



Toyota Industries Report

**2012**

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# Corporate Philosophy

(Toyoda Precepts, Basic Philosophy and CSR Policy)

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

Guided by a strong ambition to “contribute to society and the world through *monozukuri* (manufacturing),” Toyota Group founder Sakichi Toyoda devoted himself to “endless creativity, inquisitiveness, and the pursuit of improvement” and made various inventions including the non-stop shuttle-change Toyoda Automatic Loom, Type G. The spirit of Sakichi is enshrined in the Toyoda Precepts, formulated in 1935 and passed down today in our Basic Philosophy, which we established in 1992 and revised in 1998.

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

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

\* Chaired by the president, the committee convenes twice per year and consists of directors, managing officers and corporate auditors.



## ■ Toyoda Precepts

- 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.

## ■ CSR Policy (Preamble)

We, Toyota Industries Corporation and our subsidiaries, contribute to the harmonious and sustainable development of society and the Earth through all business activities that we carry out in each country and region based on our Basic Philosophy.

We comply with local, national, and international laws and regulations as well as the spirit thereof, and we conduct our business operations with honesty and integrity.

In order to realize sustainable development, we carry out management with an emphasis on stakeholders, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support this initiative and act in accordance with it.

Access Toyota Industries’ Website for details.  
<http://www.toyota-industries.com/corporateinfo/philosophy/>

## CSR Areas



# Corporate Governance

As a globally operating company, Toyota Industries seeks sound and efficient management to maintain the trust of every stakeholder.

## Basic Perspective of Corporate Governance

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

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

## Corporate Governance Structure

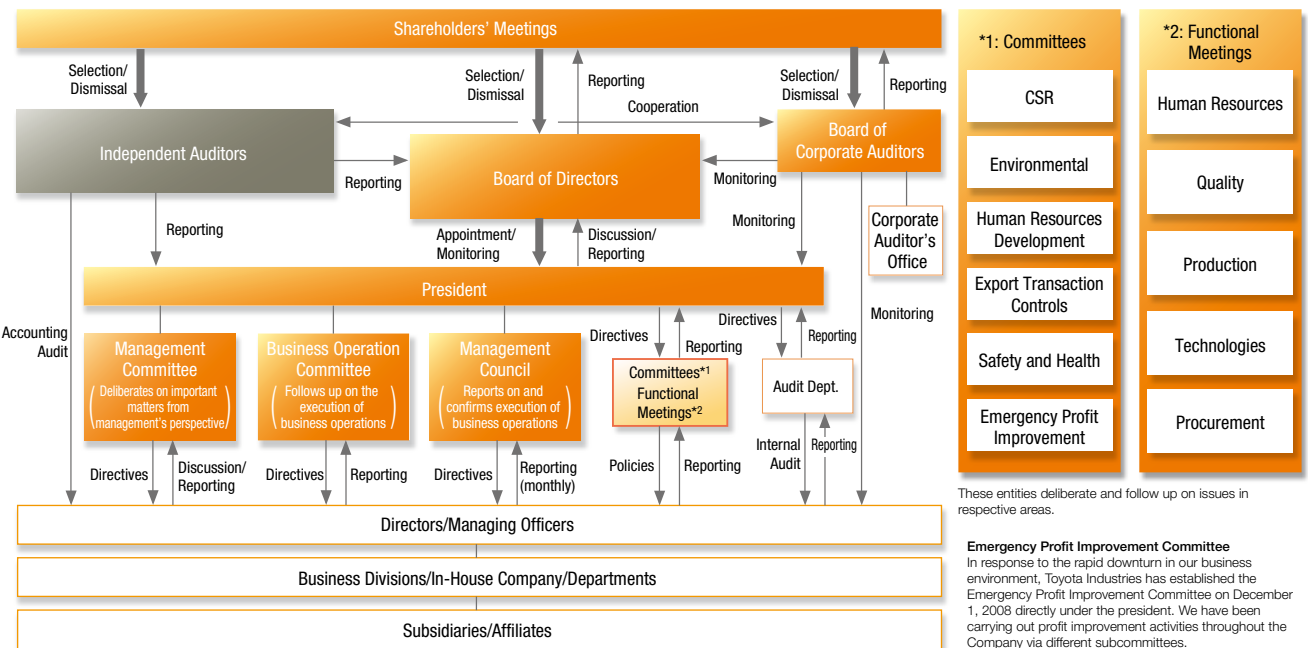
## Implementation Structure

Toyota Industries convenes monthly meetings of the Board of Directors to resolve important management matters and monitor the execution of duties by directors. We also appoint outside directors who are knowledgeable about our business operations. They attend meetings of the Board of Directors and give opinions and ask questions as deemed necessary. Through this supervisory function of outside directors, we ensure the legality and validity of the Board’s decisions as well as directors’ execution of duties

from an objective perspective. The Management Committee, which is composed of directors above the executive vice president level as well as relevant directors, managing officers and corporate auditors, deliberates on a variety of issues concerning important management matters such as 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 corporate auditors 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, technologies, procurement and other functions 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, human resources development and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.



