

Corporate Social Responsibility

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CSR Policy

Based on the CSR Policy formulated with the aim of realizing 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.

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. (See the inside cover of this report for details.)

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 audit & supervisory board members.

CSR Areas



Toyota Industries Group CSR Policy (Summary)

- Preamble**
 - We contribute to the harmonious and sustainable development of society and the Earth.
 - We comply with local, national, and international laws and regulations as well as the spirit thereof.
 - We believe that management interacting with its stakeholders is of considerable importance.
 - We expect our business partners to support this initiative and act in accordance with it.
- Customers**
 - Based on our philosophy of “Customer First,” we provide innovative, safe, and high-quality products and services.
 - We endeavor to protect the personal information of customers and everyone else with whom we are engaged in business, in accordance with the letter and spirit of each country’s privacy laws.
- Employees**
 - We respect our employees and encourage personal growth for our employees.
 - We support equal employment opportunities and diversity for our employees and do not discriminate against employees.
 - We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees.
 - We respect and honor human rights and do not use or tolerate any form of forced labor or child labor.
 - Through communication and dialogue with our employees, we build and share the value of “Mutual Trust and Self-responsibility.”
 - The management of each company takes leadership in fostering an ethical corporate culture.
- Business Partners**
 - We respect our business partners and work to realize mutual growth based on mutual trust.
 - Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths.
 - We maintain fair and free competition in accordance with the letter and spirit of each country’s competition laws.
- Shareholders**
 - We strive to enhance corporate value for the benefit of our shareholders.
 - We provide timely and fair disclosure on our operating results and financial condition.
- Global Society/Local Communities**
 - [Environment]**
 - We strive to develop, establish, and promote technologies enabling the environment and economy to coexist harmoniously. We work to reduce the effect of climate change and preserve biodiversity.
 - [Community]**
 - We operate our business so as to earn the trust of respective communities.
 - We pursue safer, cleaner technologies that meet the evolving needs of society.
 - We do not tolerate bribery and maintain honest and fair relationships with government agencies and public authorities.
 - [Social Contribution]**
 - We actively promote and engage in social contribution activities that help strengthen communities and contribute to the enrichment of society.

Corporate Governance

As a global company operating in various countries and regions, Toyota Industries seeks efficient management while maintaining and enhancing the fairness and transparency of its corporate activities.

Basic Perspective of Corporate Governance

Toyota Industries strives to enhance 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 audit & supervisory board members, deliberates on a variety of issues concerning important management matters such as corporate vision,

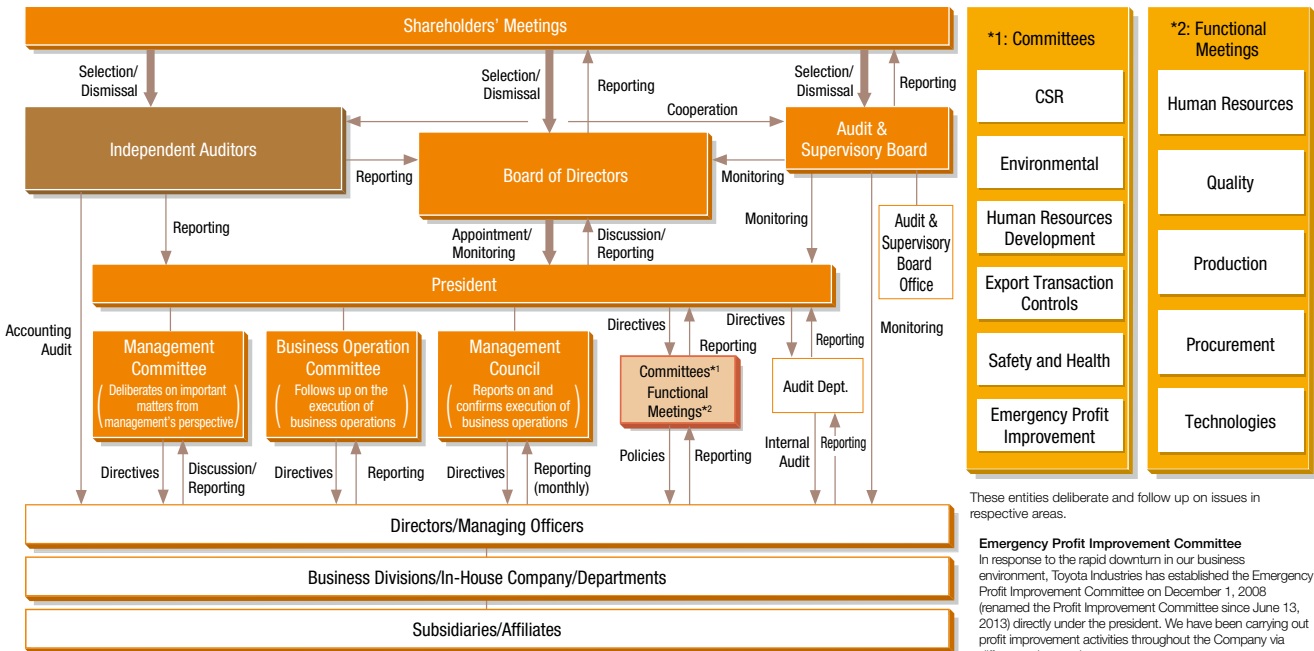
management policies, medium-term business strategies and major investments.

