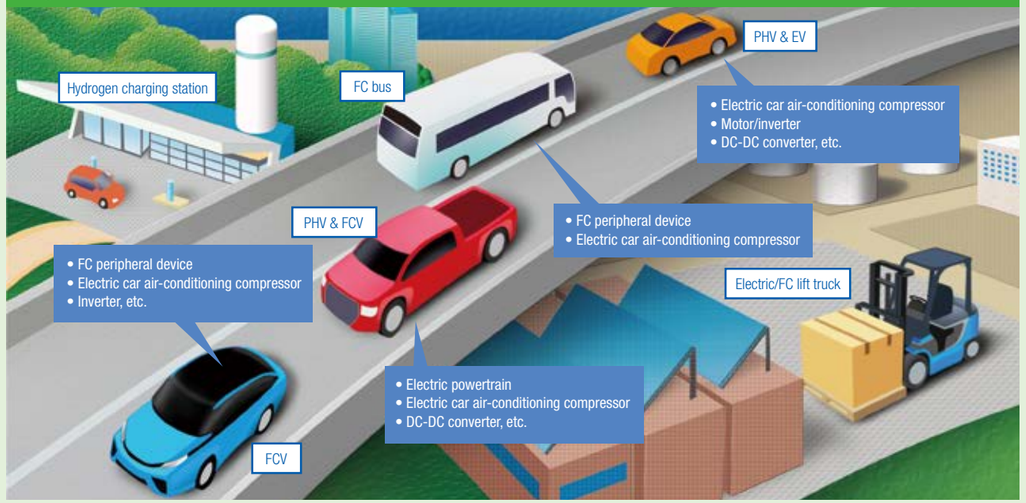
The Sixth Environmental Action Plan continues to focus on the four key areas specified in the Fifth Plan. These are: establishing a low-carbon emission society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management. Of these four areas, we place a particular emphasis on the establishment of a low-carbon emission society and implement initiatives specifically designed for the creation of a society with zero CO_2 emissions by 2050.

Action Themes	Segments	Action Policies	Primary Actions and Targets
Establishing a Low-Carbon Emission Society	**Products**	Reduce CO_2 emissions through product and technology development	• Develop technologies that contribute to an even greater level of energy efficiency • Develop products and technologies that respond to electrification • Develop technologies to enable weight reduction • Reduce energy loss • Develop technologies for the realization of a hydrogen-based society
	Production	Reduce CO_2 emissions from production activities	• Develop and introduce production engineering technologies with lower CO_2 emissions • Reduce CO_2 emissions by fully implementing improvement activities on a daily basis • Develop innovative CO_2 reduction technologies that utilize clean energy ■ Reduction of CO_2 emissions Global / Emission volume per unit of production*1 / 26% reduction vs FY06 level Non-consolidated / Emission volume per unit of production / 30% reduction vs FY06 level Non-consolidated / Total emissions / 10% reduction vs FY06 level • Manage greenhouse gases other than CO_2
	Logistics	Reduce CO_2 emissions from production-related logistics	• Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency ■ Reduction of CO_2 emissions from logistics Non-consolidated / Emission volume per unit of production / 28% reduction vs FY07

—Example initiative for the creation of a zero CO_2 emission society—

Taking on a challenge of achieving zero CO_2 emissions from use of our products or vehicles equipped with our products

Image of an energy society with zero CO_2 emissions



Action Themes	Segments	Action Policies	Primary Actions and Targets
Establishing a Recycling-Based Society	**Products**	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	• Reduce use of resources through longer product life • Reduce use of resources through standardization, modularization and reduction of components • Reduce use of resources through development of technologies to enable weight reduction and downsizing • Promote reuse of components and resources
	Production	Promote measures against resource depletion by recycling waste	**Waste** • Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures • Promote internal reuse ■ Reduction of waste generation volume Japan consolidated / Waste generation volume per unit of production / 27% reduction vs FY06 level Non-consolidated / Waste generation volume per unit of production / 29% reduction vs FY06 level
		Promote effective resource utilization in production activities	**Packaging materials** • Reduce use of packaging materials **Water** • Monitor water input and output in each country/region and develop and promote appropriate measures

Action Themes	Segments	Action Policies	Primary Actions and Targets
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	**Products**	Reduce emissions to improve air quality in urban areas in all countries and regions	• Develop engines that meet future regulations
		Manage chemical substances contained in products	• Investigate chemical substances contained in products and manage switching over of SVHC*2 and other substances of concern to other substances
	Production	Further reduce emissions of substances of concern	• Minimize the use of substances of concern by promoting efficient production activities ■ Reduction of VOC*3 emissions Non-consolidated (automobile body) / Emission volume per unit of production (g/m^2) / 36% reduction vs FY06 level (24 g/m^2)
	General	Augment activities related to protection of biodiversity	• Share the biodiversity guidelines across all Toyota Group companies and contribute to the expansion of a habitat for living organisms • Formulate and promote plans to link activities and bring more greenery by undertaking activities for conservation of biodiversity throughout the Toyota Industries Group, including at consolidated subsidiaries in and outside Japan

Action Themes	Segments	Action Policies	Primary Actions and Targets
Promoting Environmental Management	**General**	Augment and promote consolidated environmental management	• Build a global environmental management system and promote related activities to: Comply with environment-related laws in each country and region Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring Enhance risk communication with relevant organizations and local residents Achieve the highest-level environmental performance in each country and region • Enforce strategic environmental management that integrates environmental activities and business activities
		Enhance education and enlightenment activities	• Extend the scope of Toyota Industries' enlightenment activities to consolidated subsidiaries in and outside Japan • Give back to society the outcomes of enlightenment activities
		Promote environmental activities in collaboration with business partners	• Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines
		Improve eco-conscious brand image	• Pursue higher brand image through proactive information disclosure

*1: We manage emissions in each business by using either unit of production or unit of sales as a basic unit of emissions. The weighted average of reduction rates of all businesses is used as our management index.
*2: Substances of Very High Concern
*3: Volatile Organic Compounds
† Details of the Sixth Environmental Action Plan are available at:
http://www.toyota-industries.com/csr/environment/management/plan6.html/

Establishing a Low-Carbon Emission Society

We position the establishment of a low-carbon emission society as our most crucial environmental task. We have been working to reduce CO_2 emissions in our global business activities and at the same time accelerate our efforts to develop more environment-friendly products.

Summary

CO_2 Emissions (Production Activities)

FY2016 Results

Total emissions (non-consolidated)

22% reduction (vs FY06 level)

FY16 target: 18% reduction (vs FY06 level)

Eco-efficiency (global)

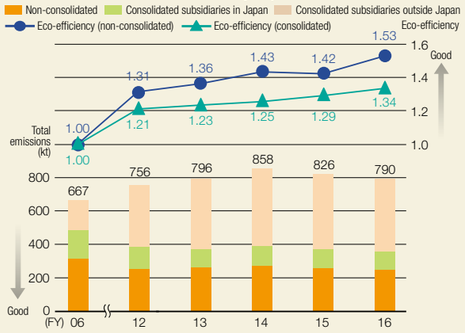
1.34 (FY06 = 1.00)

FY16 target: 1.27 (FY06 = 1.00)

Under the Fifth Plan, we set out to achieve a target of reducing total non-consolidated CO_2 emissions from production activities by 18% in fiscal 2016 compared with the fiscal 2006 level. In fiscal 2016, we attained a 22% reduction, exceeding the specified target, by saving power during summer and reducing peak power load, which continued from fiscal 2012, and by promoting joint activities among the manufacturing, production engineering and environment departments to reduce the amount of air used in production activities. As for the global eco-efficiency target of 1.27 (FY06 = 1.00), we made various efforts and attained a result well above the target. In the future, we will enhance activities toward achieving our new targets for fiscal 2021.

