

Corporate Governance

Aiming for Sound and Efficient Management to Maintain the Trust of Society

Governance Structure

Basic Perspective of Corporate Governance

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 of "Respect for the Law," "Respect for Others," "Respect for the Natural Environment," "Respect for Customers" and "Respect for Employees," 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.

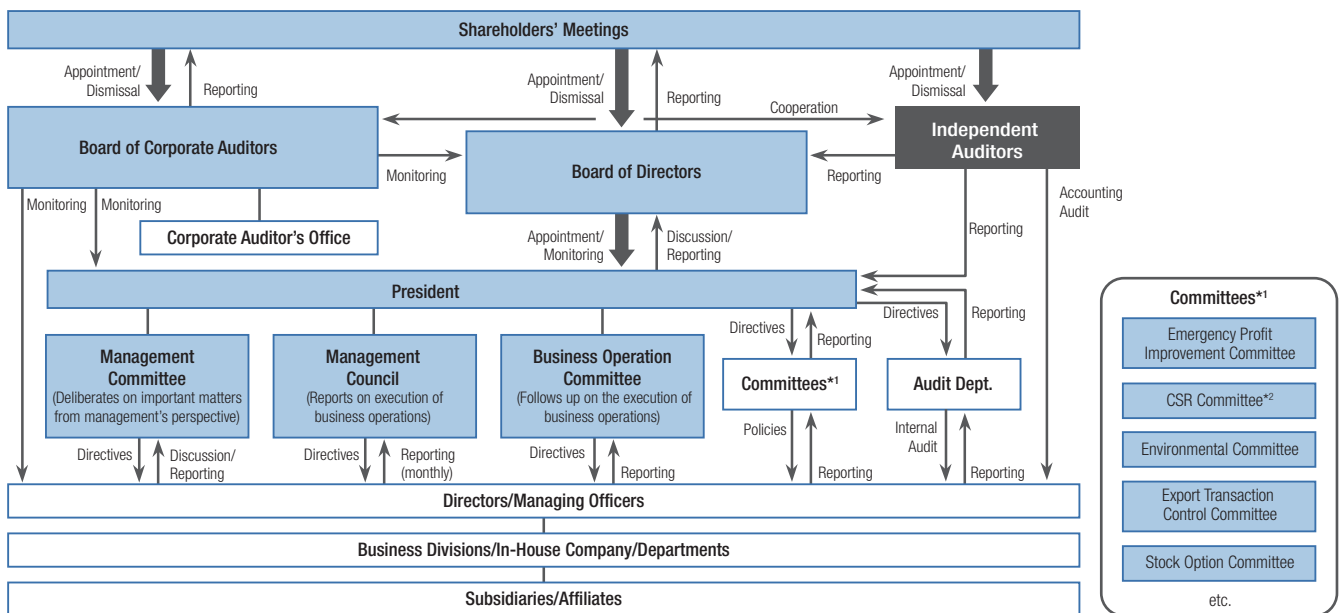
Implementation Structure

Toyota Industries convenes monthly Board of Directors meetings to discuss and resolve important management matters and monitor the execution of the duties by directors. Important matters such as corporate vision, management policies, medium-term business strategies and major investments are discussed at meetings of the Management Committee composed of directors above the executive vice president level, corporate auditors and other relevant directors. The committee thoroughly discusses a variety of matters before such matters are passed on for debate at

Board of Directors meetings, in addition to deliberating on responses to a broad range of management issues. In addition to delegating significant authority to each business division under the divisional organization system, we have established the Business Operation Committee to enable the president to meet with heads of each business division regularly to monitor and follow the status of execution of the business policies in each division. At meetings of the Management Council, which are held after Board of Directors meetings, directors, managing officers and corporate auditors convene to share management information with regards to matters resolved at respective Board of Directors meetings as well as the monthly status of the operations of each business. Furthermore, specialized committees are set up to discuss and follow through on such themes as compliance, quality, safety, the environment, human resources, export transaction controls and information disclosure.