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

**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. We have been carrying out profit improvement activities throughout the Company via different subcommittees.



## Board of Corporate Auditors System

Toyota Industries has adopted a board of corporate auditors system. Two full-time corporate auditors and three outside corporate auditors attend meetings of the Board of Directors to monitor the execution of duties by directors. At the same time, meetings of the Board of Corporate Auditors are held once a month to discuss and make decisions on important matters related to auditing. The full-time corporate auditors carry out auditing by attending primary meetings and receiving reports directly from directors. Additionally, we have assigned dedicated personnel, while corporate auditors monitor the legality and efficiency of management through collaboration with independent auditors and the Audit Department.

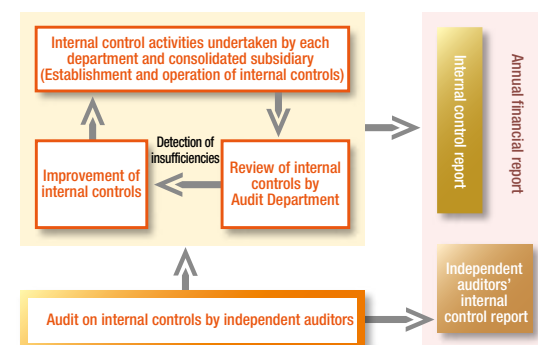
As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated respectively by the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange, we designated as independent auditors two outside auditors who have no conflicts of interest with our shareholders to further enhance our corporate governance.

## Internal Control System

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

Furthermore, based on the Financial Instruments and 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.

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



We determined that our internal controls over financial reporting as of the end of fiscal 2012 are effective, and accordingly, submitted an Internal Control Report in June 2012. The report was reviewed by independent auditors and judged fair in their Independent Auditors' Report.

## Compliance

### Four Pillars of Compliance Activities

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

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

### Four Pillars of Compliance Activities



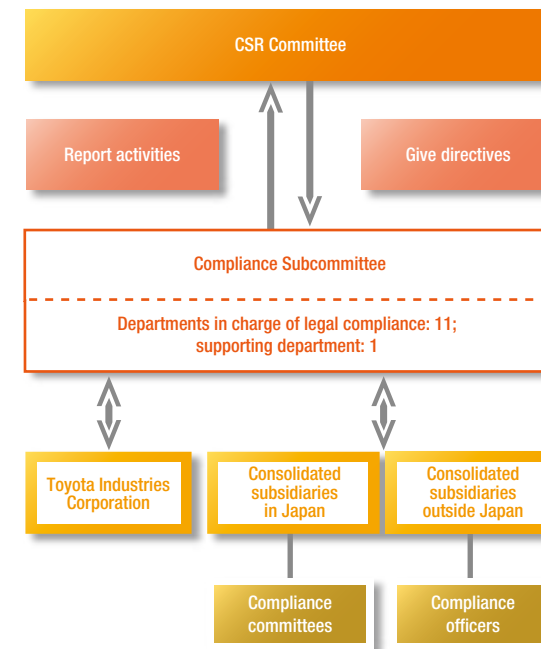
### Establishment and Reinforcement of Implementation Organization

To promote compliance throughout the Toyota Industries Group, we have established the Compliance Subcommittee (led by an executive in charge of legal affairs\*) as a subordinate organization to the CSR Committee. Every

- 1 We encouraged the establishment of compliance committees at our consolidated subsidiaries in Japan and the appointment of compliance officers at consolidated subsidiaries outside Japan in an effort to help them set up their own voluntary compliance promotion structures.
- 2 The Compliance Subcommittee compiled and reviewed cases of law violations within the Toyota Industries Group and measures taken to prevent recurrence every six months as well as promoted the sharing and horizontal dissemination of information among the Group companies as deemed necessary, providing support to raise the level of compliance across the Group.

\* As of March 31, 2012

### Organization for Promoting Compliance



year, the subcommittee formulates an action policy and conducts follow-up checks on its progress on a quarterly basis.

In fiscal 2012, we primarily focused on reorganizing the structure to promote compliance throughout the entire Toyota Industries Group.

### Formulation of Code of Conduct and Dissemination

Toyota Industries has formulated the Code of Conduct, which serves as conduct guidelines that should be observed by employees, and distributed a portable version to every employee.

Consolidated subsidiaries in and outside Japan

formulate and deliver to employees their own Code of Conduct matched to their respective business lines and corporate cultures. Toyota Industries' 29 consolidated subsidiaries in Japan and 54 consolidated subsidiaries outside Japan have already created their own Code of Conduct.