Initiatives for Establishment of a Low-Carbon Emission Society

CO_2 Emissions (Non-consolidated/Consolidated subsidiaries in and outside Japan)



Reducing CO_2 Emissions by Developing a Melting and Holding Furnace for Aluminum

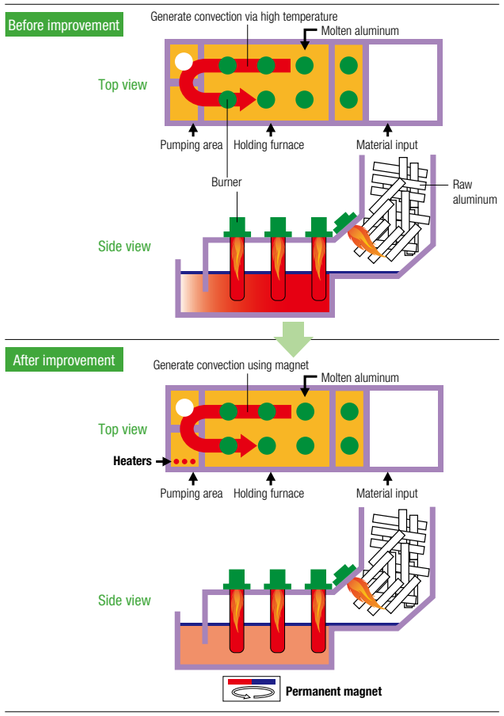
The Higashichita Plant, a production base of foundry parts and engines in Aichi Prefecture, has been working to reduce CO_2 emitted from the aluminum melting process.

Previously, a melting and holding furnace used for melting aluminum utilized thermal convection to create a unidirectional flow of molten aluminum and reduce temperature variations within the holding furnace, thus maintaining a constant quality level. However, this required an extra amount of fuel to raise the temperature to the level necessary to create thermal convection. At the same time, an increase in the generation of oxides had also caused a quality issue.

To address this problem, we developed a new melting and holding furnace that can reduce temperature variations in the holding furnace without using thermal convection. In the new furnace, the permanent magnet placed under the holding furnace rotates and generates induced electromotive force to create a flow of molten metal, while heaters added at the pumping area eliminates internal temperature variations.

As a result, the Higashichita Plant successfully cut down city gas consumption and reduced annual CO_2 emissions by about 440 tons. The generation of oxides was also reduced, leading to an improvement in quality.

Development of Melting and Holding Furnace



Summary

CO_2 Emissions from Products (Product Development)

FY2016 Results

Total emissions (non-consolidated)

17% reduction (vs FY11 level)

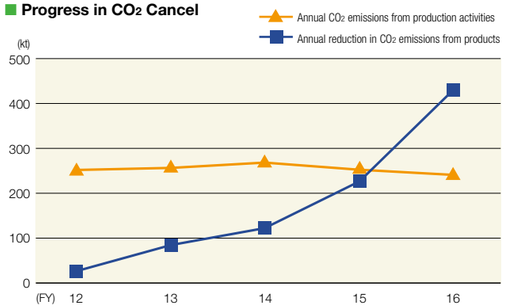
FY16 target: 10% reduction (vs FY11 level)

Under the Fifth Plan, we conducted activities to achieve a 10% reduction in CO_2 emissions from major products to be developed during the corresponding period. We succeeded in attaining this target by focusing on the development of products that satisfy the needs for increased energy savings, electrification and weight reduction based on the keywords of 3Es (Energy, Environmental protection and Ecological thinking).

Achievement of "CO_2 Cancel"

During the period covered by the Fifth Plan, we undertook a range of activities to reduce CO_2 emissions from production activities. These included visualization of energy loss; efforts to save power and reduce peak power load; installation of LED lighting; joint activities among the manufacturing, production engineering and environment departments to reduce the amount of air used in production activities; and energy-saving efforts in back-office sections. For improving product efficiency, we have developed highly efficient electric car air-conditioning compressors, improved efficiency of materials handling equipment (fuel efficiency for internal-combustion types and energy efficiency for electric types) and developed technologies to reduce power consumption of textile machinery. In this way, each business division proactively released energy-saving products to the market. In fiscal 2016, which was the final year of the Fifth Plan, we reduced 430,000 tons in CO_2 emitted from products, greatly exceeding 244,000 tons of CO_2 emitted from production activities, thus successfully achieving the designated target.

Progress in CO_2 Cancel



Certification of Environmentally Friendly Products

Toyota Industries has been proactively promoting development and design of eco-conscious products. As part of the efforts, we launched the Environmentally Friendly Product Certification System in fiscal 2007, which certifies products that possess exceptionally high environmental performance, and have been showcasing these products to the public. With the addition of one product in fiscal 2016, a total of 19 products have obtained certification under this system in 10 years since its launch. We will continue to promote the development of eco-conscious products in the future as well.

Product Certified in Fiscal 2016

GENEO-Ecore (8FBE10 – 8FBE20) compact electric lift truck with 1.0- to 2.0-ton capacity

Key features to reduce environmental impact

The lift truck is equipped with a newly developed high-efficiency AC motor, motor driver and hydraulic control system, which lead to a significant reduction in power consumption.

Approx. 17%* lower

power consumption (Approx. 20% longer operation)

* Compared with the previous model (The percentage of reduction may vary depending on operating conditions.)

Establishing a Recycling-Based Society

With a view to establishing a recycling-based society, we have been striving to reduce resource consumption and waste generation volume.

Summary

Waste Generation Volume (Production Activities)

FY2016 Results

Eco-efficiency (non-consolidated)

1.14 (FY13 = 1.00)

FY16 target: 1.01 (FY13 = 1.00)

Eco-efficiency (non-consolidated/consolidated subsidiaries in Japan)

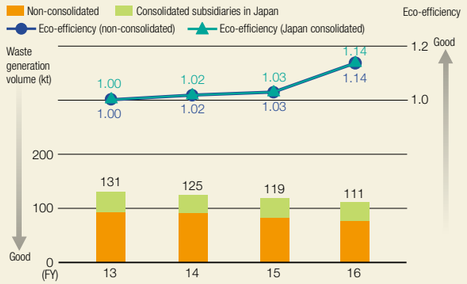
1.14 (FY13 = 1.00)

FY16 target: 1.01 (FY13 = 1.00)

In the Fifth Plan, through activities that engage our entire supply chain, we achieved eco-efficiency targets for waste generation volume both on a non-consolidated basis and for Toyota Industries and its consolidated subsidiaries in Japan. In the Sixth Plan, we will encourage effective utilization of resources, including internal reuse of waste, to attain the designated waste generation volume target per unit of production.