Corporate Auditor System

Toyota Industries has adopted a corporate auditor/board of corporate auditors system. Two standing corporate auditors and three external corporate auditors attend meetings of the Board of Directors to monitor the execution of duties by directors. Meetings of the Board of Corporate Auditors are held once a month to discuss and make decisions on such important matters as auditing policy. The standing corporate auditors collect management information by attending primary meetings including those of the Management Committee and receiving reports directly from directors. This also enables the standing corporate auditors to monitor the execution of duties by directors. Additionally, the Corporate Auditor's Office has been established with a staff of dedicated personnel



*2 Name changed from Corporate Code of Conduct Committee to CSR Committee from June 19, 2009

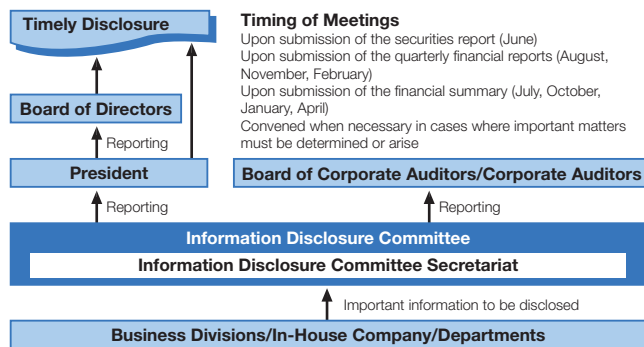
Emergency Profit Improvement Committee

In response to the rapid downturn in our business environment, Toyota Industries has established the Emergency Profit Improvement Committee on December 1, 2008 directly under the president. Under the Emergency Profit Improvement Committee, we have set up 14 different subcommittees, such as the General Expenses Subcommittee, and are actively working on profit improvement activities throughout the Company. To the present, together with management and all employees, we have focused on thoroughly implementing cost reduction activities. We will also enhance planning and the execution of measures to increase sales and income.

who are independent from the chain of command of directors to assist in the auditing tasks of corporate auditors and reinforce the auditing of duties carried out by the directors. The corporate auditors also exchange opinions and cooperate with independent auditors and the Audit Department to ensure the legality, soundness and efficiency of management.

Timely Information Disclosure

Toyota Industries has established the Information Disclosure Committee to provide all stakeholders with important corporate information, even if the information is unfavorable, to ensure management transparency and accountability. The committee discusses and determines the comprehensiveness and appropriateness of timely disclosure of information in such documents as the securities report.



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 to ensure compliance, risk management as well as the effectiveness and efficiency of business operations. Furthermore, based on the Financial Instruments and Exchange Law, we are building, operating and evaluating a system to maintain the reliability of financial reporting, while assessing the effectiveness of our internal controls and undergoing audits by independent auditors.

Compliance Implementation Structure

Basic Perspective

Toyota Industries believes that compliance transcends the mere adherence to laws and regulations and also encompasses practicing corporate ethics and respecting local cultures and customs in a manner that is in step with the changing times. We believe each and every employee must behave fairly and sincerely with a high law-abiding spirit and an acute sense of ethics.

Implementation Structure

Based on the Basic Policies for the Establishment of an Internal Control System, we are putting in place a compliance implementation structure. We have designated the Legal Department at the Head Office and 10 other departments as departments in charge of legal compliance, which keep abreast of the enactment and amendment of laws and regulations, engage in activities to familiarize employees with compliance matters through education and the Intranet as well as monitor and provide guidance on compliance. The progress of such activities is reported at meetings of the Corporate Code of Conduct Committee, which are held twice a year and attended by the president, directors, managing officers and corporate auditors. If deemed necessary, further measures are discussed and decided to reinforce these activities.

Furthermore, we have compiled specific conduct guidelines in the *Handbook for Corporate and Employee Conduct* (first edition issued in 1998, revised in 2006) and require all employees to engage in sound conduct. The handbook focuses closely on laws and corporate ethics and clearly describes acceptable and unacceptable behavior. We continuously strive to promote a deeper penetration of these guidelines via education and training as well as distribution of a portable handbook. The Group companies outside Japan have also compiled conduct guidelines in accordance with their respective countries' laws and practices to familiarize their employees with these guidelines through education and training. We also conduct legal education based on career path and position.

Corporate Ethics Hotline

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.

