

Toyota Industries Report

Toyota Industries Report

2023

Year ended March 31, 2023



TOYOTA INDUSTRIES CORPORATION

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Toyota Precepts / Basic Philosophy

By engaging in value creation based on the Toyota Precepts and basic philosophy, we aim to contribute to making the earth a better place to live, enrich lifestyles and promote a compassionate society.

Toyota Precepts (Corporate Creed)

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 spiritual matters, and remember to be grateful at all times.



We encapsulated the spirit of founder Sakichi Toyoda in the Toyota Precepts, which serve as Toyota Industries' corporate creed and upon which our Basic Philosophy is based.

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.

Message from the Chairman, Vice Chairman and President

Firstly, we would like to extend our sincere appreciation for your continued support of Toyota Industries Corporation and the Toyota Industries Group.

On March 17, 2023, Toyota Industries announced its regulatory violation related to Japan's emissions certification for lift truck engines. We would like to take this opportunity to express our deepest and sincerest apologies for causing great inconvenience to our customers and many other stakeholders.

We are currently compiling a report on the full picture of the incident, including causes and background, as well as measures to prevent recurrence. Toyota Industries is determined to make concerted efforts to resolve the inconveniences caused to our customers, suppliers, and all other concerned parties as soon as possible. We will also commit ourselves to providing comprehensive explanations and disclosing detailed information to our stakeholders.

Turning to the surrounding business environment in fiscal 2023 (ended March 31, 2023), although the global economy showed signs of recovery thanks to the easing of restrictions on economic activities to prevent the spread of COVID-19, uncertainties abound. They include global inflation triggered by soaring raw material and energy prices due to the conflict in Ukraine as well as heightened concerns over an economic recession arising from higher interest rates in various countries. In this operating environment, Toyota Industries strived to expand sales by responding flexibly to market trends. As a result, we posted increases in both net sales and profits.

Toyota Industries determined the year-end cash dividend to be ¥100.0, an increase of ¥10.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥190.0, an increase of ¥20.0. The same as last fiscal year, we decided to pay the year-end cash dividend early based on a resolution by the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

Turning to the surrounding business environment, uncertainties abound with regard to the outlook of the global economy. In addition, in the political, economic and technological areas, changes are occurring at a growing pace such as accelerating global efforts to realize a carbon neutral society and advancements in digitalization. In this climate, we will renew our commitment to safety and compliance and strengthen our management platform while at the same time further enhancing corporate value through the development of innovative technologies and products.

In closing, we would like to sincerely ask for your continued understanding and support.

July 2023

Tetsuro Toyoda
Chairman

Akira Onishi
Vice Chairman

Koichi Ito
President

History of Toyota Industries Group

Toyota Industries was established to manufacture and sell the Type G automatic loom invented by founder Sakichi Toyoda as well as to engage in invention and research. Carrying on Sakichi's spirit of contributing to the development of society by manufacturing useful products, we will keep on flexibly responding to the changing times and achieve sustainable growth.



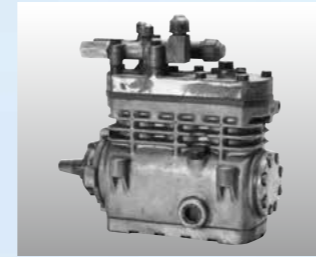
Production of Type G automatic looms



Production of Type S engines started



Production of lift trucks started



Production of car air-conditioning compressors started



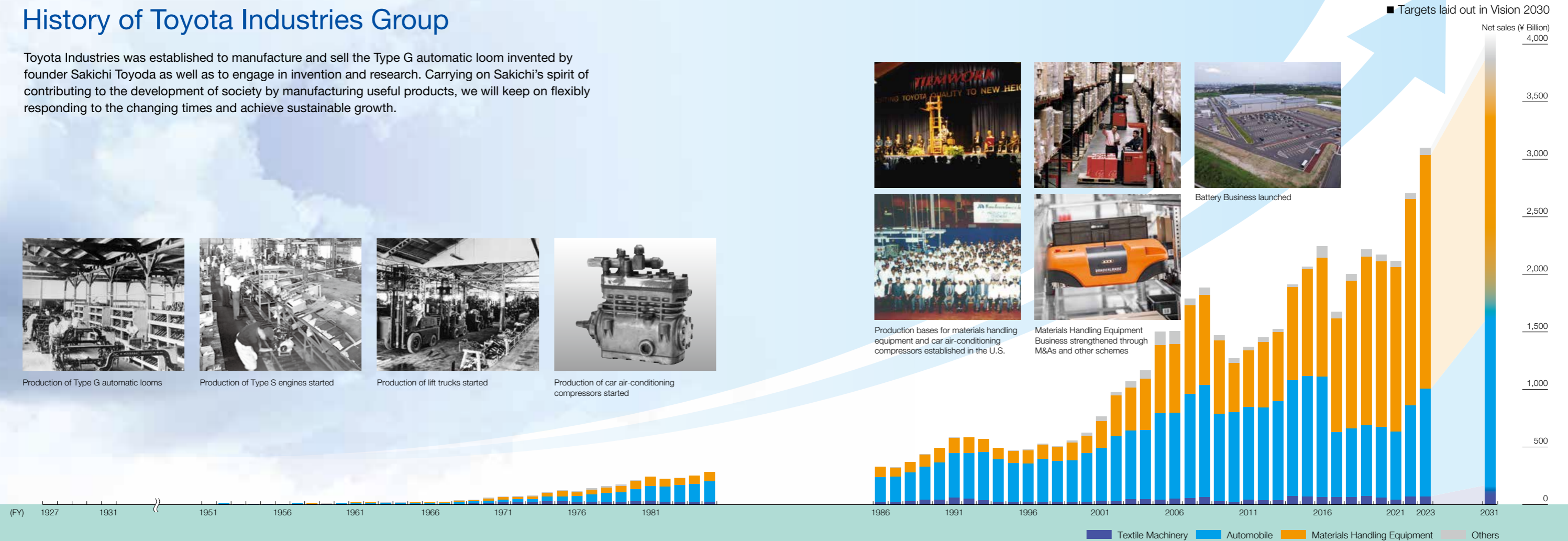
Production bases for materials handling equipment and car air-conditioning compressors established in the U.S.



Materials Handling Equipment Business strengthened through M&As and other schemes



Battery Business launched



1926—
[Founding period]

1953—
[Business diversification and scale expansion]

1988—
[Full-fledged global expansion]

2000—
[Expanding business domains utilizing strategic M&As and other schemes]

Founding period 1926—

- 1926 Toyota Industries established to manufacture and sell Type G automatic looms.
- 1935 Model A1 passenger car prototype completed.
- 1937 Automobile Department spun off and Toyota Motor Co., Ltd. (now Toyota Motor Corporation) established.
- 1940 Steel Production Department spun off and Toyoda Steel Works, Ltd. (now Aichi Steel Corporation) established.

Business diversification and scale expansion 1953—

- 1953 Production of Type S engines launched; assembly of automobiles launched.
- 1954 Toyoda de Mexico established: Toyota Industries' first foray outside Japan, but withdrew from the country in 1961 due to changes in the surrounding environment.
- 1956 Production of lift trucks launched: Aimed at business diversification, the operation is started as part of new businesses to expand the application of Type S engines.
- 1958 Agricultural machinery business launched: Commenced as part of business diversification but is forced to withdraw from the business in 1966 due to inconsistency in performance and inexperience in sales.
- 1960 Production of car air-conditioning compressors launched.
- 1967 The Nagakusa Plant commences production of small passenger cars to further expand business.

Full-fledged global expansion 1988—

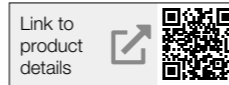
- 1988 Production outside Japan launched in earnest: Responds to an increase in demand in various countries where Toyota Industries engages in business.

Expanding business domains utilizing strategic M&As and other schemes 2000—

- 2000 Welcomes the BT Industries Group as a subsidiary to facilitate further growth of the Materials Handling Equipment Business.
- 2001 Takes over Toyota Motor Corporation's industrial equipment sales division, becoming responsible for both production and sales.
- 2003 The world's first mass production of electric compressors commenced for the second generation of Toyota Prius, responding to an increase in sales of electrified vehicles.
- 2011 Accelerates the establishment of plants mainly for car air-conditioning compressors and lift trucks in such emerging countries as Indonesia and Brazil.
- 2017 Augments the Logistics Solutions Business by welcoming Netherlands-based Vanderlande Industries and U.S.-based Bastian Solutions as subsidiaries, thereby meeting rising needs for logistics efficiency and automation.
- 2021 Production of bipolar nickel-metal hydride batteries for hybrid electric vehicles launched. In 2022, the Ishihama Plant commences operation as a battery production base.

Business Overview

Using our resources and strengths as the foundation, we strive for growth in the Materials Handling Equipment, Automobile and Textile Machinery businesses. At the same time, we aim to enhance our competitiveness by leveraging synergies among these businesses.



Materials Handling Equipment

Lift Truck

Toyota Industries plans, develops, produces, sells and provides after-sales services for industrial vehicles centered around lift trucks, which capture the top global market share*. Together with sales financing and proposals for logistics efficiencies, we strive to meet a variety of customer needs.



Electric lift truck

Logistics Solutions

Toyota Industries works closely with subsidiaries Bastian Solutions LLC and Vanderlande Industries Holding B.V. by leveraging each company's strengths to contribute to resolving customers' logistics issues through a combination of various logistics equipment and systems.



High-speed storage and picking system



Airport baggage handling system

Automobile

Vehicle

With its strengths as a leader in safety, environment, quality, cost and delivery among Toyota Group companies, the Vehicle Business plans, develops and produces the RAV4 for markets in and outside Japan.



RAV4 PHV

Engine

In addition to automotive diesel engines produced under a structure ranging from planning and development to production, we also produce gasoline engines and industrial engines.



Diesel engine



Gasoline engine for hybrid electric vehicles

Car Air-Conditioning Compressor

Toyota Industries' car air-conditioning compressors are highly acclaimed in terms of their reliability at high operating speeds and quiet operation in addition to such excellent environmental performance features as compactness, light weight and fuel efficiency. The Car Air-Conditioning Compressor Business captures the world-leading market share in unit sales*.



Electric compressor



Oxygen-supplying air compressor for fuel cell electric vehicles

Electronics and Others

Toyota Industries plans, develops and produces a wide variety of electronics products for electrified vehicles such as hybrid electric vehicles, as well as on-board batteries.



DC-DC converter



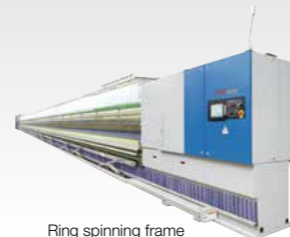
Bipolar nickel-metal hydride battery

Textile Machinery

We undertake fully integrated operations from planning, development and production to sales and after-sales services for spinning machines that spin twisted fiber bundles into yarn and weaving machines that weave spun yarn into fabrics.



Air-jet loom



Ring spinning frame

* Survey by Toyota Industries Corporation

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Editorial policy	In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the Annual Report and Social and Environmental Report have been combined into the Toyota Industries Report from the fiscal year ended March 31, 2008. In addition to the Toyota Industries Group's management policies, the report provides easy-to-understand information regarding its business, environmental and social activities as well as corporate governance over the past year as well as its future direction.	
Period covered by the report	This report focuses on activities carried out in fiscal 2023 (April 1, 2022 to March 31, 2023), but also includes some information outside this period.	Reference guidelines
Organizations covered in the report	Toyota Industries Corporation and its consolidated subsidiaries	
		<ul style="list-style-type: none"> Global Reporting Initiative (GRI) Standard ISO 26000 Japan's Ministry of the Environment Environmental Accounting Guidelines (2005 Version) Japan's Ministry of the Environment Environmental Reporting Guidelines (2018 Version) International Integrated Reporting Framework by IFRS Foundation

Toyoda Industries Report 2023 PDF

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Cautionary Statement with Respect to Forward-Looking Statements

This report contains projections and other forward-looking statements that involve risks and uncertainties. The use of the words "expect," "anticipate," "estimate," "forecast," "plan" and similar expressions is intended to identify such forward-looking statements. Projections and forward-looking statements are based on the current expectations and estimates of the Toyota Industries Group regarding its plans, outlook, strategies and results for the future. All such projections and forward-looking statements are based on management's assumptions and beliefs derived from the information available at the time of producing this report and are not guarantees of future performance. Toyota Industries undertakes no obligation to publicly update or revise any forward-looking statements in this report, whether as a result of new information, future events or otherwise. Therefore, it is advised that you should not rely solely upon these projections and forward-looking statements in making your investment decisions. You should also be aware that certain risks and uncertainties could cause the actual results of Toyota Industries to differ materially from any projections or forward-looking statements discussed in this report. These risks and uncertainties include, but are not limited to, the following: (1) reliance on certain customers, (2) product development capabilities, (3) intellectual property rights, (4) product defects, (5) price competition, (6) reliance on suppliers of raw materials and components, (7) environmental regulations, (8) success or failure of strategic alliances with other companies, (9) exchange rate fluctuations, (10) share price fluctuations, (11) effects of disasters, power blackouts and other incidents, (12) latent risks associated with international activities and (13) retirement benefit liabilities.

The fiscal year ended March 31, 2023 is referred to as fiscal 2023 and other fiscal years are referred to in a corresponding manner.

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Aiming to Achieve Continued Growth by Striving to Ensure Safety and Compliance as well as Provide Products and Services That Contribute to the Development of Society

Over the years, we have accumulated experience and expertise in various business fields and built relationships of trust with our stakeholders. While valuing such assets, we will work to achieve sustainable growth to contribute to the protection of the environment and the development of society by recognizing changes in the world, the surrounding environment and our situation, retaining what we should and changing what we should.



Koichi Ito
President

Regarding the Certification of Engines for Lift Trucks

As we confirmed a potential regulatory violation related to Japan's emissions certification for lift truck engines, we suspended the shipment of the lift trucks for the Japanese market equipped with these engines on March 17, 2023. The incident followed the suspension of the production and shipment of certain models of internal-combustion lift trucks in North America in January 2021.* I wish to express my sincerest apologies for causing a great deal of inconvenience to our customers, dealers, suppliers and many other stakeholders.

Reflecting the seriousness of the matter, we have set up a special investigation committee comprising external experts who are not stakeholders. In addition to conducting investigations to reveal the full details and analyzing the root causes, we will formulate measures to prevent recurrence based on the findings. We intend to implement the final countermeasures based on the findings of the committee's investigation as well as the confirmation of the Ministry of Land, Infrastructure, Transport and Tourism and other relevant ministries and agencies. At the same time, we have already been doing whatever we can at present, such as separating the certification function from our development department to reinforce the inspection system for legal certifications. We will fully identify our inadequacies, strive to prevent recurrence by taking the necessary measures and build a corporate culture that places the greatest importance on compliance and safety.

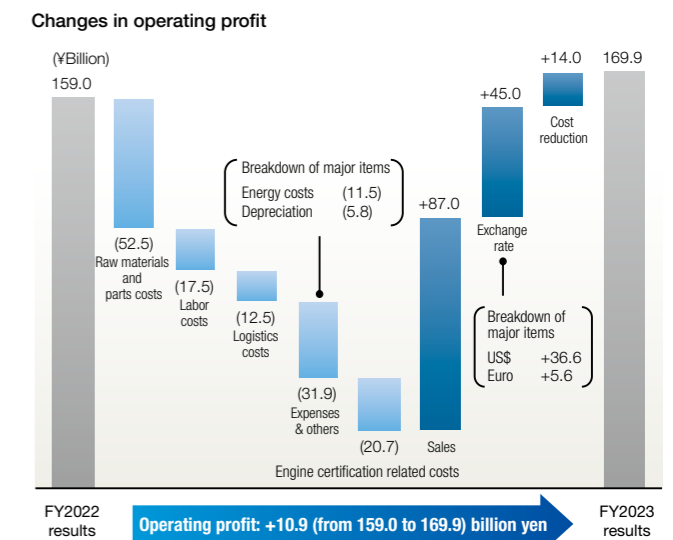
Once again, I want to apologize for the inconvenience and concern experienced by our stakeholders. We take this problem seriously and are determined to work to improve.

* We later obtained the certification of engines for small lift trucks that are our mainstay models in our sales of gasoline/LPG lift trucks in North America and resumed shipments in May 2022. We will sequentially take measures for the remaining models.

External Environment and Review of Fiscal 2023

In fiscal 2023, although the automobile market and the materials handling equipment market remained strong on the back of the recovery of the global economy, the external environment remained difficult overall. Unresolved supply chain disruptions caused production to remain below our targets. The exchange rate fluctuated more widely than expected. In addition, we were affected by global inflation, which caused raw materials, transportation, labor and other costs to soar.

In this environment, we sought to increase production as much as possible by steadily capturing opportunities in strong markets and ensuring safety and quality. As a result, we achieved historic-high net sales and a high level of profit. I believe this is because our employees, suppliers and other related people worked as one team and did their best in their respective positions even amid an uncertain future.



Results by business segment are as follows. In automobile-related businesses, our production structure was well prepared to ensure that we were able to tap into the recovery of the automobile market. We were forced to set non-operation days at the Nagakusa Plant for vehicle assembly and at other plants due to the impact of COVID-19 and the shortage of semiconductors and other parts. However, we achieved our highest net sales in the Automobile Segment since the adoption of the International Financial Reporting Standards in fiscal 2017, underpinned by other businesses such as car air-conditioning compressors. In the Materials Handling Equipment Business, demand was strong for both lift trucks and logistics solutions. Although we had to raise prices due to inflation, orders received remained robust, and net sales reached a record high. On the other hand, the instability of the supply chain also had repercussions for the Materials Handling Equipment Business, and production and unit sales of lift trucks were below the initial plan. As for logistics solutions, things didn't turn out as we expected, such as delays in the progress of projects and cost increases. These factors negatively impacted profits of the Materials Handling Equipment Business as a whole.

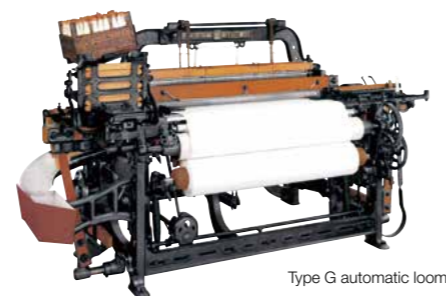
Going forward, we would like to remain highly responsive and flexible to an uncertain future and the accelerating changes in the external environment.

What We Can Learn from Our History

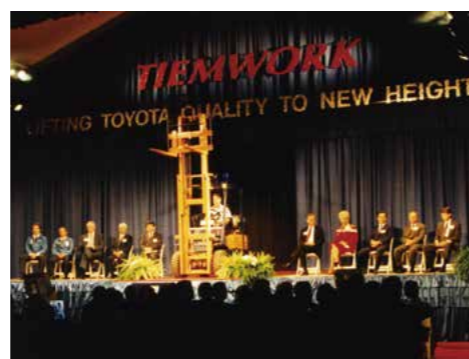
Since our establishment, we have engaged in research and development based on manufacturing that contributes to the improvement of society by identifying customer needs as the world has undergone changes in many ways.

Our history started with the manufacturing and sales of automatic looms. However, we did not limit ourselves to textile machinery and entered the automobile business anticipating the motorization of society. We subsequently expanded our business domains to include the materials handling equipment business focused on lift trucks, and we continue to grow steadily. In addition, we have been proactively expanding outside Japan since the 1980s. Combined with M&A activities, these efforts have broadened the scope of our activities globally. Based on our founding spirit, we have been focusing on our strengths and what the world needs while working steadily to establish a solid foothold. I believe this has allowed us to overcome many hardships, such as World War II, the 1973 oil crisis and the 2008 global financial crisis. It has made us what we are today.

At present, we provide diverse products with a focus on automobile-related businesses and the Materials Handling Equipment Business. Looking back at the past, however, it was never smooth sailing. In 1954, we established a textile machinery production base in Mexico. However, we were forced to withdraw from the country in a matter of less than eight years due to reasons such as a delay in factory construction and the Mexican government's retraction of support. I believe that this firsthand experience of the difficulties of doing business outside Japan was leveraged in our subsequent global expansion. In 1958, we launched the agricultural machinery business but again withdrew from it after roughly eight years due



Type G automatic loom



TIEM established

to the inconsistency of our products' performance and our inexperience in sales. I think that the takeaways from these bitter lessons were how to navigate difficulties in manufacturing outside Japan and the value to be cherished in sales activities.

We currently face various difficulties and we will certainly be confronted with hardships in the future. Carrying on our founding spirit and learning from our history, which is built on the painstaking efforts of our predecessors, we are committed to making our utmost efforts and overcoming setbacks so that when we look back in the future, we will find meaning in such experiences.

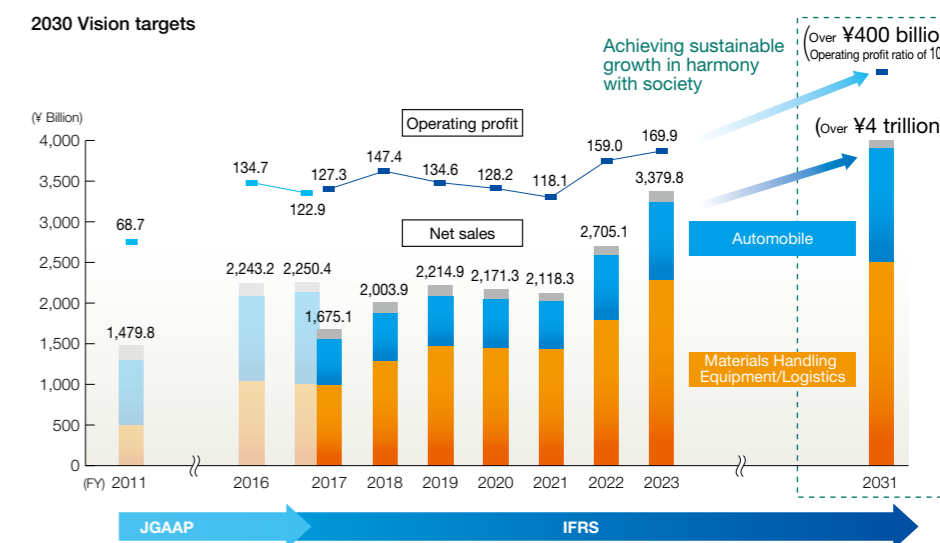
Medium-Term Direction

Expanding Businesses to Achieve Vision 2030

The performance of the Textile Machinery Business has many ups and downs because it is greatly affected by the global textile markets. Therefore, we aimed to break away from being dependent on a single business and began to focus our

efforts on the diversification of our business in the 1950s. Lift trucks and car air-conditioning compressors, which we developed through a series of trial and error, have now grown into core businesses that drive our company. Fortunately, both our Automobile Business and Materials Handling Equipment Business have continued to grow steadily thanks in part to the ongoing expansion of the market. We will engage in R&D and sales expansion activities with a focus on these two businesses to achieve Vision 2030, which represents what we aspire to be in the medium term.

Specifically, we will focus our efforts on the domains of electrification and automation, which are identified as our CSR material issues (materiality), to create new values. In the field of automobiles, the move toward electrification is irreversible. As such, we will capture opportunities created by the expansion of the market, with a clear focus on electric compressors that can be installed in all types of electrified vehicles, and strive to further expand sales of car electronics products and bipolar nickel-metal hydride batteries for hybrid electric vehicles (HEVs). Turning to the field of materials handling equipment, the logistics volume is expected to increase in tandem with the global economy, which is projected



Electric compressor

to grow in the medium term. Moreover, the development of e-commerce has led to the increasing frequency and smaller units of delivery. We expect that the need for labor savings, greater efficiency and automation of logistics operations will continue to increase in response to changes in the surrounding environment that includes rising labor costs, labor shortage and workstyle reforms at logistics sites. In response, we intend to meet customer expectations in dual business fields of lift trucks, of which we offer a full lineup around the world, and logistics solutions, for which we provide products and services for projects of all sizes in many different regions.



Pocket sorter by Vanderlande

Further Strengthening Relationships with Stakeholders by Striving to Achieve Even Greater Harmony with Society

To achieve sustainable growth in harmony with society, it is important to ensure that our businesses continue to benefit society, instead of relying solely on the growth of the market. It is when we are needed and selected by society that we can grow. We will engage in activities primarily for the happiness of customers and all stakeholders involved in our businesses, not to mention the protection of the global environment. At the same time, we will strive to further reinforce the foundation supporting our corporate activities, including our organizations, systems, human resource development and digitalization.

On the environmental front, climate change is a challenge that urgently needs to be addressed on a global scale and we have been acting accordingly. In production, for example, we are producing results by consistently working on energy-saving activities and sharing best practices among business divisions. We intend to persistently pursue these activities. Meanwhile, we have been utilizing renewable energy and developing new technologies conducive to decarbonization to steadily advance initiatives to achieve carbon neutrality. In the field of product development, we plan to reduce the environmental impact of using our products by applying our electrification, fuel cell and other technologies while facilitating collaboration between the Materials Handling Equipment Business and the automobile-related businesses. At the same time, we will work to improve the competitiveness of our products.



Fuel cell lift truck

Regarding biodiversity, which is closely related to climate change, our employees participate proactively in conservation activities that take advantage of the characteristics of each plant, mainly in the vicinity of our production bases. We intend to expand these initiatives in the future.

Looking at social responsibility, we will strive to enhance the whole Toyota Industries Group through a variety of initiatives already being undertaken to date. They include carrying out comprehensive safety measures with a clear focus on ensuring thorough compliance, promoting diversity and respecting human rights not only in all our corporate activities but throughout the supply chain. Based on the Human Rights Policy formulated in 2021, we will strive to steadily enhance activities regarding respect for human rights, without limiting these activities to within the supply chain.

We will also enhance dialogue with investors, shareholders and other stakeholders to promote their understanding of our current situation and



Information session on the Materials Handling Equipment Business

stance as well as identify the areas where they consider we are doing well and we are not taking sufficient measures. We will continue to ensure these findings are reflected in our management. Going forward, our efforts will focus on identifying changes in society and the things that are required of us through dialogue with our stakeholders, thus contributing to the development of society as a good corporate citizen.

Building a Foundation for Sustainable Growth

To reinforce our foundation, it is important to make sure that every employee understands the importance of safety, health and quality based on compliance, and that these basics are continually emphasized and enforced. Based on this understanding, we will strive to reinforce our foundation for sustainable growth through two-pronged strategies. One is to promote the adoption of information and digital technologies and use them for reskilling a wide spectrum of employees, from young employees to older employees. The other is to maintain and increase our overall competitiveness by enabling our diverse employees to leverage their diversity, facilitating collaboration and providing venues for them to thrive. In this dramatically changing environment, we will build a foundation that will turn change into an opportunity rather than a risk.

As for corporate governance, we will seek to build an optimal structure to achieve the sound and sustainable development of the Toyota Industries Group while considering changes in what is expected of companies. As we aim to realize highly effective governance, we will continue to ensure that the Board of Directors engages in open and robust discussion while leading the Toyota Industries Group in a well-balanced manner based on diverse opinions, thereby connecting these efforts to enhance corporate value. For the promotion of the diversity of executives, we believe it should involve more than just formality. It is an important Company-wide task that entails the continued development of a workplace environment enabling women and other diverse human resources to fully demonstrate their capabilities. Based on this belief, we will take a bottom-up approach to implement this initiative.