Initiatives for Establishing a Recycling-Based Society

■ Waste Generation Volume (Non-consolidated/ Consolidated subsidiaries in Japan)

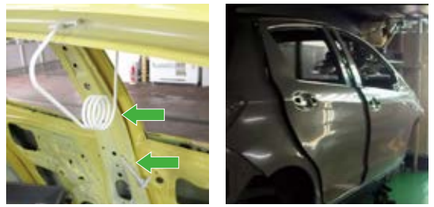


Reducing Paint Consumption with Better Coating Jigs

As part of efforts to reduce consumption of paint, the Nagakusa Plant, a production base of automobiles in Aichi Prefecture, refined coating jigs used in the automobile body painting process.

Coating jigs are attached to the automobile body to create space between the body and each door when applying paint. This space should be kept to a minimum, but conventional jigs create a rather wide gap and sometimes rub against the body, necessitating retouching. To solve the problem, a painting operator fabricated jigs by using commercially available parts and worked with a machinery manufacturer to repeatedly add modifications, finally coming up with jigs that create an 80% narrower space than conventional jigs. New jigs also offer a 10% improvement in the coating efficiency. Everyone at Toyota Industries will continue to maintain keen awareness for improvements in production activities to constantly manufacture better products.

Before improvement



After improvement

Registered utility model

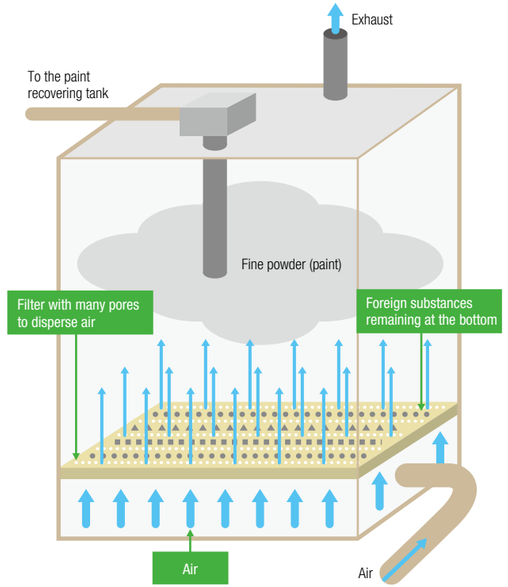
Showcasing continuous improvements on coating jigs

Reusing Paint to Reduce Waste Volume

The Takahama Plant, a production base of materials handling equipment in Aichi Prefecture, has been working to cut down its consumption of paint by creating a tank to separate the recovered paint into reusable paint and foreign substances.

A certain amount of powder paint is used to coat lift trucks. We already recover and reuse powder paint that did not settle on lift truck parts but had discarded the paint collected during the periodic cleaning of painting lines because it contained metal fragments and other foreign substances. After considering a way to reuse wasted paint, two operators teamed up to create a separation tank that uses air to separate powder paint and foreign substances. When air is sent into the box set with a pored filter, powder paint floats into the air and is recovered for reuse while foreign substances remain at the bottom of the box. They selected the optimum air pressure and diameter of the exhaust pipe through repeated tests. We have confirmed that the finished coating does not have any quality issues when using the collected paint after mixing it with new paint. As a result, the amount of paint discarded has been reduced to one-tenth of the previous amount. We believe that this device can be used for other production lines that use powder paint and will continue to expand our efforts to reduce the amount of resources used in products.

■ Separation Tank



Creators of the separation tank

Evolving *Karakuri* Pump

We have been promoting *kaizen* by *karakuri* initiatives to attain *kaizen* (improvement) by utilizing Japan's traditional, simple mechanical systems called *karakuri*, which do not require power generated by motors or other devices.

A *karakuri* pump conceived in 2013 is a case in point. As of October 2015, more than 200 units have been fielded in four of our production bases. The pump has been introduced at 10 consolidated subsidiaries and business partners as well.

One such consolidated subsidiary, Iwama Loom Works, Ltd., has devised its original *karakuri* pump, which does not require any in-house processing of parts and can be created by just assembling commercially available parts. As seen in this example, our *karakuri* pump is evolving at each company where it has been instituted.

Iwama Loom Works' *karakuri* pump evolved to eliminate parts processing

Reducing Environmental Risk and Establishing a Society in Harmony with Nature

We work to ensure the prevention of environmental incidents by fully enforcing the management of chemical substances in product development and production activities and systematically monitoring drainage systems.

Summary

VOC Emissions (Production Activities)

FY2016 Results

Emissions per unit of production (non-consolidated/automobile body)

24 g/m²

FY16 target: 24g/m²

Under the Fifth Plan, we set a fiscal 2016 target of attaining emission volume per unit of production below 24 g/m² for volatile organic compounds (VOCs) from the automobile body painting process and undertook activities accordingly. In fiscal 2016, which was the final year of the Fifth Plan, we continued our efforts to increase the recovery rate and enhance maintenance and management of thinner, a solvent used for cleaning. Consequently, emission volume per unit of production in fiscal 2016 was 24 g/m².

Status of Compliance with Environmental Laws

In fiscal 2016, there was one incident in which plant effluents exceeded standard values at a consolidated subsidiary within the Toyota Industries Group. The incident has been reported to the relevant authorities, and corrective measures have already been completed by the subsidiary concerned. Subsequent confirmations have also been made to ensure that there are no recurrences.

Toyota Industries carries out soil and groundwater surveys at its plants and performs purification when the survey results reveal that soil or groundwater contains substances exceeding standard values. We also disclose the progress of purification efforts in the corresponding *Toyota Industries Report* and at local community meetings.

In a voluntary soil and groundwater survey conducted at the Kariya Plant in Aichi Prefecture, we have confirmed that certain substances were above their standard values. We reported the incident to the Aichi prefectural government on December 22, 2015 and June 1, 2016 and disclosed the relevant information to the public.

In accordance with the results of the survey, we are implementing purification measures under the guidance of Aichi Prefecture while placing the highest priority on not to cause any inconvenience to local residents.

Measurement results are available at: https://www.toyota-shokki.co.jp/csr/environment/ (in Japanese)

Building a New Wastewater Treatment Facility Designed to Prevent External Leakage of Irregular Effluent Discharges in Case of a Disaster

At the Higashichita Plant in Aichi Prefecture, a wastewater treatment facility was situated in a location facing Kinuura Bay.

With measures against disasters, including earthquake and tsunami, becoming increasingly important, we built a new facility inland to prevent damage to and failure of the facility, which may result from disaster-induced collapse of seawalls and possible irregular effluent discharges on and off the premises.

In the new facility, treatment tanks are installed above ground, which makes it easier to inspect the exterior of the tanks and find cracks and other signs of potential leakage of irregular discharges. Moreover, these aboveground tanks have reduced the risk of effluent infiltration into the ground.

We have also raised the level of the wastewater treatment process itself by separating the plant's drainage into six routes and constantly monitoring the water quality at each route.

The lowered risk of facility failure due to disasters, including collapse of seawalls, provides an additional advantage in reducing the time required to restore production activities following a disaster.

Wastewater treatment facility

Yasuharu Arai
Group manager,
Risk Reduction Group, Environment Office,
Plant Engineering & Environment Dept.

(The position and department are as of March 31, 2016.)

We have finally completed the long-awaited relocation of the wastewater treatment facility after giving thorough consideration for ensuring early recovery after a disaster, installing treatment tanks above ground and improving the quality of wastewater treatment. We repeatedly conducted risk assessments with the relevant departments and concentrated on creating a safe, easy-to-manage facility as well as reducing environmental risks. We will continue to collaborate with the relevant departments and undertake improvements of the facility for even greater performance.