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 audit & supervisory board members convene to report and confirm the monthly status of business operations and share overall deliberations at Board of Directors meetings and other management-related information.

In addition, issues pertaining to human resources, quality, production, procurement and technologies are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as CSR, the environment, human resources development and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.

Audit & Supervisory Board System

Toyota Industries has adopted an audit & supervisory board system. Two full-time audit & supervisory board members and three outside audit & supervisory board members attend meetings of the Board of Directors to monitor the execution of duties by directors. At the same



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 (renamed the Profit Improvement Committee since June 13, 2013) directly under the president. We have been carrying out profit improvement activities throughout the Company via different subcommittees.

time, meetings of the Audit & Supervisory Board are held once a month to discuss and make decisions on important matters related to auditing. The full-time audit & supervisory board members carry out auditing by attending primary meetings and receiving reports directly from directors. Additionally, we have assigned dedicated personnel, while audit & supervisory board members monitor the legality and efficiency of management through collaboration with independent auditors and the Audit Department.

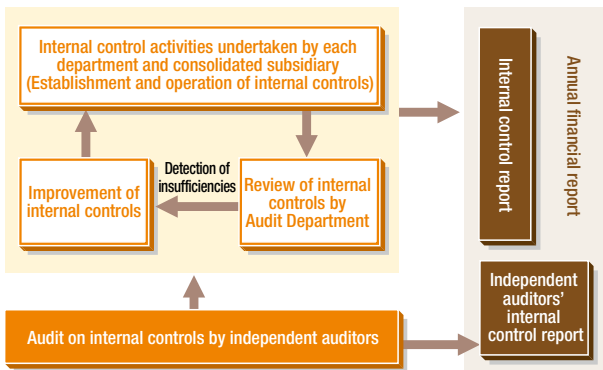
As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated respectively by the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange, we designated as independent auditors two outside audit & supervisory board members 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 after giving consideration to each business segment's annual policies and day-to-day routine management. The CSR Committee, at its meeting held in March, assesses the progress made in implementing the Basic Policies in the year under review and determines actions for the coming year, including reviewing the implementation structure and enhancing day-to-day operational management.

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 2013 are effective, and accordingly, submitted an Internal Control Report in June 2013. 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 monitoring compliance.

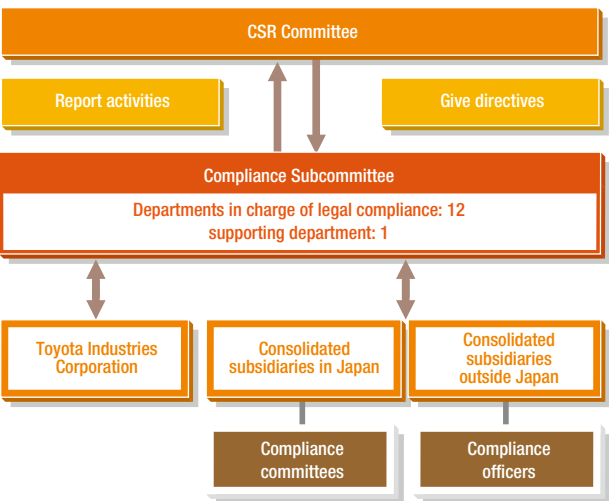
Four Pillars of Compliance Activities



Establishment and Reinforcement of Implementation Organization

To promote compliance throughout the Toyota Industries Group, we have established the Compliance Subcommittee (led by executive vice president in charge of administration*) as a subordinate organization to the