In Conclusion

We desire to develop businesses by gaining the understanding and support of our stakeholders through the provision of products and services that are helpful to society, thus contributing to making the earth a better place to live, enriching lifestyles and promoting a compassionate society. To achieve this goal, we will recognize and squarely face the current situation, rectify the points that require rectification and look forward to the future in our efforts to achieve corporate growth. We will attach importance to safety and quality with compliance as a fundamental principle and strive to build a workplace environment that enables diverse colleagues to thrive and work with a sense of pride. Through these efforts, we will continue to forge ahead so that we will remain needed by society.

We look forward to your continued understanding and support as we endeavor to implement these initiatives.



Value Creation Process

In line with our founding spirit, Toyota Industries remains committed to creating value and contributing to society by engaging in and developing our diverse businesses.

Climate change

Energy Resources
Water issues

Digitalization

Electrification
Automation

Declining birthrate and aging population

Work style diversification

Geopolitical risks

Social issues and changes

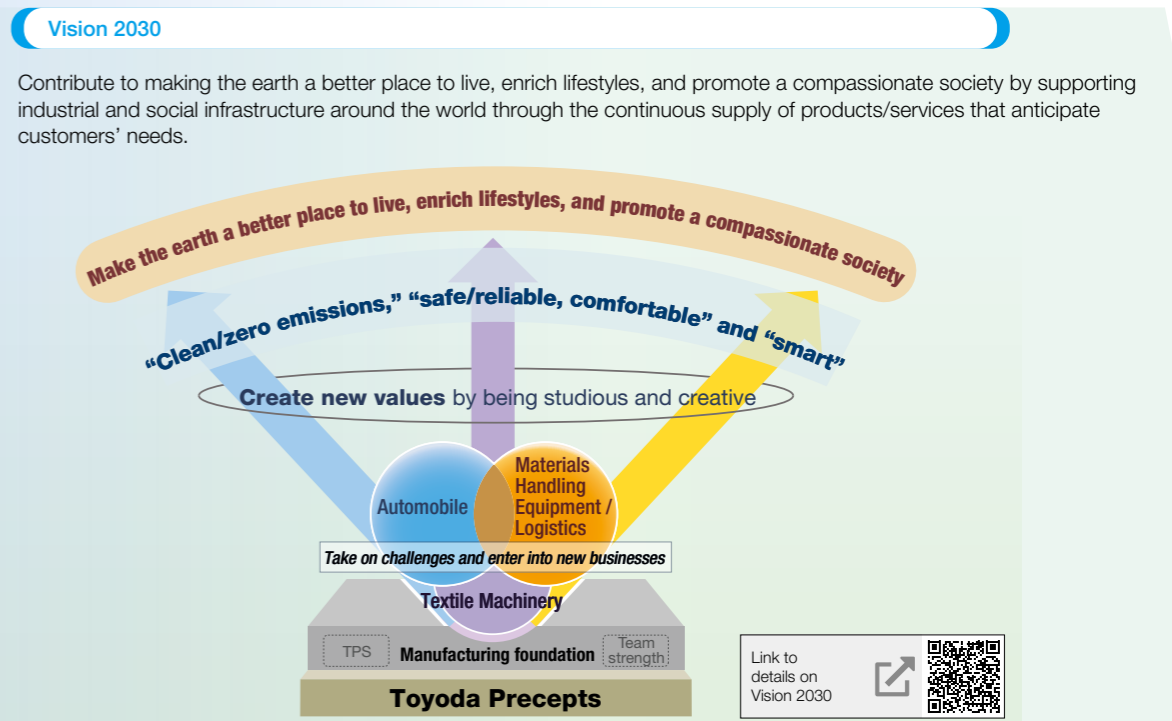
Six Capitals Supporting Growth

Since our founding, we have strived to achieve sustained growth by flexibly responding to a drastically changing society based on the six capitals we have accumulated to date.

- Human Capital**
Diverse human resources committed to creating and delivering products and services that contribute to society
 - Human resources comprised of more than 70,000 employees possessing diverse strengths in their respective business field
 - Certified as a Health and Productivity Management Organization
 - Systems and training programs to help individual employees to demonstrate their abilities to the fullest regardless of age or gender
 - Lifting Group-wide capabilities to the next level through global exchanges across businesses and functions
- Intellectual Capital**
Technology, expertise and know-how related to automobiles and materials handling equipment
 - Strengthening development capability and competitiveness through collaboration between the Materials Handling Equipment and Automobile-related businesses
 - Accumulation of knowledge thanks to involvement in the production of automobiles spanning from vehicle assembly to the development of key components
 - Wide-ranging responsiveness and sustainable growth potential stemming from technologies in the development of both automation and electrification
 - Research and development mainly on automation and electrification by also drawing on external expertise
- Manufacturing Capital**
Production structure and investments in tangible assets to deliver quality products to customers around the world
 - Superb quality and productivity based on the Toyota Production System
 - Globally stable production and supply structures of respective businesses
 - Proactive capital investment for further business expansion
- Social and Relationship Capital**
Extensive sales and service networks together with relationships of trust with various stakeholders
 - Global sales and service networks mainly for materials handling equipment
 - Close collaboration with Toyota Group companies as well as major automakers and other manufacturers around the world
 - Sustainable supply chain built on mutual cooperation with business partners
 - Proactive dialogue with shareholders, investors and members of local communities
- Natural Capital**
Group-wide initiatives aimed at reducing environmental impact and realizing a carbon neutral society
 - Business activities to realize clean/zero emissions in terms of production and products
 - Proactive initiatives to reduce CO₂ emissions and introduce renewable energy on a global scale
 - Activities to reduce logistics-derived CO₂ emissions per unit of production (non-consolidated) and waste generation
- Financial Capital**
Solid financial foundation underpinning sustained business expansion
 - Share of equity attributable to owners of the parent: **¥3,837.4 billion**
 - Net cash provided by operating activities: **¥194.9 billion**
 - Equity ratio: **49.1%**
 - Return on equity: **5.0%**

Aspiration in the Medium to Long Term and CSR Materiality

Based on the Toyoda Precepts (corporate creed) and basic philosophy, we have been working to directly address the changes and challenges surrounding society and make the most of the core assets and strengths we have accumulated to date to achieve our 2030 Vision and CSR material issues.



CSR Materiality

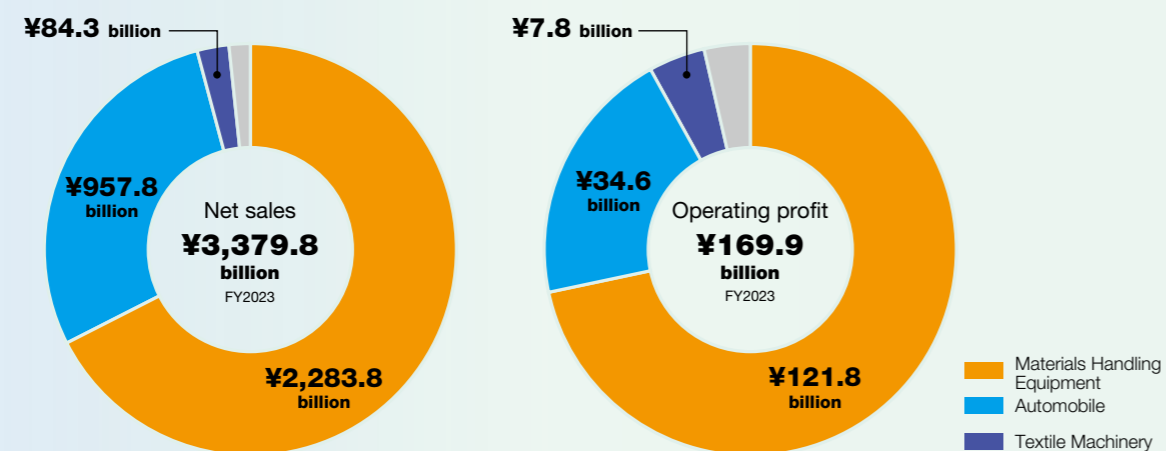
CSR Materiality	SDGs to Contribute
<ul style="list-style-type: none"> Mitigation of Global Warming Contribution to Circular Economy 	
Resolving Social Issues through Our Business	<ul style="list-style-type: none"> Creation of Innovative Values Products and Services Which Contribute to Safety, Reliability and Comfort Mutual Prosperity through Partnerships with Local Communities
<ul style="list-style-type: none"> Foundation Supporting Our Business Operations Safe and Healthy Work Environments Leveraging Diversity and Inclusion Sustainable Procurement Compliance and Risk Management 	

Link to CSR Materiality

Basic Philosophy
Toyota Precepts

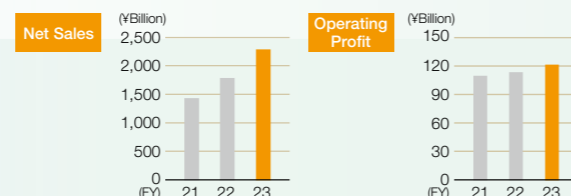
Business Results

Using our resources and strengths as the foundation, we strive for growth in the Materials Handling Equipment, Automobile and Textile Machinery businesses. At the same time, we aim to enhance our competitiveness by leveraging synergies among these businesses.



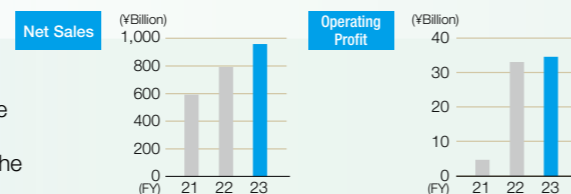
Materials Handling Equipment

Lift trucks and logistics solutions that contribute to greater logistics efficiency for customers



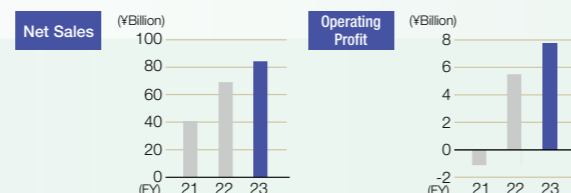
Automobile

Comfortable and appealing automobiles
Fuel-efficient and clean engines
Car air-conditioning compressors that realize a comfortable vehicle interior
Electronics and batteries that contribute to the electrification of automobiles, etc.



Textile Machinery

Weaving and spinning machinery to produce fabrics and yarns of high quality and soft texture



Values and Joys for Stakeholders

We will meet the expectations of our stakeholders by achieving sustainable growth and enhancing not only the value of our products and services but also the value of the Toyota Industries Group itself.

Customers

Contributing to such needs as electrification, automation and energy savings as well as safety and reliability through high-quality products and services

Business Partners

Co-existence and co-prosperity based on mutual trust cultivated through open, fair and equitable business relationships

Shareholders and Investors

Returning profits to shareholders and investors by enhancing corporate value through sustainable growth

Employees

Developing employees' work values and motivating them to demonstrate their potential by creating safe and secure workplaces for diverse human resources

Local Communities

Contributing to the prosperity of each country and local community through promoting social welfare, youth development, environmental protection, community contribution and other activities

Global Environment

Contributing to reducing CO₂ emissions, mitigating resource depletion and curtailing environmental risks by promoting environmental management

Further Evolution and Growth

Contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society

Utilizing and enhancing six capitals

Human capital

Intellectual capital

Manufacturing capital

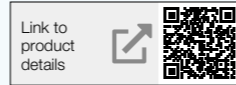
Social and relationship capital

Natural capital

Financial capital

Creation of greater corporate value

Materials Handling Equipment



As a market leader with an extensive knowledge of global logistics needs, Toyota Industries provides a range of materials handling equipment, mainly lift trucks, and logistics solutions to customers.

Medium-Term Direction of Business

We will work to develop and propose new products and services incorporating cutting-edge technologies through the proactive use of open innovation and co-creation with customers.

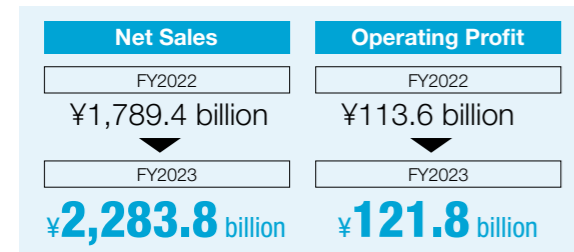
Our goal is to become the logistics solutions partner of the first choice for customers by meeting their wide-ranging needs and helping them increase their logistics efficiencies based on the Toyota Industries Group's comprehensive strengths covering both the lift trucks and logistics solutions fields. At the same time, we aim to resolve social issues and realize a sustainable society through logistics.

Business Characteristics

Strengths

- An extensive logistics-related product lineup both for lift trucks (internal-combustion type, electric type, fuel cell (FC) type, etc.) and logistics solutions products (automated storage and retrieval systems, automatic guided vehicle (AGV) systems, automated lift trucks, etc.)
- High technological capabilities, including those linked to environmental and safety performance
- Production know-how that ensures high levels of quality and production efficiency
- Global, well-developed production, sales and service networks
- An extensive value chain encompassing in-house development and production of engines, motors and other key components; total after-sales services including maintenance and inspections as well as operational management; and sales financing operations offering more options in sales
- No. 1* in lift truck unit sales in the world
- A wealth of experience and know-how as well as a global network in the Logistics Solutions Business
- Software development capability to create such systems as a warehouse management system

*1: Survey by Toyota Industries Corporation



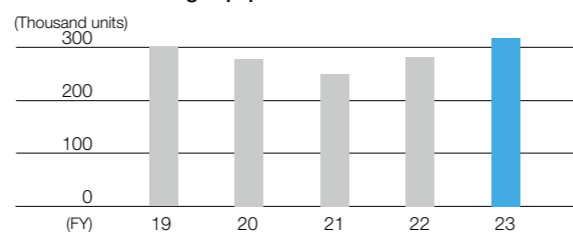
Opportunities

- An expansion of global logistics volume in line with an increase in the world population and economic growth
- Growing need for products with high fuel efficiency and low environmental impact that contribute to carbon neutrality
- Growing needs for higher logistics efficiencies, automation and labor saving prompted mainly by soaring labor costs and labor shortages
- Increased recognition that logistics is an essential business

Risks

- Restrained capital investment due mainly to a slowing economy and disasters
- Weaker sales due to intensifying competition
- Change in business environment triggered by an expanding market of low- to mid-priced lift trucks
- Suspension of production caused by supply chain disruptions
- Weaker demand for internal-combustion lift trucks resulting from more stringent environmental regulations
- Emergence of next-generation robotics products as an alternative to lift trucks

Materials Handling Equipment Sales



Business Overview in Fiscal 2023

Despite a decline from 2021, sales in the lift truck market in 2022 remained at a 2-million-unit level on the back of the continued demand recovery following the resumption of economic activities around the world. Amid this business climate, Toyota Industries engaged in sales and after-sales services corresponding to respective markets. As a result, unit sales of lift trucks for fiscal 2023 were up 35,000 units, or 12%, to a total of 317,000 units from the previous fiscal year. In the Logistics Solutions Business, we continued to see strong demand related to e-commerce and warehouse logistics as well as a recovery in airport-related orders. Capitalizing on this development, we have sought to further strengthen our business through collaboration with our subsidiaries engaging in logistics solutions operations in Europe and the United States and by welcoming a German company as our subsidiary. As a result, net sales in fiscal 2023 increased ¥494.4 billion, or 28%, from the previous fiscal year to ¥2,283.8 billion.

Business Structure

Toyota Industries' Materials Handling Equipment Business is operated under a two-organization structure: Toyota Material Handling Group (TMHG) responsible for the Lift Truck Business and Toyota Advanced Logistics Group (TALG) engaging in the Logistics Solutions Business. TMHG and TALG collaborate to achieve overall growth of the Materials Handling Equipment Business while reinforcing individual businesses.

Toyota Material Handling Group (TMHG)

As a market leader in the materials handling equipment and logistics fields, Toyota Industries' comprehensive strengths lie in its ability to respond to specific and ever-changing needs of customers on a global scale. We assist customers worldwide in attaining greater logistics efficiencies by delivering optimal solutions to each logistics site. Under the TMHG management structure, we engage in the Lift Truck Business under the TOYOTA, BT, RAYMOND, CESAB and Tailift brands. Mutually utilizing the development and sales strengths of each brand, TMHG is promoting business globally.

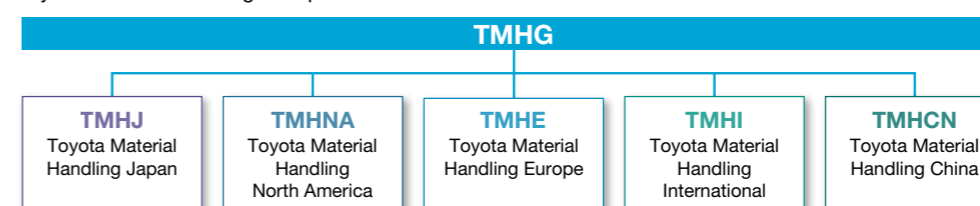
We basically carry out product development in three regions, namely Japan, North America and Europe. Based on this structure, we develop and manufacture products in each region, which are matched to the specific local needs and characteristics, and ensure quick product delivery to customers. At the same time, we seek greater product appeal by conducting in-house development and production of such key components as engines and motors, which greatly influence the performance of lift trucks.

While continuously offering products that will contribute to the safety of customers' logistics sites, we are improving the energy-saving performance and enhancing our electric lift truck lineup in response to the trend toward decarbonization, including enforcement of stricter environmental regulations and growing eco-consciousness worldwide. We are also promoting the development of autonomous driving technology as a response to growing needs for greater

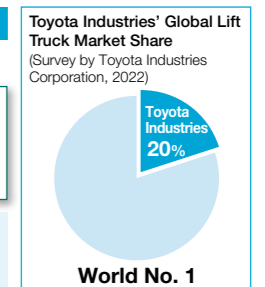
logistics efficiencies mainly driven by labor shortages.

In addition to supplying high-quality products, we consider our strength to be able to support customers throughout our entire value chain, which encompasses everything from providing after-sales services through our extensive networks to offering sales financing operations. On the sales front, we are offering products and logistics improvement solutions optimally matched to individual customers' logistics sites. Simultaneously, we are responding to needs for fleet management that optimizes the operation of multiple lift trucks for customers conducting business globally. In terms of services, we have established a structure to provide swifter and more efficient after-sales services by centrally and digitally managing information on lift trucks owned by customers and their history of repairs while assigning experienced and highly skilled personnel and utilizing leading-edge information technology (IT). As another effort, we are putting in place a structure to offer extensive after-sales services by establishing a system to certify dealers' after-sales service facilities and offering programs to train service staff so that customers can use our products with an increased sense of reassurance. We are also strengthening our internal sales financing operations mainly in Europe, the United States and other developed countries in order to flexibly respond to customers' diverse needs for fund procurement. Additionally, TMHG is collaborating with TALG to create synergies between the lift trucks and logistics solutions fields in development and other domains.

Toyota Material Handling Group



The Toyota Material Handling Group possesses several brands such as TOYOTA, BT and RAYMOND and engages in business by dividing the world into five areas: TMHJ (Japan), TMHNA (North America), TMHE (Europe), TMHI (Asia, Australia, etc.) and TMHCN (China).



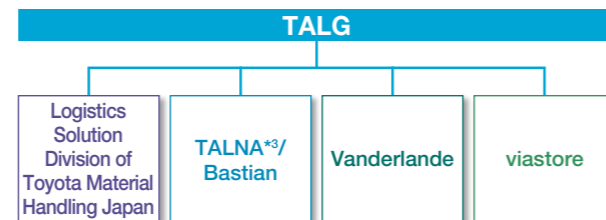
Toyota Advanced Logistics Group (TALG)

In spite of the growing concern for a global economic slowdown, the need for logistics automation remains strong and has, in turn, necessitated solutions for more advanced logistics issues. Amid this environment, we go a step beyond just providing a broad range of materials handling equipment and associated software programs and are reinforcing our Logistics Solutions Business to more meticulously satisfy each customer's varying needs by leveraging our logistics improvement know-how accumulated to date. Under the TALG management structure, the Logistics Solution Division of Toyota Material Handling Japan, U.S.-based Bastian Solutions LLC, Netherlands-based Vanderlande Industries Holding B.V. and Germany-based viastore*2, which joined the Toyota Industries Group in July 2022, are collaborating in development, sales and other activities to expand business while leveraging their individual strengths.

viastore, which became a new member of the Toyota Industries Group in July 2022, mainly engages in the in-house development of software for controlling and managing various materials handling equipment and small- to medium-sized automated storage and retrieval systems. It provides its products to a wide range of sectors from retail to manufacturing, logistics and food, primarily in

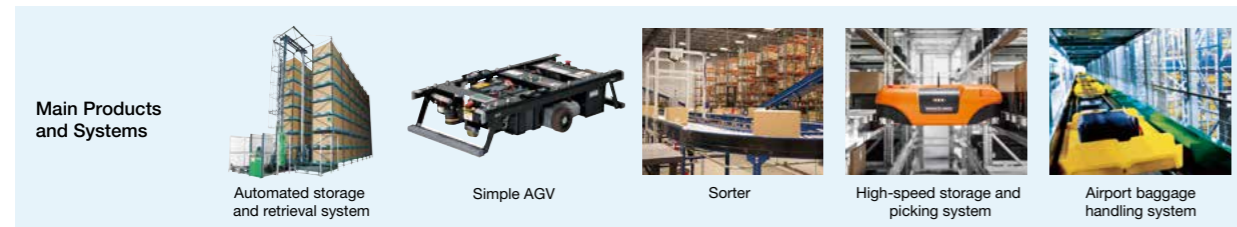
Europe. In particular, it has strengths in automation that links multiple processes, such as storage and transportation, with optimal materials handling equipment and software, garnering high acclaim in the market. Collaboration among TALG companies has begun and has already led to some concrete accomplishments, including a large-scale order for a solution combining viastore's software. We will strengthen such collaboration further in order to respond to customers' automation needs as a Group-wide effort and seek to achieve further business expansion.

Toyota Advanced Logistics Group



*2: Logistics system integrator in Germany, viastore is a collective name for four companies: viastore SYSTEMS GmbH, viastore SOFTWARE GmbH, viastore International GmbH and Buck Engineering GmbH.

*3: Toyota Advanced Logistics North America (Holding Company of Bastian)



Business Activities in Fiscal 2023

As we have confirmed a potential regulatory violation related to Japan's emissions certification for lift truck engines, we have suspended the shipment of lift trucks for the Japanese market since March 2023. We have been working on revealing the full details and analyzing the root cause. Based on the findings, we intend to thoroughly implement measures to prevent recurrence. At the same time, we have already been doing whatever we can at present, such as separating the certification function from our development department to reinforce the inspection system for legal certifications. (As of June 30, 2023)

In 2022, a recovery in global demand continued due to the reopening of economic activities in respective countries, and unit sales of lift trucks remained at a 2-million-unit level. Amid this environment, we worked to enhance the product appeal of our mainstay lift trucks and expand sales. We also strove to offer reliable after-sales services, enhance responsiveness to large-order customers and provide solutions for logistics issues through the introduction of optimally packaged systems. In the field of lift trucks, we made efforts to increase our product lineup in each region and promoted the development of autonomous driving technology internally and with external organizations. Our latest products and solutions were showcased at Logis-Tech Tokyo 2022 under the themes of "safety, decarbonization and automation." We also worked to reinforce our IT-based services, enhance safety and augment our competitiveness in the environmental field mainly through electrification in order to ensure a more accurate response to the needs of individual customers.

In the logistics solutions field, we have been fostering cooperation in sales activities by mutually supplying equipment and systems while encouraging each TALG company to leverage its strengths to bolster business. We have also been accelerating coordinated activities such as promoting collaborative efforts by TMHG and TALG in the planning and development fields. As specific examples, we have been promoting cooperation mainly with T-Hive B.V., a company newly established in the Netherlands, in the development of a seamless control system encompassing all autonomous vehicles, as well as collaboration with viastore in small- to medium-scale projects in Europe.

Meanwhile, Aichi Corporation, which possesses the top brand*4 in the field of aerial work platforms in Japan, saw a recovery in capital investment mainly in the electric power industry. As a result, sales amounted to ¥60.6 billion, up ¥4.0 billion, or 7%, from the previous fiscal year.

*4: Survey by Aichi Corporation

Activities of TMHG

Japanese Market

In 2022, the Japanese lift truck market saw only a slight increase in sales from the previous year due mainly to the impact of the spread of COVID-19 variants. Unit sales of Toyota Industries' lift trucks increased 4% from the previous fiscal year to 49,000 units, and maintained the top position*5 in fiscal 2023 for the 57th consecutive year.

The diversification of customer needs, heightened on the back of changes such as an expansion of the e-commerce market, labor shortages and growing safety and environmental consciousness among companies, has further accelerated. As the leading manufacturer of materials handling equipment, Toyota Industries has been proactively promoting the development and release of new products that lead to resolving issues facing customers.

Amid the accelerated move in Japan toward achieving carbon neutrality, Toyota Industries released a new fuel cell lift truck in September 2022. The price of the new lift truck has been reduced by 30% thanks to a significant reduction in the cost of the fuel cell system, and durability*6 has been doubled*7 compared to the previous model.

Also in September 2022, Toyota Industries participated in Logis-Tech Tokyo 2022 under the concept of "Varying Optimum Solutions for Varying Logistics Sites: A Just Solution for Your Logistics." Based on the three themes of "safety, decarbonization and automation," which represent issues recently facing customers in their respective logistics

sites, we exhibited our latest lift trucks in addition to logistics solutions that incorporate leading-edge automation technologies. Our booth, which was one of the largest among the participating companies, was visited by some 21,000 customers.

At our booth, we demonstrated the operations of our new autonomous lift truck capable of automated loading even when the truck's stopping location and load position are not fixed. This capability has been achieved through such technologies as guideless automated driving using 3D-LiDAR*8 and pallet location and position detection using image recognition.

*5: Calculated by Toyota Industries Corporation based on the data issued by the Japan Industrial Vehicles Association
 *6: Output performance maintenance period of FC systems (period that the output can be maintained at 80% or more of the performance at the time of shipment)
 *7: Survey by Toyota Industries Corporation, based on JIS D6202 (60S fuel consumption pattern of internal-combustion lift trucks)
 *8: A sensor that can accurately measure the distance to an object by emitting a laser beam onto it and measuring the reflected light



New fuel cell lift truck



TMHJ booth at Logis-Tech Tokyo 2022

North American Market

The rapid expansion slowed down in the North American lift truck market in 2022, and on a full-year basis, the market remained on par with 2021. Orders increased as we captured the strong demand in the e-commerce and retail sectors and resumed the shipment of certain internal-combustion lift trucks. Against this backdrop, the combined unit sales of the TOYOTA and RAYMOND brands in fiscal 2023 increased by 29% over the previous year to 98,000 units.