100-Day Campaign for Zero Environmental Irregularities and Potentially Serious Near-Accidents

Toyota Industries engages in awareness-raising activities to familiarize every employee with the details of environmental irregularities and potentially serious near-accidents that have occurred in the past and prevent similar incidents from occurring.

In fiscal 2016, we conducted a 100-day campaign for zero environmental irregularities and near-accidents using our original Environmental Accidental Pattern (AP) Cards*1.

During the campaign, the head of each department chose Environmental AP Cards that are most relevant to his or her departments and explained to employees the details of an incident shown on each card. Employees then created a collection of written declarations to be observed by each member as a reminder to prevent such incidents. By posting these declarations in the workplace for 100 days, we encouraged the establishment of an environment where employees caution each other, thereby raising their environmental and accident awareness.

*1: 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.

Separation of Drainage Systems to Prevent External Leakage of Irregular Effluent Discharges

As part of a measure to prevent external leakage of irregular effluent discharges, we have been making Company-wide efforts to separate drainage systems since fiscal 2012.

Separation of drainage systems means to discharge wastewater from production processes, initial rainwater*2, non-industrial wastewater and other rainwater off the premises after applying appropriate treatment depending on respective water qualities.

From fiscal 2015 to fiscal 2016, we conducted drainage system separation at two plants in Aichi Prefecture: the Kariya Plant, a home to the administrative departments of the Head Office as well as a development and production base of the Textile Machinery Division and Compressor Division; and the Kyowa Plant, a base for the Technology Development Department of the Head Office.

At both plants, rainwater and wastewater from production processes had been sent to the treatment facility using the same route. In separating drainage systems, we implemented the following measures.

1. Establish a route to send only the wastewater from production processes to the wastewater treatment facility
2. Install water quality monitoring equipment for rainwater to confirm that rainwater quality is suitable for release into public areas
3. Connect a drainage system of non-industrial wastewater of the Kyowa Plant to the public sewerage system

As a result, we have completed the separation of drainage systems at all plants in Japan.

*2: Rainwater at the beginning of rainfall. Contains dirt on roads and other surfaces and needs to be appropriately treated before it can be released externally.

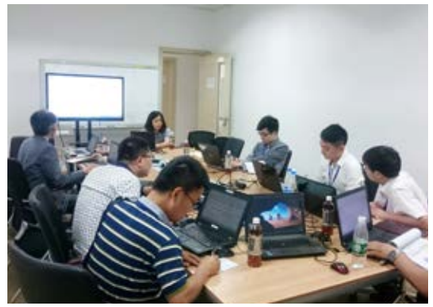
Strengthening Management of Chemical Substances

Many of the chemical substances needed for our production activities may cause adverse effects on the environment. Thus, appropriate management of chemical substances is crucial in ensuring safe handling and minimizing potential harmful effects.

To appropriately manage chemical substances contained in raw materials and products, we conducted a survey targeting 20 consolidated subsidiaries outside Japan to check the status of their management practices. Of these subsidiaries, we decided to provide relevant support to seven companies.

In fiscal 2016, we provided assistance to one subsidiary in urgent need of establishing a system to manage chemical substances.

In the future, we will provide support to the remaining six subsidiaries and continue to undertake activities to prevent violations of chemical substances regulations at production bases outside Japan.



Meeting with employees of a local production base

Post-meeting education on management of chemical substances

Environmental Management

Toyota Industries proactively discloses its initiatives for conservation of biodiversity and other environmental information.

Collaboration with the Aichi Prefectural Government's Environmental Initiative

Toyota Industries has been collaborating with the Aichi prefectural government in its initiative to foster the development of ecological networks within the entire prefecture.

In fiscal 2012, we joined the Chita Peninsula Ecological Network Council and have since been cooperating with diverse organizations, including the prefectural government, companies, NPOs, expert institutions and student organizations in promoting the creation of green zones closely linked to the local natural environment. In fiscal 2016, we joined another council, the Southern Nishi-Mikawa Ecological Network Council. We will continue to undertake initiatives that contribute to the formation of ecological networks through cooperation with other organizations.

Environmental Learning Using Our Biotope

In August 2015, we invited local children to our biotope, which we have developed and completed on Company-owned idle land in Obu City, Aichi Prefecture, and held a nature observation event to explore aquatic organisms along with the work to remove mud from the pond within the biotope. The children caught organisms living in the pond with landing nets, looked up their names in picture books and learned about non-native species as well as about the biotope itself. Some of them were delighted to see many fish in their neighborhood. We will continue to develop our biotope in the hope of contributing to conservation of the local ecosystem.

Observation event to explore aquatic organisms

Calculating Greenhouse Gas (GHG) Emissions in the Supply Chain

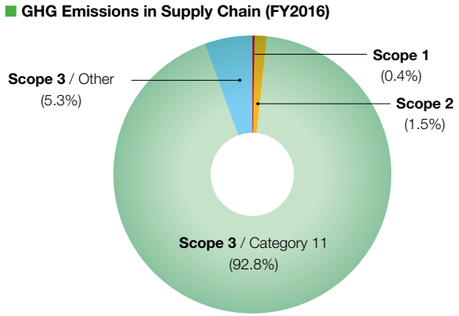
We recognize that measuring the three scopes defined by the GHG Protocol and turning the results into specific efforts to reduce CO_2 emissions are important in creating a low-carbon society. Scopes 1 and 2 are GHG emissions from our business activities, the former being direct emissions from our use of fossil fuels and the latter being indirect emissions from the use of purchased energy resulting from generation of electricity by power plants and other facilities.

Scope 3 emissions are indirect emissions associated with each product from the purchase of raw materials to end use by customers and disposal.

In the fiscal 2016 results, combined Scope 1 and 2 emissions accounted for 1.9% of the total emissions, with Scope 3 emissions reaching 98.1%. The largest source of emissions, which accounted for 92.8%, was Category 11 (Use of sold products) under Scope 3. This was because the figure included an estimate of future GHG emissions of our products (lift trucks, vehicles, engines, etc.) throughout their lifecycle (during use until disposal).

Going forward, we will continue to monitor GHG emissions within the entire supply chain and accordingly promote CO_2 emissions reduction activities.

GHG Emissions in Supply Chain (FY2016)



Emissions from Toyota Industries' business activities	Scope 1	Direct emissions from Toyota Industries through the use of fossil fuels, etc.
	Scope 2	Indirect emissions from the use of purchased energy resulting from generation of electricity by power plants, etc.
Emissions other than from Toyota Industries' business activities	Scope 3	Emissions associated with purchase of raw materials, end use of Toyota Industries' products by customers and disposal of products

Detailed data is available at:
http://www.toyota-industries.com/csr/environment/seisan/scope3.html

Proactive Disclosure of Environmental Information

Toyota Industries fosters environmental communication with our stakeholders through proactive disclosure of environmental information. In fiscal 2016, Toyota Industries obtained the disclosure score of 91 (against the full score of 100) and was evaluated to be in the performance band of C in the CDP* climate change survey.

Since fiscal 2015, we have been participating in the Ministry of the Environment's project for the establishment of a framework for disclosure of environmental information and examining the ideal way to disclose our environmental information. We will continue to upgrade our method of disclosure and contents to be disclosed.