Organization for Promoting Compliance



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

In fiscal 2013, we worked to strengthen compliance initiatives throughout the entire Toyota Industries Group.

- (1) Holding four meetings a year, the Compliance Subcommittee compiled and reviewed cases of law violations within the Toyota Industries Group and measures taken to prevent recurrence as well as worked to improve the level of management by encouraging information sharing among the Group companies.
- (2) A compliance committee was set up at the European headquarters for the materials handling equipment business. The committee took the initiative in holding compliance training targeting heads of each subsidiary under the primary control of the regional headquarters in order to strengthen activities throughout Europe.



Compliance training

*As of March 31, 2013

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.

At consolidated subsidiaries worldwide, compliance

Code of Conduct at Various Subsidiaries



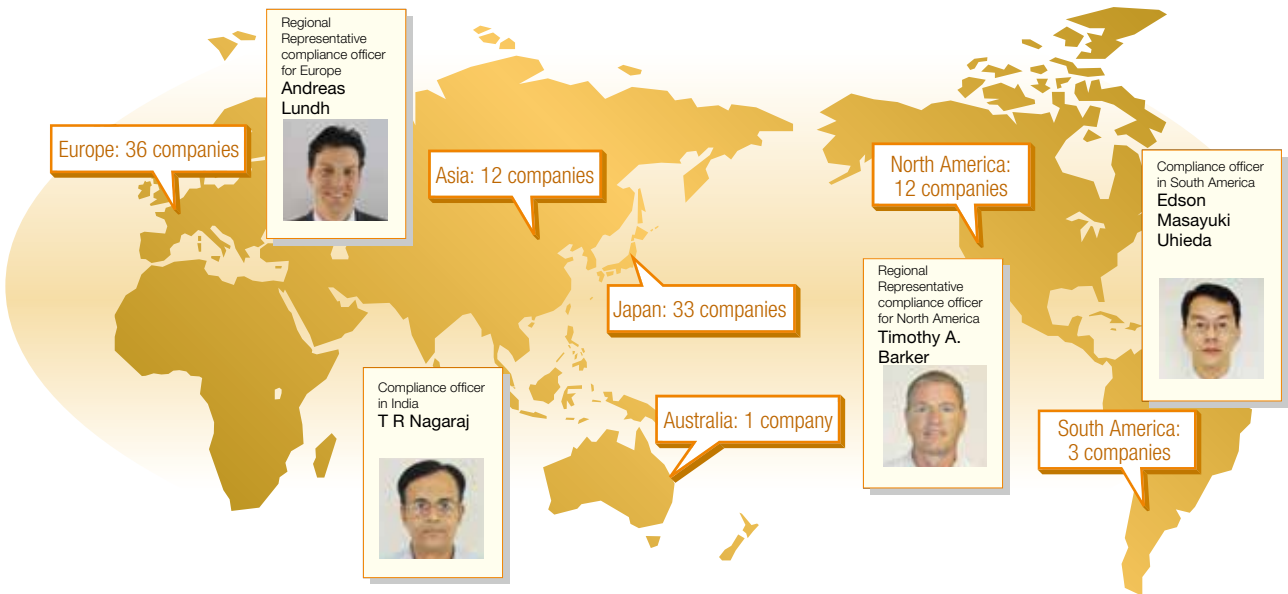
officers (outside Japan) and compliance committees (in Japan) take the lead in formulating, delivering to and educating employees on their own Code of Conduct matched to their respective business lines and corporate cultures. Toyota Industries' 32 consolidated subsidiaries in Japan and 57 consolidated subsidiaries outside Japan have already created their own Code of Conduct and have been working to instill an awareness among their employees.