In fiscal 2023, Toyota aggressively launched an operator assist system that detects pedestrians and objects behind the lift truck to ensure greater safety and security at customers' logistics sites as well as new electric lift trucks in response to growing market needs for electrification. We also added more than 30 operator assist and other functions to our three-wheel electric lift trucks. In addition, to meet the rising need for logistics automation on the back of labor shortages, we sell an automated guided vehicle (AGV)

that can be customized according to customer needs and requires no large-scale building modifications.

Raymond is also actively expanding its product offerings and services to meet various customer needs. For example, Raymond enhanced sales of compact and highly functional lithium-ion batteries that reduce the charging time compared with conventional lead-acid batteries and contribute to the improvement of customer productivity. Raymond is also contributing to the further improvement of customer safety by releasing an electric low lift truck equipped with a



Three-wheel electric lift truck to which operator assist and other functions have been added

telematics function and launching a service to support driving in dangerous areas by linking the telematics function with the real-time location measurement system.

Looking ahead, we will continue to leverage the strengths of each brand and reinforce technological development to meet electrification needs. In addition, through closer

European Market

In 2022, the European lift truck market slowed down due to supply chain disruptions and the conflict in Ukraine. Toyota Industries posted unit sales of 99,000 units in fiscal 2023, up 8% from the previous fiscal year. In addition to equipment sales, orders for after-sales services and sales of parts remained steady.

In response to the accelerating trend toward carbon neutrality in Europe, Toyota Industries has been working to expand the lineup of products equipped with lithium-ion batteries and released a high-output counterbalanced lift truck as well as internal-combustion lift trucks that comply with the latest EU emissions regulations to meet the needs of environmentally conscious customers.

In terms of environmental initiatives, electricity used at all European bases has been completely switched to renewable energy by selecting the optimum method matched to each base's energy situation. This marks the first instance in the entire materials handling equipment industry that 100% of power is

collaboration with the Logistics Solutions Business, we will accurately respond to customers' needs for logistics automation. At the same time, we will strive to expand the lineup of products with excellent environmental performance, while responding to the accelerating trend toward carbon neutrality by utilizing the latest technologies.

sourced from renewable energy at all European bases.

As a response mainly to labor shortages, we launched a new automated horizontal carrier. This AGV can be combined with our existing autonomous lift trucks and a warehouse management system to achieve an even higher logistics efficiency for the entire warehouse, and we have been proactively offering the resulting solution to customers.

We will continue to expand our product lineup boasting excellent environmental performance and incorporating autonomous driving technology.



Automated horizontal carrier

ALOMA*⁹ and Chinese Markets

Toyota Industries covers the ALOMA markets of some 60 countries in Asia, Latin America, Oceania, the Middle East and Africa as well as the Chinese market. We are serving these markets with a lineup consisting of TOYOTA, BT, RAYMOND and Tailift brands.

The ALOMA market in 2022 outperformed the sharp sales growth in 2021 and recorded yet another highest unit sales while growing 109% year on year. In China, on the other hand, unit sales fell to 67% of the previous fiscal year due in part to COVID-19, which started spreading again.

Under such circumstances, we are working to expand the introduction of lithium-ion batteries to meet the needs for electrified equipment whose demand is expected to increase in step with heightened environmental awareness. Additionally, we newly released in the ALOMA region our SEnS+ (Sense Plus) operator assist system that detects pedestrians and objects behind the lift truck to contribute to customers' safe operations.

Customer needs will continue to diversify, including the accelerating trend toward electrification, greater logistics efficiency, better safety features and automation. In response, we will continue to collect information from dealers in each country and regional offices in Asia, the Middle East and South America in our efforts to provide products and services that satisfy our customers.



SEnS+

In addition, jointly with dealers, Toyota Industries operates a program to promote sales activities with a focus on logistics improvement solutions and has been making proposals to visualize customers' logistics sites, improve their safety and reduce costs. Through the program, we have been strengthening our relationships of trust with customers and have successfully expanded our business domains.

As a total solutions partner capable of satisfying diverse logistics needs, we will make concerted efforts with dealers in each country to undertake various initiatives.

*9: ALOMA is a Toyota Industries term for Asia, Latin America, Oceania, the Middle East and Africa.

Activities of TALG

Logistics Solution Division of Toyota Material Handling Japan

In recent years, labor shortages and an increase in logistics volume following an expansion of the e-commerce market have resulted in a growing need for automated and more efficient operations in the logistics industry. To respond to such issues facing customers, we have enhanced our product lineup to cover every logistics system, from autonomous lift trucks and AGVs to the leading-edge systems for use in large-scale e-commerce distribution centers, and have been receiving increasing orders for these products.

Moreover, the work style reform-related law that will go into effect in 2024 in Japan is expected to aggravate the shortage of truck drivers. At relay centers mandated to be set up in accordance with the law, there is an urgent need for better efficiency and labor saving in truck loading and unloading operations. Automation of truck loading and unloading operations using lift trucks has lagged even at cutting-edge distribution centers. To counter these issues,

we have developed an autonomous lift truck that features the world's first AI-based technology to automatically recognize the location and position of the truck and its cargo and runs autonomously to conduct loading and unloading operations. We exhibited the lift truck at Logis-Tech Tokyo 2022.

We have been receiving inquiries for this lift truck from many customers. In the future, we will repeat feasibility tests in terms of safety, work efficiency and cost and offer the product as an optimal solution for individual logistics sites of many customers, thereby helping them counter the impending labor shortage in 2024.



Autonomous lift truck for truck loading and unloading

Bastian

Bastian, mainly operating in the North American market, has been responding to the logistics automation needs of customers in a broad range of fields, including the retail, e-commerce and manufacturing sectors. The business environment was difficult in fiscal 2023, as a concern for an economic slowdown has grown globally. Despite this environment, in addition to repeat orders for large-scale projects based on long-standing relationships of trust with existing customers, the company successfully received many orders by promoting collaboration with other companies in the Toyota Industries Group. These include an order for a large project through collaboration with viastore; a project that integrates Vanderlande's system for the first time; small-

to medium-scale projects through collaboration with dealers of the TOYOTA and RAYMOND brands; and its first project to collaborate with the Logistics Solution Division of TMHJ in Asia. Going ahead, Bastian will satisfy the more sophisticated and diversifying needs of customers by facilitating the development of its own core systems and products and taking advantage of collaboration within the Toyota Industries Group.



Bastian's mini load autonomous vehicle (autonomous mobile robot) developed in-house

Vanderlande

Vanderlande, offering logistics solutions globally, has been accelerating system development optimized for leading companies in the warehouse logistics and parcel/postal service industries as well as operations of focused business sectors. In this way, Vanderlande is making efforts to strengthen its response to increasingly sophisticated customer needs. It has also been working with the Logistics Solution Division of TMHJ and Bastian to introduce its systems into the Japanese and North American markets, thereby successfully expanding its business domains through collaboration within the Toyota Industries Group.

In the airport business, demand has been showing a gradual recovery following an upturn in the number of passengers. In fiscal 2023, Vanderlande captured the demand recovery, as it concluded large-scale servicing

contracts with multiple customers and commenced operation of its highly efficient security screening system based on a dual-lane concept at Frankfurt International Airport.

In these businesses, Vanderlande will work to provide even greater value to customers for services that assume an important role. Efforts will be made to monitor operational status and facilities by using digital technologies and make proposals to optimize operations of customers using its products.



Security screening system introduced for the first time

Automobile

In the fields ranging from vehicles to engines, car air-conditioning compressors, electronic devices and batteries, Toyota Industries continues to meet the expectations and trust of its customers.



Business Characteristics

Strengths

- An agile structure to undertake all aspects from planning and development to production within a plant (Vehicle)
- Highest-level production efficiency and quality among all Toyota-affiliated automobile body manufacturers (Vehicle)
- Know-how on the development and production of diesel engines and turbochargers (Engine)
- Highly efficient production of high-quality gasoline engines, including those for use in hybrid electric vehicles (HEVs) (Engine)
- Excellent product development capability centered around fuel efficiency and car electrification (Car air-conditioning compressor)
- Global top-share*1 products for use in a full range of vehicles, from internal-combustion vehicles to HEVs, plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs) (Car air-conditioning compressor)
- *Monozukuri* (manufacturing) using equipment created in-house to produce high-quality products and flexibly accommodate changes in production volume (Car air-conditioning compressor)
- Technical expertise in electronics accumulated through handling projects for Toyota Motor Corporation (TMC), external sales, and in-house projects (Electronics)
- Development and production of electronic components and devices for electrified vehicles, with top-level quality (Electronics)
- Material synthesis technology, simulation technology for examining materials and structures and analysis technology (Battery)

Opportunities

- Increasing needs for fuel-efficient products due to stricter environmental regulations and growing environmental consciousness
- Sales expansion in each sector in line with growth of the automobile market

Risks

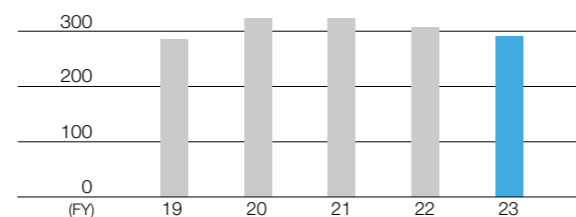
- Shrinking of the automobile market caused by economic slowdown
- Customers becoming less willing to buy fuel-efficient products following less stringent environmental regulations
- A drop in product competitiveness due to the yen's appreciation or inflation
- Suspension of production caused by supply chain disruptions

*1: Survey by Toyota Industries Corporation

Net Sales		Operating Profit	
FY2022	FY2023	FY2022	FY2023
¥792.8 billion	¥957.8 billion	¥33.0 billion	¥34.6 billion

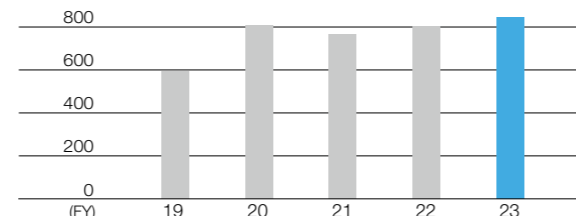
Vehicle Sales

(Thousand units)



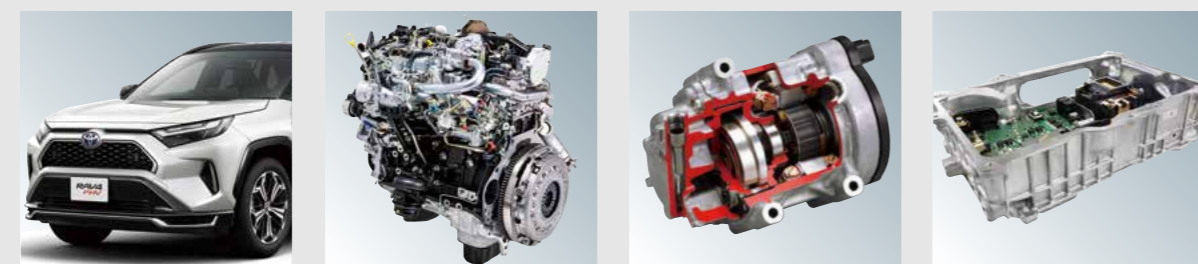
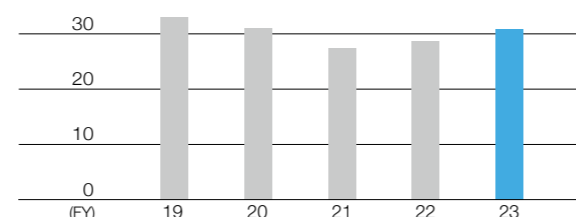
Engine Sales

(Thousand units)



Compressor Sales

(Million units)



Vehicle

Medium-Term Direction of Business

We will contribute to TMC as a development and production base of compact sports utility vehicles (SUV) by leveraging our comprehensive strengths derived from the highest level of safety, environment, quality, cost and delivery (SEQCD) among all Toyota-affiliated automobile body manufacturers and through greater collaboration within the Toyota Industries Group.

Business Overview in Fiscal 2023

In fiscal 2023, sales of the RAV4 decreased outside Japan, offsetting an increase in the domestic market. As a result, unit sales declined by 18,000 units, or 6%, to 290,000 units. Net sales decreased by ¥0.3 billion, or 0.4% year on year, to ¥83.1 billion.

Commencing Production of a Special-Edition RAV4 with a Stronger Off-Road Feel

Toyota Industries partially upgraded the RAV4 in October 2022 to expand the functionality of Toyota Safety Sense*2, and created a special edition, the RAV4 Adventure "OFFROAD package II." This special-edition vehicle is fitted with 18-inch all-terrain tires*3 and has a 10 mm higher minimum ground clearance to more strongly emphasize the off-road image of the RAV4. Its particularly distinguishing matt and uneven surface black paint ("GORI GORI BLACK" paint) applied to the front bumper and other parts of the

vehicle has been planned, proposed and adopted based on the results of a survey conducted on models we exhibited at Tokyo Auto Salon 2021.

*2: TMC's advanced preventive safety package covering situations prone to traffic accidents
 *3: All-terrain tires for use in wide-ranging applications, from paved to rough surfaces



Adventure "OFFROAD package II"

Proposing "RAV4 Customizing Service" at Tokyo Auto Salon 2023

Under the mantra "Make even better SUVs" to see a smile of joy from our customers, we are working with TMC to make the RAV4 a more attractive SUV. Since Tokyo Auto Salon 2020, we have showcased outdoor and professional concept models of the RAV4. In 2023, instead of exhibiting ready-made concept models, we proposed a service to customize the RAV4 according to customers' preferences and displayed three customized models with a stronger off-road or on-road appeal. Using the RAV4 PHEV manufactured by Toyota

Industries as a base model, these vehicles were equipped with carefully selected parts made by other companies. To ensure customers' smiles of joy with our RAV4, we will continue to plan various campaigns with their point of view in mind.



Toyota Industries booth

TOPIC Winning the Most Excellent Karakuri Kaizen Award for the First Time

At the Karakuri KAIZEN*4 Exhibition 2022 hosted by the Japan Institute of Plant Maintenance, Toyota Industries' slope climbing system was selected among 224 projects of 62 companies and received its first*5 Most Excellent Karakuri Kaizen Award. The Assembly Section of the Manufacturing Department, Vehicle Division, created a non-powered mechanical system to let parts trays climb a slope. The aim was to eliminate the difficulty of the tray setting operation, which used to involve lifting a tray from the ground level and setting it on a worktable. The system uses pulleys and the principle of leverage to convert the motion of horizontal sliding (pushing a tray aside) to that of vertical sliding (letting a tray climb a slope). The project was recognized for its simple *karakuri* system only requiring minimum operator action, which in turn reduces the operating time.

*4: Achieving *kaizen* (improvement) at low cost by *karakuri* (Japan's traditional, non-powered mechanical systems that utilize gravity, the principle of leverage, etc.)
 *5: Toyota Industries has been participating in the exhibition since it was first held in 1994 and has received an Excellent Karakuri Kaizen Award three times in the past.



Project members receiving the award

Engine

We have suspended the shipping of certain engines we manufacture for lift trucks for the Japanese market, as we have confirmed the excess over the domestic (Japanese) emissions regulation values due to aging degradation, and potential violation of regulations related to Japanese certification for emission. Based on the decisions and instructions of the relevant Japanese authorities, we will put all our efforts into measures toward resuming shipping and corrective measures on already sold products, as well as recurrence prevention.

For the prevention of recurrence, there is an ongoing investigation by a special investigation committee consisting of independent external experts, in addition to the investigation led by external lawyers. We will clarify the details of the case and analyze the root causes of these issues, and compile recurrence prevention measures based on the findings. At the same time, we have already been doing whatever we can at present, such as separating the certification function from our development department to reinforce the inspection system for legal certifications. (As of June 30, 2023)

Business Overview in Fiscal 2023

Unit sales in fiscal 2023 totaled 847,000 units, an increase of 43,000 units, or 5%, from the previous fiscal year due mainly to a growth in sales of gasoline engines. As a result, net sales increased by ¥54.8 billion, or 20% year on year, to ¥322.4 billion.

Engines for Automobiles

Diesel Engines

Even amid the accelerated progress in vehicle electrification, there is diverse and strong demand, mainly in emerging countries, for diesel engines, which boast high durability and superb running performance, as a power unit suited for SUVs and such commercial vehicles as pickup trucks.

Compliant with fuel efficiency and emissions regulations in various regions and countries, the in-line 4-cylinder GD diesel engine, which constitutes one of our mainstay engines, has been introduced in more than 150 countries around the world, mainly in Asia and Latin America, and fitted in nine vehicle models, including TMC's Innovative International

Multipurpose Vehicle (IMV) series targeting emerging countries and the HiAce.

The V-type 6-cylinder F33A diesel engine, another mainstay product of ours, is fitted in the Land Cruiser "300." With a view to the era of carbon neutrality, the engine has been downsized from the previous eight cylinders to six cylinders to reduce mass. Adoption of the twin turbo developed in-house also realizes high levels of environmental performance and quiet operation while allowing the vehicle to maintain the output and rough-surface running performance required of the Land Cruiser.

Gasoline Engines

The gasoline engines that we produce under consignment from TMC, namely the 2.5-liter A25A and 2.0-liter M20A, are mainly fitted in the RAV4 and HARRIER, which are achieving robust sales. Developed based on the Toyota New Global Architecture (TNGA)*6 concept, these engines offer both excellent driving performance and environmental performance. Responding to the advancement of car electrification, we have also added an HEV version of the

A25A engine to our lineup.

In response to the growing demand in the Indian market for engines for use in HEVs, Toyota Industries Engine India Pvt. Ltd. (TIEI), a consolidated subsidiary in India, commenced production of the 1.5-liter M15A and 2.0-liter M20A engines in August 2022.

*6: Development policy and method for vehicle creation based on a modular platform

Engines for Industrial Fields

Toyota Industries' engines for industrial fields are used for a wide variety of applications, including our lift trucks, and adopted by many manufacturers of GHPs*7, CHPs*8,

generators and construction machinery.

*7: Short for gas heat pump; air conditioner driven by a gas engine
*8: Short for combined heat and power; co-generation system

Car Air-Conditioning Compressor

Medium-Term Direction of Business

In a future society in which significant advancement in car electrification and autonomous technology is expected, we aim to leverage our core compression technology and become an innovative component supplier. We will further enhance our capability to develop products that offer excellent fuel efficiency, quieter operation, compactness, light weight and easier vehicle mounting. In addition, with the aim of satisfying needs of a broader variety of customers, we will utilize our accumulated technologies to expand our development domain into core components for drive systems.

Business Overview in Fiscal 2023

In fiscal 2023, unit sales of car air-conditioning compressors increased 2.184 million units, or 8%, from the previous fiscal year to 30.937 million units due mainly to higher sales in North America and Europe. Net sales were up ¥73.6 billion, or 21% year on year, to ¥429.7 billion.

Environment Surrounding the Automobile Market

The growth of the car air-conditioning compressor market is expected to be slower than anticipated due to the lingering uncertainty of parts supply shortages as well as prolonged geopolitical risks. That said, we expect that the growth will continue over the medium term on the back of expanding automobile sales and an increase in the number of vehicles fitted with an air conditioner. As new developments in the automobile market, especially for electrified vehicles, by

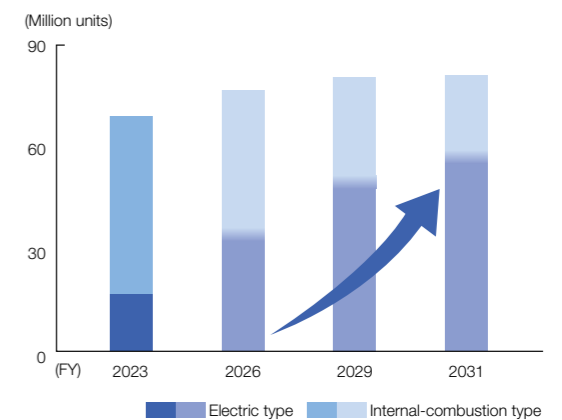
2035 all automobiles sold in China must be electrified*9 and sales of internal-combustion vehicles, including HEVs and PHEVs, will be banned in Europe. In light of such tightening regulations and expanding needs in various countries and regions, automakers are aggressively releasing new models, and unit sales of electrified vehicles are expected to increase significantly in the future.

*9: Announced by the Chinese Society of Automotive Engineers

Expansion of Electrified Vehicle Market

Amid the growing demand for electrified vehicles due to heightened environmental awareness and more stringent regulations on internal-combustion vehicles around the world, demand for electric compressors is expected to exceed the demand for compressors for internal-combustion vehicles in 2028, driven particularly by a sharp increase in BEV sales in the Chinese market. In step with this development, we are enhancing our electric compressor lineup and strengthening our production structure to increase sales to automakers around the world.

Demand Forecast by Compressor Type*10



*10: Survey by Toyota Industries Corporation

Expansion from Air Conditioner Parts to Core Components of Electrified Vehicles Driven by Diversifying Needs

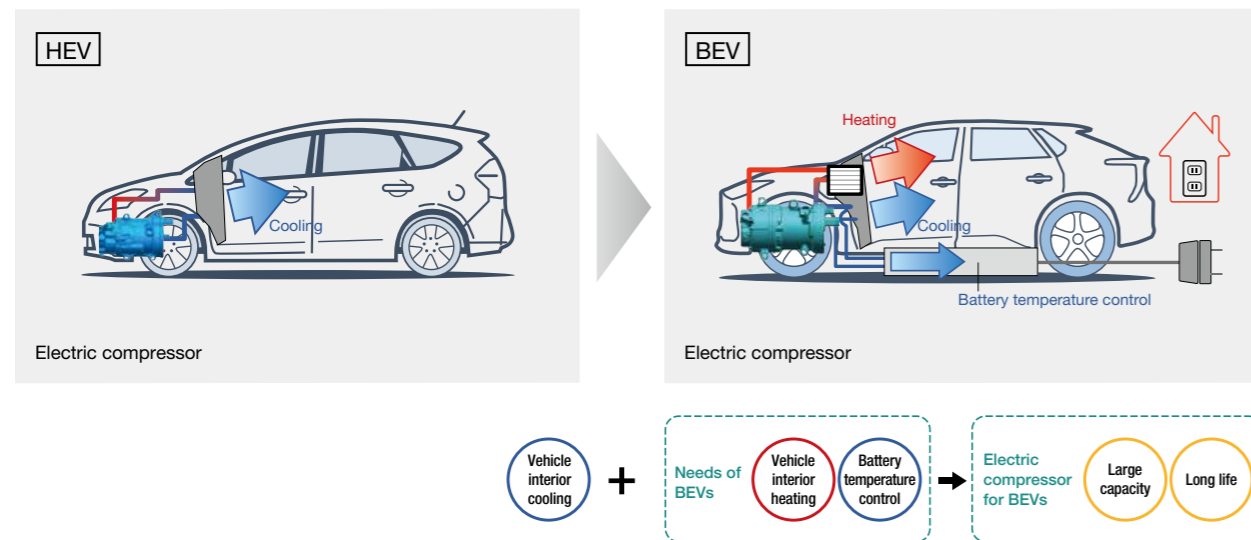
With the growth in electrified vehicles, there have been new challenges for BEVs as vehicles, creating a need for electric compressors to diversify. In response, we are rolling out new products tailored to such new needs by utilizing our product development capabilities cultivated to date.

As electrified vehicles need to secure a heat source that substitutes for the exhaust heat of the engine when running a heater, it has become necessary to operate the compressor during the cooling and heating of the vehicle interior. With the addition of heat pump heating, which takes heat from the air, it is now required to extend compressors' uptime and range

of use. As such, we are working to improve the reliability of electric compressors and achieve higher efficiency to reduce the impact on vehicle driving range.

To prevent battery performance deterioration and shortened life during high-power operation and quick charging of vehicles, compressors also need to provide a function for cooling the battery in addition to heat-pump air-conditioning. We have developed and released large-capacity electric compressors as a core component of electrified vehicles, thereby satisfying the varying needs of electrified vehicles with our extensive product lineup.

Notional image



Production-Related Strengths Underpinning Quality and Performance

High-precision machining and assembly technologies are essential in realizing high quality and superior performance of products. Toyota Industries realizes high-speed and high-precision machining by leveraging its know-how accumulated

through responding to the stringent demands of automakers worldwide and by developing devices from processing machines to associated cutting tools in-house.

Establishing Stronger Global Production and Supply Structures

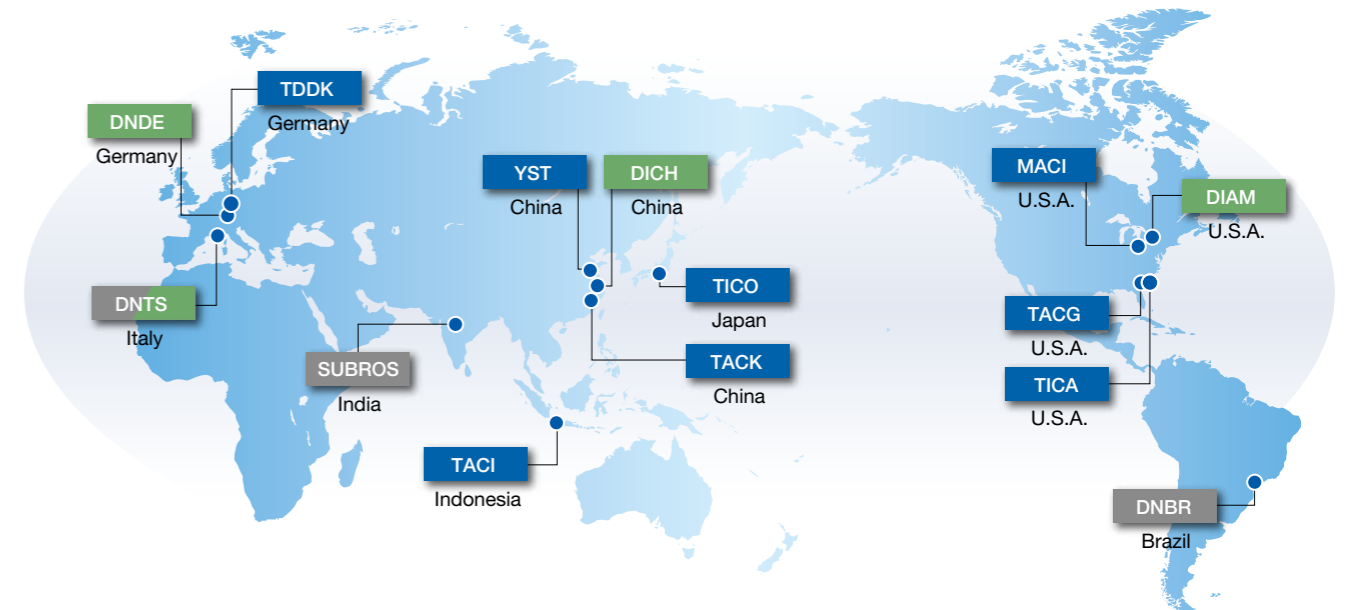
In step with the move toward more stringent fuel efficiency regulations and car electrification, the car air-conditioning compressor market is expected to witness fluctuations in demand for compressors both for internal-combustion vehicles and electrified vehicles. In response, we are building a production structure less vulnerable to changes in production volume through such measures as automating our plants to save labor, designing mixed lines that enable the production of a wide variety of products and creating a framework to increase production capacities in a phased manner.