Code of Conduct for Raymond employees in North America

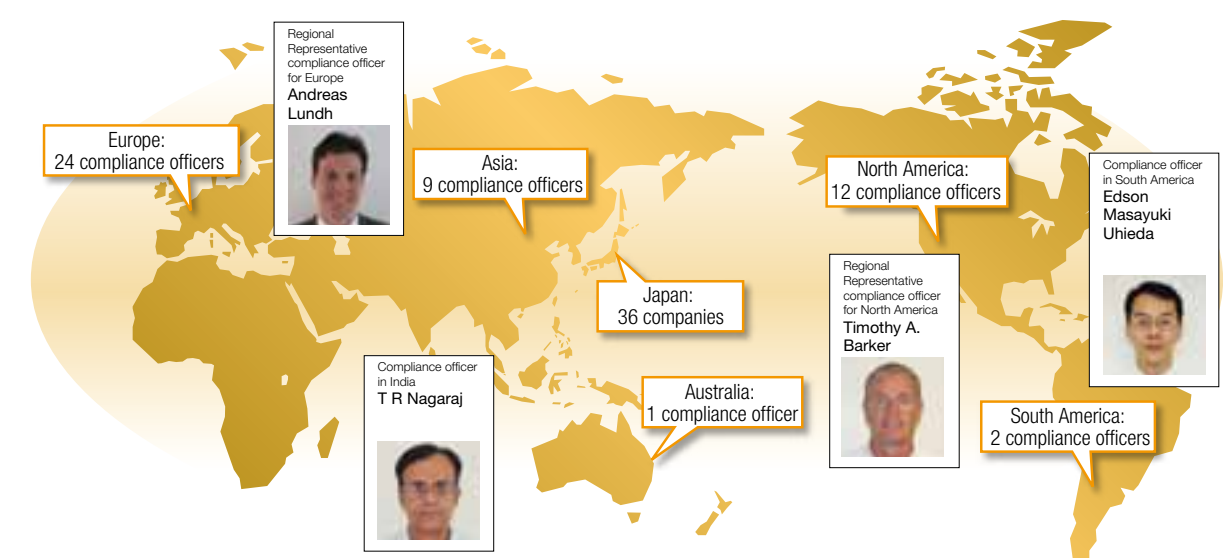
Portable Code of Conduct Handbook for employees in China (TIK, TACK)

### Thoroughly Informing Employees about Applicable Laws and Regulations

Toyota Industries provides compliance education to all levels of employees. This includes providing required legal knowledge to employees according to their job ranks or positions, familiarizing them with the emergency procedures that should be followed upon the occurrence of a problem and educating them on risk management. To new or young employees, in particular, we provide guidance on "what to do" and "what not to do" based on laws and corporate ethics, using our Code of Conduct as an instructional material.

In order to provide effective education, we devise various ways to actively engage employees. For example, lectures are interactive and participatory, featuring group discussions to deepen the level of understanding among participants. We also survey participants' needs (questions and concerns) beforehand and offer lectures in response to these needs, thereby raising the degree of usefulness and satisfaction of compliance education.

### Compliance Officers (outside Japan) and Compliance Committees (in Japan)



In fiscal 2012, we started providing education on the Antimonopoly Act of Japan to the sales executives of Toyota Material Handling Japan (TMHJ) dealers throughout the country. We plan to extend the scope to include consolidated subsidiaries outside Japan and offer detailed support for respective companies.

Furthermore, we designate a particular month as “Corporate Ethics Month” and give all employees an opportunity to think about compliance through workplace meetings.

As a means to disseminate information to consolidated subsidiaries, we regularly provide executive training in Japan and hold regional compliance officers meetings outside Japan. These are designed to make a timely response to any amendments to laws and regulations, share information on measures adopted to handle violations or issues and take the necessary action to prevent the recurrence of any problems.



Seminar on the Antimonopoly Act at a TMHJ dealer

## Checking and Confirming Compliance

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

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

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



Pamphlet regarding compliance hotline

## Compliance Education Provided

Toyota Industries		2010			2011	2012	2013	(FY)	
Executive training	Conducted training for newly appointed executives and legal seminars for executives			Ongoing initiative					
Rank-based (clerical, technical)	Promoted training on quality, safety, the environment, labor, management of confidential information, export transactions, subcontracting and the Antimonopoly Act			Ongoing initiative					
Training by function	★11,600 employees participated	★9,200 employees participated	★8,200 employees participated						
Training for affiliated companies	Promoted group training via executive training seminars, subcontractor safe work training and public relation division training, and through visits to dealers			Ongoing initiative					
	★2,000 employees participated	★1,400 employees participated	★1,800 employees participated						
Consolidated subsidiaries in Japan		Conducted training on the Code of Conduct, safety, etc.			Ongoing initiative				
	Not surveyed	Not surveyed	★11,700 employees participated						

## Management of Confidential Information

### Basic Perspective

Toyota Industries recognizes 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. Acting on this belief, 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 an executive in charge of general administration) as a subordinate organization to the CSR Committee to promote proper management of confidential information, taking appropriate actions against the leakage of the confidential information and complying with the Unfair Competition Prevention Act and the Personal Information Protection Law.

To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security administrators\*1 and information security managers\*2 at each department. We strive to raise awareness about information security among their staff by holding workplace meetings and conducting self-checks regarding their information security practices.

Examples of such activities include requiring employees to obtain permission when taking their PCs off the premises, taking antitheft measures, restricting the copying of electronic data on recording media, monitoring email correspondences and regularly reviewing rules for management of confidential information.