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 easy-to-understand guidance on "what to do" and "what not to do" in order to instill compliance awareness based on laws and corporate ethics, using our Code of Conduct as an instructional material.

In order to provide effective education, we devise

Compliance Officers (outside Japan) and Compliance Committees (in Japan) (As of March 31, 2013)



■ Compliance Education Provided

Toyota Industries Executive training	Conducted training for newly appointed executives and legal seminars for executives	Ongoing initiative
Rank-based (clerical, technical) Training by function	Promoted training on quality, safety, the environment, labor, management of confidential information, export transactions, subcontracting and the Competition Law ★9,200 employees participated ★8,200 employees participated ★5,400 employees participated	Ongoing initiative
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 ★1,400 employees participated ★1,800 employees participated ★1,700 employees participated	Ongoing initiative
Consolidated subsidiaries in Japan	Not surveyed Conducted training on the Code of Conduct, safety, etc. ★11,700 employees participated ★16,100 employees participated	Ongoing initiative
2011 2012 2013 2014 (FY)		

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.

In order to cultivate a deeper understanding of compliance among employees, we introduce cases of possible compliance violations in monthly internal newsletters, providing commentaries on problem areas in detail.

■ Internal Newsletters



■ Checking and Monitoring Compliance

In order to monitor 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



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 a director in charge of general administration*1) as a subordinate organization to the CSR Committee to promote proper management of confidential information, taking appropriate actions against the leakage of 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 managers*2 and information security administrators*3 at each department. We strive to raise awareness about information security among their staff by holding workplace meetings and conducting self-checks regarding their information security practices.

Examples of such activities include requiring employees to obtain permission when taking their PCs off the premises, taking antitheft measures for PCs, 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 managers and information security administrators. We also have formulated common guidelines concerning management of confidential information and follow up on their activities on a periodic basis.

*1: As of March 31, 2013

*2: Head of each department

*3: A person within the department, appointed by the head

■ Poster for Confidentiality Management Month



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. We regard the following two aspects as the basics of risk management.

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

■ Implementation Structure

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

Our *Crisis Response Manual* provides specific examples of significant risks and lays out basic rules for appropriate decisions and actions when a risk becomes evident or a major problem occurs. This manual is distributed to executives and those in managerial positions of Toyota Industries as well as to top management at consolidated subsidiaries as a means of facilitating risk management as the Toyota Industries Group.

■ 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 mitigation, initial response to be taken immediately after the disaster and restoration of production.

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.

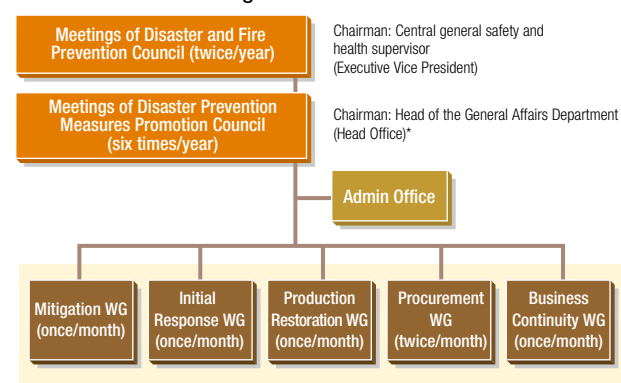
In fiscal 2013, we sought to further strengthen disaster prevention measures, which were revised after reviewing the lessons learned from the Great East Japan Earthquake. Specifically, we upgraded disaster prevention drills at each plant, established a disaster prevention organization that oversees Company-wide initiatives and simulated responses in the event of a disaster.

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 working groups (WGs) consisting of members of the functional departments at the Head Office and representatives from each plant.

So that Toyota Industries can carry on its business activities in the event of a disaster, since November 2012 two new WGs were added that specialize in procurement and business continuity.

Structure for Promoting Disaster Prevention Measures



*As of March 31, 2013

Primary Measures for Disaster Prevention

1 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 identify latent risks of secondary disasters, such as fire, in each plant and conduct 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

Since July 2011, we have operated 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.

