

Corporate Governance

Japan's Commercial Code was recently under review with a view to ensuring that corporate governance functions fully and properly. A new legal framework for corporate governance is planned to go into effect in April 2003.

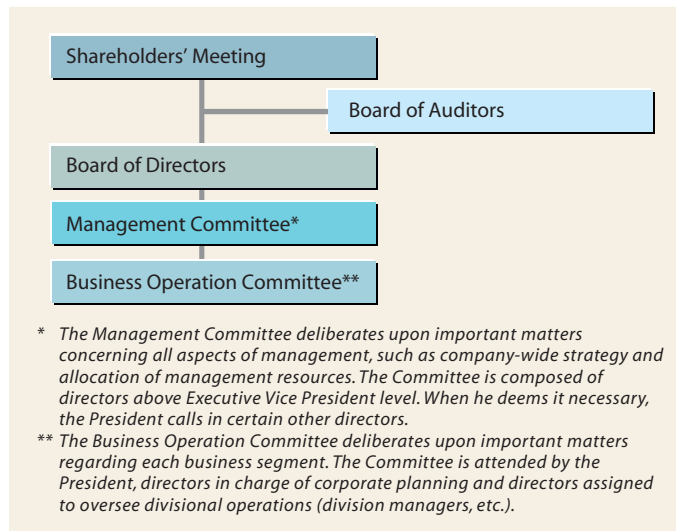
This section covers the corporate governance system of Toyota Industries as of July 1, 2002. We are determined to comply fully with the provisions of the amended Commercial Code. Over and above that, we will make independent efforts to ensure that we adhere to the spirit as well as the letter of the law, in Japan and overseas, conducting our business affairs fairly and transparently. Accordingly, we intend to conform to the highest possible standards with respect to disclosure of information and accountability to shareholders and others concerned.

Decision-Making

As a rule, day-to-day operations are entrusted to division managers or an in-house company president. Strategic decision-making and the establishment of divisional and company-wide business goals are discussed and decided by the Management Committee. Issues arising, when necessary and appropriate, are presented for discussion by the Board of Directors, which includes five auditors charged with a legal responsibility to prevent any unlawful or inappropriate resolutions. The management decision-making bodies of Toyota Industries are the Board of Directors, the Management Committee and the Business Operation Committee.

Board of Auditors

The Board of Auditors is composed of five corporate auditors, including two standing auditors and three outside auditors. In order to strengthen the auditing function and promote better corporate governance, one additional outside auditor was appointed at the Ordinary General Meeting of Shareholders held on June 27, 2002. The corporate auditors, appointed at the Ordinary General Meeting of Shareholders, conduct operations audits as well as accounting audits. For this purpose, the law grants auditors a great deal of authority. In the operations audit, they investigate whether ordinances and articles of incorporation are being observed by the directors in the execution of their duties. In order to prevent illegal or improper resolutions from being made at meetings of the Board of Directors, the auditors attend the meetings and are able to give their opinions if necessary. If any violation of an ordinance or



articles of incorporation is made by a director or the prospect of such a violation is identified, it is reported to the Board of Directors.

Information Disclosure

We have taken measures to improve disclosure, including upgrading the IR section of our Web site. We are examining ways of further reinforcing accountability to shareholders and others concerned, such as expanding the volume and contents of information available to the public.



<http://www.toyota-industries.com/ir/>

Good Corporate Citizenship

Code of Conduct Council

In the early 1990s, we established a Code of Conduct Council for the purpose of promoting awareness of ethical, legal, social and environmental issues. The Council is chaired by an Executive Vice President. In 1998, the Council published a guide for employees containing specific guidelines on good conduct. The Council liaises closely with the Legal Department, the Global Human Resources Department and the Audit Office, among others. It also conducts regular checks of each department and promotes educational activities.