Risk Management

Basic Perspective

Based on the Basic Policies for the Establishment of an Internal Control System, we are establishing regulations and systems regarding risk management that may entail any losses or damages. When a risk or a danger of a risk becomes evident, we classify it as either a problem or a crisis judging by potential losses on business operations and the magnitude of social impact. We are putting in place a quick and precise initial-response system that will enable us to solve a problem at an early stage in which its impact is relatively small and to prevent such problems from developing into a crisis.

Implementation Structure

Risks related to quality, safety, the environment, human resources and export transaction controls are discussed by the respective committees. If deemed necessary, we make new rules and manuals, familiarize employees with them and monitor operations to minimize risks. The Corporate Code of Conduct Committee makes decisions regarding policies and has established a prevention system for risks regarding compliance, earthquake responses and information security. As an example, we have compiled the *Rules in Case of Earthquakes* (first edition issued in March 2003, revised in October 2007) and distributed the handbook to all employees. We require them to carry this handbook at all times to facilitate precise action and response in the event an earthquake occurs.

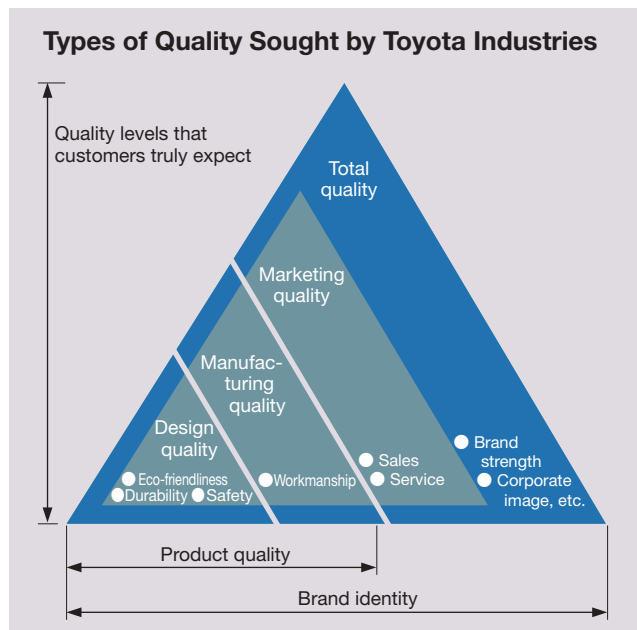
Responsibility to Our Customers

Aiming for Further Quality Improvement with Customer-First Principle

Quality a Key Management Issue

Carrying on the spirit of the teachings of Toyota Industries' founder Sakichi Toyoda that "A product should never be sold unless it has been carefully manufactured and has been tested thoroughly and satisfactorily," Toyota Industries believes quality is its lifeline and a key management issue. Maintaining and improving quality is our most important responsibility to our customers and forms the basis of our corporate social responsibilities.

Toyota Industries encourages all employees to be an active part of its efforts to maintain and improve quality in all areas of its corporate activities, most notably "product quality," "marketing quality" and "total quality." "Product quality" is embodied in the durability, safety and eco-friendliness of our products, "marketing quality" in excellent sales and service and "total quality" in our overall corporate image and brand strength.



Quality Assurance Systems

Based on the stance of "customer first," Toyota Industries develops and provides products from the customer's viewpoint.

Whenever any of Toyota Industries' business divisions develops a new product, a design review (DR) system is utilized to evaluate quality at all stages from product planning and development to production preparation, production and customer satisfaction assessment. This ensures that the process of product development progresses to the next stage only when a division head thoroughly checks to confirm that established quality target levels have been achieved. Once customer information reaches the quality assurance departments of each business division after the product launch, it is fed back to the responsible department (such as design and manufacturing) to quickly devise countermeasures. At the same time, the DR system is reviewed as necessary to prevent the recurrence of any problems in subsequent models.

Improving Quality throughout the Global Supply Chain

We constantly strive to deliver products that satisfy customers. To this end, we always listen to customer voices and pour our efforts into R&D on new products and new functions that anticipate the needs of the times.

As an example, in its efforts to ensure that customers can use our products in an excellent condition without any inconveniences, the Materials Handling Equipment Business provides services not only through distributors and dealers but also by directly interfacing with customers through customer consultation desks and visiting customers to conduct actual usage fact-finding surveys.