3) Disaster Drills

(a) Upgrading Disaster Drills

We set up a new disaster prevention organization with clearly defined functions and roles at each plant and base. In addition to conventional disaster drills, we conducted more practical drills centered on transportation and rescue of injured persons.



Drill for rescuing injured persons



Drill for initial firefighting

(b) Drills at Disaster Prevention Response Headquarters

We conducted drills at the disaster prevention response headquarters, which coordinates Company-wide measures in the event of a disaster. We simulated responses assuming a scenario from the occurrence of an earthquake to restoration activities, and reaffirmed response procedures and the division of roles. We seek to elevate the level of our response in both emergency and normal situations.



Drills at the disaster prevention response headquarters

4) Strengthening Activities to Raise Awareness for Disaster Prevention

In July 2012, we invited a consultant to give a lecture on disaster prevention for the members of the Disaster and Fire Prevention Council, including executives, as well as the personnel tasked with disaster prevention activities at consolidated subsidiaries. Through the lecture, participants reviewed Toyota Industries' disaster prevention measures based on the lessons learned from the Great East Japan Earthquake.



Lecture on disaster prevention

We also set up a disaster prevention corner at such company events as Toyota Industries' annual *Aozora Ichiba* cross-organizational exhibition in an effort to share best practices for improvement and a variety of other initiatives undertaken at each Group company as well as the *Shokki Festa*, a festival for promoting interaction with local communities. Through such initiatives, we sought to instill a higher awareness in and encourage each employee to take stronger disaster prevention measures not only at work but also at home.



Aozora Ichiba



Shokki Festa

3 Restoration of Production

To meet the expectations of society and customers in and outside Japan, Toyota Industries has been implementing measures to quickly restore production operations. Starting from fiscal 2011, we have been enhancing function-based initiatives by setting up a Company-wide Production Restoration WG. Since September 2012, the Procurement WG, which makes up the organizational structure for promoting Company-wide disaster prevention measures, has been working on initiatives concerning the supply chain.

1) Initiatives Related to Organization and Personnel Assignments

(a) Organization for Restoration

We continued reviewing our organizational structure for restoring production and clarified the roles and

responsibilities of each department. Anticipating emergency situations and a prolonged restoration period, we set up a structure in which two or more responsible persons (leader and co-leader) are appointed at the Head Office and respective departments in each business division.

(b) Responsible Personnel during Restoration

We have established a structure to quickly initiate measures to restore production by selecting trained persons capable of taking the lead in restoration activities and making adequate responses at a place of disaster as well as restoration personnel having appropriate experience, knowledge and skills.

2) Pre-Disaster Mitigation Measures

Each business division carries out Production Restoration WG activities to promote pre-disaster mitigation measures. Members from various departments tasked with restoring production participate to identify latent risks and issues and engage in the following activities.

(a) Infrastructure Restoration

We are reinforcing facilities and equipment for such utilities as electricity, gas and water as well as for information systems, all of which are vital for restoring production, along with undertaking measures for vulnerable spots in wiring and pipework.

(b) Formulating Production Restoration Procedures

We have formulated production restoration procedures for the Company and individual business divisions. The procedures lay out the target timeline for restoring production and clearly define implementation items and time allocation for each item at departments tasked with restoration work.

(c) Production Equipment

Upon clarifying production processes that should be prioritized for restoring production and identifying latent risks and issues, we are considering methods of restoration and making a list of required materials and supplies.

(d) Logistics

We are examining the infrastructures around each plant and review the results to define safe logistics routes.

(e) Backup Logistics Support

We have clarified the division of labor and implementation items among departments tasked with providing production restoration support, including how to obtain food and water, manage work shifts and clarify commuting routes.



Production restoration workshop (identifying risks and contemplating countermeasures)

Relationship with Our Customers

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

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

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

■ Types of Quality Sought by Toyota Industries



■ 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 technical and structural aspects, and if deemed necessary, the new product development 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. 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.

Aimed at preventing past serious quality issues from recurring, we have standardized implementation items to assure the quality levels throughout Toyota Industries and formulated the Quality Guidelines.



