

# Corporate Governance

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## Maintaining and Enhancing Efficient Management and the Fairness and Transparency of Corporate Activities

We believe that enhancing the long-term stability of corporate value and maintaining society's confidence in Toyota Industries are extremely important management issues. Taking the enrichment of society through business activities as a basic premise, we also consider it vital to build good relationships with stakeholders ranging from shareholders and customers to business partners, local communities and employees.

With this in mind, we are working to maintain and enhance management efficiency and the fairness and transparency of company activities by strengthening corporate governance. In addition to building a corporate governance system that can respond quickly and flexibly to changes in the business environment, we are working to reinforce management supervision and to provide timely and accurate information disclosure.

## Towards Speedy and Efficient Management

Toyota Industries is striving to increase the efficiency and speed of management as well as facilitate appropriate decision-making. We hold Board of Directors meetings every month to discuss and resolve important management matters and monitor business operations. A Management Committee has also been established to discuss important matters such as corporate vision, management policies, medium-term business strategies and major investments. This committee consists of directors above the executive vice president level, and when the president considers it necessary, other relevant directors also attend meetings.

We have adopted a divisional organization system and have set up a Business Operation Committee to enable the president to oversee business operations through general managers (directors) of each division.

At the Management Council, directors and managing officers convene to share reports on the monthly status of operations of each business.

These committees and meetings facilitate precise decision-making, ensuring fair and efficient management.

## Strengthening Auditing through the Board of Auditors and Corporate Auditor's Office

Toyota Industries has chosen to maintain a Corporate Auditor/Board of Corporate Auditors system. The Board of Corporate Auditors consists of five corporate auditors, three of whom are independent auditors who bring an outsider's viewpoint and an auditing perspective combined with professional experiences and careers to our internal monitoring function. Meetings of the Board of Corporate Auditors are held once a month to discuss and make decisions on important matters, such as auditing policy and reporting.

The Corporate Auditor's Office has been established to reinforce the auditing of duties carried out by directors. It is staffed by five

dedicated personnel who work directly for the corporate auditors and are not under the authority of our directors.

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

## Thorough Implementation of Compliance via Corporate Code of Conduct Committee

Toyota Industries perceives compliance as observing laws and regulations in addition to respecting local cultures and customs in a manner that is in tune with the changing times.

The Corporate Code of Conduct Committee plays a central role in strengthening the Company's systems and mechanisms, stipulating conduct guidelines and making every effort to ensure that all employees are informed through education and enlightenment activities. This committee is in charge of controlling the Toyota Industries Group's overall corporate activities regarding compliance and crisis response. Chaired by the president, the committee consists of directors, including the chairman and the president, as well as managing officers and corporate auditors, and meets several times a year. Confirming the status of any important incidents that may have occurred along with the countermeasures and responses adopted, the committee draws on these outcomes in deliberating on the matters to be addressed in the coming fiscal year.

In conjunction with our overall efforts to further strengthen our compliance system, under the direction of the Corporate Code of Conduct Committee, we designated a number of departments as legal compliance departments to provide thorough guidance to other divisions and departments on respective legal compliance.

