

Striving to Be a Company that Maintains the Trust of Society through Establishment and Meticulous Implementation of an Internal Corporate Governance Structure

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

Toyota Industries believes that it is of utmost importance to enhance the long-term stability of corporate value and maintain society's trust by implementing the Basic Philosophy and earnestly fulfilling our corporate social responsibilities. Together with contributing to the enrichment of society through our business activities, we also believe it is important to build an amicable relationship with all stakeholders, starting from shareholders and customers to business partners, local communities and employees. Acting on this conviction, we are striving to maintain and enhance management efficiency and the fairness and transparency of our corporate activities by building a corporate governance structure that can respond quickly and flexibly to changes in the business environment. At the same time, we are bolstering management supervision and emphasizing the timely disclosure of accurate information as part of efforts to upgrade our corporate governance.

Striving for an Agile and Efficient Management Structure

Toyota Industries convenes monthly Board of Directors meetings to discuss and resolve important management matters and monitor the execution of the duties by directors. The Management Committee has also been established to discuss important matters such as corporate vision, management policies, medium-term business strategies and major investments. This committee is composed of directors above the executive vice president level as well as other relevant directors selected by the president as determined by the matter discussed. Since we have delegated significant authority to each business division under the divisional organization system, to better monitor various business activities we have established the Business Operation Committee to enable the president

to meet with heads of each business division regularly to follow the state of execution of the business policies in each division. At the Management Council, directors and managing officers convene to confirm and share information on the monthly status of the operations of each business.

These approaches enable precise decision-making and play a key role in the realization of an agile and efficient management structure.

Strengthening Auditing by Establishing the Corporate Auditor's Office under the Board of Corporate Auditors

Toyota Industries has adopted a corporate auditor/board of corporate auditors system. Corporate auditors attend meetings of the Board of Directors to confirm matters discussed. Meetings of the Board of Corporate Auditors are held once a month to discuss and make decisions on such important matters as auditing policy and reporting.

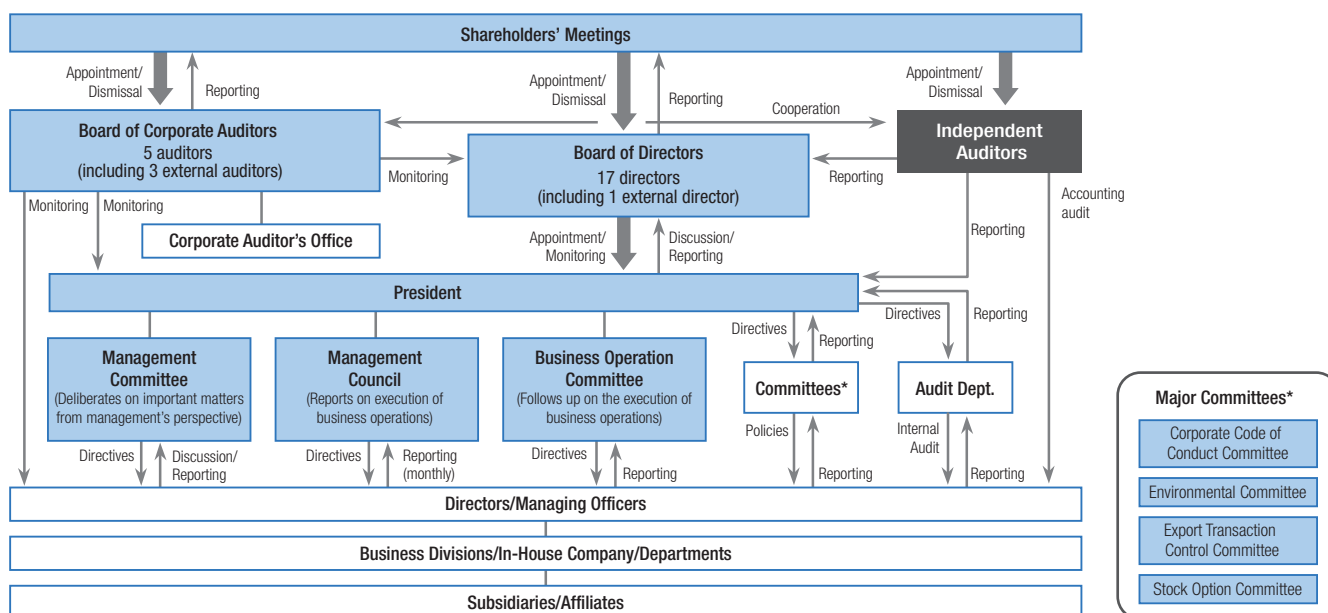
Additionally, the Corporate Auditor's Office has been established under the Board of Corporate Auditors with a staff of dedicated personnel to reinforce the auditing of duties carried out by the directors.

The corporate auditors also cooperate with independent auditors and the Audit Department, which is in charge of internal audits, receiving timely reports as appropriate and, where necessary, conducting additional surveys.

Establishing Committees for Responding to Key Company-Wide Issues

To respond to key Company-wide issues, such as compliance and environmental conservation, we have established various committees, including the Corporate Code of Conduct Committee, the Environmental Committee, the Export Transaction Control Committee and the Stock Option Committee. These committees discuss and monitor management methods and the means of corporate conduct.