Quality inspection by top management

In fiscal 2013, we carried out activities based on “accurately reflecting customers’ expectations for safety and reassurance in our quality assurance system,” which is stipulated as one of the priority items under the Quality Guidelines.

Building on the activities we have undertaken to date, we have formulated the Product Risk Assessment Guidelines in order to incorporate measures to minimize risks at the design stage based on the assumption that customers make use of our products in diverse ways, including the predictable improper use. We have also commenced product safety training for developers and designers and sought to raise the level of their skills to ensure these guidelines are properly applied and product risk assessment measures are strengthened even more.

In fiscal 2014, 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 safe and healthy workplaces where each and every associate can exercise their diverse potentials and play active roles.

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

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

In fiscal 2013, we carried out activities under the following two principal policies.

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.

To eliminate industrial accidents, we worked to further raise safety awareness among associates while making sure they consistently adhere to safe actions in their immediate surroundings, including traffic rules within the company premises. With the cooperation of a third-party auditor, we also reviewed and improved the system, structure and thinking regarding our safety and health activities. Correspondingly, we surveyed the attitudes and actions toward safety among all associates from top executives on down. Thereafter, those in managerial positions conducted repeated and thorough discussions based on the results and issued a declaration of safety, which was disseminated throughout Toyota Industries via safety and health meetings held at all workplaces.



Discussion by those in managerial positions

Promote Fundamental Safety

In fiscal 2013, we focused on reviewing the safety standards for both existing and newly installed machinery and equipment.

With regard to risk assessment, we thoroughly identified and evaluated risks by specifying potential hazards during the equipment design stage and established a system to minimize risk. After taking measures to minimize risks, we

stipulated usage rules. In addition, we improved the risk assessment method to avoid overlooking certain risks and a disparity in individual perceptions.

The safety standards also include prerequisites for preventing equipment-induced fires for a higher level of safety and fire protection of machinery and equipment.

■ Assisting Consolidated Subsidiaries in Achieving High Safety and Health Levels

We have been working with the relevant departments to provide executive training, conduct *genchi genbutsu* inspections and offer guidance to help consolidated subsidiaries in Japan achieve high 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.

■ 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 setting up a health-related hotline. We have also successfully worked to build closer collaboration with external medical institutions and prevent relapses by launching a return-to-work support program for persons on long-term leave and conducting a survey on workplace stress levels.



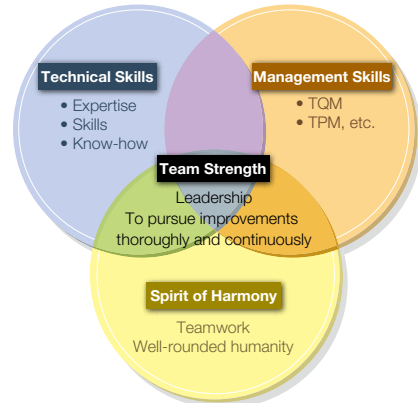
Health guidance for prevention of lifestyle diseases



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, one of our training facilities, to gain skills to support manufacturing. At the 50th National Skills Competition held in October 2012, the Toyota Industries team won one silver medal and four bronze medals in the categories of “electrical welding,” “mechatronics,” “mechanical engineering design—CAD” and “structural ironsmith,” thereby attaining medals for the 12th consecutive competition. We believe this is the result of our success at raising skill levels throughout our manufacturing operations as well as cultivating top-caliber specialists.

In addition, we teach new associates in engineering fields fundamental knowledge regarding specialized skills through classroom lectures and hands-on training. Based on the concept of *genchi genbutsu*, they must learn the basics of manufacturing through a comprehensive, experience-oriented program that covers all aspects from planning and design to actual production before they are assigned to respective workplaces. Even after being assigned, we provide training programs matched to the needs of each workplace in an effort to raise skill levels.

Management Skills

We conduct work procedures training on problem solving targeting associates in administrative and engineering fields so that they can improve their problem-solving capabilities. This training is also provided at subsidiaries outside Japan in an effort to share our thinking and values regarding work procedures throughout the Toyota Industries Group.