Meanwhile, electrified vehicles are rapidly becoming popular in China driven by the country's new energy vehicles (NEV) regulation*11. To capture booming demand, we have already initiated local production at TD Automotive Compressor Kunshan Co., Ltd. (TACK) in March 2020 and at Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) in June 2021. Led by China, electrified vehicles are expected to spread globally faster than previously anticipated. To respond to the rising demand for electric compressors, we will set up a structure to manufacture 10 million units globally by increasing the production capacity of processing lines at

the Higashiura Plant in Japan and TACK and assembly lines at the Kariya Plant. Believing that producing and supplying products close to our customers will lead to improving our competitiveness, we are also considering local production in

Europe and the United States depending on future orders.
*11: Regulation in China mandating automakers to produce a certain percentage of BEVs and other new energy vehicles

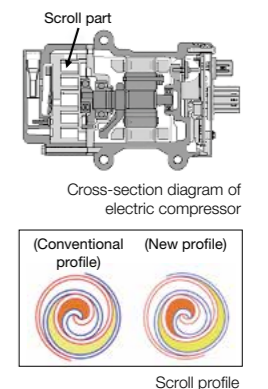
Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2023)



Consolidated production bases Licensed manufacturers Technical service stations
Toyota Industries' car air-conditioning compressors are widely adopted by automakers around the world, garnering the No. 1**12 position in global sales.
*12: Survey by Toyota Industries Corporation

TOPIC Winning a 2022 JSME Medal for New Technology and Technological Development Award

Toyota Industries' new scroll profile, newly adopted in its electric compressors, has won two awards, a 2022 JSME Medal for New Technology by The Japan Society of Mechanical Engineers (JSME) and a Technological Development Award at the 73rd Society of Automotive Engineers of Japan Award. In electric compressors, a larger capacity and higher-speed rotation cause greater excitation force when compressing the refrigerant, which in turn results in more noise and vibration. To address this issue, we engaged in joint research with Toyota Central R&D Labs., Inc. to advance their new tooth design theory*13 originally established for gears and created a new scroll profile in which compression force and gear thickness can be set at required values. Our success in leveraging this technology to develop and commence production of a low-noise electric compressor with less compression force fluctuations was recognized as groundbreaking and socially significant. Toyota Industries will continue to contribute to the realization of a recycling-based society through the development of electric compressors.



*13: A theory to design an optimum spiral profile, which had been univocally determined against the targeted performance, by using a solution that integrates geometry and dynamics

Electronic Devices and Other Products

Medium-Term Direction of Business

Car electrification is steadily progressing, as evidenced by an increase in sales of various electrified vehicles, such as HEVs, PHEVs, BEVs and FCEVs, amid the accelerated global trend toward a decarbonized society. The Electronics and Battery divisions will contribute to car electrification in a broad range of fields through the development of new products by leveraging technologies cultivated to date.

Business Overview in Fiscal 2023

Higher sales of batteries and DC-DC converters resulted in an increase in net sales by ¥37.0 billion, or 43%, over the previous fiscal year to ¥122.5 billion.

Electronics

Contributing to More Widespread Use of Electrified Vehicles Globally through Electronics Products

Since the 1990s, Toyota Industries has developed and manufactured such electronic products as on-board chargers and DC-DC converters for TMC's HEVs and other electrified vehicles and honed its power electronics technologies. In April 2022, while leveraging our accumulated technologies and experiences, we developed a compact and lightweight unit for BEVs, which integrates an on-board charger and DC-DC converter. Incorporated in the electricity supply unit (ESU)^{*14}, which TMC adopted for BEVs for the first time, the product serves as a core unit for charging and power conversion function and is mounted in the bZ4X BEV. By integrating an on-board charger and DC-DC converter essential for running a BEV, the new unit is 23% smaller in size and 17% lighter in weight versus separately mounting the two devices.

In January 2023, our newly developed compact and high-current DC-DC converter for HEVs was adopted in



Left: Newly developed unit integrating an on-board charger and DC-DC converter
Right: TMC's bZ4X BEV

TMC's fifth-generation Prius. A DC-DC converter is a power source unit that converts DC voltage into a voltage level appropriate for individual devices. Specifically, it converts the high voltage (200–400 V) of batteries mounted on HEVs and other electrified vehicles into a lower voltage level (12 V) to supply power to auxiliary batteries, control ECU, navigation system, lights and other devices. The newly developed DC-DC converter has a 1.5 times higher output current of 150 A compared to 100 A of conventional models and is 34% smaller.

Toward the achievement of carbon neutrality in 2050 and amid the global, rapid growth in the electrified vehicle market, we will continue to support the more widespread use of electrified vehicles, such as HEVs, PHEVs, BEVs and FCEVs, through the provision of car electronics products.

^{*14}: A device that integrates the charging function and power distribution function of BEVs



Left: Newly developed compact and high-current DC-DC converter for HEVs
Right: TMC's new Prius

Feeding Power—A New Function and Value of Electrified Vehicles Realized through AC Inverters

An AC inverter converts the DC voltage of on-board batteries into AC voltage to feed power externally or to use electrical appliances within a vehicle. It can supply 1,500 W of

electricity, the same as household power outlets, to almost any home electrical appliance and has been recognized highly by customers as a power source during a disaster or

outdoor activities. The inverter, which used to be provided mostly as an option by automakers, is now increasingly offered as a standard feature for all or certain grades of vehicle models mainly sold in Japan.

In February 2023, Toyota Industries held an event to outline to customers the benefits of the 1,500-W AC inverter's power source functionality. It was held during a vehicle exhibition hosted by a car dealer and included a quiz on how many electrical appliances, such as a microwave oven, personal computer and electric blanket, can be used simultaneously using the power fed by an electrified vehicle. Through the quiz and other activities, many customers observed the convenience of using an electrified vehicle as a power source during outdoor activities, workation^{*15} and

power outages. While describing the capabilities, we also asked customers to provide their opinions about the appeal and usability of the power source. Through such activities, we will promote product development that will lead to more widespread use of electrified vehicles.

^{*15}: A coined word that combines "work" and "vacation," workation is a way of spending vacation while working at a resort or travel destination



Toyota Industries booth Snapshot of the experience-based event

Batteries

Increasing Models Equipped with Our Bipolar Nickel-Metal Hydride Batteries

In fiscal 2022, Toyota Industries newly established the Battery Division and commenced production and sales of bipolar nickel-metal hydride batteries for TMC's new Aqua. The production is undertaken at our Kyowa Plant in Aichi Prefecture.

We successfully commercialized the battery by establishing a proprietary development method by thoroughly working to refine our technologies cultivated to date, including battery material synthesis technology, simulation technology for examining materials and structures and analysis technology.

In the newly developed battery, a cathode is applied to one side of a metal component called a current collector and an anode to the other. Several of these modules, which are known as "bipolar electrodes," are stacked together to form a battery. The battery has been made smaller as they require fewer parts. In addition, the wider electrical path and simple structure reduce resistance within the battery, allowing large currents to flow quickly. This means that they can produce higher outputs compared to conventional nickel-metal hydride

batteries. In recognition of these excellent characteristics, the battery won a Technological Development Award at the 73rd Society of Automotive Engineers of Japan Award.

Following the Aqua, the bipolar nickel-metal hydride battery, which achieves both superior driving and environmental performance, has been fitted in the Toyota Crown and Lexus RX in fiscal 2023. Going ahead, we will continue to respond to future increases in demand.

As we proceed with various initiatives toward carbon neutrality, we will contribute to the more widespread popularity of TMC's electrified vehicles with our bipolar nickel-metal hydride batteries, which can be fitted in a variety of HEVs.



TMC's dual boost hybrid system

Constructing the Ishihama Plant to Increase Production Capacity

We constructed the Ishihama Plant in Higashiura-cho in Chita-gun, Aichi Prefecture, as a manufacturing plant for on-board batteries and commenced mass production of bipolar nickel-metal hydride batteries for HEVs in October 2022. The new plant operates at a production capacity of 20,000 units per month, and, together with the Kyowa Plant that started battery production in May 2021, we have boosted our total capacity to 40,000 units per month.

The design of our bipolar nickel-metal hydride batteries allows them to be adaptable to a wide range of vehicles, from compact to large ones, because their output can be modified by just changing the number of modules to be

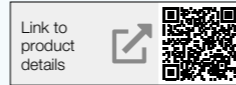
stacked depending on the vehicle.

To contribute to the expansion and spread of electrified vehicles and work toward carbon neutrality, Toyota Industries will work to ensure stable supply as well as to enhance its lineup of batteries so that they can be used in a range of electrified vehicles.



Ishihama Plant

Textile Machinery



Carrying on the philosophy of founder Sakichi Toyoda, which reflects his strong commitment to manufacturing, Toyota Industries responds to a broad range of needs with its extensive product lineup, from air-jet looms to ring spinning frames, roving frames and quality measurement instruments for fiber, yarn and fabric.

Medium-Term Direction of Business

With growing environmental consciousness worldwide, needs are expected to increase further for textile machinery offering superior environmental performance. Toyota Industries' products are highly acclaimed by customers for their excellent reliability and productivity as well as energy-saving performance. We will continue to develop energy-saving and other innovative technologies and seek to achieve further growth and evolution as a leading manufacturer of textile machinery.

Business Characteristics

Strengths

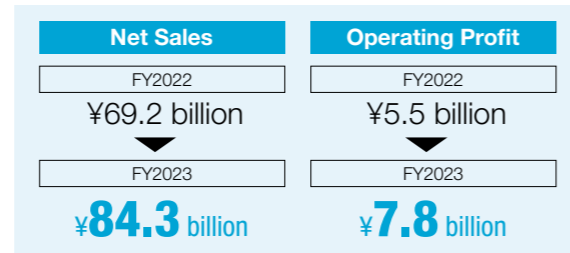
- Broad product lineup both in the spinning and weaving machinery fields
- Global, well-developed service network
- Ability to develop products that excel in reliability, energy-saving performance and versatility

Opportunities

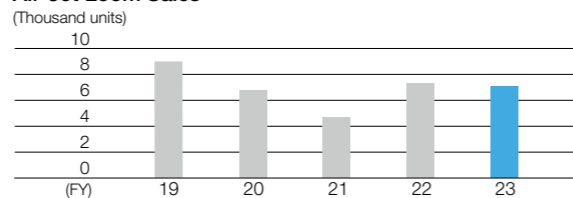
- A rise in textile demand in line with an increase in the world population
- Further increasing applications in the industrial materials field
- Increasing needs for high-quality and highly functional yarn and textile products, following the economic growth of emerging countries

Risks

- Changes in each government's policies concerning promotion of the country's textile industry
- Weaker sales due to intensifying competition
- A decline in capital investment due to economic slowdown and raw cotton and/or yarn price fluctuations



Air-Jet Loom Sales



Business Overview in Fiscal 2023

The market was strong in Asia, including China, which is our primary market. Increases in sales of spinning machinery and quality measurement instruments for fiber, yarn and fabric pushed up net sales by ¥15.1 billion, or 22% year on year, to ¥84.3 billion.

Commencing Production of the New JAT910 Air-Jet Loom

In March 2023, we commenced production of the JAT910, a new air-jet loom developed for the first time in nine years.

Air-jet looms weave textiles by inserting yarn using compressed air and are used by customers worldwide, including China, India, Europe and Japan. The new JAT910 has inherited and upgraded the high-speed and low-vibration technologies and superior weaving technology, which are the JAT series' "genes" that have been passed on from

model to model. It is geared to respond to labor shortages in the manufacturing industry, growing environmental consciousness and surging energy prices around the world. With the upgraded technologies, the product has achieved even higher environmental performance and is contributing to improving operational efficiency at customers' plants.



JAT910 air-jet loom

Participating in India ITME 2022

In December 2022, Toyota Industries participated in India International Textile Machinery Exhibition (India ITME) 2022 jointly with Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTTM), a consolidated subsidiary producing textile machinery in India.

We exhibited our new JAT910 air-jet loom for the first time to the public as well as the RX300 ring spinning frame

manufactured by KTTM. They were received favorably by many customers as we appealed to them the basic functionality and high reliability of our products. Going forward, we will continue to demonstrate our technological capabilities that satisfy customer needs through participation in textile machinery trade shows and work to reinforce our brand strength to gain even greater trust from customers.

Promotion of ESG Initiatives

Further promoting initiatives to sustain growth in the areas of the environment, society and governance

- Environmental Initiatives P. 34–45
- Relationship with Stakeholders P. 46–57
- Corporate Governance..... P. 58–75

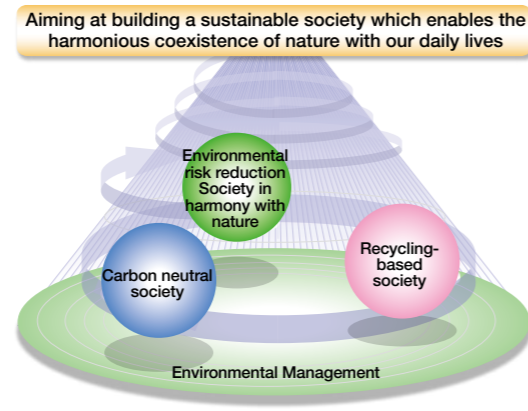
Promoting Environmental Management

We have been undertaking activities globally toward realizing our Environmental Vision 2050.

Global Environmental Commitment (Environmental Policies)

As one tenet under our Basic Philosophy, 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. Accordingly, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline, to be shared and implemented throughout the Toyota Industries Group.

Our four main action themes are establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management, with the first three founded on the latter. Based on these pillars of action, the entire Toyota Industries Group will dedicate concerted efforts to realizing a prosperous life in harmony with the natural environment.



Notional Diagram of Global Environmental Commitment

Environmental Vision 2050 and Environmental Action Plans

We have defined our Environmental Vision 2050 in relation to the four action themes specified in the Global Environmental Commitment, which represents our basic approach to environmental activities. As milestones toward achieving this vision, we formulate five-year environmental action plans, and the entire Toyota Industries Group works as one team to resolutely undertake activities in accordance with each plan.

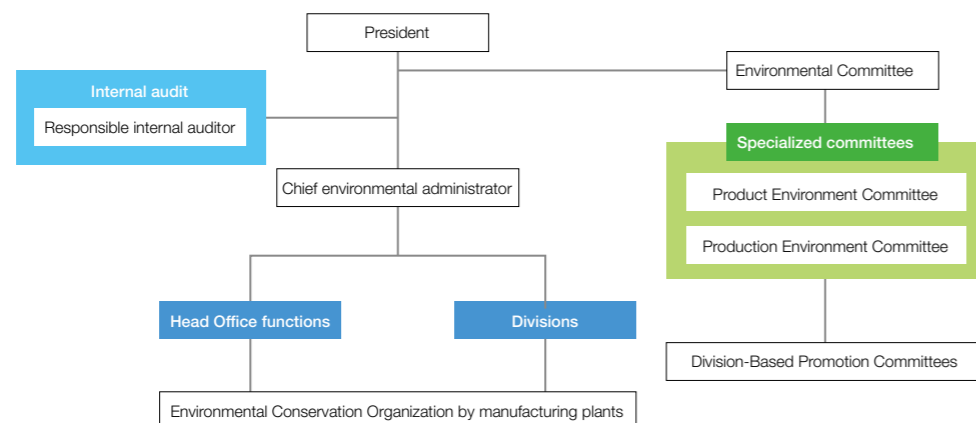
Environmental Vision 2050

- (1) Establishing a carbon neutral society**
 → Globally take on challenge of establishing a zero CO₂ emissions society
- (2) Establishing a recycling-based society**
 → Take on challenge of minimizing the use of resources
- (3) Reducing environmental risk and establishing a society in harmony with nature**
 → Generate positive influence on biodiversity
- (4) Promoting environmental management**
 → Enhance consolidated environmental management and promote enlightenment activities

Environmental Management Structure

We have set up a Company-wide environmental management system (EMS) with the president at the top to quickly reflect top management's decisions on business operations. On the basis of this environmental management structure, which is aligned with our business

management structure, we have been reinforcing our environmental governance and promoting a further reduction of environmental impact resulting from product development and production activities.



Seventh Environmental Action Plan

Toward the realization of our Environmental Vision 2050, we have formulated a five-year plan, the Seventh Environmental Action Plan (fiscal 2022 to fiscal 2026), and have been promoting activities accordingly.

The seventh plan has defined action policies, specific actions and targets for each of the four action themes specified in the Global Environmental Commitment, namely establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and

promoting environmental management. In fiscal 2023, we showed steady progress across the board toward achieving respective targets for fiscal 2026.

Please visit Toyota Industries' website for details of its Seventh Environmental Action Plan.



Strengthening Environmental Management by Utilizing Third-Party Institutes

Environmental Audits

Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third-party institute.

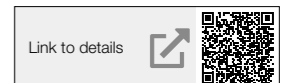
In fiscal 2023, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details throughout our plants.

Meanwhile, we organized audit teams led by respective environmental administrative offices to increase audit efficiencies and conducted an audit mainly concerning departments that have faced changes involving auditing items. The focus of our audits was placed on environmental

policy management and on-site environmental management, and we clarified how environmental activities have been promoted in each division.

Acquisition of ISO Certification

In order to facilitate environmental initiatives in a more efficient and organized manner, Toyota Industries and its consolidated production subsidiaries have acquired ISO 14001 certification, the international standard for environmental management systems. Please visit our website for Toyota Industries bases that have obtained the certification.



Environmental Education

Toyota Industries has built environmental education programs matched to the environment-related knowledge and skills required for each job category and position. We intend to upgrade the level of environmental initiatives throughout Toyota Industries by providing a variety of environmental education programs, such as grade-based education, introductory courses for environmental management and environmental audits as well as education on environmentally friendly products.



Introductory courses for environmental management

TOPIC Establishing an Environmental Dojo

Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTMM), a subsidiary manufacturing textile machinery in India, has established an in-plant environmental *dojo* under the theme, "Five Acts to Save Our Future" to encourage everyone to think about the environment and act on his or her own. It is used to raise environmental awareness of not just employees but also important stakeholders, such as suppliers and customers.



Dojo opening ceremony

Activities to Raise Employees' Environmental Awareness

To provide opportunities to raise employees' environmental awareness and encourage their voluntary environmental actions, we have been featuring environment-related articles in our internal newsletters and posting environmental in-house newspapers on our intranet.

We have also been promoting awareness-raising activities to extend our reach from employees to their families.

In fiscal 2023, as an opportunity for employees to think about what they can do to protect biodiversity, we solicited photographs and anecdotes about local wildlife that were amazing, amusing or made them want to tell others.



Giving Awards to Internal Environmental Kaizen (Improvement) Activities

We have an internal award program to recognize excellent environmental activities undertaken within Toyota Industries. The best practices are applied throughout the Company to upgrade our overall environmental activities.

Among activities conducted for curbing global warming, efficiently improving resource productivity, reducing environmental risk and conserving biodiversity, we select excellent projects with uniqueness and originality of the idea, applicability and effectiveness in mind.

In fiscal 2023, the program received 43 applications across Toyota Industries. After the initial screening of documents and a second screening involving on-site inspections, we selected one Most Outstanding Practice

Award, two Best Practice Awards and two Excellent Practice Awards.



Secondary screening by on-site inspectors

Winning a Minister of Economy, Trade and Industry Award in the Energy Conservation Grand Prize

In fiscal 2022, a project by the Anjo Plant in Aichi Prefecture to neutralize static electricity and consequently relax in-plant air-conditioning criteria received a Best Practice Award under our internal award program. The project subsequently won a Minister of Economy, Trade and Industry Award, which is the highest level award in the 2022 Energy Conservation Grand Prize program (Best Practice Category) sponsored by the Energy Conservation Center, Japan. This award program recognizes outstanding energy-saving products and energy-saving efforts of business operators or business sites.

Conventionally, the Anjo Plant, which manufactures electronic devices and components for electrified vehicles, had air-conditioned the entire plant all year to strictly control humidity and protect products from damage caused by static electricity. Especially during winter, when the humidity drops, the plant required a large quantity of steam for humidification, which pushed up its energy (LNG) consumption for air-conditioning and presented an issue in the plant's efforts to save energy. In response, the Production Engineering, Quality Control and Manufacturing departments worked

together to change the method of controlling static electricity from humidifying the entire plant to using static electricity neutralizers only in applicable processes. The award program highly recognized the project for its accomplishments, namely simplified in-plant humidity control and a 40% reduction in energy used for air-conditioning, as well as for how the countermeasure was devised and implemented.



Members of the Production Engineering Dept., Electronics Div.

Receiving the Highest Rating in a Survey by CDP*1 on Climate Change

Toyota Industries was selected for the highest A List in a survey conducted by CDP on climate change as a company making especially outstanding efforts to reduce greenhouse gas emissions and mitigate climate change.

Our efforts to counter climate change were highly recognized through a comprehensive evaluation and have resulted in the selection for the A List. These efforts include the establishment of the Company-wide EMS led by the president, the development of products with excellent environmental performance and the reduction of CO₂

emissions from production activities.

Going ahead, we will continue to tackle climate change as one important issue and contribute to the realization of a sustainable society through our global environmental conservation activities.



*1: An international NGO running a project in which institutional investors work together and request companies around the world to disclose their strategies against climate change and greenhouse gas emissions data

Winning JEC Composites Innovation Awards

Toyota Industries won awards in the Circularity & Recycling Category of the JEC Composites Innovation Awards program for the carbon fiber reinforced plastics (CFRP) recycling technology we developed and the comprehensive CFRP recycling system we aspire to build. The JEC Group of France, promoting the composite material industry and technology development thereof, has hosted the awards every year since 1998 to recognize the world's most innovative composite material products and technologies. Toyota Industries received the awards for the first time.



Awards ceremony in Paris, France

Status of Compliance with Environmental Laws

With an eye to preventing violations of environment-related laws, Toyota Industries takes measures against the recurrence of potentially serious near-accidents that may result in legal violations and performs environmental risk inspections at its plants. In fiscal 2023, there was one case of violation of water quality-related laws at one of our consolidated subsidiaries in Japan. We have carried out appropriate action to counter it as per the instructions of the authorities and thoroughly implemented measures to prevent recurrence.

Soil and Groundwater Contamination Countermeasures

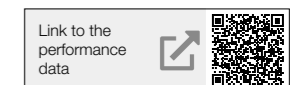
Toyota Industries carries out surveys and purification of soil and groundwater contaminated from the past use of trichloroethylene and other substances of concern. As a measure to prevent pollution from substances covered by the Soil Contamination Countermeasures Law as well as from grease and oils, we conduct periodic checks on groundwater. We regularly report the survey results to local government authorities and provide information at local community meetings.

Verification by a Third Party

Toyota Industries obtains third party verification in order to increase the credibility of its data on energy-derived CO₂ emissions, waste volume, water withdrawal and wastewater discharge.

We will continue to utilize this third party verification in making continuous improvements in our environmental activities and disclose data to our stakeholders in a

more transparent manner. Please visit Toyota Industries' website for the third-party verification statement and our environmental performance data.



Establishing a Carbon Neutral Society

With regard to contributing to the prevention of global warming as one of our top-priority issues, we strive to reduce CO₂ emissions from product use and the amount of energy consumed in all activities of our business sites. Through these initiatives, we are striving to minimize CO₂ emissions throughout our supply chain.

Our Approach CSR Material Issue

For Toyota Industries, dealing with global warming is not just a “risk.” It also presents “opportunities” in doing business to both differentiate ourselves by leveraging our technology-based product appeal and conduct eco-conscious production activities.

Meanwhile, we have set a goal of establishing a zero CO₂ emissions society on a global basis in our Environmental Vision 2050 and have been making efforts in various fields. In terms of product development, our activities are geared toward enhancing the environmental performance of our products in each of our businesses. These initiatives include electrifying car air-conditioning compressors and other products as well as increasing engines’ fuel efficiency. In production activities, promoting thorough energy savings and utilizing renewable energy and hydrogen are the two pillars of our activities. As specific efforts, we have been striving to thoroughly eliminate wasteful use of energy in production processes and increase the efficient use of energy. We have also adopted solar and other renewable energy sources and have been effectively utilizing clean energy, such as hydrogen.

Case Example: Reducing Energy Consumption through Improved Heat Balance

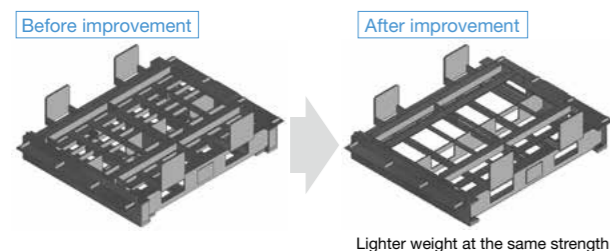
The Higashichita Plant, a foundry part and engine production base in Aichi Prefecture, has implemented a project to reduce its energy consumption with a focus on heating facilities, which were found to consume a large quantity of energy in a survey conducted on production facilities.

The plant has previously undertaken various energy-saving activities because reducing energy used by its industrial furnaces is a challenge facing the plant as a manufacturer of engine parts.

In fiscal 2023, the plant launched an initiative based on the idea that identifying wasteful use of energy while paying attention to a balance between energy input into furnaces and net energy used in manufacturing processes might lead to an effective reduction in energy use.

The plant conducted a survey on an aluminum melting furnace and cast iron heat treatment furnace, two particularly large consumers of energy. It identified the source for considerable energy loss for the aluminum melting furnace to be heat dissipation from the furnace body and the outlet of molten metal. For the cast iron heat treatment furnace, heat dissipation from the furnace body and heating of workpiece trays were found to be the primary causes. Accordingly, the plant adopted measures to counter each problem.

Reducing Tray Weight to Reduce Energy Used for Heating



As a measure against the common issue of heat dissipation from the furnace body, the plant attached insulation panels and applied thermal barrier coating to the furnaces and successfully reduced the heat released from their bodies. For the heat dissipating from the molten metal outlet of the aluminum melting furnace, a larger and thicker outlet cover was effective in increasing heat insulation and reducing heat release. As for the heating of workpiece trays of the cast iron heat treatment furnace, the plant modified the tray structure by reducing weight at the same strength and succeeded in reducing the energy used for heating.

These and other comprehensive measures have resulted in an annual reduction of CO₂ emissions by about 242 tons.



(Left) **Tatsuhiko Sugie**
Team leader, Foundry Section 1,
Manufacturing Office, Foundry
Dept., Engine Div.

(Center) **Wataru Ichiyanagi**
Environment Group, Safety &
Health Dept., Engine Div.

(Right) **Akira Okubo**
SL, Foundry Section 2,
Manufacturing Office,
Foundry Dept., Engine Div.

As of March 31, 2023

Through the initiative, we clearly identified how much energy is lost in which processes and cooperated with the relevant departments for effective countermeasures. We will utilize the knowledge gained through this experience and continue to reduce CO₂ emissions further to achieve carbon neutrality at the plant.

Case Example: Reducing Energy Consumption by Changing the Heat Control of a Painting Drying Oven

The Takahama Plant, a materials handling equipment production base in Aichi Prefecture, has been facing an increase in energy consumption due to expanding production volume. In particular, the heating burners of a painting drying oven were using a considerable amount of city gas.