Comments and requests received from customers in this way are promptly fed back to the relevant department, such as design, and a response is subsequently provided to the customer through dealers. At the same time, we make good use of these comments and requests in product improvements and new product development.

We procure parts from our entire global supply chain, including affiliates and business partners all over the world, while supplying products to the global market. We engage in quality assurance activities by sharing our customer-first stance throughout the supply chain.

Distributing Quality Guidelines

Every year, we issue the Quality Guidelines that identifies important quality improvements to all manufacturing bases in and outside of Japan. Respective business divisions hold Quality Functional Committee meetings attended by management to confirm the implementation of the guidelines and follow through via on-site inspections.

In order to meet customer expectations, in fiscal 2010 we are going back to the basics of our customer-first activities and identifying each business division's and department's shortcomings, further enhancing our DR evaluation system and reviewing prerequisites for manufacturing non-defective products.

Toyota Industries is committed to improving the degree of customer satisfaction. In attaining this objective, predetermined procedures are carried out in all processes according to instructions to ensure no defective products are sent to post-processes, thereby achieving manufacturing through self-conclusion of the process that guarantees zero defects. We are implementing this practice at manufacturing bases not only in Japan but throughout the world.

Responsibility to Our Business Partners

Aiming for Co-Existence and Co-Prosperity with Business Partners

Procuring Parts, Materials and Equipment from around the World through Fair Trading Practices

Toyota Industries procures parts, materials and equipment in a variety of areas from business partners all over the world. We work toward the realization of co-existence and co-prosperity with our business partners from a long-term perspective. Through fair trading practices, we purchase high-quality products at lower costs while cooperating with our business partners in responding to environmental conservation and other social demands.

Fair Competition Based on an Open-Door Policy

We have an open and fair entry process that allows all potential business partners, regardless of nationality, size and experience, the same opportunity to offer us their products or services through our Website to achieve broad and open procurement. To apply, potential business partners must register the status of their environmental certifications, such as ISO 14001, as well as other basic information that includes their main product lineup and contact information.

We evaluate our business partners based on economic reasons such as the quality, price and volume of their products, as well as on their adherence to delivery times. In addition, we comprehensively evaluate such matters as environmental awareness, company stability and technological development ability.

Amicable Relationship of Mutual Benefit Based on Mutual Trust

We work hard to realize an amicable relation of mutual benefit with our business partners based on mutual trust. We hold procurement policy meetings for major business partners in order to explain annual procurement policies and to gain their understanding and cooperation. We also hold topic-based meetings for important matters related to corporate social responsibilities so that our business partners can share information on our respective needs and reinforce our relationships with them.

We also support business partners' efforts to improve their management platform in order to consistently procure better products. For major business partners, we proactively support quality and cost improvements, safety and health management as well as environmental conservation.

In fiscal 2009, a total of 892 people attended quality training programs held for our business partners on 35 occasions, and a total of 84 people attended technical skill training programs. In addition to providing guidance and cooperation directed toward improving manufacturing processes at business partners' production sites on 48 occasions, we also held a Safety, Health and Environment Convention. Furthermore, to facilitate the development and strengthening of personnel well-versed in the Toyota Production System (TPS), we encourage major business partners to enroll in the TPS dojo* as part of such efforts. In fiscal 2009, we accepted four people from four business partners.

* TPS dojo: A training program established in January 2000 for employees to experience for themselves a basic education in the TPS as a means of developing "thoughts and actions" and acquiring *kaizen* (continuous improvement) skills

Environmentally Friendly Products Based on "Green Procurement"

In order to create environmentally friendly products, we aim to procure parts, materials and equipment that have low environmental impact from business partners that always give sufficient consideration to the environment. Based on our Green Procurement Guidelines, we require our business partners to establish an environmental management system. We make it a rule for business partners to acquire external certification on their environmental management systems such as ISO 14001 for Toyota Industries to procure parts and raw materials. In order to adhere to regulations regarding the use of substances of concern, we require the suspension and reduction of use as well as the management of usage of these substances if they are included in our products or manufacturing processes.

For products that will become a component of Toyota Industries' products or that will be used in our manufacturing processes, our procurement system requires our business partners to submit in advance a non-use declaration of prohibited substances as well as data on substances of concern, including a report on the substances contained in parts. Only after confirmation is carried out do we purchase these parts.