* An international NGO undertaking a project through collaboration among institutional investors to call for disclosure of strategies against climate change issues and GHG emissions data to leading companies around the world

Activity Examples of Consolidated Subsidiaries (Outside Japan)

India

Tree-Planting Event Held during Environment Month

Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTTM)
Subsidiary producing textile machinery

During Environment Month in June 2015, KTTM hosted various events to raise employees' awareness of environmental conservation. At one such event, employees planted trees on the company premises. This event is aimed at nurturing a truly natural (not man-made) forest by identifying indigenous trees, growing saplings and performing mixed and dense planting of primary species of trees. In this way, KTTM has already planted 5,000 saplings on its 1,600 m^2 land. KTTM plans to conduct this tree-planting activity on a periodical basis.

Planting an indigenous tree

Italy

Installation of Zero CO_2 Lighting

L.T.E. Lift Truck Equipment S.p.A. (LTE)
Subsidiary producing materials handling equipment parts

Based on the Toyoda Precepts and Toyota Industries' Vision 2020, LTE has been engaging in a number of activities with a focus on respect for the planet, such as reducing GHG emissions and promoting recycling.

When introducing new equipment, LTE conducts a thorough energy survey in accordance with ISO 50001 guidelines and environmental zero-impact measures before purchasing equipment with optimum performance.

LTE has also replaced lights of all plants with LED lighting to reduce electricity consumption.

Looking ahead, LTE plans to install a rooftop photovoltaic system to supply power to a certain portion of its lighting system, which is expected to reduce CO_2 emissions by 1.32 tons per year. As a result of these and other environmental initiatives, LTE obtained ISO 50001 certification in December 2014 and attained good results in the renewal evaluation held in December 2015.

Germany

Reducing Environmental Risks by Improving Method to Store Waste Oil

TD Deutsche Klimakompressor GmbH (TDDK)
Subsidiary producing car air-conditioning compressors

TDDK made improvements to the storage of waste oil leftover from production. Previously, this oil had been stored in ordinary containers with no special precautions. A thorough internal analysis concluded the waste oil to be a harmful substance because it is flammable and can pollute water. As a result, TDDK decided to install special oil storage tanks that are two-ply and equipped to prevent overfilling and leakage. Both audible and visual signals occur if spillage takes place. Improvements to the storage method brought about various benefits, including enhanced safety, fire protection and environmental protection.

Before improvement

After improvement

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).

Environmental Impact Flow

INPUT

■ Energy [consolidated]	
Energy consumption	11,403 TJ*1
Electricity	1,107,197 MWh
City gas	61,590 km³N
LPG	5,159 t
Petroleum products	4,736 kl
Coal products	6,492 t
LNG	5,318 t
■ Raw Materials [consolidated]	
Raw material consumption	745,407 t
■ Water [consolidated]	
Water consumption	4,136 km³
■ Chemical Substances [Japan consolidated]	
PRTR law*2 designated substances	1,370 t

*1: Terajoule is a unit used to measure heat. 1 TJ = 10^{12} joules

Environmental Impact Flow

R&D/Design → Procurement → Production → Transportation/Sales → Usage → Recovery/Recycling

OUTPUT

■ Into the Air [consolidated]	
CO_2 emissions	789,838 t-CO_2
Greenhouse gases other than CO_2	4,919 t-CO_2
CO_2 from logistics	33,464 t-CO_2
SOx (Sulfur oxides)	156 kg
NOx (Nitrogen oxides)	130 t
VOC (Volatile organic compounds)	1,489 t
■ Chemical Substances [Japan consolidated]	
Emissions/transfers of PRTR law designated substances	503 t
■ Waste [consolidated]	
Waste generation	79,688 t
■ Into Waterways [Japan consolidated]	
Water pollutants	26 t
Discharge of treated wastewater	2,169 km³

*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 2016 Environmental Accounting*3

Scope of data collection: Toyota Industries Corporation
Period of data collection: April 1, 2015 – March 31, 2016

*3: Environmental accounting data is collected in compliance with the Ministry of the Environment's *Environmental Accounting Guidelines 2005 Edition.*

■ Environmental Conservation Cost (Millions of yen)

Category		FY2016 Investment	FY2016 Expenses	FY2015 Investment	FY2015 Expenses
Business area costs	Pollution prevention costs	525	147	944	189
	Global environmental conservation costs	716	3,156	528	4,301
	Resource recycling costs	113	193	132	160
Upstream/downstream costs		0	71	0	142
Management costs		6	166	3	221
Research and development costs		6	309	28	1,437
Social contribution activity costs		0	89	2	628
Environmental remediation costs		50	0	24	6
Total		1,416	4,131	1,661	7,084
		5,547		8,745	

■ Environmental Conservation Benefits

Environmental Impact	Comparison with Previous Fiscal Year
CO_2	5,564 t decrease
Generation of waste products	8,433 t decrease
Water	263,798 m³ decrease

■ Economic Benefits of Environmental Conservation Initiatives (Millions of yen)

Item	Details	Amount
Revenue	Returns from sale of recycled waste products	3,850
Cost reduction	Energy cost reductions	1,169
	Cost reduction by resource savings (including reductions in amount of water use and wastewater treatment costs)	91
Total		5,110

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 2016 are as follows.

On-Site Verification Sites

Toyota Industries Corporation
- Kariya Plant (textile machinery and car air-conditioning compressors) and Nagakusa Plant

Consolidated subsidiaries in Japan
- Nishina Industrial Co., Ltd. and Tokaiseiki Co., 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 to be valid as was the 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

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/

Consolidated Eleven-Year Summary

Toyota Industries Corporation
Years ended March 31

	Millions of yen										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
For The Year											
Net sales	**¥2,228,944**	¥2,166,661	¥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
Operating profit (loss)	**127,970**	117,574	107,691	77,098	70,092	68,798	22,002	(6,621)	96,853	89,954	64,040
Ordinary profit	**185,398**	170,827	138,133	86,836	80,866	73,911	31,756	14,343	126,488	108,484	80,635
Profit (loss) attributable to owners of the parent	**183,036**	115,263	91,705	53,119	58,594	47,205	(26,273)	(32,767)	80,460	59,468	47,077
Investment in tangible assets	**¥ 75,438**	¥ 126,395	¥ 109,479	¥ 89,459	¥ 58,404	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121
Depreciation	**77,366**	70,782	64,153	57,954	59,830	62,372	73,238	87,219	83,744	74,449	64,423
Research and development expenses	**65,440**	47,785	46,326	39,057	32,070	27,788	26,826	33,646	36,750	34,548	31,166
Per share of common stock (yen):											
Earnings (net loss) per share—basic	**¥ 582.58**	¥ 367.06	¥ 292.76	¥ 170.36	¥ 188.02	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16
Earnings per share—diluted	**582.57**	366.99	292.57	170.35	188.02	151.51	(84.33)	(105.16)	257.43	189.66	146.02
Total net assets per share	**6,481.97**	7,500.16	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
Cash dividends per share	**120.00**	110.00	85.00	55.00	50.00	50.00	30.00	40.00	60.00	50.00	38.00
At Year-End											
Total assets	**¥4,199,196**	¥4,650,896	¥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
Total net assets	**2,113,948**	2,425,929	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
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)	**314,226**	314,155	313,730	312,207	311,687	311,564	311,570	311,577	311,589	312,075	319,320
Cash Flows											
Net cash provided by operating activities	**¥ 234,957**	¥ 182,191	¥ 155,059	¥ 151,299	¥ 101,718	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784
Net cash used in investing activities	**(526,349)**	(160,769)	(118,483)	(274,210)	(9,403)	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)
Net cash provided by (used in) financing activities	**130,923**	(8,918)	6,183	7,050	10,279	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172
Cash and cash equivalents at end of year	**92,399**	248,706	226,406	179,359	296,811	195,566	317,590	188,011	121,284	108,569	112,596
Indices											
Operating profit margin (%)	**5.7**	5.4	5.4	4.8	4.5	4.6	1.6	(0.4)	4.8	4.8	4.3
EBITDA (millions of yen)	**¥ 361,893**	¥ 248,854	¥ 216,175	¥ 155,234	¥ 161,876	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674
Return on equity (ROE) (%)	**8.3**	5.6	5.7	4.1	5.4	4.5	(2.6)	(2.8)	5.1	3.5	3.5
Return on assets (ROA) (%)	**4.1**	2.7	2.6	1.8	2.3	1.9	(1.1)	(1.2)	2.5	1.7	1.7
D/E ratio (%)	**43.7**	32.0	39.9	45.4	53.8	56.8	60.3	68.6	37.4	29.9	29.4
Equity ratio (%)	**48.5**	50.7	46.6	45.4	43.0	41.4	40.8	40.0	47.1	48.8	49.7
Number of employees (persons)	**51,458**	52,523	49,333	47,412	43,516	40,825	38,903	39,916	39,528	36,096	32,977