As part of its energy-saving activities, the plant has already installed curtains at the opening of the oven to trap heat. However, eliminating the heat loss has caused the oven’s internal temperature to easily exceed the set temperature even when the burner output is set to the minimum, leading to excessive use of gas. Because major upgrading was difficult for this old oven and its burners were just updated, the plant tried to use its ingenuity and explored other ways to reduce the amount of gas used by the burners at a minimum cost.

The drying oven has a main burner to maintain the internal temperature at a set level and a pilot burner that is only used when helping to ignite the main burner. Previously, the main burner had continued to operate even after the

internal temperature reached the set level. Instead, the plant decided to continuously use the pilot burner, which consumes less gas, to shut off the main burner when the set temperature is reached and reignite the main burner when the temperature drops. In this way, the plant successfully reduced its gas consumption while maintaining the desired temperature.

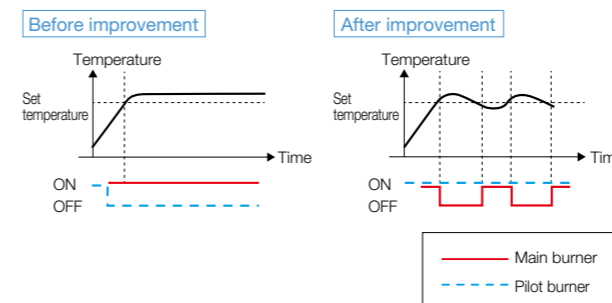
Through the improvement, the plant was able to reduce its annual CO₂ emissions by about 71 tons.



Shunsuke Sawada
Painting Production
Engineering 2G, Painting
Production Engineering Office,
Production Engineering Dept.,
Toyota Materials Handling
Japan

As of March 31, 2023

The project initially started with the task of lowering the internal temperature using a controller, but it was not successful. We then changed our way of thinking and started another task of shutting off the main burner, which went well. In the future, we will take up the challenge of switching to clean energy and work toward achieving zero plant CO₂ emissions by 2050.



TOPIC Creating a Climate Change Response Leaflet for Employees

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has created a leaflet for employees about reducing energy use in the workplace. The aim is to communicate to employees easy and simple climate change measures, such as turning off lights and other equipment, and lay the groundwork for all-company efforts to reduce energy consumption.



Case Example: Promoting the Introduction of Renewable Energy in the Toyota Industries Group

Toyota Industries has been introducing renewable energy Group-wide, while giving consideration to the characteristics of the countries and regions where our bases are located.

For example, Vanderlande Industries Holding B.V., a subsidiary engaging in the logistic solutions business in the Netherlands, signed The Climate Pledge in February 2021 and has been promoting various decarbonization strategies. The pledge aims to counter climate change and reach net zero CO₂ emissions by 2040, 10 years ahead of the 2050 target year of the Paris Agreement.

In fiscal 2023, Vanderlande installed about 3,400 solar panels on the roof of the warehouse of its head office. These panels are expected to generate about 1.2 MWh of electricity annually. Together with the panels already installed,



Rooftop solar panels installed by Vanderlande

the annual power generation of the entire system will be approximately 2.2 MWh, accounting for about 30% of the head office's annual electricity consumption.



Erik-Jan Dik
Executive Manager
Real Estate

As of March 31, 2023



Jan-Hein De Jong
Project Leader
Facilities

As of March 31, 2023

This initiative shows Vanderlande's commitment to emphasizing sustainability and staying ahead of the times. In the future, in addition to the energy-saving activities conducted to date, we plan to proactively undertake various initiatives to contribute to a decarbonized society, such as introducing renewable energy through the installation of solar panels on the unused rooftop of our buildings.

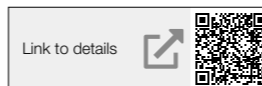
Supporting the TCFD Recommendations and Disclosing Information Based on the Recommendations

In December 2019, Toyota Industries declared support for the TCFD* and its recommendations. Recognizing that climate change-related risks and opportunities represent an important management issue, we have been undertaking activities as one of our CSR material issues.

In November 2021, we conducted scenario analysis and disclosed information on "governance," "strategy," "risk management" and "metrics and targets," as recommended by the TCFD.

Please visit Toyota Industries' website for details of information disclosed in accordance with the TCFD recommendations.

* A task force established by the Financial Stability Board (FSB) in 2015 at the request of the G20 to explore how companies should disclose climate-related information and how financial institutions should respond to climate change.



TOPIC | Implementing an Eco-Commuting Promotion Activity

Yantai Shougang TD Automotive Compressor Co., Ltd. (YST), a subsidiary manufacturing car air-conditioning compressors in China, held an activity called "Eco-Commuting—Why don't you join us?" for its employees. It encouraged participants to commute on foot, bicycles or public transport, depending on the commuting distance, instead of using cars. About 73% of employees participated in the activity in fiscal 2022, and this increased to 89% in fiscal 2023.

Through this activity, employees reaffirmed the need to engage in environmental activities on their own, which has resulted in increased environmental awareness.

Establishing a Recycling-Based Society

To establish a recycling-based society, we have been striving to reduce and recycle waste and minimize the usage of and environmental impact on water resources.

Water Resources

Our Approach CSR Material Issue

Water is the basis of all life on the earth and is an irreplaceable and valuable resource. Every year, however, we have been witnessing the increasingly severe impacts of droughts, floods and other natural disasters resulting from climate change as well as shortages in drinking water and agricultural water caused by the growth in the world's population. Many of the processes of Toyota Industries use water for washing and painting products, and we regard the water supply crunch caused by climate change and population growth as a significant risk to our business activities.

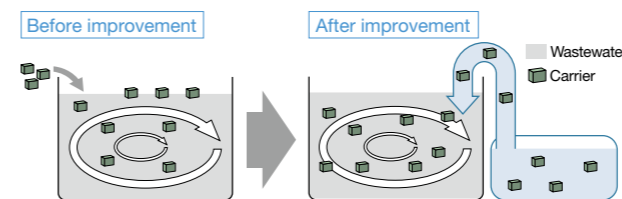
Accordingly, we have set a goal of minimizing the environmental impact on water resources and have been monitoring water input and output in each country and region and promoting the recycling of water and reduction of water withdrawal.

Case Example: Reducing the Environmental Impact of Treated Water

Toward achieving the goal of minimizing the environmental impact on water resources, Toyota Industries has been making related efforts in its production activities, such as discharging clean water externally after appropriately treating wastewater from production processes.

At the Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, the chemical oxygen demand (COD) concentration, which is an indicator of water pollution, has remained at a legally acceptable level. As a focused effort in fiscal 2023, the plant launched an initiative to reduce its environmental impact by lowering the COD concentration even further.

The plant conducted a survey on water quality in each wastewater treatment process and found that the biological treatment process using microorganisms to reduce COD was not working effectively. Another survey showed the cause was sponges which are carriers of microorganisms. These sponges, which should disperse evenly in wastewater, were not mixing well with the wastewater, some floating on the surface and preventing effective treatment.



In response, the plant implemented a countermeasure to place the sponges in a water-filled tank before putting them into the treatment tank. This made the sponges submerge and disperse in wastewater and allowed them to treat it very efficiently.

Through the improvement, the plant successfully reduced the COD concentration of its discharged wastewater by about 33%.

We will constantly work to reduce the environmental impact of our production activities.



Koichiro Morimoto
Power Section No. 3,
Plant Engineering Dept.
As of March 31, 2023

The initiative was carried out as part of our QC circle activities, and joint efforts of all circle members led to the reductions of the COD concentration of the treated wastewater discharged from the Nagakusa Plant as well as treatment costs. We will continue to work to further reduce our environmental impact and treatment costs.

Waste

Our Approach CSR Material Issue

Mass consumption, if continued on the back of the expanding world population and economic growth, will eventually deplete natural resources. Toyota Industries believes it is essential to promote 3R (reduce, reuse and recycle) design for effective resource utilization and the recycling of waste as resources.

We set a goal of minimizing the use of resources in our Environmental Vision 2050. Accordingly, we have been making various efforts, including extending the life of components as well as reducing their size and weight in the area of product development. In production activities, implementing measures to reduce resource consumption at the source, ensuring the maximum resource recycling within a plant and reducing waste by using leading-edge technologies are the three pillars of our activities.

Case Example: Reducing the Use of Masking Materials by Improving Two-Color Painting Process

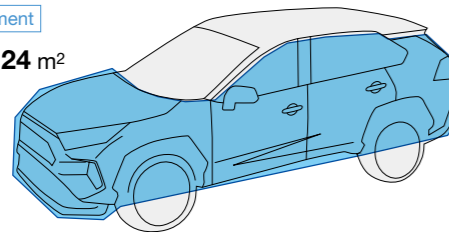
The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has been working to reduce its use of resources.

At the plant, painting a two-color body of the RAV4 is done in two steps. The conventional method applied a first color to the lower part of the vehicle, and after masking the painted part, painted the roof with a second color. In this order, large quantities of masking materials were needed to cover the lower part. The plant launched an improvement activity, based on reducing the use of masking materials by first painting and masking the roof, which is smaller than the lower part.

The plant verified the change in the order of paint application to identify any issue and found that the new order will change the orientation of the edge, which represents a level gap between the two painted portions, and cause the paint to peel off as parts interfere with each other when

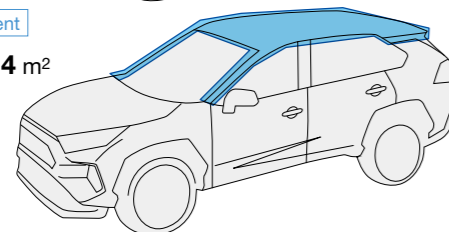
Before improvement

Masked area 24 m²



After improvement

Masked area 4 m²



opening and closing the doors. The appearance of the edge itself will also deteriorate. The Design, Quality Assurance, Manufacturing and other departments worked together for a design change and resolved these issues by moving the edge further inward. As a result, the use of masking materials was reduced by 74%.

We will continue to make joint efforts, encompassing design and other upstream departments as well as manufacturing sites, to reduce our consumption of materials.



(Top) Yusuke Nakagami
Body 1G, Designing Office
No. 1, Vehicle Engineering
Dept., Vehicle Div.

(Bottom) Takashi Ichikawa
Quality staff, Paint & Plastic
Sec., Manufacturing Dept.,
Vehicle Div.

As of March 31, 2023

In this project, the entire plant worked as a team to respond to a “we wish we could” request from the Manufacturing Department.

The process of applying two colors of paint, the demand for which is growing recently, generates a considerable amount of waste. In response, the Manufacturing Department teamed up with the Design Department to overcome the issue by looking at it from a different angle and succeeded in increasing operational efficiency and reducing the amount of waste. We will continue to promote the reduction of waste through teamwork across departmental borders.

Case Example: Recycling Waste Plastics from Production Processes

Toyota Industries has been promoting initiatives to recycle waste under the theme of “Waste when mixed, resources when sorted.”

The Kyowa Plant, an on-board battery production base in Aichi Prefecture, discharges waste consisting of various types of plastics, such as plastic chips and residues of materials used in products. We promote the recycling of waste by sorting it into four groups of plastics, namely polypropylene (PP), polyphenylene ether (PPE), acrylonitrile butadiene styrene (ABS) and others, and have a recycling operator recover the first three for repelleting.

In fiscal 2023, we promoted recycling even further by examining and sorting the waste plastics included in the “others” group. After discussing the matter with a recycling operator, we found that we can sort out otherwise discarded PP/polyethylene (PE) mix from the group and started recycling it.

Going forward, we will work to promote the recycling of waste further.

TOPIC Promoting the Recycling of Household Waste

During the Environmental Month held in June 2022, Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM), a subsidiary manufacturing materials handling equipment in Brazil, conducted “RECICLE,” a project to promote the recycling of waste from employees’ homes. Recycling has become an issue in the community in which TMHM is located because it does not have a public recycling system. With the cooperation of a waste treatment operator, TMHM set up waste bins within its plant to collect household waste from employees, which is then collected by the operator for recycling. As a result, about 32 kg of household waste was recycled.

Through such activities, TMHM will work to increase the recycling awareness of employees and their families and contribute to the resolution of issues in the community.



Reducing Environmental Risk and Establishing a Society in Harmony with Nature

We endeavor to conserve biodiversity and use natural resources in a sustainable manner through our business activities and seek to achieve harmony between these activities and biodiversity. At the same time, we aim to minimize environmental risk by working not to generate substances of concern because of our business activities.

Conservation of Biodiversity: Our Approach CSR Material Issue

Deforestation is now proceeding in various parts of the world, causing the fragmentation of the habitats of living organisms. In order for humankind to live in harmony with nature, it is essential to protect nature in each region.

In our Environmental Vision 2050, we set a goal of generating a positive impact on biodiversity and have been conducting various business activities while continuously paying attention to their influence on the natural environment. We have also formulated the biodiversity policy and have been promoting initiatives accordingly. The policy clearly stipulates that we seek to reduce the impact of our business activities on biodiversity and work with local communities for the conservation of biodiversity.

Toyota Industries Group's Activities to Conserve Biodiversity

To contribute to the conservation of biodiversity in the community, the Toyota Industries Group promotes activities globally, leveraging the unique characteristics of each plant.

■ Setting up an Insect Hotel within the Plant Premises

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has created a biodiversity area on the plant premises and set up an insect hotel, a man-made habitat, within the area for insects and microorganisms. The aim is to create an environment friendly to insects and microorganisms, attract birds and small animals that feed on them and ultimately establish a balanced ecosystem.



■ Contributing to the Local Ecosystem by Distributing Seeds of Indigenous Plants

Raymond Corporation, a subsidiary manufacturing materials handling equipment in North America, distributed seeds of indigenous plants along with an awareness-raising letter to all employees. Through the letter describing a variety of benefits brought about by plants, Raymond communicated to its employees that our lives are supported by diverse ecosystems.



■ Holding a Contest on Drawings of an Endemic Bird

P.T. TD Automotive Compressor Indonesia (TACI), a production subsidiary in Indonesia, held a drawing contest for children of its employees on the theme of Rothchild's mynah, an endangered and endemic species in Indonesia. Holding a family-engaging event creates an opportunity for employees and their families to recognize the importance of biodiversity.

TOPIC	Certified as an "Excellent Biodiversity Company" by the Aichi Prefectural Government
	<p>In November 2022, Toyota Industries received "Excellent" certification in the Aichi Biodiversity Company Certification Program.</p> <p>The program was established by the Aichi prefectural government in 2022 to certify companies engaging in activities that contribute to biodiversity, in particular, activities that reach throughout the community and ensure continuity. Going ahead, we will continue to undertake activities together with the local community to contribute to the conservation of biodiversity.</p>
	 <p>あいち生物多様性 優良認証企業</p> <p>Aichi Biodiversity Company Certification Program logo</p>

TOPIC	Cooperation with and Evaluation by External Organizations
	<p>We held a workshop with experts and students of the Chita Peninsula Ecological Network Council and examined ways to utilize the woodland zone. We also work with student committee members of the Project Linking Life with One Another* and regularly conduct surveys to monitor living organisms.</p> <p>In recognition of our activities, Toyota Industries has received a "Good Partnership Project" award under the Cars and Society Partnership Grand Prize program run by the Automobile Business Association of Japan.</p> <p><small>* A project jointly carried out by Aichi Prefecture, NPOs, companies and students with the aim of forming ecological networks by leveraging corporate green zones of the Chita Peninsula as well as developing young environmental leaders</small></p>
	

Creation of "Birdpia," a Paradise for Birds

We created "birdpia," a paradise for birds, within the premises of the Higashichita Plant to attract endangered bird species.

Contributing to Biodiversity within the Plant Premises

Currently, many living organisms are in danger of disappearing, and the ecological balance is on the verge of collapsing. In April 2022, Toyota Industries joined the 30by30 Alliance for Biodiversity, which was established by the Ministry of the Environment prior to the United Nations Biodiversity Conference (COP15). Toward achieving the goal of generating a positive impact on biodiversity as specified in our Environmental Vision 2050, we have been leveraging the unique characteristics of our plants and conducting a range of activities to contribute to the natural environment.

The Higashichita Plant is located adjacent to Kinuura Bay, which used to be a nestling place for many little terns. In recent years, the bird's population has declined as suitable breeding places disappear. In response, Toyota Group companies with plants in the bay area have been working together to conserve little terns and other endangered bird species, under the concept of "Restoring Kinuura Bay to its

original state to provide a safe place for birds to build nests." A survey by experts revealed that the idle land owned by the Higashichita Plant is a wetland that can also attract birds other than little terns, and Toyota Industries has been promoting activities for conserving the bird species.





Expanding a Habitat for Birds and Using It as a Venue for Education

To become a plant operating in harmony with nature, the birdpia in the Higashichita Plant seeks to secure a stable living environment for birds and achieve habitat separation between humans and birds. It is used to expand the habitat for birds and serve as a venue to provide environmental education for employees and their families to learn about biodiversity. The birdpia is divided into four zones, namely

grassland, woodland, wetland and gravel zones, to provide a diverse environment. An observation shed and walking paths are also set up to allow people to observe birds and other living things without endangering their habitats.


We have confirmed that the birdpia has been visited by about 50 species of birds and will continue to make efforts to contribute to expanding the ecosystem in Kinuura Bay.


	<p>Yuka Fukagawa Biodiversity Conservation Group, Environmental Conservation Office, Environmental Management Dept. As of March 31, 2023</p>
<p>We have conducted activities with employees of the Higashichita Plant to familiarize them with the birdpia, such as assembling and painting an observation shed and coloring and setting up little tern decoys. We will continue to engage in activities to enhance the birdpia as a site where people and nature can co-exist.</p>	

Toyota Industries' biodiversity conservation activities are also available on our Instagram account, "Tsu Na Gu ('Link')." 

Links to Virtual Tours

Our Biotope at the East of Obu Station and animal path within the Higashiura Plant can be viewed on Toyota Industries' website.

Link to the Biotope at the East of Obu Station (in Japanese) 

Link to the animal path (in Japanese) 

Relationship with Our Customers

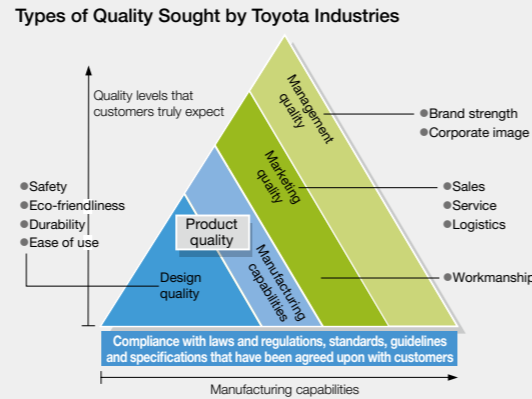
Regarding quality as one of its material issues, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

Basic Perspective

Quality Vision Each and every member of the Toyota Industries Group complies with laws and regulations while thinking and acting from the perspective of customers at their workplaces and positions to supply appealing products/services that exceed the expectations of customers around the world, with safe and reliable quality.

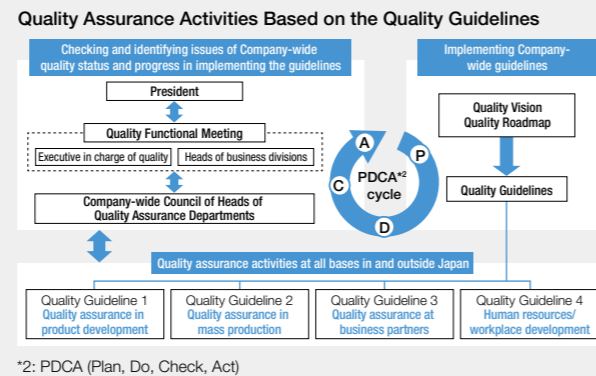
Carrying on the spirit of founder Sakichi Toyoda that “A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results,” Toyota Industries strongly believes that quality is the lifeblood of a company. Quality must also be built on compliance with laws and regulations, standards, guidelines and specifications that have been agreed upon with customers. Under this belief, we have formulated our Quality Vision as our philosophy in ensuring quality that forms the basis of our operations.

Toyota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses not only “product quality” but also “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.



Quality Guidelines and Quality Assurance Structure

To achieve the goal of the Quality Vision, we issue the Quality Guidelines, which identify priority quality-related issues to be implemented in each fiscal year, to all production bases in and outside Japan and engage in quality assurance activities accordingly. The implementation status of these guidelines is reviewed by top management at the Quality Functional Meeting chaired by an executive in charge of quality*1 for identifying additional issues and devising countermeasures. Issues raised are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by the head of the Quality Control Department*1.



*1: As of March 31, 2023

Toyota Industries undertakes product development that meets customer expectations by capturing market needs and understanding how our products are actually used by customers.

At Toyota Industries, the 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 the head of a responsible business division examines and approves whether the product has reached the target quality level.

Additionally, we are proactive in obtaining ISO 9001 certification, an international standard for quality management systems, and IATF 16949, an international standard for automotive quality management systems, throughout the Group.

> ISO 9001 and IATF 16949 certification: Acquired by 33 out of the 38 production subsidiaries (as of July 2022)

Risk Assessment for Product Safety

In order to provide products that are safe for customers to use, each business division conducts risk assessment during a DR to identify all risks.

We are also providing Company-wide specialized risk assessment education to promote the development of human resources who can assess two factors integral to risk assessment, namely, the likelihood of an occurrence of a hazard and the severity of damage caused by it.

CSR Material Issue > Rate of performing risk assessment on applicable products (non-consolidated): 100%

Preventing Occurrence and Recurrence of Defects

If a defect is found in a product after its launch, the Quality Assurance Department of the responsible business division takes the lead in making a swift response to eliminate the concerns of customers quickly and implementing measures to ensure the non-recurrence of the same defect. In particular, a defect causing considerable inconvenience to customers is recorded as a critical quality issue and reported to the president. At the same time, we have in place a system to follow through on customer response as well as measures to prevent recurrence. Accordingly, we examine and identify the cause by going back to its development process. We implement countermeasures both from the

process and technological aspects and revise our new product development process as necessary. Through these measures, we strive to thoroughly avoid the recurrence of the defect in subsequent models. Additionally, we make efforts to prevent the occurrence of defects in all products we develop and manufacture in the future by taking measures throughout Toyota Industries. Regarding the regulatory violation related to certification for engines we manufacture for lift trucks for the Japanese market, we are making concerted efforts to not only implement the above measures but also establish a stronger check system.

Providing Support to Suppliers

Since improving the quality of our products requires concerted efforts with our suppliers in and outside Japan, we are strengthening joint quality assurance activities with major suppliers.

Quality Audit

In each annual quality audit, we conduct *genchi genbutsu* (go and see for yourself) inspections to confirm each business partner's quality control status, provide support and quality education for items that should be reinforced and cultivate a deeper understanding of *kaizen* (improvement). In fiscal 2023, we continued to undertake audit activities under the COVID-19 pandemic while attaching greater emphasis

on *genchi genbutsu* inspections and using mobile cameras as necessary.

Nurturing and Certifying Internal Auditors at Suppliers

To foster voluntary quality improvement efforts of suppliers, we are maintaining and promoting activities for suppliers satisfying our criteria to nurture and certify their own internal auditors and autonomously improve their quality assurance systems. These activities enable our suppliers to attain the level of quality assurance required and establish a culture to foster quality assurance on their own.

Promoting Human Resources and Workplace Development

Toyota Industries provides systematic quality education to all employees to help them acquire quality assurance skills needed in actual operations. We have been developing human resources who think, learn and act on their own.

QC Circle Activities

We encourage all employees to participate in quality control (QC) circle activities. We have garnered many awards, as we presented the results of our activities at QC circle conventions across Japan. For example, in fiscal 2023 we received an encouragement award under the QC Circle Kaoru Ishikawa Award program for two consecutive years (for the ninth time in total). The award is given to QC circles for their distinctive activities and contribution to widespread, more active and better QC circle activities.

Our production bases outside Japan are also proactive in promoting QC circle activities. We assist them in undertaking independent activities by nurturing and certifying global QC circle trainers at each base. Even though the COVID-19 pandemic affected QC circle activities of all bases outside Japan since fiscal 2021, these trainers have devised creative solutions to promote and maintain their initiatives. As for the Global QC Circle Convention held in Japan as a



Awards ceremony at the Regional QC Circle Convention in Europe (Sweden)

in three years in fiscal 2023 to share the accomplishments made by respective bases.

All employees are striving for *kaizen* in their day-to-day operations through creative ideas. With regard to such ideas, we received three awards in fiscal 2023 in the Creativity category in the Commendation for Science and Technology by Japan's Minister of Education, Culture, Sports, Science and Technology. These awards are given to those who have used ingenuity in an excellent way and contributed to technology improvement.

Nurturing Human Resources Who Can Take a Scientific Approach

As part of our basic education on quality management, we teach the basics of statistical quality control (SQC) and machine learning. In order to increase the practical application of machine learning, we have been nurturing core human resources through problem solving in the workplace.

We have held the TICO SQC Convention for 39 years to share best practices of each business division and hone collective skills. In fiscal 2023 as well, this session was held online in response to COVID-19.



TICO SQC Convention (online streaming)

CSR Material Issue

> Rate of eligible employees receiving training to promote quality education (non-consolidated): 92.3%

Relationship with Our Business Partners

Toyota Industries encourages open procurement and seeks co-existence and co-prosperity with our business partners (suppliers) based on mutual trust. We also facilitate environmentally preferable purchasing, human resources development, fair trade, disaster prevention activities assuming earthquakes and various other disasters and more efficient purchasing.

Basic Perspective

Procurement Policies	<ul style="list-style-type: none"> Fair and equitable business transactions based on an open door policy Co-existence and co-prosperity based on mutual trust Reducing environmental impact through environmentally preferable purchasing Localization of business for good corporate citizenship Legal compliance
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Fair and Equitable Business Transactions Based on an Open Door Policy

We provide fair and equitable opportunities to all potential suppliers. We comprehensively evaluate our suppliers based on factors such as quality, price, adherence to delivery times, safety, business stability and technology development capabilities. We also assess whether they fulfill their social responsibilities, including legal compliance, respect for human rights and environmental protection activities, as we strive for fair and equitable business transactions.

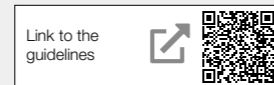
Co-Existence and Co-Prosperity Based on Mutual Trust

We strive to realize co-existence and co-prosperity with our suppliers based on mutual trust. Every year, we hold procurement policy meetings and workshops for managers of major suppliers to facilitate mutual understanding and cooperation. In addition, as full-year efforts for major suppliers, we implement quality control through quality audits and the development of internal auditors and provide programs such as technical skills training, guidance directed toward *kaizen* at their production sites and safety and health education.

As for changes in the business environment, including rises in various costs, we continually discuss with suppliers to thoroughly understand the difficulties they are facing and seek to achieve sustainable development for both parties.

Reducing Environmental Impact through Environmentally Preferable Purchasing

We procure parts, raw materials and equipment while using environmental friendliness as one important assessment criterion when selecting suppliers. The seventh edition of our Environmentally Preferable Purchasing Guidelines contains our Environmental Vision 2050, including the establishment of a carbon neutral society. Accordingly, we have been strengthening environmental management so as to promote environmental protection activities in our entire supply chain. Efforts include giving consideration to the entire product lifecycle as early as the development stage.