Corporate Governance Structure of Toyota Industries Corporation



Establishing an Internal Control System

In accordance with the Corporate Law, in May 2006 Toyota Industries' Board of Directors adopted the Basic Policies for the Establishment of an Internal Control System as part of our persistent efforts to raise the effectiveness and efficiency of business operations, maintain reliability of financial reporting and ensure full compliance. While establishing a structure that encompasses various systems and organizations, we will rotate cycles for reviewing various regulations and evaluating and improving operations, as we actively build effective frameworks for internal control.

Highly aware of the frequent instances of corporate improprieties in fiscal 2008, we carried out a host of activities to further strengthen measures for ensuring comprehensive compliance. In tandem, we are making important progress with preparations for the implementation of J-SOX from fiscal 2009, taking such steps as building, operating and evaluating systems that help assure the reliability of our financial information. As we establish an internal control system, we also have disclosed our basic stance on eliminating forces that run counter to society, while clarifying which departments are responsible for making responses and preparing a response manual.

Thorough Implementation of Compliance via the Corporate Code of Conduct Committee

Toyota Industries believes that compliance transcends the mere adherence to laws and regulations and also encompasses respecting local cultures and customs in a manner that is in step with the changing times.

The Corporate Code of Conduct Committee, chaired by the president, is tasked with controlling the Toyota Industries Group's overall corporate conduct in areas related to compliance and crisis response. Consisting of directors, managing officers and corporate auditors, the committee convenes several times per year to confirm the status of any important incidents that may have occurred as well as countermeasures and responses adopted. The committee draws on these outcomes to deliberate on matters to be addressed in the coming year.

We also carry out Company-wide education and training programs according to the level of employees' positions and their fields of specialization, while the designated legal compliance departments handle education of persons in charge of related departments. In addition, we undertake a diversity of enlightenment activities to raise employee compliance awareness levels. We have augmented these initiatives by introducing compliance e-learning for management supervisors, and in fiscal 2008 all participants completed this program.

Moreover, we hold regular compliance study sessions for presidents and persons responsible for executing business at subsidiaries and affiliates as an integral part of our thorough Group-wide compliance.

Conduct Guidelines: Publishing Handbook for Corporate and Employee Conduct

To ensure thorough compliance across the entire Group, we have compiled specific conduct guidelines in the *Handbook for Corporate and Employee Conduct* (first edition issued in 1998, revised in November 2006) and require all employees to engage in sound conduct. Clarifying matters that must be adhered to both as a company and as individual employees, the handbook focuses closely on laws and corporate ethics and clearly describes acceptable and unacceptable behavior. These conduct guidelines serve as the basis of the Group's overall corporate conduct, whereby we continuously strive to promote a deeper penetration of these guidelines via education and training.

Setting Up the Corporate Ethics Hotline and Other Consultation Desks

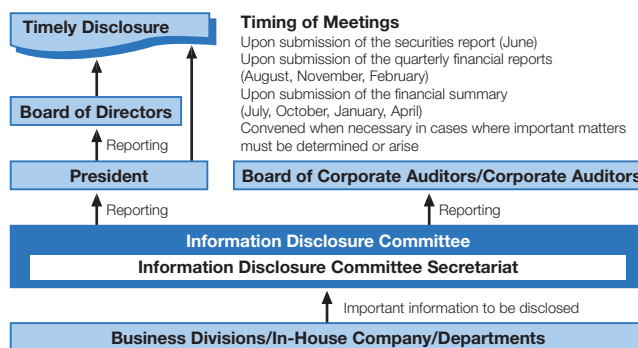
As one channel for employee consultation on compliance-related matters, we established the corporate ethics hotline staffed by outside lawyers. By strictly protecting employee privacy to ensure they are not placed in a disadvantageous position, we are building a structure that enables employees to rest assured when seeking advice on a variety of compliance-related matters.

As part of a structure capable of properly responding to compliance matters, we have also set up various types of consultation desks to address opinions and requests of customers and local residents as well as to respond to an array of concerns and questions from employees and their families.

Timely Information Disclosure

Toyota Industries believes it is crucial to provide stakeholders with timely corporate information even if the information is unfavorable. To ensure the fairness of the information, we convene the Information Disclosure Committee to discuss and determine the importance of information and the necessity of timely disclosure. We then disclose information in accordance with the Timely Disclosure Regulations prescribed by the Tokyo Stock Exchange. We strive for the fair disclosure of information in Japan and overseas by simultaneously posting financial information and financial summaries on our Japanese and English-language Websites.

In working to further enhance our information disclosure, we are combining our *Social and Environmental Report* and *Annual Report* into a single publication called the *Toyota Industries Report* to present a more comprehensive overview of our corporate activities during the fiscal year ended March 2008.



Respect for Shareholders' Rights

Toyota Industries strives to convene its shareholders' meeting at an early date to ensure the participation of as many shareholders as possible. At the same time, we work to hold "open shareholders' meetings" and make every effort to report business results and hold question-and-answer sessions in a shareholder-friendly format.

Regarding dividends, in keeping with a basic policy of maintaining stable dividends, Toyota Industries returns profits to shareholders taking into consideration a comprehensive range of factors that include business results and the payout ratio. For fiscal 2008, we raised annual cash dividends per share by ¥10.0 to ¥60.0, and the total amount of dividends paid for the year was ¥18.7 billion.

With the aim of aligning the interests of management and the Company and promoting business activities that maximize corporate value, we have adopted a stock option system, mainly for directors and managing officers, that features the use of subscription rights to shares.