1. Investment in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.
2. Earnings (net loss) per share is computed on the average number of shares for each year.
3. Operating profit margin = Operating profit (loss) / Net sales
4. EBITDA = Income before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization (including intangible assets such as materials handling equipment for leasing and goodwill)
5. 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.
6. D/E ratio = Interest-bearing debt / (Total net assets – Subscription rights to shares – Non-controlling interests)
7. Equity ratio = (Total net assets - Subscription rights to shares - Non-controlling interests) / Total assets

Consolidated Balance Sheets

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Assets		
Current assets:		
Cash and deposits	**¥ 352,302**	¥ 247,273
Cash deposits for cash collection and deposit services	**—**	58,250
Trade notes and accounts receivable	**280,807**	265,504
Lease investment assets	**70,964**	55,868
Short-term investments	**10,871**	34,085
Merchandise and finished goods	**92,298**	86,865
Work in process	**41,868**	43,320
Raw materials and supplies	**63,035**	64,651
Deferred tax assets	**25,185**	24,234
Other current assets	**111,306**	68,603
Allowance for doubtful accounts	**(3,796)**	(3,756)
Total current assets	**1,044,843**	944,901
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	**409,545**	423,670
Accumulated depreciation	**(249,496)**	(250,488)
Buildings and structures, net	**160,048**	173,181
Machinery, equipment and vehicles	**1,224,541**	1,068,628
Accumulated depreciation	**(773,207)**	(747,732)
Machinery, equipment and vehicles, net	**451,334**	320,895
Tools, furniture and fixtures	**130,840**	159,660
Accumulated depreciation	**(103,390)**	(120,309)
Tools, furniture and fixtures, net	**27,449**	39,351
Land	**119,897**	120,652
Construction in progress	**22,521**	53,451
Total property, plant and equipment	**781,251**	707,532
Intangible assets:		
Goodwill	**76,980**	95,985
Other intangible assets	**93,234**	96,716
Total intangible assets	**170,214**	192,702
Investments and other assets:		
Investment securities	**1,945,123**	2,593,522
Long-term loans receivable	**51,911**	4,693
Deferred tax assets	**14,109**	18,228
Lease investment assets	**164,775**	135,958
Net defined benefit assets	**8,215**	28,289
Other investments and other assets	**20,154**	25,929
Allowance for doubtful accounts	**(1,403)**	(860)
Total investments and other assets	**2,202,886**	2,805,760
Total fixed assets	**3,154,352**	3,705,995
Total assets	**¥4,199,196**	¥4,650,896

	Millions of yen	
	2016	2015
Liabilities		
Current liabilities:		
Trade notes and accounts payable	**¥ 214,162**	¥ 205,816
Short-term loans payable	**170,844**	99,736
Current portion of bonds	**19,999**	47,053
Lease obligations	**41,411**	45,665
Accounts payable—other	**25,754**	29,245
Accrued income taxes	**47,473**	13,686
Deferred tax liabilities	**149**	636
Allowance for bonuses to directors	**644**	626
Other current obligations	**153,195**	210,721
Total current liabilities	**673,636**	653,187
Long-term liabilities:		
Bonds payable	**191,555**	185,998
Long-term loans payable	**508,593**	421,154
Lease obligations	**98,771**	117,185
Deferred tax liabilities	**500,077**	737,268
Net defined benefit liabilities	**90,920**	86,766
Other long-term liabilities	**21,692**	23,404
Total long-term liabilities	**1,411,611**	1,571,779
Total liabilities	**2,085,248**	2,224,967
Net Assets		
Shareholders' equity:		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2016	**80,462**	80,462
325,840,640 shares as of March 31, 2015		
Capital surplus	**105,562**	105,592
Retained earnings	**789,502**	644,165
Treasury stock	**(41,266)**	(41,509)
11,613,812 shares as of March 31, 2016		
11,684,749 shares as of March 31, 2015		
Total shareholders' equity	**934,260**	788,711
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**1,105,544**	1,523,393
Deferred gains or losses on hedges	**360**	(19)
Foreign currency translation adjustment	**22,813**	55,598
Defined benefit plan adjustments	**(26,169)**	(11,463)
Total accumulated other comprehensive income	**1,102,547**	1,567,509
Subscription rights to shares	**6**	72
Non-controlling interests	**77,133**	69,636
Total net assets	**2,113,948**	2,425,929
Total liabilities and net assets	**¥4,199,196**	¥4,650,896

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net sales	**¥2,228,944**	¥2,166,661
Cost of sales	**1,804,759**	1,765,861
Gross profit	**424,184**	400,799
Selling, general and administrative expenses:		
Sales commissions	**16,944**	16,291
Salaries and allowances	**100,775**	97,038
Retirement benefit expenses	**5,232**	4,176
Depreciation	**14,769**	13,968
Research and development expenses	**43,054**	41,930
Others	**115,436**	109,819
Total selling, general and administrative expenses	**296,214**	283,224
Operating profit	**127,970**	117,574
Non-operating profit:		
Interest income	**15,661**	12,357
Dividends income	**65,015**	52,955
Gain on sales of marketable securities	**242**	735
Equity in net earnings of affiliated companies	**641**	1,790
Other non-operating profit	**11,355**	10,878
Total non-operating profit	**92,917**	78,717
Non-operating expenses:		
Interest expenses	**17,341**	15,876
Loss on disposal of fixed assets	**1,675**	1,665
Other non-operating expenses	**16,471**	7,922
Total non-operating expenses	**35,488**	25,465
Ordinary profit	**185,398**	170,827
Extraordinary profit:		
Gain on sales of shares of subsidiaries	**89,819**	—
Total extraordinary profit	**89,819**	—
Profit before income taxes	**275,218**	170,827
Income taxes—current	**79,514**	41,181
Income taxes—deferred	**3,931**	7,971
Total income taxes	**83,445**	49,153
Profit	**191,772**	121,674
Profit attributable to non-controlling interests	**8,735**	6,410
Profit attributable to owners of the parent	**¥ 183,036**	¥ 115,263