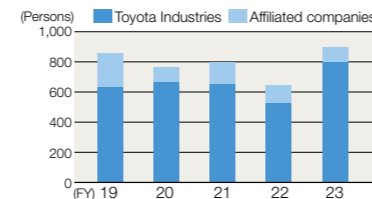
Environmentally Preferable Purchasing Guidelines

Human Resources Development to Enhance Procurement Knowledge

We proactively provide personnel in charge of procurement at Toyota Industries and affiliated companies with education to enhance procurement knowledge. In fiscal 2023, we provided education mainly on Japan's Subcontracting Law as well as topics related to sustainability such as human rights and the environment.

We also utilize e-learning to thoroughly inform personnel in charge of procurement about our response to the Japanese government's activities to prevent the unjust use of a superior bargaining position as stipulated in antitrust laws as well as initiatives and guidelines aimed at ensuring fair subcontracts.

Participants of Subcontracting Law-Related Seminars



Safety and Health Activities for Suppliers

We visit the sites of our major suppliers in person to conduct a *genchi genbutsu* safety and health inspection^{*3}. We also hold sessions to explain our Occupational Safety and Health Policies. Based on the analysis of accidents that occurred in

the previous fiscal year and information on legal revisions, we promote safety and health activities for the next fiscal year for the prevention of similar accidents through these sessions.

With a view to seeking zero accidents (fires and

explosions), industrial accidents and disorders on the premises of Toyota Industries, we have established the Safety and Health Council with subcontractors located on our premises. When an accident or industrial accident does occur, we ask them to report it to us and investigate the cause in accordance with the rules and procedures stipulated by Toyota Industries. Also, we jointly create a comfortable working environment by sharing information on accidents and disorder prevention activities of Toyota Industries.

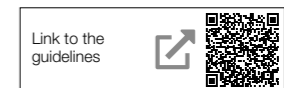
Using past accident cases as a reference, we periodically share various information, including matters that should be observed to prevent similar accidents, with subcontractors of outsourced work. We also request their cooperation to perform risk assessment in the construction work planning stage to identify associated risks. In addition, we encourage them to always discuss in advance a safe work method with the departments of Toyota Industries planning a construction project.

*3: Canceled due to COVID-19 from fiscal 2021 to fiscal 2023

Sustainability Guidelines for Suppliers

To work together throughout the supply chain to realize a sustainable society, we distribute the Sustainability Guidelines for Suppliers, which describe our requirements for suppliers related to safety, human rights, labor practices, the environment, compliance and other topics, to suppliers while thoroughly informing them about the content. In April 2023, we made revisions to the guidelines, such as adding provisions on cybersecurity. We inspect their compliance with the guidelines by performing an annual check on existing suppliers and requesting new suppliers to perform a self-inspection using a checklist and following up on their efforts. Through these checks, we confirmed that all suppliers comply with the guidelines in fiscal 2023. Moreover, through

a periodic check on commodity items of concern, such as conflict minerals, we strive to maintain healthy transactions and reinforce a related structure throughout the supply chain.



Sustainability Guidelines for Suppliers

CSR Material Issue

> Rate of performing a sustainability check on applicable suppliers (non-consolidated): 100%

Reinforcing Relationships with Suppliers

Declaration of Partnership Building

We publicly announced our Declaration of Partnership Building in September 2021 and have been striving to form a good relationship with our suppliers. The declaration clarifies that we make corporate and focused efforts to realize co-existence and co-prosperity with our entire supply chain, start new forms of collaboration regardless of company size and corporate group affiliations, and observe the preferred trade practices between a parent business operator and its subcontractors (included in the business promotion criteria of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises).

Hotline for Suppliers

In 2016, we set up a hotline for our suppliers to report and inquire about possible compliance violations in Toyota Industries' procurement activities to ensure early detection and the prevention of problems.



Toward Achieving Carbon Neutrality in Our Supply Chain

Toyota Industries holds sessions to explain carbon neutrality to its major suppliers. In fiscal 2023, we described our initiatives for reducing CO₂ emissions and asked for their cooperation in managing their emissions. Jointly with suppliers, we will continue to step up our efforts toward achieving carbon neutrality throughout our supply chain.

Business Continuity Management (BCM)

In further promoting BCM, we are making concerted efforts with suppliers to reduce associated risks by implementing specific measures. In fiscal 2022, to deal with frequent natural disasters in recent years, we rebuilt a system to identify disaster-induced damage to suppliers. Previously, we had conducted an impact survey on suppliers by concurrently using multiple systems for various customers. In place of these systems, we adopted a new, unified system,

which has enabled us to perform the impact survey in a more efficient and timely manner and contribute to their BCM.

Moreover, in order to recover quickly and maintain production, we continued to reinforce our earthquake and flood control measures at each base while at the same time reevaluating an appropriate level of inventories and examining ways to decentralize suppliers and production bases.

Relationship with Our Shareholders and Investors

We aim to facilitate an understanding of the Toyota Industries Group and obtain an appropriate company valuation in stock markets through information disclosure based on fair disclosure rules as well as proactive dialogue with shareholders and investors.

Basic Perspective and Implementation Structure

Toyota Industries continually carries out information disclosure based on fair disclosure rules for shareholders and investors. In this way, we raise management transparency and increase an understanding of the Toyota Industries Group so that we obtain an appropriate company valuation in stock markets.

Our investor relations (IR) activities are supervised by an executive in charge of investor relations. We also strive to engage in proactive dialogue with shareholders and investors by establishing a dedicated department.

Communication with Shareholders and Investors

As in the previous fiscal year, we implemented various safety protocols for our 144th General Shareholders' Meeting held on June 10, 2022, including reducing the number of available seats, to prevent the spread of COVID-19 and ensure the safety of our shareholders.

With regard to the exercise of voting rights, we encouraged shareholders to use the Internet and other online means. All resolutions were passed at the meeting.



144th General Shareholders' Meeting

For institutional investors and analysts, we held financial results briefings by management, while the Investor Relations Office conducted individual interviews, mainly via telephone and the Internet. Through these opportunities, we engaged in dialogue on a range of topics, including the impact of global inflation and supply chain disruptions on our business and business results as well as subsequent future outlook; market conditions in each of the Lift Truck Business and Logistics Solutions Business; production and sales status in our automobile-related businesses; direction of business over the medium to long term; and our approach to and initiatives

Returning Profits to Shareholders

Toyota Industries regards ensuring shareholder benefits as one of the most important management policies. In returning profits to shareholders, we emphasize stable cash dividends.

Accordingly, we strive to continue paying dividends at the consolidated dividend payout ratio of roughly 30% and meet the expectations of shareholders upon comprehensively taking into consideration such factors as business results

for the environment, social and governance (ESG) issues.

In December 2022, we hosted an information session at our Toyota L&F Customer Center Tokyo to describe the Materials Handling Equipment Business including logistics solutions, a topic of keen interest among institutional investors. The hybrid session, held in person and via the Internet, was attended by more than 100 securities analysts, institutional investors, journalists and other parties. We held a dialogue with them about our potential and strategies to achieve business growth over the medium to long term and allowed them to see our systems and equipment.

For individual investors, we held web-based company information sessions to explain Toyota Industries' businesses, characteristics and strengths and answered many questions.

Through such communications with shareholders and investors, we successfully promoted a deeper understanding of Toyota Industries' entire businesses. Opinions and requests obtained through these communications are fed back to executives and relevant business divisions as necessary to reflect them in our future business activities.



Information session on the Materials Handling Equipment Business

and demand for funds.

For fiscal 2023, Toyota Industries increased annual cash dividends by ¥20.0 from the previous fiscal year and paid annual cash dividends per share of ¥190.0 (interim cash dividend per share of ¥90.0 and year-end cash dividend per share of ¥100.0).

Relationship with Our Associates

We undertake initiatives to enable associates to work safely and with peace of mind and to allow diverse human resources to exercise their potential and play active roles.

Human Resources Management and Labor Management

Basic Concept

Toyota Industries undertakes a range of initiatives based on our basic perspective to develop and leverage the capabilities of associates and the organization to the fullest by promoting the creation of a highly motivated team.

Increasing Work Motivation

It is essential to create an open workplace so that individual associates can fully demonstrate their abilities in their own ways and find their work rewarding and meaningful.

At Toyota Industries, supervisors and more experienced associates have been taking the lead in creating a workplace culture that allows members to freely share opinions and suggestions. They also work to establish a relationship so that they can sincerely work to solve difficulties or troubles faced by members. To this end, we are making Company-wide efforts and holding labor-management discussions throughout the year.

We also conduct an annual Company-wide morale survey to listen to voices of associates. Survey topics cover various aspects, including workplace culture, an individual's willingness to grow and growth achieved and supervisors' management of subordinates. By doing so, we clarify issues and required measures and make efforts accordingly.



Interview between a supervisor and subordinate

Nurturing Human Resources and Promoting Active Roles

It is crucial to build a flexible and robust organization that can adapt to future uncertainties and various changes. Accordingly, we strive to nurture human resources who can trigger changes in the surrounding environment and themselves and back up associates tackling challenges.

On-the-Job Training (OJT)

We engage in human resources development in each workplace with a focus on the OJT cycle consisting of three steps: setting a role and theme for each associate, giving guidance and providing performance evaluation and feedback. Specifically, a supervisor and subordinate hold discussions to determine an aspired role and theme at the beginning of a fiscal year. After laying down the growth expectation and target for the subordinate, the supervisor gives guidance on a daily basis. At semiannual interviews, the supervisor gives feedback to the subordinate on his or her strengths and areas of improvement. The cycle leads to further growth and a more active role of each subordinate.



Going ahead, we will introduce a 360-degree feedback system designed to encourage the growth of supervisors. Through the system, we will provide an opportunity for them to reflect on their actions and facilitate behavioral change.

As additional efforts to support autonomous career development, we will establish a system for associates to submit their aspired growth and role to their respective workplaces and enhance our internal job posting system that allows them to apply for a desired job.

Off-the Job Training (Off-JT)

We provide various training programs that are practical and useful in the workplace, including induction training for new associates, training for newly promoted associates and seminars to gain specialized knowledge or capabilities. These programs are also made available to associates of affiliated companies in Japan.

We also engage in the development of human resources globally with a focus on the following three pillars.

- (1) Global leader training
- (2) People-to-people exchange (temporary overseas assignment, overseas training and Intra-Company Transferee (ICT) system to accept associates of Group companies outside Japan)
- (3) Training to be held at Group companies outside Japan to cultivate a sense of value shared across the Toyota Industries Group

Support for Personal Development

We provide opportunities and venues for personal development and voluntary study to increase associates' willingness to expand their knowledge and perspective and to learn independently. We also provide financial aid to support their personal development.



Training

■ Work Styles without Time or Place Constraints

To enable associates to work productively, we are working to create systems and an environment for them to work flexibly without time or place constraints. To offer more diverse work style options, we have enhanced our telecommuting system

in addition to establishing a flex time system without core-hour requirements, satellite offices and a discretionary work system.

Supporting Active Roles of Diverse Human Resources

For generating new value by flexibly responding to the changing business environment and diversifying customer needs, we aim to create an organization that allows human resources that are diverse and proactive to exercise their abilities to the fullest and make accomplishments through co-creation.

We are promoting initiatives to realize a corporate culture in which associates accept and respect each other's differences, including gender, age, nationality, race, religion, sexual orientation, gender identity, disabilities, experience, sense of value or any other invisible difference.

■ Empowerment of Female Associates

We aspire to let individual associates take active roles regardless of gender. Accordingly, we have been undertaking a range of initiatives from various aspects, such as changing mindsets, providing career support for female associates and promoting flexible working practices.

Targets and Major Initiatives for Promoting Active Roles of Female Associates **CSR Material Issue**

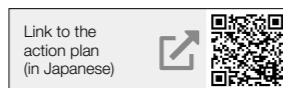
Target 1	Ratio of female managers: Double the ratio to 2.4% in fiscal 2025 and triple it to 3.6% in fiscal 2031 compared with fiscal 2015 when the target was defined
Result	1.7%, or 1.4 times the fiscal 2015 level (as of March 31, 2023)
Example efforts	Awareness-raising seminars for managers; training for career development for female associates; formulating and implementing individual development plans; role model exchange meetings; pre-maternity leave seminars; installing delivery lockers in-house
Target 2	Ratio of female graduate recruits: 40% in office work positions and 10% in engineering positions
Result	57% in office work positions and 8% in engineering positions (among new hires in April 2023)
Example efforts	Recruitment events for female students; participating in initiatives of the Toyota Female Engineer Development Foundation
Target 3	Ratio of male associates taking parental leave: 30% in fiscal 2026
Result	32.5% (fiscal 2023)
Example efforts	Encouraging associates and their spouses to participate in pre-maternity leave seminars; internally communicating our parental support systems and example support for a work-life balance

In seeking to ensure that female associates engaging in production operations fully work and take active roles until an older age, we also hold a work style seminar for female production associates and a seminar for supervisors on nurturing female subordinates.

As a result of these efforts, Toyota Industries received Japan's "Eruboshi" certification and an "Excellent Company"



Training program to practice career interviews



award under Aichi Prefecture's "Female-Friendly Company" certification program.

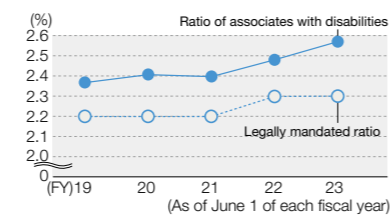
■ Initiatives for Persons with Disabilities

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. In order to ensure that they receive fair opportunities for achieving growth and taking active roles after joining Toyota Industries, we dispatch sign language interpreters when they receive training, provide tools to support communication and assign counseling staff.

CSR Material Issue

> Ratio of associates with disabilities: 2.57% (non-consolidated)

Ratio of Associates with Disabilities (Non-Consolidated) and Legally Mandated Ratio



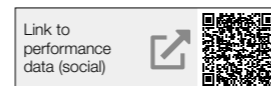
■ Creating an Age-Inclusive Workplace

We provide practical digital skills education for experienced associates, who have broad work experience and perspectives, to learn the knowledge on digital technologies and know-how to use them through themed practical work in the workplace. They cultivate knowledge and skills through education and contribute to the workplace by actively promoting the use of digital technologies after finishing their education.

In order to enable older associates to work and take active roles in production operations, we have been creating better, less physically stressful production lines for them. Efforts include setting up standards for the handling of heavy objects and a work environment that makes it easier for older associates to work, and improvement in processes in production lines using digital technologies.



Practical digital skills education for experienced associates



■ Supporting Work-Life Balance

We have been carrying out activities so that associates who are balancing work and family can work with higher motivation and pursue career development. Such activities mainly focus on enhancing systems to support a work-life balance and facilitating an understanding for maintaining a work-life balance.

As a result of these efforts, Toyota Industries received "Platinum Kurumin" certification and won a "Family-Friendly Company" award.

■ Working with Colleagues from Different Countries

We have been undertaking business outside Japan for many years and now have 236 overseas bases, of which more than 200 companies are led by a local president. In addition, some 50,000 associates are engaging in business activities outside Japan, accounting for about 70% of all associates of the Toyota Industries Group.

■ Efforts for Mid-Career Recruitment

We have been reinforcing mid-career recruitment to incorporate external knowledge. In fiscal 2024, we plan to increase the ratio of mid-career associates in office work and engineering positions to 30% of all main career track



Enhancing systems to support a work-life balance	Establishing in-house daycare center; shorter work-hour system for childcare; leave system and loan system for fertility treatment; return-to-work system to reinstate associates who have left work to provide child or family care or to accompany their spouse for a job transfer, etc.
Facilitating an understanding of maintaining a work-life balance	Distributing the Handbook for Balancing Work with Nursing Care; distributing the Handbook for Balancing Work with Family Care; seminars on balancing work with nursing care; providing newsletters on nursing care, others

associates (20% in fiscal 2023). Mid-career associates are assigned to their desired business divisions or job categories and after finishing induction training, take active roles in each workplace.

■ Safety and Health

Basic Perspective

Based on the idea of building "a homelike atmosphere at work that is warm and friendly" as stated in the Toyoda Precepts, we formulated the Safety Vision in 2013 after holding repeated discussions on the "basic stance on safety" and "optimal safety we seek." The vision has been instilled at all bases in the Toyota Industries Group.

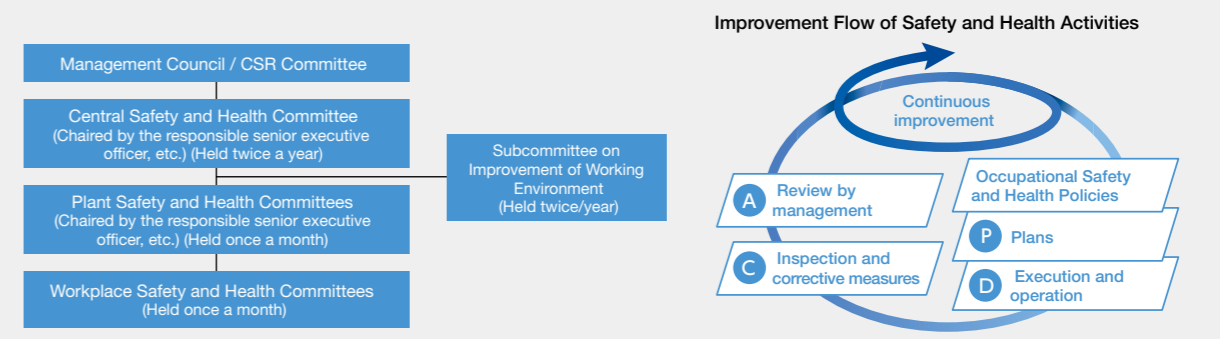
Safety Vision
Each and every associate in the Toyota Industries Group, guided by the spirit of our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas and focuses on mutual courtesy and safety as well as realizing workplaces where associates work each day with a sense of happiness and pride.

■ Structure for Promoting Safety and Health

Under our basic policy of placing a top priority on safety and health, we have been striving to eliminate accidents and occupational disorders. As part of such efforts, we have established the necessary committees, including the Central Safety and Health Committee and Plant Safety and Health Committees.

■ Occupational Safety and Health Management System

In accordance with the concept of an Occupational Safety and Health Management System (OSHMS/ISO 45001), we have established a required management structure in each plant (or business division) headed by a general safety and health manager (senior executive officer or another executive) and have been achieving improvements in safety and health activities on an ongoing basis from human, object and administrative standpoints based on risk assessment.



Prevention of Accidents and Disorders through Safety and Health Education

In order to cultivate knowledge, awareness and the skills necessary to prevent accidents and disorder, Toyota Industries proactively provides safety and health education, including education required by law to cultivate relevant knowledge and skills and to raise safety and health awareness, in addition to grade-based education and job-category-based education. Through these efforts, we are promoting the development of human resources and workplaces that places the highest priority on safety.

Purpose	Major Initiatives
Acquire qualifications (cultivate personal skills)	Licenses; skills seminars; special education; repeated education for capability improvement
Raise safety and health awareness	Education to improve ability to predict hazards; education to actually experience hazards (safety dojo)
Prepare for roles associated with positions/grades	Induction training; training for third-year production associates; training for newly promoted senior experts and chief experts; training for newly promoted experts; safety manager education
Prepare for job categories and business characteristics	Education on emergency measures; education on equipment lockout; education for equipment safety inspectors; hands-on safety education using virtual reality (VR)

Creating a Safe Workplace by Preventing Occurrence and Recurrence of Industrial Accidents

Since the occurrence of a serious accident in 2019, we have been working to eliminate accidents related to powered machinery and constantly upgrading our physical and administrative measures. Specifically, we have incorporated into our new and existing equipment a mechanism that cuts off power whenever an operator accesses a machine with its safety device disabled. We have also rebuilt our equipment safety assurance system. The system includes a visualization of which parts of the equipment are shut down, the control category under which it is operating and safety feature checks by qualified equipment safety inspectors.

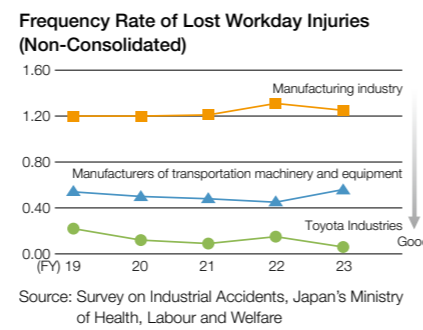
Moreover, to make further efforts toward zero accidents, we believe that it is important to prevent accidents caused by the unsafe behavior of operators themselves, including taking a shortcut, omitting a step in a particular work process or showing disregard for safety. In fiscal 2023, as part of human-related measures, we started undertaking an initiative to quantitatively assess the tendencies of individuals, namely

risk perception and risk-taking attitude*4. We will keep carrying out this initiative to prevent accidents caused by human factors.

We will continue to work toward the development

of safe workplaces and safety-oriented human resources based on an approach to always shut down a machine when something is wrong and take fundamental measures to remove the root cause.

*4: Risk perception: An ability to recognize a risk as a risk
Risk-taking attitude: Tendency to intentionally accept a risk and act accordingly even when one perceives the risk



Health

Basic Perspective

As a task for the medium term, we are promoting health improvement of associates, mainly focusing on the prevention of lifestyle diseases and mental health support activities, to counter risks of health problems associated with aging and greater stress. To enable associates to work and take active roles over the long term, we provide support toward the cultivation of an autonomous health-oriented culture in which associates care about their own health and take action voluntarily and willingly.

Prevention of Lifestyle Diseases

As a collaborative initiative of Toyota Industries, its workers' union and health insurance association, we conduct periodic age-based health education for all associates (every five years, from the age of 30) and offer a Milestone Health Class as part of this education. To provide motivation for better health, we feed back to associates the results of an annual health checkup along with advice to improve lifestyle habits. In fiscal 2020, we started providing such information as physical fitness propensity scores and countermeasures, how physically fit for work, assessment of physical fitness age and recommended exercises to increase motivation for promoting physical fitness.

Since fiscal 2022, we have been promoting the "KENKO Challenge 8 (8 Challenges for a Healthier Lifestyle)" initiative to promote the cultivation of appropriate lifestyle habits in daily lives by defining eight lifestyle habits and giving each a score. In fiscal 2023, we took two approaches to instill the initiative among associates and increase their health literacy*5, the two pending issues from fiscal 2022. One approach targeted individuals, and we provided health-related information to



Milestone Health Class

encourage behavior change, along with the results of a KENKO Challenge 8 survey. As for the other approach covering the entire Company, we focus on conveying the meaning of the initiative and providing information on workplace programs to improve each of the eight lifestyle habit items through meetings of the Plant Safety and Health Committees.

With a declining labor force and aging society, it is essential to maintain the physical fitness of associates. However, the score for "Exercise" was lower than other lifestyle habit items defined in the initiative. In response, we will promote various efforts and initiatives to encourage associates to exercise during a short break or after work. To prevent and ameliorate metabolic syndrome, we



implemented a new weight reduction program that uses a body composition analyzer (BCA), in addition to providing the Milestone Health Class and health guidance to associates whose body mass index (BMI) is above 25.0. The program has led to reductions in the body-fat percentage and visceral fat level as well as behavior change among the participating associates. Some participants noted the use of a BCA makes it easier to see a difference (or a positive effect) as it visualizes their body shape. We plan to use a BCA in annual health checkups and health guidance to raise associates' interest in changing themselves and provide better motivation for their behavior change.



Weight reduction program using a BCA

*5: Knowledge, willingness and ability to obtain, understand and utilize health-related information

Mental Health Support

As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line-care education to prevent new cases of mental health problems and operating a return-to-work support program for persons on long-term leave for the prevention of relapses. We have successfully achieved positive results through these activities.

As for activities for early detection, we put particular emphasis on line care by associates' immediate supervisors. We have been encouraging them to use check sheets to recognize the sign of a problem with their subordinates early and confirm its implementation status through interviews and questionnaire surveys. The results revealed that, coupled with an effort to strengthen the collaboration between each workplace and the departments responsible for health promotion, these activities have resulted in an increase in

cases where a problem is detected early and still in the mild stage.

Additionally, we have been conducting an annual stress check on all associates since fiscal 2017. We feed back the check results to all participants and workplaces with suggestions for improvement while setting up an individual interview with a doctor for those wishing to do so, including making an individual recommendation to associates found to have a high level of stress through the internal check, and providing improvement support as necessary to individual workplaces.

Major Health Promotion Events in Fiscal 2023

Stop smoking awareness event	World No Tobacco Day: One-day no smoking (May 31) No Smoking Days: Half-day no smoking (for 9 days)
Walking events	Held jointly with health insurance association twice a year in spring and fall (2,432 participants)
Early detection	Providing financial aid for various examinations (used by 958 associates)

Major Activity Indicators

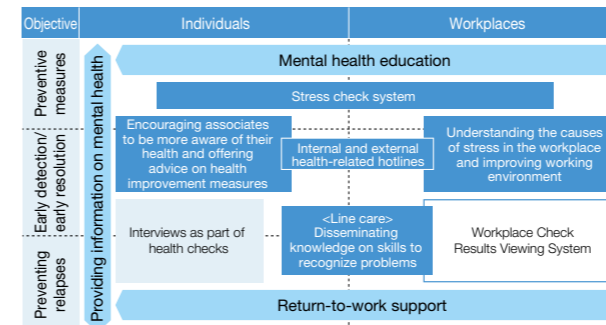
Activity indicator	FY2021	FY2022	FY2023
Participants of age-based health education*6	—	1,140 persons	2,576 persons
Average score of KENKO Challenge 8*7	5.51	5.54	5.58
Rate of undergoing a stress check	99%	99%	99%
Overall assessment of the stress check results (National average: 3)*8	3.28	3.27	3.27

*6: Temporarily suspended from March 2020 for prevention of COVID-19. In 2021, held only during the period from July to December.

*7: Average score at which associates are practicing the eight health habits (1. Desirable weight, 2. Breakfast, 3. Snacks, 4. Sleep, 5. Exercise, 6. Alcohol consumption, 7. No smoking, 8. Stress level) (Scale of 1 to 8)

*8: Assessed using the conversion table of raw scores of the Brief Job Stress Questionnaire (1: High stress; 3: National average; and 5: Low stress on a five-point scale)

Improving Mental Health Support Systems



Response to COVID-19

In fiscal 2023, we again provided workplace vaccinations to all willing associates at Toyota Industries facilities. As another response, we updated our Infectious Disease Response Manual as necessary in accordance with the infection alert level announced by Japan's national and local governments, communicated the revisions thoroughly within

Toyota Industries and dealt with the changing situations appropriately. Based on the experience, we have formulated the Infectious Disease Basic Business Continuity Plan, which compiles our responses to all risks anticipated upon the outbreak of a new variant of COVID-19 or an unknown infectious disease.

Relationship with Our Local Communities

To contribute to the harmonious and sustainable development of the earth and society, we actively undertake social contribution activities while respecting the culture, traditions and history of each country.

Basic Perspective

Based on the Sustainability Policy and as a global company, Toyota Industries seeks to contribute broadly to society through all its corporate activities conducted in each country and region. Simultaneously, we aim to realize a sustainable society and the growth of local communities with an emphasis on the areas of social welfare, youth development, environmental protection and community contribution. While providing cooperation and support through personnel, facilities, funds and know-how, we undertake initiatives to promote employees' participation in social contribution activities.