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

Our consolidated subsidiaries in and outside Japan also appoint respective information security administrators\*1 and information security managers\*2. We also have formulated common guidelines concerning management of confidential information and follow up on their activities on a periodic basis.

\*1: Head of each department

\*2: A person within the department, appointed by the head



Poster to raise awareness for management of confidential information

## Risk Management

### Basic Perspective

Based on the Basic Policies for the Establishment of an Internal Control System, which was set up by the Board of Directors in May 2006 in compliance with the Corporation Law of Japan, Toyota Industries is working to strengthen regulations and a structure to promote risk management. Toyota Industries considers that the basics of risk management involve incorporating measures to prevent and reduce potential risks into daily routines, and 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. The functional departments at the Head Office responsible for quality, safety and the environment define rules and procedures, conduct training and auditing of business operations and carry out on-site checks from a perspective of the entire Group, including consolidated subsidiaries, in an effort to support the risk management activities of business divisions and consolidated subsidiaries.

Our *Crisis Response Manual* provides specific examples of risks and lays out basic rules to follow when a risk becomes evident. This manual is distributed to executives and department heads of Toyota Industries as well as to those in managerial positions at consolidated subsidiaries as a means of facilitating risk management.



Crisis Response Manual



## Response to a Possible Large-Scale Earthquake

Toyota Industries considers the occurrence of a major earthquake in Japan as one of the most significant risks. To ensure adequate Company-wide response when an earthquake occurs, we define disaster prevention measures in the three areas of pre-disaster mitigation, initial response to be taken immediately after the disaster and production recovery.

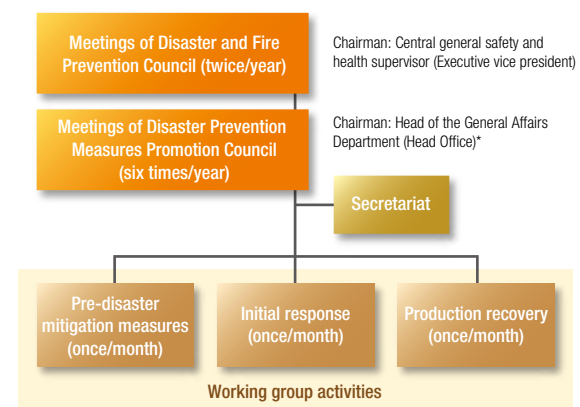
In addition, we focus our disaster prevention measures on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest possible recovery.

In fiscal 2012, we fully reviewed our disaster prevention activities throughout the Toyota Industries Group following the catastrophic Great East Japan Earthquake. Specifically, in addition to standard evacuation drills we conducted emergency training based on the assumption that power failures and a tsunami have occurred and made greater efforts to raise awareness through a lecture by a disaster prevention consultant and various workshops.

## Implementation Structure

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

### Structure for Promoting Disaster Prevention Measures



\* As of March 31, 2012

## Primary Measures for Disaster Prevention

### 1 Pre-Disaster Mitigation Measures

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

#### 1) Equipment

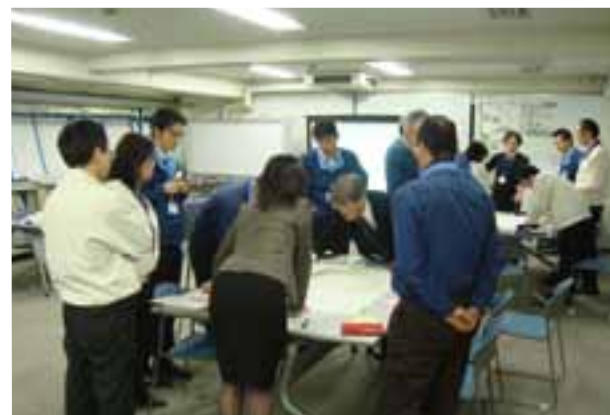
We developed quake resistance standards for equipment within plants and implemented measures to avoid turning over, falling and sudden sliding of equipment.

#### 2) Buildings

We created a prioritized list of buildings requiring anti-seismic treatment and have been carrying out reinforcement work.

#### 3) Prevention of Secondary Disasters

Through workshop activities, we identified latent risks of secondary disasters, such as fire, in each plant and conducted risk assessment and prioritization.



Workshop activity

### 2 Initial Response

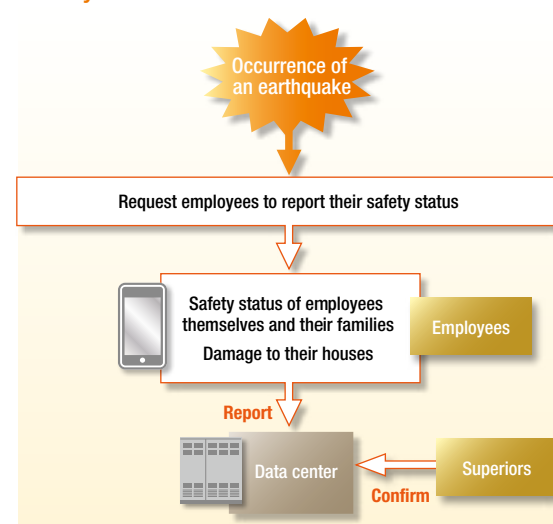
#### 1) Initial Response Procedures

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

#### 2) Safety Confirmation System

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

### Safety Confirmation Process Flow



### 3) Practical Disaster Drills

In addition to conventional disaster drills, we conducted evacuation drills assuming cases of power failures and a tsunami.