In addition, we visit our business partners' production plants as deemed necessary in order to carry out process inspections. Furthermore, in an effort to strengthen management of substances of concern, analysis equipment was introduced in fiscal 2005 to carry out random inspections of supplied products.

Localization of Business Based on Good Corporate Citizenship

As a company that undertakes local production overseas, we promote procurement from local business partners in order to contribute to the local community.

Compliance with the Law

It is Toyota Industries' and our business partners' policy to strictly abide by both the letter and spirit of laws and regulations and to also carefully handle and protect our business partners' confidential corporate information.

Toyota Industries stresses compliance with the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors (hereinafter Subcontracting Act) in its commitment to fair trading practices. As of March 2009, some 750 business partners are covered by the Subcontracting Act among our approximately 1,300 business partners worldwide.

In fiscal 2009, the Purchasing Department at the Head Office, which is responsible for ensuring compliance with the Subcontracting Act, held 71 in-house training seminars regarding this act, training a total of about 4,400 employees involved in procurement in their respective business divisions.

In response to growing demand for greater corporate social responsibility, we require all business partners to fully comply with laws and regulations.

In April 2008, we held a Procurement Policy Explanatory Meeting, in which we presented a summary of related laws and regulations and requested full compliance by major business partners. We also held a total of four study sessions on various laws and regulations in an effort to help raise the level of knowledge and compliance awareness among our business partners. We plan to continue these programs according to a prearranged annual schedule.

Responsibility to Our Associates

Aiming to Create a Workplace Where Associates Can Work Actively and Safely

Ensuring Occupational Health and Safety

Initiatives for Realizing “Zero Danger”

In accordance with our fundamental policy of “creating workplaces and people capable of autonomously maintaining occupational health and safety,” Toyota Industries strives to prevent industrial accidents and realize better work environments to achieve “improvement from zero accidents to zero danger.”

In fiscal 2009, activities in this area were carried out under three major policies, namely, reconfiguring an occupational health and safety management system (OHSMS) to enhance workplace strengths, pursuing equipment safety and nurturing safety-oriented associates.

1. Reconfiguring an Occupational Health and Safety Management System

We reviewed our risk assessment activities and strove to reconfigure a more effective activity structure.

2. Pursuing Equipment Safety

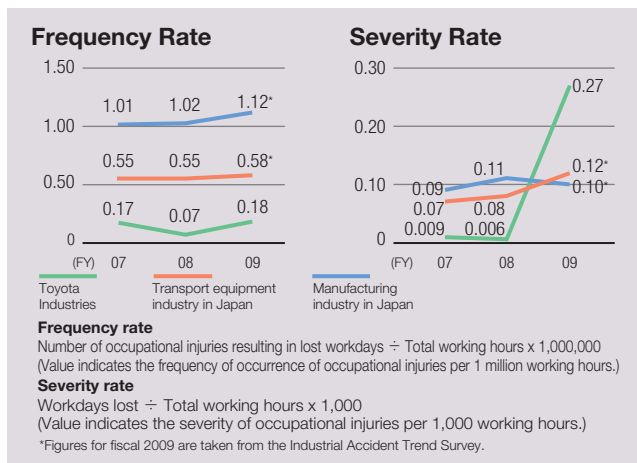
In order to prevent collisions between people and in-building vehicles, we instituted measures to isolate associates from vehicles inside factory buildings and other facilities.

3. Nurturing Safety-Oriented Associates

Each manufacturing base launched its own safety dojo to nurture associates able to engage in safe behavior.

On May 7, 2008, an explosion regrettably occurred at the Obu Plant. Reflecting on this accident, we thoroughly investigated the cause of the explosion and devised preventive countermeasures. A decisive course of action was ingrained in each and every associate through meetings held at all workplaces, and confirmations and countermeasures were carried out via on-site inspections.

Since industrial accidents are on the rise among relatively experienced associates, we focused our attention on the review of standard procedures for non-routine work such as measures regarding extraordinary incidents. We are also making a concerted effort to prevent industrial accidents and occupational illnesses as well as engaging in other measures to prevent disasters.