Implementation Structure

We have established the Social Contribution Group within the General Administration Department in the Head Office. Each plant and Group company of Toyota Industries around the world collaborates with each other and promotes social contribution activities matched to the local characteristics and needs while cooperating with NPOs and interacting with local community members.

Enlightenment Activities

We promote a range of activities for employees of Toyota Industries and its Group companies to increase their interest in social issues and cultivate a mindset to always think about what they can do to address these issues. Such activities include donating one item per one person to help welfare facilities to hold a charity bazaar; social welfare and environmental protection activities of employee associations⁹; providing information on volunteer activities via the intranet; and presenting examples of social contribution activities of Group companies across the world. In this way, we provide various opportunities and venues to participate in social contribution activities.



Pruning and weeding by an employee association

⁹: Voluntary organizations formed by employees at each job level

Dialogue with Local Communities

We hold local community meetings for the purpose of sharing and resolving various issues in each community. These meetings are attended by local community representatives and responsible persons of Toyota Industries in the general administration, environment and other relevant departments. Depending on the theme of the meeting, representatives from the local government also join. Participants exchange opinions not only on our business activities and associated environmental risks but also on local events and activities for crime/disaster prevention and traffic safety.



Local community meeting

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities	Theme	Activities
Social welfare	Events to interact with persons with disabilities (Japan) "Welfare Festival," farming experience, Walk Rally (orienteering) and other events Donating and leasing free of charge materials handling equipment (worldwide) Christmas donations (worldwide) Paralym Art® illustrations on the cover of internal newsletters (Japan) P. 57	Community contribution	Participation in traditional events (Japan, India) Volunteer activities to give back to local communities (Japan, U.S.A.) Repair of welfare facilities, tree pruning, park maintenance, etc. Cooperating in disaster prevention and fire-fighting activities (Japan, U.S.A., Germany) Community support for a better living environment (India) P. 57
Youth development	Providing <i>monozukuri</i> workshops (Japan) Holding plant tours and work experience events (worldwide) Holding mini concerts at elementary schools (Japan) Job introduction event for students (Germany) P. 57	Other	Holding charity concert (Japan) Disaster relief and humanitarian support (worldwide) Blood donation drives (worldwide)
Environmental protection	Providing environmental education program for elementary school students (Japan) Donating benches that made effective use of thinned wood (Japan) Tree-planting activities to curb global warming (worldwide) Cleanup activities (worldwide) P. 57		

Activity Examples of Toyota Industries Group

Japan Paralym Art® Illustrations on the Cover of Internal Newsletters Social welfare

Since April 2021, we have been using illustrations by artists with disabilities on the cover of our monthly internal newsletters in support of the Paralym Art® initiative promoted by the Shougaiha Jiritsu Suishin Kikou Association. The initiative aims to promote the social engagement and financial independence of persons with disabilities through their artwork. Each month, we ask a different artist to draw an illustration of our products or people working in various departments. This has facilitated an understanding of our products and helped us cultivate a corporate culture that accepts diversity.



Internal newsletters using Paralym Art® illustrations

Germany Job Introduction Event for Students TD Deutsche Klimakompressor GmbH (TDDK) Youth development

TDDK, which manufactures car air-conditioning compressors, invited female students from nearby schools to its event to introduce jobs mainly in male-dominated fields, such as science, technology, engineering and mathematics. After a plant tour, they received a briefing on jobs related to metal processing and electronic devices and experienced tasks under the guidance of female employees serving as role models. TDDK holds a job introduction event about 10 times a year for students and kindergartners to present their career options in the future.



Female students participating in a job experience workshop

TDDK has also created an Instagram account to showcase a variety of careers and professions.

Worldwide Cleanup Activities Environmental protection

Toyota Industries and its global Group companies are undertaking cleanup activities as part of our environmental protection programs. In May 2022, Toyota Industries conducted Shokki Smile Plogging^{*10}, a fun, smile-filled cleanup event for colleagues and their families. The event was attended by 409 employees and their families, and they spent a day cleaning up their community as well as their minds.



Shokki Smile Plogging



Joining the World Cleanup Day (TMHRO^{*11})

Around the world, 34 Toyota Industries Group companies in 11 countries carried out their respective activities with a total of 7,913 participants mainly on Earth Day and World Cleanup Day.

^{*10}: A coined word that combines "plocka up (trash picking in Swedish)" and "jogging," plogging is a fitness activity started in Sweden in 2016.
^{*11}: Toyota Material Handling Romania s.r.l

India Community Support for a Better Living Environment Toyota Material Handling India Pvt. Ltd. (TMH India) Community contribution

Every year, TMH India, which engages in the sales and servicing of materials handling equipment, provides support to nearby schools, welfare facilities and other organizations according to their needs. In fiscal 2023, TMH India provided support amounting to some ¥7.8 million to 10 organizations.



Children using donated desks and chairs

Major support provided: Installing new toilets and water dispensers equipped with water purifiers for better water and hygiene control; installing solar power generation systems; donating school desks and chairs

Status of Social Contribution Activities in Fiscal 2023 CSR Material Issue

Total for companies outside Japan
12,553 persons from 69 companies
Activity expenses: ¥263,955,000

Total for Toyota Industries Corporation
6,546 persons from 1 company
Activity expenses: ¥603,073,000

Total for companies in Japan
9,401 persons from 30 companies
Activity expenses: ¥47,370,000

Grand total
28,500 persons from 100 companies
¥914,398,000^{*12}

^{*12}: On a consolidated basis including Toyota Industries Corporation and its major subsidiaries as of February 28, 2023

Corporate Governance Structure

Toyota Industries strives to enhance its corporate value in a stable manner over the long term and maintains society's trust by earnestly fulfilling its social responsibilities in accordance with its Basic Philosophy. To that end, Toyota Industries endeavors to further enhance its corporate governance in its efforts to maintain and improve management efficiency and the fairness and transparency of its corporate activities.

Basic Perspective on Corporate Governance

Toyota Industries regards the most important managerial task is to earn trust broadly from society and enhance our corporate value on a stable, long-term basis. We aim to do this task based on our Basic Philosophy and by earnestly fulfilling our social responsibilities. Our basic focus is on contributing to the creation of an enriched society through business activities, and we believe it is essential to cultivate good relationships with stakeholders, including shareholders, customers, business partners, creditors, local communities and employees.

Accordingly, we strive to enhance our corporate governance in order to maintain and improve management efficiency, fairness and transparency. For example, we have established a structure to quickly and flexibly respond to changes in the business environment and have been working to augment management oversight and ensure the timely disclosure of information.

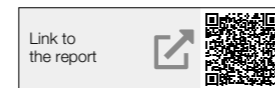
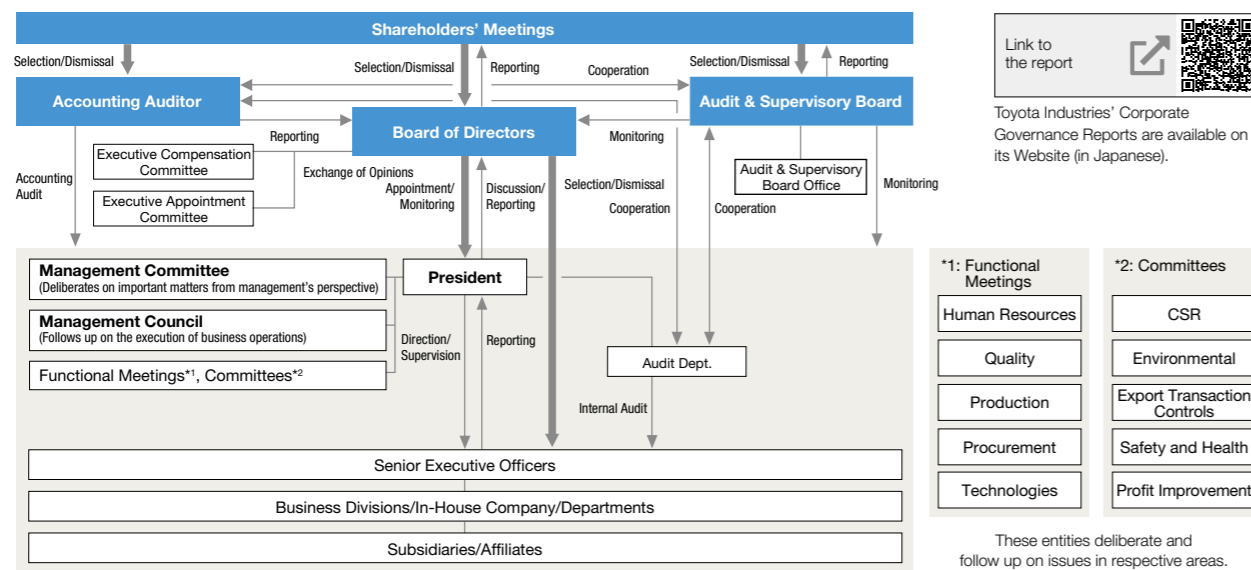
More specifically, the following basic policies drive our initiatives.

- (1) We seek to ensure shareholders' rights and equality.
- (2) We seek to promote appropriate collaboration with stakeholders other than shareholders (including customers, business partners, creditors, local communities and employees).
- (3) We seek to conduct appropriate information disclosure and ensure transparency.
- (4) We seek to perform the roles and duties of the Board of Directors appropriately in order to make decisions in a transparent, fair, quick and resolute manner.
- (5) We seek to promote a constructive dialogue with shareholders.

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 appoint outside directors who have a wealth of experience and knowledge such as business management. They attend meetings of the Board of Directors and give opinions and ask questions as deemed necessary based on their individual, wide-ranging experience and insights related to the management of globally operating companies and

monozukuri (manufacturing). Through this supervisory function of outside directors, we ensure the legality and validity of the Board's decisions as well as the directors' execution of duties from an objective perspective. Moreover, a variety of issues concerning important management matters, such as our corporate vision, management policies, medium-term business strategies and major investments, as well as crucial projects in each business division, are discussed by the Management Committee, which is



Link to the report
Toyota Industries' Corporate Governance Reports are available on its Website (in Japanese).

- *1: Functional Meetings
 - Human Resources
 - Quality
 - Production
 - Procurement
 - Technologies
- *2: Committees
 - CSR
 - Environmental
 - Export Transaction Controls
 - Safety and Health
 - Profit Improvement

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

(As of June 9, 2023)

composed of directors at the executive vice president level and above as well as relevant senior executive officers and other executives, prior to deliberation by the Board of Directors.

At meetings of the Management Council, directors, audit & supervisory board members and senior executive officers 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 corporate social responsibility (CSR), the environment and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.

Moreover, we strive to maintain and improve internal controls by establishing the Audit Department and conducting internal audits of Toyota Industries' business divisions and departments as well as our subsidiaries.

Initiatives for Enhancing Corporate Governance

1971	Introduced a divisional organization system
2006	Reduced the number of directors (from 30 to 17)
2006	Introduced a managing officer system
2010	Appointed independent members of management
2016	Reduced the number of directors (from 17 to 11)
2017	Conducted an evaluation of the effectiveness of the Board of Directors
2019	Revised executive management structure and reduced the number and rank of executives
2022	Revised the composition of the Board of Directors (independent outside directors accounting for a third or more of the total number of members)

Selection and Dismissal of Senior Management and Appointment of Director and Audit & Supervisory Board Member Candidates

■ Policies and Procedures for Selection (and Dismissal) of Senior Management and Appointment of Director Candidates

We carry out comprehensive evaluations from the viewpoint of placing the right persons in the right positions. We seek a balance among making sound and quick decisions, managing risk appropriately, monitoring execution of business operations and covering a specific function or business division of Toyota Industries.

In appointing audit & supervisory board member

candidates, we also perform comprehensive evaluations from the viewpoint of placing the right persons in the right positions, while ensuring a balance among the financial, accounting and legal insights, knowledge on our business fields and the diversity of perspectives on corporate management.

Based on these policies, we review proposals, exchange views and confirm details at the three-member Executive Appointment Committee, which consists of Toyota Industries' president and two independent outside directors, and submit these proposals to the Board of Directors for resolution.

■ Experience and Expertise of Directors and Audit & Supervisory Board Members

	CEO or equivalent position of business enterprise	Knowledge of industries			Technology development, manufacturing	IT and digital technologies	Finance and accounting	Legal affairs and risk management	ESG	Internationality
		Materials handling equipment	Automobile	Textile machinery						
Members of the Board	Tetsuro Toyoda	○	○	○			○	○	○	○
	Akira Onishi	○	○	○			○	○	○	○
	Koichi Ito	○		○		○	○	○	○	○
	Shuzo Sumi	○				○	○	○	○	○
	Junichi Handa	○				○	○	○	○	○
Audit & supervisory board members	Kazunari Kumakura		○			○	○	○	○	○
	Toru Inagawa		○			○	○	○	○	○
	Toru Watanabe			○			○	○	○	
	Akihisa Mizuno	○				○	○	○	○	○
Masanao Tomozoe	○		○			○	○	○	○	

Appointment of Independent Members of Management

As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated by the Tokyo Stock Exchange and Nagoya Stock Exchange, respectively, to further enhance our corporate governance,

Toyota Industries has appointed as independent members of management two outside directors and two outside audit & supervisory board members who are deemed to have no conflicts of interest with our shareholders.

Determination of Compensation for Directors and Audit & Supervisory Board Members

Matters Related to Policy for Determining Individual Compensation for Directors

Basic Perspective

- We ensure fairness and transparency.
- We emphasize incentives for achieving better business performance and sustainable growth, link compensation with the business performance of Toyota Industries and reflect individual duties and performance.

Compensation Structure

- Compensation for directors consists of fixed compensation (basic compensation) and bonuses (compensation linked to business performance). A bonus is further divided into a portion linked to a single fiscal year indicator and a portion linked to medium-term indicators.
- However, because outside directors are independent of the execution of business operations, only the fixed compensation is paid to outside directors.

Method of Determining Individual Compensation

- We have established the Executive Compensation Committee comprising three members, namely Toyota Industries' president and two independent outside directors.
- To ensure the Committee's objectivity and transparency, we have a rule that independent outside directors make up a half or more of the total number of its members.
- The Executive Compensation Committee deliberates on a policy for determining individual compensation for directors, proposed compensation for each director and important matters related to compensation.
- The Board of Directors votes on the policy based on the results of deliberations made at the Executive Compensation Committee.
- From the standpoint of determining directors' individual compensation amounts flexibly and swiftly, the Board of Directors delegates the related decision-making authority to the president (or to the chairman).
- The president (or the chairman) determines the directors' individual compensation amounts based on the policy and the results of deliberations made at the Executive Compensation Committee.

Policy for Determining Fixed Compensation, Bonuses and Their Ratio [Fixed Compensation]

- Fixed compensation for directors consists of monthly salaries, which are paid periodically while in service.
- We determine a reasonable level of individual compensation amounts while giving consideration to other companies' compensation levels as well as the rank and duties of each director.

[Bonuses]

- We pay a bonus at a certain time after the end of the General Shareholders' Meeting in each fiscal year.
- For the portion linked to a single fiscal year indicator, we use the consolidated operating profit as the indicator and calculate the amount of bonuses for each rank based on the amount of consolidated operating profit for the

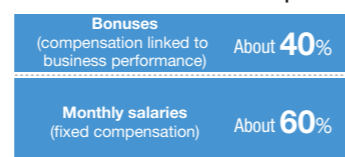
previous fiscal year.

- For the portion linked to medium-term indicators, we evaluate such management indicators as operating profit ratio of the past three fiscal years and calculate the amount of bonuses for each rank based on the evaluation results.
- We have selected the said indicators because we have determined that they appropriately align with the basic perspective of our policy for determining individual compensation for directors.
- In determining the amount of bonuses, we give consideration to dividends, employees' and other companies' bonus levels, past records of bonus payments and execution of duties and assigned work.

[Ratio]

- As a guide, we use the ratio of fixed compensation to a bonus of directors (excluding outside directors) of 60:40, with the portion linked to medium-term indicators accounting for roughly 10% of the bonus. However, this does not preclude us from using another ratio depending on the amount of operating profit for the corresponding fiscal year.

Breakdown of Executives' Compensation (Excluding Outside Directors)



Compensation for Directors and Audit & Supervisory Board Members

Executive category	Total compensation (¥ million)	Monthly salaries (fixed compensation)	Bonuses (Compensation linked to business performance)	No. of applicable executives
Director (Of which, outside director)	308 (45)	243 (45)	65 (—)	9 (4)
Audit & supervisory board member (Of which, outside audit & supervisory board member)	91 (27)	91 (27)	— (—)	4 (2)
Total	400	334	65	13

Notes:

- The figures include three directors (of whom one outside director) who resigned at the conclusion of the 144th General Shareholders' Meeting held on June 10, 2022.
- Bonuses show the amounts approved by resolution of the Board of Directors meeting held on May 18, 2023.
- At the 144th General Shareholders' Meeting held on June 10, 2022, it was determined that the compensation for directors is to be changed from monthly to annual and the compensation is to be within ¥900 million per year (of which the amount of compensation for outside directors is to be no more than ¥150 million).
- At the 132nd General Shareholders' Meeting held on June 23, 2010, it was determined that the compensation for audit & supervisory board members is to be within ¥15 million per month.

Compensation for Audit & Supervisory Board Members

Compensation for audit & supervisory board members only consists of fixed compensation, which is determined through discussion of audit & supervisory board members based on certain criteria determined by Toyota Industries.

Effectiveness of the Board of Directors and Its Evaluation

Through interviews with outside directors and audit & supervisory board members, Toyota Industries asks them to evaluate the effectiveness of the Board of Directors and collects their feedback. The following summarizes the results of their evaluation.

Evaluation

- The Board is operated efficiently with a clear focus depending on the agenda and spends sufficient time to enable focused discussion on important business issues.
- The Board members include outside directors with extensive experience, and the Board proactively asks them to provide opinions on each item on the agenda for lively and constructive discussion.
- Appropriate decision-making and management oversight are ensured by reporting and deliberating on important matters several times to make sure that these matters are thoroughly discussed prior to the resolution.

Suggestions for Further Improvement of the Effectiveness

- Amid the changing business environment, the Board's agenda should pay greater attention to matters matched to the demands of the times, such as those related to management focused on environmental, social and governance (ESG) factors.
- The Board should continue to deepen the discussion on the status of both Group-wide and respective business operations, including direction over the medium to long term.

As shown above, Toyota Industries' Board of Directors has been evaluated as effective. In response to certain feedback calling for further improvement, we will undertake improvement efforts on a continuous basis.

Meetings of the Board of Directors and Relevant Committees

Meeting body	No. of meetings held per year	Average attendance rate
Board of Directors	12	99% (Directors and audit & supervisory board members)
Executive Compensation Committee	1	100% (All committee members)
Executive Appointment Committee	1	100% (All committee members)
Audit & Supervisory Board	13	100% (Audit & supervisory board members)

Audit & Supervisory Board Members and Audit & Supervisory Board

Toyota Industries has four audit & supervisory board members, two of whom are full-time members and two of whom are outside members.

The four members attend meetings of the Board of Directors and provide their opinions as appropriate. The full-time members also attend other important meetings and receive reports on the execution of duties by directors and other responsible persons. They work to monitor and provide advice on the management status through on-site audits at the Head Office, major business sites and subsidiaries, thereby contributing to the maintenance and improvement of internal controls. They also collaborate appropriately with the

accounting auditor and the internal audit department.

Meetings of the Audit & Supervisory Board are held every month to share information on audits conducted by full-time members with outside members, to receive reports on important business statuses from Board members and responsible persons, and to receive reports from the accounting auditor regarding how key audit matters have been examined and determined.

At these meetings, the members also discuss and make decisions on important matters, such as audit policies and plans, the audit method used by the accounting auditor and the appropriateness of their audit results.

Cross-Shareholdings

Basic Policy

Cooperative relationships with various companies are essential in expanding business and achieving sustainable growth. From the medium- to long-term perspective of enhancing corporate value, our policy is to determine if cross-shareholdings are needed by comprehensively giving consideration to their importance in terms of our business strategies and relationships with business partners.

Exercise of Voting Rights

While respecting the management policies of individual investee companies, we determine how we exercise our voting rights by checking each item on the agenda from

the perspectives of medium- to long-term enhancement of corporate value, policy concerning shareholder returns, corporate governance and social responsibility.

Verifying Appropriateness of Cross-Shareholdings

Each year, the Board of Directors verifies if the purpose of cross-shareholdings is appropriate and if associated benefits and risks are commensurate with capital cost. More specifically, we conduct verification by using both quantitative information, which is based on a comparison of total shareholder return and weighted average capital cost as well

as the return on equity (ROE) of each investee company, and qualitative information, such as the transaction status and the outlook of future business relationships. In fiscal 2023, we held shares in 35 listed companies, a decline from 46 in fiscal 2011.

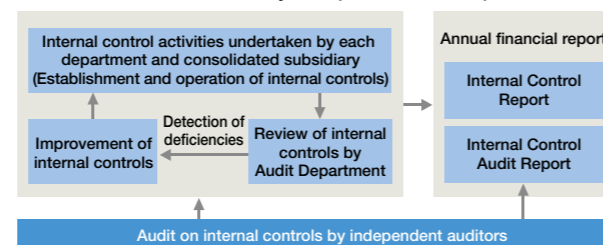
Internal Control System

In accordance with the Companies Act, 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 by incorporating these policies into 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. We determined that our internal controls over financial reporting as of the end of fiscal 2023 were effective, and accordingly, submitted an Internal Control Report in June 2023. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.

Internal Control Assessment System (Based on J-SOX)



Sustainability Implementation Structure

Based upon our belief that the realization of the Toyota Precepts (corporate creed) and Basic Philosophy makes a contribution to a sustainable society, Toyota Industries has established the CSR Committee (chairperson: president) to determine the directions for Group-wide activities in

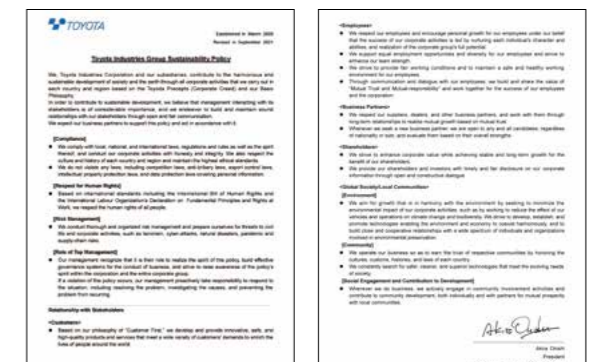
accordance with the Toyota Industries Group Sustainability Policy, approve action plans and evaluate the results.

The CSR Committee deliberates and makes decisions on the Group-wide issues concerning sustainability and risk, including the CSR material issues (CSR Materiality).

These issues are also, as deemed necessary, reported to and deliberated on by the Board of Directors. Each division and Group company incorporates these decisions into their specific activities and carries them out.

CSR Committee

Frequency	Generally twice a year
Chairperson	President
Members	Executive Vice President, full-time audit & supervisory board members, general managers of each business division and related senior executive officers/executive officers
Office	Enterprise Risk and Compliance Management Office
Main Agenda	<ul style="list-style-type: none"> Determining the direction of initiatives under the Toyota Industries Group Sustainability Policy; approving action plans; evaluating results CSR materiality; determining and reviewing action policies and targets Risk management for the Group



Respect for Human Rights

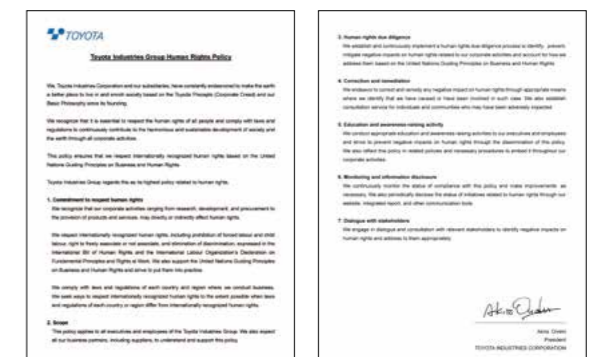
Basic Concept

Since its founding, Toyota Industries has endeavored to make the earth a better place to live and enrich society based on the Toyota Precepts (corporate creed). We recognize that in order for us to continuously contribute to the harmonious and sustainable development of the earth and society, it is essential not only to ensure legal compliance but also respect the human rights of all people involved in our corporate activities. Under this recognition, we have been promoting our initiatives to respect human rights in accordance with the United Nations Guiding Principles on Business and Human Rights.

Formulation of the Human Rights Policy

Toyota Industries has formulated the Toyota Industries Group Human Rights Policy ("Human Rights Policy") under the belief that we should step up our ongoing human rights initiatives.

While giving consideration to the opinions and information provided by external experts and other parties, the Human Rights Policy was formulated after discussions and approval by the CSR Committee led by the president. It is positioned as the highest-level policy related to human rights within the Toyota Industries Group.



Implementation Structure

Toyota Industries recognizes that the Group's corporate activities, from research and development to procurement and provision of products and services, may directly or indirectly impact human rights. To respond to various human rights issues, we have established the Human Rights Task Team, which is led by the Human Resources Department and

consists of the relevant departments, including the Corporate Planning, Purchasing and Legal departments. In accordance with the Human Rights Policy, the team engages in various activities, such as sharing each department's initiatives and the latest social trends related to human rights and creating action plans.

Human Rights Due Diligence

We conduct human rights due diligence to specify, prevent and mitigate negative impacts on human rights caused by the Toyota Industries Group's corporate activities.

The Human Rights Task Team has evaluated human rights issues relevant to the corporate activities of the Toyota Industries Group, which were identified based on

the handbooks of Japan's Ministry of Justice and the Japan Federation of Economic Organizations (Keidanren) as well as checking items defined by external rating agencies. Consequently, we have specified two priority human rights issues, namely immigrant labor and raw material procurement, and have been undertaking related activities.

■ Initiative on Immigrant Labor (Forced Labor of Non-Japanese Workers)

Amid the growing attention to protecting and respecting the human rights of non-Japanese workers, Toyota Industries regards forced labor of non-Japanese trainees working under Japan's Technical Intern Training Program as one of its priority human rights issues.

External experts have pointed out that there is possibly a risk of forced labor when accepting trainees from overseas through local brokers, as these brokers may charge exorbitant placement fees to trainees, who end up coming to Japan with a huge debt.

Toyota Industries conducted a survey to check trainee enrollment and appropriate operation of the program at its consolidated subsidiaries and major suppliers in Japan and

found that, as of December 31, 2022, 216 companies have accepted trainees under the program. The largest number of trainees was from Vietnam, accounting for 40% of all trainees.

At our consolidated subsidiaries, we have further surveyed the fees charged to these Vietnamese trainees. As a result, we have confirmed that no trainees have been charged fees in excess of the upper limit specified in Vietnam's domestic law. We have also set up a consultation hotline for non-Japanese trainees working under the program by utilizing the Japan Platform for Migrant Workers towards Responsible and Inclusive Society. Our efforts in the future will be geared toward reviewing fee charging, which, if done inappropriately, could lead to forced labor of non-Japanese trainees.