Evacuation drill in case of possible power failure



Employees evacuating to the second floor to avoid tsunami

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

In July 2011, we invited a disaster prevention consultant to give a lecture on disaster prevention for the members of the Disaster and Fire Prevention Council, including executives. Through the lecture, participants reviewed the lessons learned from the Great East Japan Earthquake and reaffirmed what needs to be done.



Lecture on disaster prevention

### 3 Production Recovery

To meet the expectations of society and customers in and outside Japan, Toyota Industries has been implementing measures to quickly restore production operations. Previously, such activities had been undertaken by individual business divisions. Starting from fiscal 2011, we have been enhancing function-based initiatives by setting up a Company-wide production recovery working group.

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

##### (1) Organization for Recovery

We reviewed our existing structure for production recovery and clearly defined the roles of each department. Anticipating emergency situations and a prolonged recovery period, we set up a structure in which two or more responsible persons are appointed at respective organizations in the Head Office and each business division.

### (2) Personnel Responsible for Recovery Work

We have established a structure to quickly launch production recovery by preselecting leader candidates capable of directing recovery activities and making adequate responses at a place of disaster as well as recovery personnel having appropriate experience, knowledge and skills.

### 2) Initiatives Related to Equipment

#### (1) Measures concerning Equipment

We identified processes and equipment that require a longer time to recover and prioritized our equipment recovery efforts. Based on the results, we will determine methods of recovery and clarify required materials and supplies.

### 3) Initiatives Related to Parts Supplies, Logistics and Information

#### (1) Measures concerning Supply Chain

In order to respond swiftly and adequately to a disaster, we are currently compiling information on our supply chain. Using this information, we will identify potential risks and consider countermeasures in advance.

#### (2) Securing Logistics Routes

We will conduct surveys on the infrastructures around each plant and review the results to define safe logistics routes.

#### (3) Risk Avoidance regarding Production Information

In order to ensure the security of production-related information and information systems, we are applying anti-seismic reinforcements to the server rooms of our plants, strengthening information backups and storing these backups in remote locations.

### 4) Initiatives Related to Procedures and Methods

#### (1) Response toward Production Bases outside Japan

In order to reduce the impact of a disaster occurring in Japan to our production bases outside Japan, we will identify parts supplied from Japan and the logistics lead times to build a structure that allows us to quickly respond to emergency situations.

#### (2) Formulation of Production Recovery Response Manual

We formulated the *Production Recovery Response Manual*, which incorporates what we have experienced and learned during the Great East Japan Earthquake, with the aim of facilitating swift production recovery throughout the Toyota Industries Group.



Production Recovery Response Manual



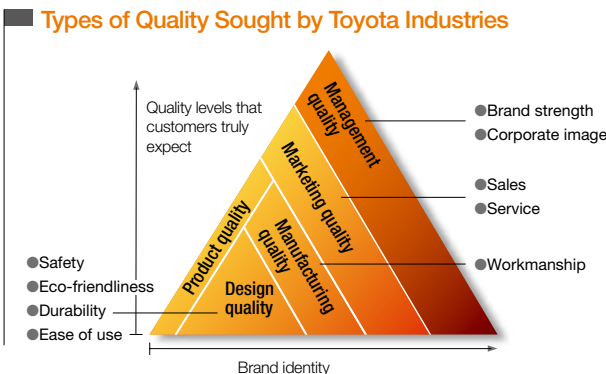
# Relationship with Our Customers

Based on a quality first approach, Toyota Industries strives to realize *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers while ensuring the highest level of quality.

“A product should never be sold unless it has been carefully manufactured and has been tested thoroughly and satisfactorily.”

Carrying on the spirit of founder Sakichi Toyoda, Toyota Industries strongly believes that quality is the lifeblood of a company. Focusing on quality first and ensuring customer safety and reassurance are our most important responsibilities to our customers and form the basis of our CSR approach.

Toyota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses “product quality,” “marketing quality” and “management quality.” “Product quality” is embodied in the safety, 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.



## Ensuring the Highest Quality

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 the technical

and structural aspect, and if deemed necessary, the DR system itself is reviewed to prevent recurrence in subsequent models.

## Activities Based on the Quality Guidelines

Every year, we issue the Quality Guidelines, which identify priority quality implementation items to all production bases in and outside Japan. The progress made in implementing these guidelines is reviewed at the Quality Functional Meeting, which is chaired by the executive vice president in charge of quality control and attended by top management, and through *genchi genbutsu* (go and see for yourself) inspections that also cover affiliated companies. Issues raised through these activities are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by a quality control department head.