Spirit of Harmony

Toyota Industries is creating a bright, energetic and caring work environment that fosters a dynamic workforce and allows every member to demonstrate his or her capabilities both as an individual and as a team. 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.



Work procedures training on problem solving

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 managing both work and family, supporting the employment of persons with disabilities and creating a work environment in which older associates can play active roles.

Support for Managing Both Work and Family

In addition to enhancing systems to help our associates manage both their work and family, we regularly hold exchange meetings and seminars to provide information on diverse ways of working and increase awareness among associates. In fiscal 2013, we held a seminar on the theme of managing both work and family that facilitates growth for both individuals and organizations.



Seminar on managing both work and family

Employment of Persons with Disabilities

We respect the idea of people with and without disabilities working together and sharing life and work values. Under this basic policy, we continue to employ persons with disabilities every year. They are assigned to a variety of sections and work with other members to perform their designated tasks. In fiscal 2013, the ratio of associates with disabilities on a non-consolidated basis was 2.06%.

Creating a Work Environment for Older Associates

We are making Company-wide efforts to create a work environment in which older associates can play active roles. Specific examples include improving processes to help associates with impaired eyesight as well as providing support for health management.

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.

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 seminar 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 safety and health education as well as provide guidance directed toward *kaizen* at business partners' production sites.

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.

In fiscal 2013, we revised our Environmentally Preferable Purchasing Guidelines and issued the 5th edition.

In the latest edition, we added



Environmentally Preferable Purchasing Guidelines

“packaging materials” to the existing category of parts and raw materials. In this way, we are making efforts to prevent prohibited substances of concern from being mixed into our products so that our customers can use them with greater safety and reassurance.

The guidelines also clarify Toyota Industries' point of view and initiatives regarding the conservation activities for biodiversity, which is gaining importance as part of environmental protection activities, and seeks the understanding of business partners.

Localization of Business for Good Corporate Citizenship

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

Disaster Prevention Activities for Possible Major Earthquake

Based on the lessons learned from the Great East Japan Earthquake, we engage in disaster prevention activities in anticipation of a major earthquake in Japan. We are making concerted efforts with business partners to ensure the stable supply of parts and raw materials during the restoration of production.

One such activity in fiscal 2013 included holding disaster prevention seminars as an avenue for providing business partners with an explanation on our initiatives. At the seminar, we requested them to make self-assessments on their disaster prevention activities in accordance with a check sheet.

Based on the results, we are working with business partners to put in place a system to enable quick information gathering and the restoration of production in the event of a disaster.



Disaster prevention seminar 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 on 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 are laying the groundwork for further facilitating the exercise of voting rights of our shareholders by allowing them to exercise such rights via the Internet and by joining the electronic voting platform for institutional investors.

We held our 134th General Shareholders' Meeting on June 14, 2012, in which 363 shareholders participated. For the purpose of fostering a better understanding of our business activities, we invited our shareholders for a lift truck 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, including business performance, progress achieved at each business division and future initiatives. In addition to accepting interviews at Toyota Industries' offices and making visits to institutional investors, we also hold plant tours to facilitate a deeper understanding of our manufacturing operations. To address the needs of institutional investors from outside Japan, we participate in conferences hosted in Japan by securities companies and hold small and individual meetings.

Taking advantage of the Internet as a means of disclosing information in a quick and fair manner, Toyota Industries provides a variety of information via the Investor Relations page. We use RSS feeds (in Japanese) to promptly provide the latest information.



Engine plant tour for institutional investors (December 2012)

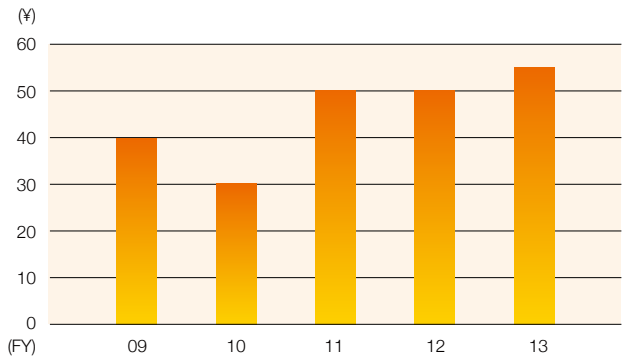


Briefing on financial results for fiscal 2013 by the president (May 2013)

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 2013, Toyota Industries paid annual cash dividends per share of ¥55.0 (interim cash dividend per share of ¥25.0 and year-end cash dividend per share of ¥30.0).