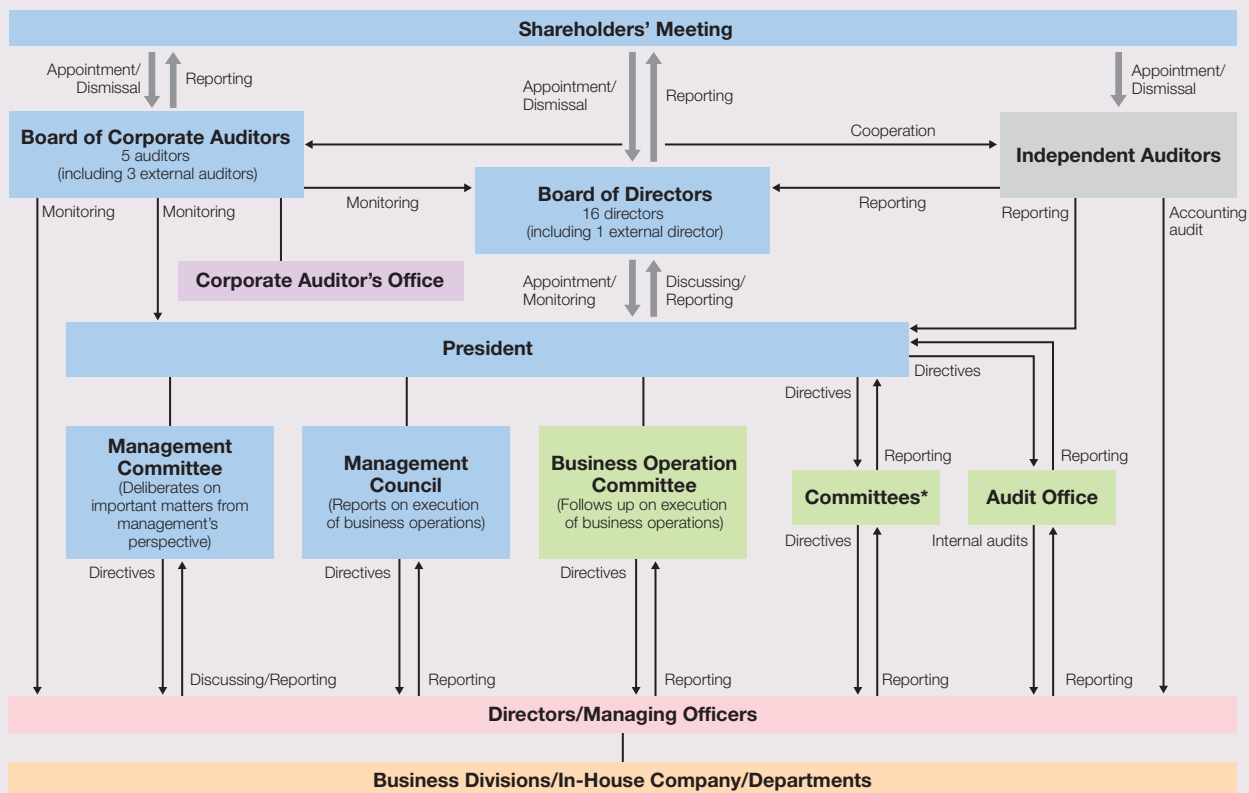
Toyota Industries also established the Compliance Subcommittee and the Information Security Subcommittee. These subcommittees are comprised of a chairman nominated from among directors and members of relevant divisions and departments, and meet each month to consider concrete measures directed toward boosting compliance based on individual action plans.

The Audit Office and designated legal compliance departments cooperate in supervising compliance in individual divisions, departments and affiliates in Japan and overseas.

## Appropriate and Timely Disclosure of Information

To enhance management transparency, Toyota Industries is working to strengthen its accountability by publishing quarterly financial statements and establishing an Investor Relations Office to provide information to shareholders and investors. We have also set up an Information Disclosure Committee to ensure the completeness, appropriateness and timeliness of important information disclosed in financial statements and other materials.

## Corporate Governance Structure of Toyota Industries Corporation



### Members of the Respective Committees and Meeting Frequency

- **Board of Directors:** 16 directors (including 1 external director) participate in monthly meetings.
- **Management Committee:** Meetings are held whenever important matters arise, and are attended by the chairman, the president, directors above the executive vice president level and other relevant directors and managing officers, as specified by the president and according to the matters in question.
- **Management Council:** Directors and managing officers participate in monthly meetings.
- **Business Operation Committee:** The president, executive vice presidents and divisional general managers participate in two regular meetings before the interim and annual closing of accounts while irregular meetings are also held as required.

### \* Major Committees

Corporate Code of Conduct Committee

Environmental Committee

Export Transaction Control Committee

Stock Option Committee