Quality inspection by top management

In fiscal 2012, as part of activities to “reinforce quality assurance that also encompasses the supply chain,” which is stipulated as one of the priority items under the Quality Guidelines, we conducted a full review of quality audit methods of our business partners. Based on previous quality audit data, we defined evaluation items to ensure manufacturing quality and created a new Quality Audit Sheet with five levels of requirements for each item. This audit sheet allows quantification of the quality assurance efforts undertaken by 70 major business partners. In addition, it clarifies the target level, thereby enabling us to provide more precise quality improvement assistance to each company.

In fiscal 2013, Toyota Industries will steadily implement priority action items defined under the Quality Guidelines in and outside Japan, with the aim of improving the level of customer satisfaction.

# Relationship with Our Associates

Our ultimate goal is to create workplaces that give top priority to the safety and health of each associate and where diverse human resources can exercise their potentials and play active roles.

## Building a Safety-Oriented Culture that Aims for Zero Industrial Accidents

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

In fiscal 2012, we carried out activities under the following three principal policies.

### 1 Create a Foundation for Realizing a Safety-Oriented Culture

As part of associate safety education, we further enhanced and upgraded our safety *dojo* in each plant and conducted training on basic procedures for safe operations.

### 2 Promote Risk Assessment Activities

Risk assessment activities allow us to identify risks within work processes and let operators gain a better understanding of these risks. Toyota Industries recognizes risk assessment efforts as one of the most important measures against industrial accidents. To enhance these activities, we have reviewed and organized issues in our current risk assessment system. For equipment already installed in our plants, we reorganized the specific structure to raise safety awareness among operators and reduce risks by identifying risks more precisely.

### 3 Promote Fundamental Safety

As a means of promoting fundamental safety, we have been introducing risk assessment into the production preparation phase when we establish new facilities. We have also revised the standards regarding machinery and equipment, which are used when we fabricate equipment, according to the administrative instructions concerning industrial safety and health and other foreign standards. In addition, we formulated facility standards to prevent equipment-induced fires.

## Assisting Consolidated Subsidiaries in Achieving Even Higher Safety and Health Levels

We have been working with the relevant departments to build a system that facilitates stronger and closer relationships with our consolidated subsidiaries in Japan.

More specifically, we provide executive training, conduct *genchi genbutsu* inspections and offer guidance to help subsidiaries achieve higher safety and health levels.

For our consolidated subsidiaries outside Japan, we promote the sharing of such information as industrial accidents, suggest measures to prevent similar accidents, implement cross-deployment of safety *dojos* and provide guidance through *genchi genbutsu* and activity support.



Safety and health inspection at a consolidated subsidiary in Japan

## Initiatives for Health Management and Improvement

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

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

Mental health care activities include providing self-care/line-care education and building closer collaboration with external medical institutions. We have also successfully worked to prevent relapses by launching a return-to-work support program for persons on long-term leave and conducting a survey on workplace stress levels.



Health guidance for prevention of lifestyle diseases

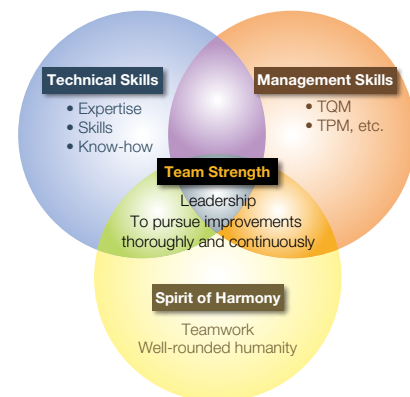


Physical fitness measurement conducted during age-based health education



## Enhancing Team Strength

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



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

### Technical Skills

We are currently working to enhance the skills of our technical staff primarily by providing training programs at the Technical Learning Center. At the 49th National Skills Competition held in December 2011, the team of Hiroshi Himeno and Ryo Yamamura won a gold medal in the “mechatronics” category. We also won medals in the five categories of “electrical welding,” “structural ironsmith,” “mechanical engineering design—CAD,” “lathe” and “mechanical device control.”

### Management Skills

A training program is provided for all administrative staff and engineers to increase their problem-solving capability. In addition to launching this training program at business bases outside Japan, we invite human resources administrators from overseas business bases for a Global Human Resources Conference with the aim of sharing the way we work, our perspectives and our values throughout the Toyota Industries Group.

We also accept local staff of business bases outside Japan as seconded staff to facilitate the international exchange of human resources.



Global Human Resources Conference

## Spirit of Harmony

Toyota Industries is creating a bright, energetic and caring work environment that fosters a dynamic workforce and allows every member to demonstrate his or her capabilities both as an individual and as a team. Throughout the world, we are proactively encouraging communication not only during work hours but also through social gatherings, sports days, summer festivals, Group-wide *ekiden* long-distance relay races and cheer squads for various sports events.

## Establishing Work Environments Where Diverse Human Resources Can Play Active Roles

We are implementing a variety of measures to create work environments where a diverse range of human resources can fully exercise their capabilities. These measures include supporting a balance between work and child/nursing care, supporting the employment of persons with disabilities and enhancing a re-employment system for associates who reach the mandatory retirement age.