	Yen	
Earnings per share—basic	**¥ 582.58**	¥ 367.06
Earnings per share–diluted	**582.57**	366.99
Net assets per share	**6,481.97**	7,500.16
Cash dividends per share	**120.00**	110.00

Consolidated Statements of Comprehensive Income

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Profit	**¥191,772**	¥121,674
Other comprehensive income:		
Valuation difference on available-for-sale securities	**(417,966)**	501,084
Deferred gains or losses on hedges	**379**	120
Foreign currency translation adjustment	**(35,659)**	13,362
Defined benefit plan adjustments	**(14,872)**	(6,725)
Share of other comprehensive income of associates accounted for using equity method	**(707)**	109
Total other comprehensive income	**(468,826)**	507,952
Comprehensive income	**(277,053)**	629,626
Profit attributable to:		
Owners of the parent	**(281,925)**	620,368
Non-controlling interests	**4,871**	9,258

Consolidated Statements of Changes in Net Assets

Toyota Industries Corporation
For the year ended March 31, 2016

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2015	**¥80,462**	**¥105,592**	**¥644,165**	**¥(41,509)**	**¥788,711**
Cumulative effects of changes in accounting policies					
Restated balance	**80,462**	**105,592**	**644,165**	**(41,509)**	**788,711**
Changes of items during the period					
Change in ownership interest of parent related to transactions with non-controlling interests		**0**			**0**
Dividends from surplus			**(37,699)**		**(37,699)**
Profit attributable to owners of the parent			**183,036**		**183,036**
Repurchase of treasury stock				**(20)**	**(20)**
Disposal of treasury stock		**(30)**		**263**	**232**
Net changes of items other than shareholders' equity					
Total changes of items during the period	**—**	**(30)**	**145,337**	**242**	**145,549**
Balance at March 31, 2016	**¥80,462**	**¥105,562**	**¥789,502**	**¥(41,266)**	**¥934,260**

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Defined benefit plan adjustments	Total accumulated other comprehensive income	**Subscription rights to shares**	**Non-controlling interests**	**Total net assets**
Balance at March 31, 2015	**¥1,523,393**	**¥ (19)**	**¥55,598**	**¥(11,463)**	**¥1,567,509**	**¥ 72**	**¥69,636**	**¥2,425,929**
Cumulative effects of changes in accounting policies								
Restated balance	**1,523,393**	**(19)**	**55,598**	**(11,463)**	**1,567,509**	**72**	**69,636**	**2,425,929**
Changes of items during the period								
Change in ownership interest of parent related to transactions with non-controlling interests								**0**
Dividends from surplus								**(37,699)**
Profit attributable to owners of the parent								**183,036**
Repurchase of treasury stock								**(20)**
Disposal of treasury stock								**232**
Net changes of items other than shareholders' equity	**(417,849)**	**379**	**(32,785)**	**(14,706)**	**(464,962)**	**(65)**	**7,496**	**(457,531)**
Total changes of items during the period	**(417,849)**	**379**	**(32,785)**	**(14,706)**	**(464,962)**	**(65)**	**7,496**	**(311,981)**
Balance at March 31, 2016	**¥1,105,544**	**¥360**	**¥22,813**	**¥(26,169)**	**¥1,102,547**	**¥ 6**	**¥77,133**	**¥2,113,948**

Toyota Industries Corporation
For the year ended March 31, 2015

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2014	¥80,462	¥105,654	¥563,957	¥(43,012)	¥707,062
Cumulative effects of changes in accounting policies			(3,668)		(3,668)
Restated balance	80,462	105,654	560,288	(43,012)	703,393
Changes of items during the period					
Dividends from surplus			(31,386)		(31,386)
Profit attributable to owners of the parent			115,263		115,263
Repurchase of treasury stock				(20)	(20)
Disposal of treasury stock		(61)		1,523	1,461
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(61)	83,876	1,502	85,317
Balance at March 31, 2015	¥80,462	¥105,592	¥644,165	¥(41,509)	¥788,711

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Defined benefit plan adjustments	Total accumulated other comprehensive income	**Subscription rights to shares**	**Non-controlling interests**	**Total net assets**
Balance at March 31, 2014	¥1,022,525	¥(139)	¥44,649	¥ (4,629)	¥1,062,404	¥ 330	¥59,528	¥1,829,326
Cumulative effects of changes in accounting policies							256	(3,412)
Restated balance	1,022,525	(139)	44,649	(4,629)	1,062,404	330	59,784	1,825,914
Changes of items during the period								
Dividends from surplus								(31,386)
Profit attributable to owners of the parent								115,263
Repurchase of treasury stock								(20)
Disposal of treasury stock								1,461
Net changes of items other than shareholders' equity	500,868	120	10,949	(6,833)	505,105	(258)	9,852	514,698
Total changes of items during the period	500,868	120	10,949	(6,833)	505,105	(258)	9,852	600,015
Balance at March 31, 2015	¥1,523,393	¥ (19)	¥55,598	¥(11,463)	¥1,567,509	¥ 72	¥69,636	¥2,425,929

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Cash flows from operating activities:		
Profit before income taxes and non-controlling interests	**¥ 275,218**	¥ 170,827
Depreciation and amortization	**150,011**	127,463
Increase (decrease) in allowance for doubtful accounts	**788**	663
Interest and dividends income	**(80,677)**	(65,312)
Interest expenses	**17,341**	15,876
Equity in net (earnings) losses of affiliates	**(641)**	(1,790)
(Increase) decrease in receivables—trade	**(27,464)**	(16,129)
(Increase) decrease in inventories	**(6,932)**	(20,142)
Increase (decrease) in payables—trade	**10,773**	5,100
Others, net	**(123,752)**	(30,048)
Subtotal	**214,665**	186,507
Interest and dividends income received	**80,674**	65,077
Interest expenses paid	**(17,154)**	(15,622)
Income taxes (paid) refunded	**(43,227)**	(53,770)
Net cash provided by operating activities	**234,957**	182,191
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(152,943)**	(169,842)
Proceeds from sales of property, plant and equipment	**14,702**	11,244
Payments for purchases of investment securities	**(716)**	(6,713)
Proceeds from sales of investment securities	**375**	1,158
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(9,717)**	(947)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	**140,097**	—
Payments for loans made	**(4,775)**	(783)
Proceeds from collections of loans	**5,732**	711
Net (increase) decrease in time deposits	**(237,898)**	12,896
Payments for transfer of business	**(277,643)**	—
Others, net	**(3,561)**	(8,495)
Net cash used in investing activities	**(526,349)**	(160,769)
Cash flows from financing activities:		
Payments for acquisition of subsidiaries' stock not resulting in change in scope of consolidation	**(155)**	—
Proceeds from sales of subsidiaries' stock not resulting in change in scope of consolidation	**524**	—
Increase (decrease) in short-term loans payable	**83,408**	(24,861)
Proceeds from long-term loans payable	**153,980**	119,053
Repayments of long-term loans payable	**(38,574)**	(40,478)
Proceeds from issuance of bonds	**25,555**	20,000
Repayments of bonds	**(46,966)**	(29,284)
Payments for repurchase of treasury stocks	**(20)**	(20)
Cash dividends paid	**(37,699)**	(31,386)
Cash dividends paid to non-controlling interests	**(1,860)**	(516)
Proceeds from payment by non-controlling interests	**102**	36
Others, net	**(7,370)**	(21,460)
Net cash provided by (used in) financing activities	**130,923**	(8,918)
Translation adjustments of cash and cash equivalents	**4,161**	9,797
Net increase (decrease) in cash and cash equivalents	**(156,307)**	22,300
Cash and cash equivalents at beginning of period	**248,706**	226,406
Cash and cash equivalents at end of period	**¥ 92,399**	¥ 248,706