Health Management and Improvement

In response to the medium-term task of promoting Company-wide health improvement programs concerning risks associated with aging and greater stress, we have implemented a variety of measures to help support and maintain the health of our associates. Efforts include providing health guidance for persons with metabolic syndrome from fiscal 2008, as well as holding one-day health education courses (mandatory) targeting associates reaching certain ages to prevent lifestyle diseases.

Mental health care activities include strengthening self-care/line-care education and consultation hotlines as well as introducing a preparatory work system, which allows associates to work half days.

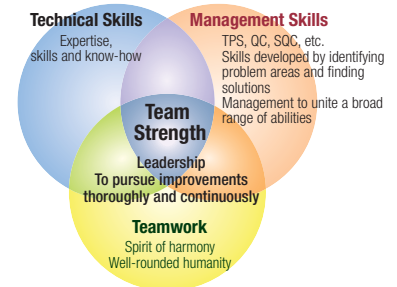
Human Resources

Enhancing Team Strength and Spirit and Associate Relations Built on Mutual Trust

In order for each associate to be enthusiastic about their work, as well as to ensure continued development of the Company, increasing team strength (organizational power) is essential.

Team strength is comprised of technical skills, which serve as the originating source of manufacturing; management skills, which fully utilize technical

skills; and teamwork, which supports the first two skills. While further enhancing our team strength, which also serves as a strong asset of the Toyota Industries Group, we are striving to extend and hand down team strength beyond business domains, generations and geographic regions.



Nurturing Associates to Realize Sustainable Growth of Toyota Industries Group

With approximately half of our associates working at Group companies

outside Japan, Toyota Industries is undertaking efforts to develop human resources capable of playing globally active roles that transcend regions and countries. In May 2009, we established the Hazu Academy, a global learning center, in Hazu, Aichi Prefecture, as our base for developing truly global leaders in and outside of Japan. Despite the harsh management environment, we will provide training on improving capabilities to devise management strategies along with other courses, while committing ourselves to developing human resources who will be the bearers of Toyota Industries' sustainable growth.



Hazu Academy

In 2007, Toyota Industries established the Technical Learning Center to nurture engineers possessing expertise and execution capabilities as well as highly skilled technicians capable of handling the fundamentals of manufacturing. Aiming for the improvement of techniques and skills of associates throughout the Toyota Industries Group, including affiliates, we are providing training on technical skills, the cornerstone of manufacturing.

As testimony to these efforts, 14 Toyota Industries associates participated in five categories of the 46th National Skills Competition held in Chiba Prefecture from October 31 to November 3, 2008, and earned medals in all categories. Among the participants, Yuichi Mori, who competed in the electrical welding category, won a gold medal for two consecutive years.

Supporting a Balance between Work and Child Care/Nursing Care, Ensuring Equal Opportunities and Respecting Diversity

We are implementing a host of measures to establish fair and impartial workplaces where a diverse range of human resources can fully exercise their capabilities. In our commitment to supporting a balance between work and child care, in March 2009 we introduced a shorter work-hour system for child care. To ensure equal opportunities and diversity, we proactively promote the employment of persons with disabilities. In fiscal 2009, the employment rate of persons with disabilities was 1.98% (179 people, non-consolidated basis).

Responsibility to Our Local Communities

Aiming for More Harmonious Co-Existence with Local Communities

Toyota Industries carries out a broad range of social contribution activities based on its Guiding Principles for Corporate Citizenship. With particular emphasis on social welfare, youth development and environment, we are vigorously making efforts to promote close relationships with local communities.

Guiding Principles for Corporate Citizenship Basic Philosophy

Toyota Industries is respectful of the people, culture and traditions of each region and country in which it operates. We also work to promote economic growth and social development in these regions and countries.