### Balance between Work and Child/Nursing Care

We have already rolled out several initiatives to help our associates balance their work and family. For example, we regularly hold exchange meetings to share information concerning work-life balance and increase awareness among associates. In fiscal 2012, we enhanced the system for leave to allow parental care of children with illnesses as well as the system for nursing care leave.



Diversity Navi exchange meeting

### 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 staff members to perform their designated tasks. In fiscal 2012, the number and ratio of associates with disabilities on a non-consolidated basis were 194 and 2.03%, respectively.

### Re-Employment of Retirees

We have established a system to rehire staff of retirement age, offering them an opportunity to make the best use of their advanced expertise and skills in carrying out business operations. We have also been making Company-wide efforts to set up a comfortable working environment for older associates.

# Relationship with Our Business Partners

Toyota Industries encourages open procurement and seeks co-existence and co-prosperity with our business partners based on mutual trust. We also facilitate environmentally preferable purchasing and CSR-oriented purchasing practices.

## Fair Competition Based on an Open Door Policy

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

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

For business partners seeking advice on matters concerning subcontract transactions, persons who are not directly involved in such transactions serve as a point of contact and offer assistance from a third-party position.

## Co-Existence and Co-Prosperity Based on Mutual Trust

We work hard to realize co-existence and co-prosperity with our business partners based on mutual trust. We hold annual procurement policy meetings and executive training for major business partners to gain their understanding and cooperation. In order to consistently procure better products, we also conduct quality and technical skills training programs and provide guidance directed toward improving manufacturing processes at business partners' production sites along with safety and health education.

### Participants in Training and Guidance Sessions

Description	Total Number of Participants to Date
Quality and technical skills training	288 persons
Support on process improvement	51 companies
Qualification education in safety and health and other areas	709 persons

## Reducing Environmental Impact through Environmentally Preferable Purchasing

In order to create environmentally friendly products, we aim to procure parts, materials and equipment from business partners that give sufficient consideration to the environment. Based on our Environmentally Preferable Purchasing Guidelines, we require our business partners to establish an environmental management system. Particularly for parts and raw materials, we make it a rule for business partners to acquire external certification of their environmental management systems such as ISO 14001.

In addition, we have specified substances of concern that are prohibited for use in our products or manufacturing processes, and requested our business partners to prevent the target substances from being mixed into their products and establish a management structure. Our procurement system also requires them to submit in advance a non-use declaration of prohibited substances as well as data on substances of concern. Only after confirmation is carried out do we purchase these parts.

## 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.

## Further Promoting CSR

We provide education internally to all relevant persons for the purpose of strictly complying with the competition laws of each country and to maintain fair business transactions. In fiscal 2012, a total of 734 people attended. It is also Toyota Industries' and our business partners' policy to strictly abide by both the letter and spirit of laws and regulations while also carefully handling and protecting confidential corporate information of our business partners and Toyota Industries.

We have developed the CSR Guidelines for Business Partners, which describe our CSR-related requirements for our business partners in Japan, and encourage them to engage in CSR activities. We also provide our major business partners with tools and relevant information to support their respective CSR activities and require periodic self-inspections to be conducted.

We will continue to promote activities around the world to comply with CSR throughout our supply chain.



Meeting on CSR Guidelines for Business Partners

# Relationship with Our Shareholders and Investors

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

## Basic Perspective

Toyota Industries continually carries out timely and appropriate information disclosure for shareholders and investors. In this way, we raise management transparency so that we obtain an appropriate company valuation in stock markets. We provide not only information required under disclosure laws and regulations but also information that fosters a better understanding of our management policy and business activities. Also, we strive to promote communications with shareholders and investors and feed back their comments to executives and relevant business divisions to reflect them in our business activities.

## General Shareholders' Meeting

We hold our annual general shareholders' meeting early to avoid the date on which many companies hold their respective shareholders' meetings so that more shareholders can attend.

We held our 133rd General Shareholders' Meeting on June 16, 2011, in which 320 shareholders participated. For the purpose of fostering a better understanding of our business activities, we invited our shareholders for a plant tour following the general shareholders' meeting.

## Investor Relations Activities

For institutional investors and securities analysts, our management conducts briefing sessions to explain our quarterly financial results. We also hold small and individual meetings on an as-needed basis. During fiscal 2012, we provided briefings primarily on such topics as the impact of the Great East Japan Earthquake as well as our Vision 2020 and the Medium-Term Management Plan announced in October 2011.

Additionally, the Toyota Industries Website features an Investor Relations page for prompt information disclosure. We use RSS feeds (in Japanese) to provide the latest information in a timely manner.