■ Cash Dividends per Share (Annual)



Relationship with Our Local Communities

With a view toward fostering community growth and creating an enriched society, we actively undertake social contribution activities in every region where we do business.

Activities as a Good Corporate Citizen

Based on "Respect for Others" as described in our Basic Philosophy, we strive to fulfill our role as a good corporate citizen in every region where we do business and actively engage in social contribution activities to realize an enriched and healthy society. In our activities, we not only provide cooperation and support through personnel, facilities, funds and know-how but also strive to closely connect with participants. To foster employees' awareness of their ties to society and raise their interest in contributing to society, we promote enlightenment efforts such as sharing information on volunteer activities and providing a venue for volunteer activities that encourage the participation of all employees.

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 engaging in various activities in close cooperation with every local community in which we

Activity Examples (in Japan)

Mini Concerts at Elementary Schools

In November 2012, we hosted mini concerts at elementary schools in Iwate Prefecture jointly with a non-profit organization (NPO), *Kodomo ni Ongaku wo* ("Bring Music to Children"), as a gesture of encouragement to the children affected by the Great East Japan Earthquake. We hope this activity will nurture children's sensibilities through music by professional players and help them grow into spiritually enriched adults.



Mini concert

operate, placing particular emphasis on social welfare, youth development and environmental protection.

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.

Youth Development

With the aim of providing opportunities for youth, who will lead the next generation, to learn the importance 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

We carry out a range of environment-related activities, including promoting the use of wood thinned from forests in Japan, conserving forests through employee volunteer programs and engaging in cleanup activities in the community where our plants are located, to contribute to environmental preservation and the development of a sustainable society.

Volunteer Activity at Welfare Facility

In September 2012, the Toyota Industries Team Leader Association* at the Nagakusa Plant in Aichi Prefecture, which engages in vehicle assembly operations, visited a day services facility for a volunteer activity that primarily involved talking with elderly persons. Through plant briefings and games, the employees engaged in lively conversations with senior citizens, making it a rewarding day for all participants.

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



Members of Toyota Industries Team Leader Association engaging in conversations with senior citizens

Activity Examples (outside Japan)

India

Donations to Organization for Supporting Persons with Disabilities

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

In May 2012, KTTM lent its support to the marathon held by the EnAble India* group to promote employment opportunities for persons with disabilities. KTTM donated T-shirts for the event.

* EnAble India is a volunteer group that works to improve the quality of life for persons with disabilities by creating employment opportunities.



Marathon participants

Romania

Support for Environmental Conservation Activities

Toyota Material Handling Romania s.r.l. (TMHRo)
Subsidiary for sales of lift trucks

In May 2012, TMHRo employees worked with local volunteer groups to support environmental conservation activities promoted in their country and took part in cleanup activities in forests located on the outskirts of Bucharest, the capital city of Romania. In addition to the participation of the employees, the company paid to transport trash from sites and supplied the necessary materials to help make the activities a success.



Employees carrying out cleanup activities

Switzerland

Presentation on Textile Machinery

Toyota Textile Machinery Europe, AG (TTME)
Subsidiary for sales and servicing of textile machinery

In May 2012, TTME invited local elementary school students and held a presentation on textile machinery. The children listened to explanations on how raw cotton is transformed into yarn after undergoing various steps (spinning) and how yarn is turned into fabric (weaving). Afterward, they observed an air-jet loom in operation and were amazed by its speed while learning more about the weaving process.



Elementary school children observing an air-jet loom

U.S.A.

Fund-Raising Activity for Those in Need

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

In December 2012, volunteer teams from MACI collected donations for those in need. This activity, which is carried out and commonly seen during the Christmas season at shopping centers and other venues, is one of the many different programs led by The Salvation Army, a non-governmental organization (NGO), in over 100 countries around the world.



Employees collecting donations