Basic Perspective

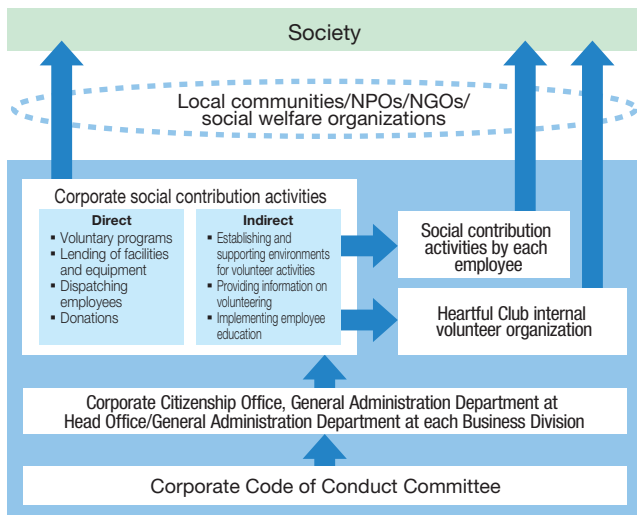
While striving to achieve sustainable growth as a company, we strive to fulfill our role as a good corporate citizen and actively undertake social contribution activities in every community where Toyota Industries does business in our efforts to help realize a prosperous and healthy society. To accomplish this, Toyota Industries actively promotes cooperative support activities with the objective of contributing to local communities through the provision of human resources, facilities, funds and know-how. Each of our employees also endeavors to be of service to the community through such means as volunteer activities.

Social Contribution Promotion Structure

We established the Corporate Citizenship Office within the General Administration Department at the Head Office. Through this office, we promote initiatives for implementing voluntary programs, facilitating communications with local communities and enhancing internal education and enlightenment programs. The Corporate Code of Conduct Committee, which is directly controlled by the president, deliberates on the format and specific details of social contribution plans.

In 1997, we established the Heartful Club as an internal volunteer organization composed of volunteers that include current and former employees of Toyota Industries and its subsidiaries as well as their families. Through this organization, we engage in a range of activities aimed at raising awareness of volunteerism and contributing to social prosperity.

In 2008, we opened the Heartful Volunteer Support Center as a primary base for social contribution activities, engaging in a broad range of activities such as holding events in cooperation with non-profit organizations (NPOs), preparing for community festivals and organizing lectures. This facility is open to the community and freely available to all local residents.



Examples of Social Contribution Activities

Theme	Main Activities
Social Welfare	Holding events that people with disabilities can enjoy without stress or anxiety <ul style="list-style-type: none"> • Clam digging excursions • Welfare Festival • Spring harvest festival and autumn harvest festival (sweet potato digging) Inviting children orphaned from traffic accidents to Nagoya grand sumo tournament Creating Christmas cards using drawings by children living in an orphanage Donating bazaar goods to welfare facilities Collecting and donating unusable postcards, stamps and non-Japanese bank notes Sales support of products made at vocational aid center
Youth Development	Support for youth invention clubs <ul style="list-style-type: none"> • Organizing classes on weaving machinery during summer vacations • Holding handmade kite-flying competitions Participating in Obu industrial culture festival <ul style="list-style-type: none"> • Organizing a handicraft corner • Producing and donating a model car for a dream car competition Organizing an internship program for junior high school students (experiences in labor/manufacturing/environments) Organizing an internship program for school teachers
Environment	Promoting pallets made of lumber harvested from forest thinning in Japan Donating benches made of thinned wood in Japan Organizing cleanup activities around plants worldwide <ul style="list-style-type: none"> • Cleaning up highway near a plant in U.S.A.
Community Activities	Monitoring traffic safety Crime-prevention patrols Participating in traditional cultural events in local communities
Others	Organizing "Toyota Industries Presents Autumn Concert" Organizing year-end charity drive throughout Toyota Industries Group (soliciting donations) Support and donations for areas affected by the Sichuan Earthquake in China

Topics

Welfare Festival

In February 2009, we invited people with disabilities who attend welfare facilities in Kariya, Aichi Prefecture, as well as their families to treat them to a variety of programs, including music, dance and craft workshops. In fiscal 2009, the 15th year of this event, we welcomed 248 people, and 80 employees and local volunteers assisted in running the event. This occasion served to promote deeper interaction between invited participants and volunteers as well as between Toyota Industries and local communities.



Cleanup of Highway near a Plant in U.S.A.

A volunteer team of employees at U.S.-based Michigan Automotive Compressor, Inc. (MACI), a manufacturer of car air-conditioning compressors located in Michigan, helps clean up about 3 kilometers along the local highway near the plant. This cleanup activity is held three times a year, every May, July and September, and is fully appreciated by the local community.