Briefing on financial results for fiscal 2012 by the president (May 8, 2012)

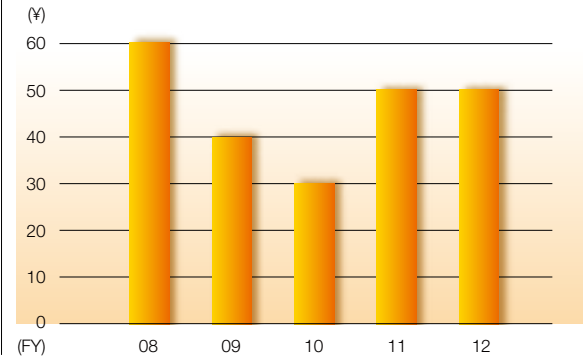


Meeting with institutional investors

## Dividend Policy

Toyota Industries regards returning profits to shareholders as one of the most important management policies. Accordingly, we strive to continue paying dividends and meet the expectations of shareholders upon taking into consideration such factors as business results, demand for funds and the payout ratio. For fiscal 2012, Toyota Industries paid annual cash dividends per share of ¥50.0 (interim cash dividend per share of ¥25.0 and year-end cash dividend per share of ¥25.0).

Cash Dividends per Share (Annual)



# Relationship with Our Local Communities

With a view toward engendering trust as a good corporate citizen, we actively undertake social contribution activities in countries and regions where we do business.

## Policy on Social Contribution Activities

While striving to achieve sustainable growth as a company, we work to fulfill our role as a good corporate citizen and actively undertake social contribution activities in every community where we do business in our efforts to help realize a prosperous and healthy society.

To accomplish this, Toyota Industries proactively offers cooperation and support with the objective of contributing to local communities by providing human resources, facilities, funds and know-how. Each of our employees also strives to contribute to society through such means as volunteer activities.

## 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.

## Three Pillars of Our Social Contribution Activities

Toyota Industries is committed to building a close relationship with every local community in which we operate, placing particular emphasis on youth development, environmental protection/nature conservation and social welfare.

### Youth Development

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

### Environmental Protection/Nature Conservation

As a member of the local community, we carry out a range of environment-related activities, including promoting the use of wood thinned from forests in Japan and conserving forests through employee volunteer programs, to contribute to the development of a sustainable society.

### Social Welfare

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

## Activity Examples (in Japan)

### Forest Conservation Activity

As part of its social contribution activities, the Toyota Industries Team Leader Association\* has been taking part in the forest conservation project of the Aichi Kaisho-no-Mori Center. Under the "TICO Ecocoro Tree Thinning Activity," members of the association have been carrying out tree thinning at *Kaisho-no-Mori* (Kaisho Forest) in Seto-shi, Aichi Prefecture, with a plan to cover an area of 6,000 square meters by November 2012. In addition to tree thinning, they also participate in a nature walk and a study session to learn the necessity of tree thinning and importance of cultivating a healthy forest, thereby gaining a better understanding of nature conservation.

\* An autonomous Company-wide organization consisting of approximately 1,700 young leaders at manufacturing sites, the organization carries out cleanup and other volunteer activities and promotes interchanges for self-development.



Tree thinning activities

### Support Activities for Children's Home

In fiscal 2012, Shine's Co., Ltd., a subsidiary managing and operating employee clubs, started providing support for children at Kaze-no-Iro children's home in Higashiura-cho, Chita-gun, Aichi Prefecture. On the day of *Setsubun*, which marks the beginning of spring, employees of Shine's delivered rolled sushi (food to bring good luck associated with *Setsubun*) and enjoyed a traditional bean-throwing event with children to drive bad luck out and bring good luck in. At Christmas, employee volunteers brought Christmas cakes to the children. Through these activities, we hope to contribute to the sound and healthy growth of children.



Setsubun bean-throwing event



## Activity Examples (outside Japan)

### – India – Support for Youth Sports Activities

Kirloskar Toyoda Textile Machinery Pvt. Ltd. (KTTM), a subsidiary producing automotive parts and textile machinery, supports youth sports activities by donating trophies and medals to an annual sports event at a local elementary school. KTTM also donated uniforms to a local high school Kabaddi\* team.

\* National sport of India



Awards ceremony at sports event

### – Germany – Supporting Employee Participation in Local Sports Activities

In an effort to strengthen its ties with the local community, TD Deutsche Klimakompressor GmbH (TDDK), a subsidiary producing car air-conditioning compressors, encourages its employees to participate in local sports events by paying participation fees and providing team uniforms. A TDDK team that also included a Japanese employee participated in a local table tennis tournament held in January 2012. The event provided a good opportunity to promote international exchange through sports activities.



Local table tennis tournament participants

### – Sweden – Plant Tour

Toyota Material Handling Europe AB (TMHE), the European headquarters for the materials handling equipment business, hosted a plant tour in October 2011, inviting employees' families, friends, local residents and students. In addition to a plant tour, this event showcased TMHE's product lineup and provided a game-based lecture on the Toyota Production System (TPS), thereby providing an opportunity to gain a deeper understanding of TMHE's business activities.



Children taking a close look at lift trucks

### – U.S.A. – Charity Drive for Cancer Research

At Michigan Automotive Compressor, Inc. (MACI), a subsidiary producing car air-conditioning compressors, a team of employees joined the Relay for Life, an overnight charity walk event to celebrate the courage to fight against cancer and a passion for life among cancer patients and their families, friends and supporters. The team, which also engages in fund-raising activities for cancer research, donated annual proceeds of roughly US\$3,000 from bake sales and auctions to the American Cancer Society.



MACI employees who joined the Relay for Life event