Board of Directors, Audit & Supervisory Board Members and Managing Officers (As of June 10, 2016)

Board of Directors

Chairman
Tetsuro Toyoda

President
Akira Onishi

Executive Vice President
Kazue Sasaki

Executive Vice President
Shinya Furukawa

Executive Vice President
Masaharu Suzuki

Directors

Takuo Sasaki
Kan Otsuka
Taku Yamamoto

Directors (Outside)

Shuzo Sumi
Kenichiro Yamanishi
Mitsuhisa Kato

Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Members

Toshifumi Ogawa
Kohei Nozaki

Audit & Supervisory Board Members (Outside)

Hans-Juergen Marx
Takahiko Ijichi
Akihisa Mizuno

Managing Officers

Senior Managing Officers

Takuo Sasaki*
Toshifumi Onishi
Kan Otsuka*
Taku Yamamoto*
Keiichi Fukunaga

* Also holds the position of director

Managing Officers

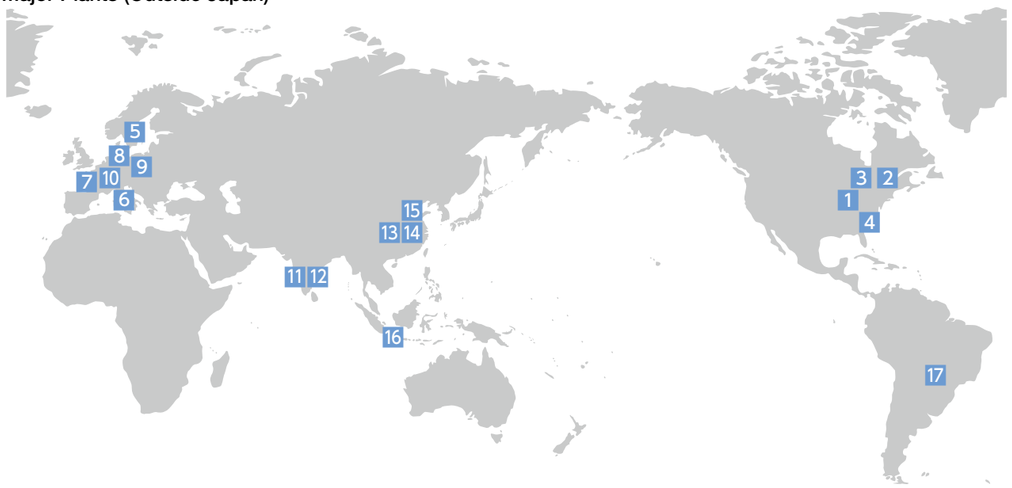
Yukihisa Tsuchimoto
Takashi Ito
Toshiya Yamagishi
Junichi Harada
Mikihiko Okamoto
Yojiro Mizuno
Masahiro Kawaguchi
Yuji Ishizaki
Keizo Hara
Kiyotsugu Kurimoto
Masafumi Kunito
Toshihiko Shimizu
Koichi Ito
Yasushi Kawai
Hiroaki Kayukawa
Toru Inagawa
Hiroshi Matsumoto
Kota Otoshi
Norio Wakabayashi
Kazunari Masuoka
Kazunari Kumakura
Hiroaki Matsuda
Hisashi Ichijo

Major Production Bases (As of March 31, 2016)

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	Compressor parts	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	Compressor parts	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	Toyota Material Handling Manufacturing Sweden AB	Sweden	Mjölby	Materials handling equipment	1946
6	Toyota Material Handling Manufacturing Italy S.p.A.	Italy	Bologna	Materials handling equipment	1942
7	Toyota Material Handling Manufacturing France SAS	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	Uster Technologies AG	Switzerland	Uster	Textile machinery	1875
11	Toyota Industries Engine India Private Limited	India	Bangalore	Diesel engines	2015
12	Kirloskar Toyota Textile Machinery Pvt. Ltd.	India	Bangalore	Textile machinery	1995
13	Toyota Industry (Kunshan) Co., Ltd.	China	Kunshan, Jiangsu	Automotive parts, materials handling equipment, etc.	1994
14	TD Automotive Compressor Kunshan Co., Ltd.	China	Kunshan, Jiangsu	Compressors	2005
15	Yantai Shougang TD Automotive Compressor Co., Ltd.	China	Yantai, Shandong	Compressors	2012
16	P.T. TD Automotive Compressor Indonesia	Indonesia	Bekasi	Compressors	2011
17	Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda	Brazil	São Paulo	Materials handling equipment	2004

Investor Information (As of March 31, 2016)

Corporate Head Office
TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi, 448-8671, Japan
Telephone: +81-(0)566-22-2511
Facsimile: +81-(0)566-27-5650

Date of Establishment
November 18, 1926

Common Stock
No par value
Authorized: 1,100,000,000 shares
Issued: 325,840,640 shares
(including treasury stock)

Capital Stock
80,462 million yen

Stock Exchange Listings
Tokyo and Nagoya (Ticker Code: 6201)

Number of Shareholders
17,568

Independent Accountant
PricewaterhouseCoopers Aarata
Sumitomo Fudosan Shiodome Hamarikyu Bldg.
8-21-1 Ginza, Chuo-ku, Tokyo, 104-0061, Japan

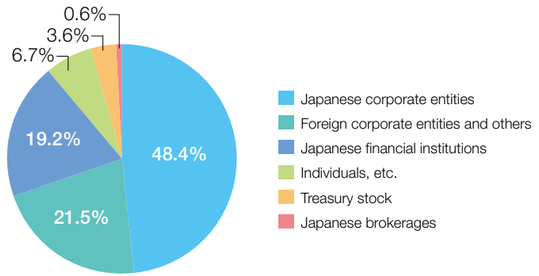
Transfer Agent
Special Account Management Institution
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan

Major Shareholders

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.	16,291	5.00
Toyota Tsusho Corporation	15,294	4.69
The Master Trust Bank of Japan, Ltd. <Trust Account>	9,864	3.03
Japan Trustee Services Bank, Ltd. <Trust Account>	8,271	2.54
Nippon Life Insurance Company	6,580	2.02
Aisin Seiki Co., Ltd.	6,578	2.02
Aioi Nissay Dowa Insurance Co., Ltd.	4,903	1.50
Toyota Industries Corporation Employee Ownership Program	4,015	1.23
Total	178,047	54.64

Notes: 1. Toyota Industries Corporation also holds 11,613 thousand shares of treasury stock but is excluded from 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) 9,864 (Thousands)
Japan Trustee Services Bank, Ltd. (Trust Account) 8,271 (Thousands)

Distribution of Shares



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