■ Initiative on Raw Material Procurement (Minerals)

As another initiative to respect human rights, Toyota Industries has formulated the Policies and Approaches to Responsible Mineral Sourcing. Under the policies, we have been conducting procurement activities excluding minerals that may involve human rights abuses, such as funding armed groups, child labor, forced labor and working under poor conditions.

More specifically, such minerals include conflict minerals (tantalum, tungsten, tin and gold) that may fuel human

rights abuses by armed groups and armed conflicts in the Democratic Republic of the Congo (DRC) and adjoining countries as well as cobalt and other minerals that routinely involve child labor. Under this recognition, we conduct an annual survey on these minerals within Toyota Industries and at applicable suppliers and confirm that there are no human rights issues in this area. We will continue to work toward ensuring the appropriate procurement of raw materials.

> Rate of performing an annual survey on conflict minerals at applicable suppliers (non-consolidated): 100%

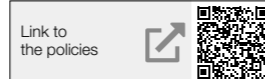
Policies and Approaches to Responsible Mineral Sourcing

Toyota Industries Corporation and its subsidiaries promote the acquisition of materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means.

We recognize that the situation surrounding conflict minerals originating in Covered Countries is a significant social issue in supply chains. We pursue procurement and usage that are free from conflict minerals originating in Covered Countries and relating to illegal conduct including human rights infringement.

We also recognize that human rights abuses such as child labor in the procurement of cobalt, etc., are a serious social problem, and we pursue procurement activities that do not include minerals that are suspected of being involved in such abuses.

To achieve such procurement and usage, we conduct inquiries tracing back through our supply chains and confirm if such minerals are used. In addition, we take appropriate steps to discontinue procurement of materials that can cause social problems such as human rights violations or financing of armed groups, if such usage is detected. Based on mutually beneficial relationships, we ask our suppliers to understand our policies and approaches and to conduct responsible material procurement.



Policies and Approaches to Responsible Mineral Sourcing

Efforts for Correction and Remediation

Toyota Industries operates a compliance hotline (external helpline) that allows employees of Toyota Industries Corporation and its consolidated subsidiaries in and outside

Japan to seek advice on compliance-related matters, including human rights, with a sense of security and without being exposed to negative consequences.

Education and Awareness-Raising Activities

To remain a company committed to respecting the human rights of all people involved in our corporate activities, the relevant departments of Toyota Industries participate in lectures hosted by the government and human rights organizations and joint study sessions with other Toyota Group companies. We also hold training sessions for consolidated subsidiaries, in which their top management participates. Our education and awareness-raising activities

target executives and all employees and aim to cultivate a correct knowledge of human rights and encourage them to put the idea into practice. Along with providing induction training for new employees, grade-based training and other conventional programs, we have been making proactive efforts even during the COVID-19 pandemic, such as designating a particular week as "Human Rights Week" and utilizing e-learning programs.

Training to Raise Human Rights Awareness

Target	Description	Aim
Top management & managers of affiliated companies	External human rights awareness training	Cultivate knowledge of and sensitivity to human rights as a manager; gain skills to support awareness-raising activities
	Training for managers	
Newly promoted managers	Training for newly promoted managers	Cultivate knowledge of and sensitivity to human rights as a leader
Newly promoted team leaders	Training for newly promoted team leaders	
All employees	External human rights awareness training	Raise awareness of human rights
	External Human Rights College series of seminars (only for those nominated)	
	Delivery of a special message during Human Rights Week	
Newly joined employees	Induction training for newly joined employees	Gain knowledge of human rights

Dialogue with Stakeholders

Toyota Industries promotes dialogue with various internal and external stakeholders and works with its top management and the relevant departments to reflect such dialogue in its future corporate activities.

Communication Channels

Employees.....	Labor-management round table meetings, annual labor-management meetings, hotline
Shareholders and investors.....	<i>Toyota Industries Reports</i> , Toyota Industries' official website, ESG dialogue
Business partners	Procurement policy meetings, hotline
Local community	Inviting residents to Toyota Industries' events, participating in local events, local community meeting

Compliance

Basic Perspective

We believe that compliance means both adhering to laws and regulations as well as ethics and social norms. As such, it is vital to promote compliance throughout the Toyota Industries Group under the leadership of top management.

To promote compliance, we have established the Compliance Subcommittee (led by an executive responsible for legal affairs) as a subordinate organization to the CSR Committee (led by the president). Every year, the subcommittee formulates an action policy that covers the entire Toyota Industries Group and conducts a follow-up check on the progress of corresponding activities. We have also established a system to report serious violation cases that occur within the Toyota Industries Group, including bribery, corruption and violations of antitrust laws, to the Compliance Subcommittee.

In response to the issue of regulatory violation in certain engines for lift trucks related to Japan's emissions certification in fiscal 2023, we will thoroughly identify compliance risks, revise our compliance structure and activities and work for improvements while seeking advice from external experts.

CSR Material Issue > Number of serious compliance violations in the Toyota Industries Group: 1

Formulating the Employee Code of Conduct and Fully Educating and Instilling the Code

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees. It covers such topics as compliance (prevention of bribery, corruption and profit sharing, conformance to antitrust laws and others), respect for human rights, safety and health as well as environmental conservation. Accordingly, we have been working to instill the Code through group training and other means. Consolidated subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures and have been implementing Company-wide awareness-raising and educational activities once a year. In April 2023, we held a meeting to raise compliance awareness and communicate both the revisions to the Code as described in the TOPIC section below and our efforts to prevent the recurrence of the regulatory violation related to Japan's emissions certification for lift truck engines. In addition, we have created

and disseminated e-learning materials on 48 topics and compliance mini quizzes on 48 topics (as of March 2023) in order to cultivate a deeper understanding of compliance among employees of Toyota Industries and our consolidated subsidiaries in Japan and to create an environment in which employees learn about compliance on their own.

> Execution rate of Employee Code of Conduct enlightenment and educational activities by Toyota Industries and consolidated subsidiaries in and outside Japan: 100%

Example Topics of e-Learning Materials

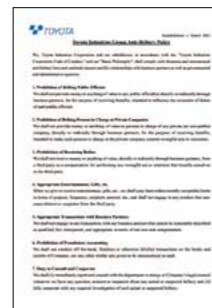
Compliance; Antitrust laws; Prevention of bribery; Human rights; Various types of harassment; Safety behavior; Environmental protection; Management of confidential information; Product liability; Accounting process; Quality; Import/export controls


Efforts for Prevention of Bribery and Corruption

To prohibit and prevent bribery, in 2014 Toyota Industries formulated the Global Guidelines for Bribery Prevention (or individual rules in countries high on the Corruption Perceptions Index in accordance with their respective, applicable laws) and has been conducting activities to familiarize employees with them in each country and region.

TOPIC Formulating the Toyota Industries Group Anti-Bribery Policy

In March 2023, we formulated the Toyota Industries Group Anti-Bribery Policy to clarify our stance both within and outside the Toyota Industries Group. We have positioned the policy above our Global Guidelines for Bribery Prevention and have been working to communicate and thoroughly implement the policy in each region and country.



[Link to the policy](#) 

Efforts for Ensuring Compliance with Antitrust Laws and Competition Laws

As for antitrust laws, we operate a system to conduct a check and review before and after employees of Toyota Industries contact competitors and have been cultivating awareness among employees for not acting in a manner that may possibly constitute a violation of antitrust laws. Moreover, we have designated a particular month as "Antitrust Law Compliance Month" since fiscal 2016 to carry out enlightenment activities at relevant departments for clarifying our relationships with competitors and ensuring fair transactions with business partners (e.g., the need to hold sincere dialogue with business partners to deal with changes in the business environment caused by rises in various costs). Consolidated subsidiaries in and outside Japan have also been working to educate and raise awareness of employees for preventing violations of antitrust laws and competition laws, such as forming cartels, in accordance with local laws and regulations.

Early Detection and Prevention of Issues via Whistle-Blower System

The Toyota Industries Group has in place a whistle-blower system to report and seek consultation on compliance-related issues. In Japan as well as key countries in North America, Europe, Asia, Oceania and South America, we operate a compliance hotline (external helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters with a sense of security and without being exposed to negative consequences. In Japan, in response to the revisions to the Whistleblower Protection Act, which went into effect in June 2022, we have revised our related rules and communicated the revisions among employees while stepping up our efforts to thoroughly protect whistle-blowers and ensure the early

resolution of problems. In fiscal 2023, we received 70 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate action regarding each case. Our responses have been reviewed and judged appropriate by external lawyers.

In fiscal 2017, we also set up a hotline for our major suppliers to report and inquire about possible compliance violations by Toyota Industries employees. Through these initiatives, we ensure the early discovery and prevention of issues and intend to become a "company on which society places greater trust."

Compliance Awareness Survey

Toyota Industries periodically conducts an employee compliance awareness survey to check how compliance activities have taken root among employees and how well they know about the Code of Conduct and whistle-blower system. By identifying the actual status and adding improvements, we have been working to make


our compliance structure more effective. In the most recent awareness survey, we confirmed that the degree of recognition of both the Code and whistle-blower system was more than 95%. To maintain such a high level, we will continue to make efforts for further improvement.

TOPIC Revising the Toyota Industries Corporation Employee Code of Conduct

In fiscal 2022, Toyota Industries formulated the Sustainability Policy and Human Rights Policy to further promote corporate activities whose values are aligned with those of society. In April 2023, we revised the Toyota Industries Corporation Employee Code of Conduct for the first time since 2014 to implement these policies.

The purpose of the revisions was to update the content based on the roles expected of Toyota Industries and turn the Code into an action guideline for every employee amid the growing call for responding to various issues, including those related to the Sustainable Development Goals (SDGs).

We have been making efforts to educate and inform employees about the Code, such as holding Company-wide meetings and distributing enlightenment cards, so that they can practice the Code to fulfill their social responsibilities and contribute to the realization of a sustainable society.

[Link to Code of Conduct](#) 



Activities in the Toyota Industries Group

Each consolidated subsidiary of the Toyota Industries Group has set up a compliance committee (in Japan) and appointed a compliance officer (outside Japan) to lead and promote autonomous activities in respective communities. In North America, Europe, China and Asia/Oceania, compliance officers regularly hold conferences and facilitate collaborative activities within each region.

In fiscal 2023, compliance officers from nine bases in China attended the Compliance Officer Conference held in the country. They shared information about the compliance activities of each company and updates to relevant laws and exchanged views. After the conference, these bases have been conducting activities in a mutually coordinated manner.



Compliance Officer Conference in China

Main Compliance Officers

 <p>Europe Toyota Material Handling Europe AB Andreas Lundh</p>	 <p>Thailand BT Midland Co., Ltd Krisaruj Sereechoensak</p>
 <p>United States Toyota Industries North America, Inc. Kim Parker</p>	 <p>Vanderlande Group Vanderlande Industries Holding B.V. Carl Messemaeckers</p>
 <p>China Toyota Industries Management (China) Co., Ltd. Zhu Lingling</p>	

Tax Governance

Basic Perspective

The Toyota Industries Group regards the most important managerial task is to earn trust broadly from society and enhance its corporate value on a stable, long-term basis. We strive to contribute to society and maintain and enhance corporate value by complying with the applicable tax laws and regulations of each country and region, as well as by paying the appropriate level of taxes.

Tax Policy

Under the basic perspective described above, Toyota Industries has formulated the Toyota Industries Group Tax Policy.

The Toyota Industries Group will educate its employees as necessary through tax and accounting training and e-learning programs so that we are able to pay the appropriate level of taxes and take the proper tax measures in accordance with the Code of Conduct.

Information Security

Basic Perspective

We recognize 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. Accordingly, with the aim of safeguarding our information assets and strengthening their management, we have formulated the Basic Policies for Information Security.

Basic Policies for Information Security

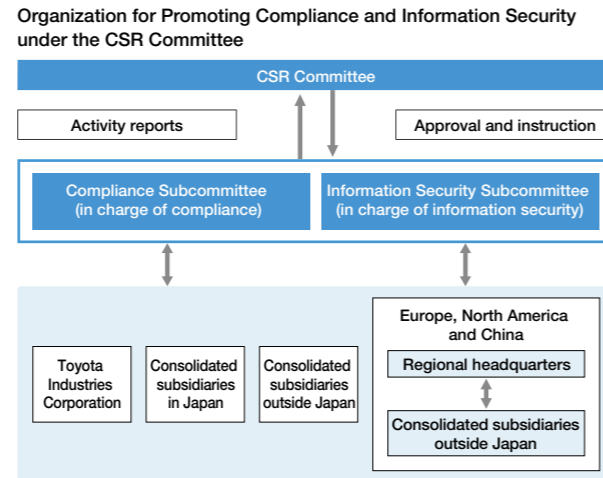
- (1) Legal compliance**
We comply with laws and regulations related to information security while fostering awareness of them among employees.
- (2) Maintaining a stable business foundation**
We safeguard and manage information assets appropriately, carry out information security-related education and enlightenment activities on an ongoing basis and seek to maintain a stable business foundation.
- (3) Providing safe products and services**
We provide safe products and services to customers and society by implementing information security measures in our business activities, including the development, design and manufacture of products and services.
- (4) Information security management**
We build a governance structure to enforce and manage information security and continue to promote and refine the structure.

Implementation Structure

Toyota Industries has set up the Information Security Subcommittee (led by an executive in charge of the IT Digital Promotion Department) as a subordinate organization to the CSR Committee to reduce information security risks. To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security managers*1 and information security administrators*2 at each department of Toyota Industries.

For consolidated subsidiaries and affiliates around the world, we regularly hold meetings of information technology (IT) managers in each region to share information on security incidents and countermeasures both in and outside the Toyota Industries Group and to disseminate relevant policies. Through these and other measures, we are increasing the levels of security and security awareness throughout the Group.

*1: Head of each department
*2: A person within the department, appointed by the head



Information Security Management

Information Security Monitoring and Incident Response

To ensure the early detection of and prompt action against cyberattacks, we have in place systems to monitor the security of PCs and all other terminals used within the Toyota Industries Group and to respond to incidents 24 hours a day, 7 days a week. We also share threat information with our consolidated subsidiaries and affiliates in and outside Japan to swiftly alert each company.

CSR Material Issue > Number of serious incidents occurred: 0

Providing Education on Information Security

In addition to our ongoing training on targeted attacks via e-mail and a cybersecurity awareness website, we created a Cybersecurity White Paper to further reinforce our efforts to raise awareness of information security. The white paper compiles past incidents that occurred within the Toyota Industries Group, the current state of our security measures and tasks ahead. It is also available in English and is distributed to consolidated subsidiaries and affiliates around the world with the aim to increase awareness throughout the Group.



Cybersecurity White Paper

Preventing Leakage of Confidential Information

As an effort to reinforce workplace activities led by information security managers and information security administrators, we have created and distributed the Information Security Managers/Administrators Guidebook, which describes the roles of each, the risk of damage caused by leakage of confidential information and response details. In the future, we plan to distribute the guidebook to our consolidated subsidiaries around the world.

Conducting Information Security Audits

In accordance with the All Toyota Security Guidelines (ATSG)*3, we annually inspect the implementation status of information security at Toyota Industries and our consolidated subsidiaries and affiliates around the world in order to maintain and improve the level of information security on a continuous basis. In performing ATSG-based inspections, we also check the rationale for implementing certain measures to upgrade the level of our activities.

*3: Security guidelines of the Toyota Group, which conform to the Cyber Security Framework of the National Institute of Standards and Technology (NIST CSF) and ISO 27000 series of standards for information security management systems

Primary Activity Examples

- Activities in fiscal 2023
- Conducting an emergency security inspection on consolidated subsidiaries and affiliates in and outside Japan
 - Formulating a three-year action plan for improving the security level of affiliated companies in Japan and obtaining their agreement for the implementation
 - Creating and issuing a Cybersecurity White Paper
 - Opening a cybersecurity awareness website
 - Checking the actual security levels of suppliers and requesting corrective actions
 - Creating and issuing the Information Security Managers/Administrators Guidebook
 - Incorporating security requirements into the quality control rules for product development

Risk Management

Basic Perspective

Based on the Basic Policies for the Establishment of an Internal Control System in compliance with the Companies Act, Toyota Industries is working to strengthen regulations and a structure to promote risk management. We regard the following aspects as the basics of risk management and implement initiatives accordingly.

- (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

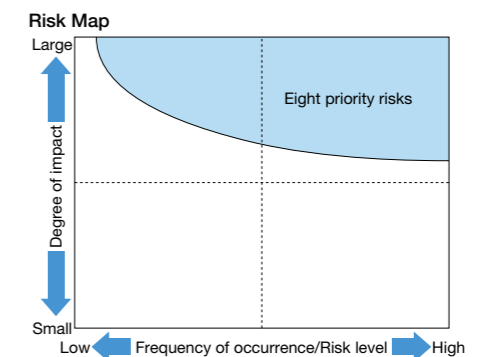
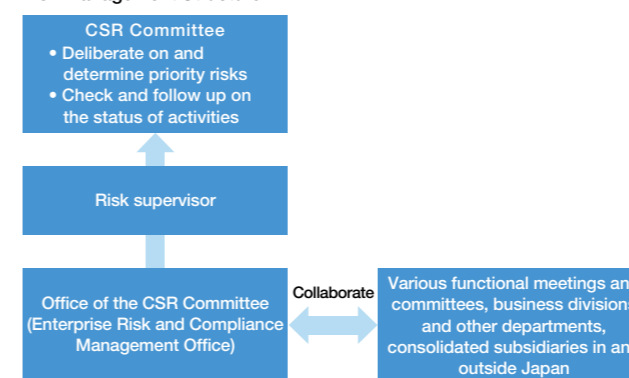
Business divisions and other departments at the Head Office develop and promote annual action policies that integrate measures to prevent and control risks related to safety, quality, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed up by each functional management entity such as the CSR Committee and the Environmental Committee. We created the position of risk supervisor within the CSR Committee. By doing so, we promote activities to identify priority risks from among risks concerning Toyota Industries as a whole and make sure to implement measures at each functional management entity as well as measures to counter emerging risks spanning multiple functions. In fiscal 2023, we newly added geopolitical risk to our list of priority risks, and relevant functional management entities are working together to implement a range of initiatives.

At the same time, functional departments at the Head Office such as those responsible for safety, quality and the

environment formulate rules and regulations and create manuals from a Group-wide perspective, encompassing 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, including the ability to respond to the identified priority risks, at each business division and consolidated subsidiary.

We have also formulated the Risk Response Manual, which defines basic rules for risk management activities under normal circumstances and for our initial response to an emergency when a risk becomes evident. The aim is to ensure quick reporting to top management, perform an accurate assessment of the impact on society and business activities and minimize damage through appropriate actions. The content of the manual is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

Risk Management Structure



Response to Possible Major Earthquake

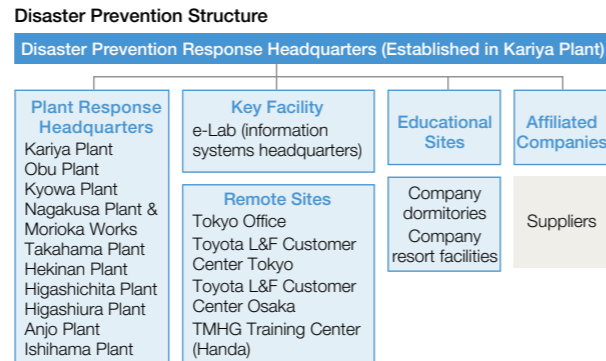
We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest

possible recovery, we are making Company-wide efforts in three relevant areas, specifically, "precautionary, pre-disaster mitigation," "initial response to be followed immediately after the disaster" and "restoration of production."

Disaster Prevention Structure

We strive to reinforce our disaster prevention structure to enable a smooth transition from the initial response stage to the production restoration stage.

The Disaster Prevention Response Headquarters, consisting of representatives from the functional departments at the Head Office, is responsible for collecting information from plants and other relevant parties and making Company-wide decisions based on the information collected.



Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

Training at Disaster Prevention Response Headquarters

One important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response is to collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries. In fiscal 2023, we again conducted training remotely as in the previous fiscal year to collect damage information of each plant and report the information to the Disaster Prevention Response Headquarters. At the same



Drill to use electrified vehicles as part of our emergency power source

time, we conducted a drill on using electrified vehicles (HEVs, BEVs and FC buses) of each plant as part of our emergency power source. We will continue to implement measures to ensure that the headquarters can function under any circumstances.

Simultaneous All-Company Disaster Prevention Training

In fiscal 2023, we extended the duration of our training and conducted more effective, simultaneous all-Company disaster prevention training.

The training at the Kariya Plant assumed stormy weather, and participants first evacuated the building to an outdoor primary evacuation site, and after checking the safety of

the building, went inside to a secondary evacuation site. We will continuously conduct training to ensure higher safety and security for our colleagues, customers and business partners while dealing with new issues found through the training.



Drill to evacuate to an indoor secondary evacuation site, assuming stormy weather

step up our efforts to ensure quick restoration activities.

System Restoration Drill

We conduct system restoration drills jointly with Toyota Industries IT Solutions, Incorporated, a consolidated subsidiary engaged in the development and operation of information infrastructures and systems, and work to improve our readiness for quick restoration.

Promoting Disaster Prevention at Home and Related Enlightenment Activities

Starting from fiscal 2017, we have been undertaking enlightenment activities for employees and their families as a measure to promote disaster prevention and avoid disaster-inflicted damage at home. Specifically, we encourage them to take three actions: preventing the overturning of furniture and securing an evacuation route; deciding how to contact and where to meet with family members in a disaster; and

stockpiling emergency goods, food and other necessities. In fiscal 2023, we focused on disaster prevention measures for when we are outside the home and worked to increase disaster preparedness by creating and distributing material on how to ensure safety when an earthquake occurs while we are in a car or using public transportation.

Future Activities

In the face of frequent wind and water-related disasters and earthquakes in recent years, we believe it is important to be prepared to make a smooth initial response and maintain the function of the Disaster Prevention Response Headquarters

no matter when or how much we sustain damage from a disaster. Based on this belief, we will continue our ongoing efforts to increase the effectiveness of our disaster prevention scheme.

Toyota Industries' Activities Related to Intellectual Properties

Basic Perspective

One tenet of the Toyoda Precepts, which serves as our corporate creed, states "Always be studious and creative, striving to stay ahead of the times." Under this tenet, Toyota Industries proactively makes investments in research and development, protects and uses the resulting intellectual properties, such as inventions and know-how, and leverages them in the strategies of each business. In addition, we make sure to acquire rights on intellectual properties both in and outside Japan and seek to prevent infringement of these rights while working to increase our corporate value by holding intellectual properties.

Implementation Structure and the Number of Patent Applications

Toyota Industries' businesses span various fields from textile machinery to materials handling equipment and automobile-related products. In accordance with business strategies tailored to the characteristics of each business, we comprehensively analyze information on our own and other companies' intellectual properties, covering our position in the respective markets and competitive relationships, and based on the results, formulate an intellectual property strategy.

At our internal Invention Review Meeting between the technical department and IP department of each business division and other occasions, we identify and encourage inventions that pay attention to certain technological domains. At the same time, we operate a system to survey risks of

infringing other companies' intellectual properties, report the survey results to a meeting of the Review and Approval Committee for Research and Development held during each development phase and have the responsible executives review and approve each development project. We also make joint efforts with consolidated subsidiaries in and outside Japan possessing the development function to acquire intellectual properties and promote the sharing of information to avoid risks of infringement, both from the viewpoint of Toyota Industries Group as a whole.

Under this implementation structure, we filed some 1,000 patent applications in fiscal 2023. As of March 31, 2023, Toyota Industries holds about 6,000 patents across the world.

Investment in Intellectual Capital toward Electrification and Automation

Toyota Industries has diverse technologies and know-how cultivated in various businesses and provides a variety of solutions to customers. Leveraging this strength, we have promoted research and development in the electrification and automation fields, which will help realize a decarbonized society and resolve labor shortages while actively encouraging inventions in these fields.

Our patents related to electrification, such as those for batteries, electronics products and electric compressors,

account for more than half the number of patents held by Toyota Industries around the world (including those under review) in the past five years (See Figure 1).

Additionally, the ratio of inventions related to automation in the Materials Handling Equipment Business has been increasing year by year (See Figure 2). Going forward, we will work to secure competitive superiority through intellectual properties.

Figure 1. Number and Ratio of Patents for Electrification-Related Technologies Held by Toyota Industries

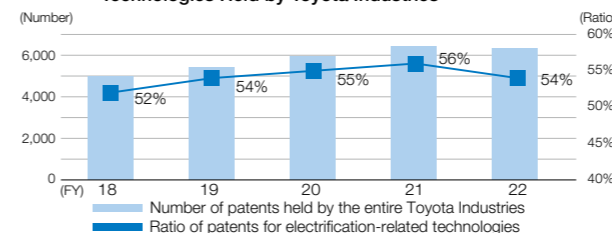
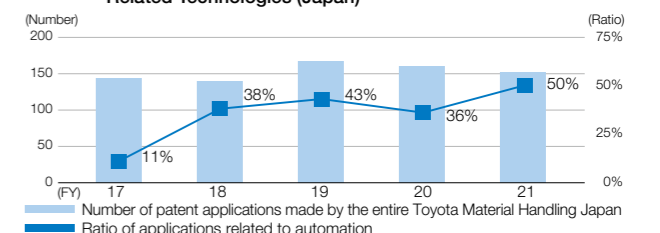


Figure 2. Number and Ratio of Patent Applications for Automation-Related Technologies (Japan)



External Evaluations of Patents Held by Toyota Industries

Toyota Industries has been proactively applying for the National Commendation for Invention sponsored by the Japan Institute of Invention and Innovation and has received higher-ranking awards, including the Minister of Economy, Trade and Industry Award. By receiving these awards, we make our excellent technological capabilities known internally and externally and increase the "inventive" motivation of employees who work at the forefront of our development activities.

Recent Award Won by Toyota Industries

Details
2023 Invention Award
Patent No. 5201113
Back pressure control mechanism for scroll-type compressors



Directors, Audit & Supervisory Board Members, Vice President, Senior Executive Officers and Executive Officers

(As of June 30, 2023)

Directors

Chairman
Tetsuro Toyoda



Apr. 1970 Joined Toyota Motor Sales Co., Ltd.
Feb. 1991 Vice President of Toyota Motor Sales, U.S.A., Inc.
Jun. 1991 Director of Toyota Industries Corporation
Jun. 1997 Managing Director
Jun. 1999 Senior Managing Director
Jun. 2002 Executive Vice President
Jun. 2005 President
Jun. 2013 Chairman (current)

Vice Chairman
Akira Onishi



Apr. 1981 Joined Toyota Industries Corporation
Jun. 2005 Director
Jun. 2006 Managing Officer
Jun. 2008 Senior Managing Officer
Jun. 2010 Senior Managing Director
Jun. 2013 President
Jun. 2023 Vice chairman (current)

President
Koichi Ito



Apr. 1986 Joined Marubeni Corporation
Jun. 1998 Joined Toyota Industries Corporation
Jun. 2012 Managing Officer
Jun. 2019 Senior Executive Officer
Jun. 2023 President (current)

Director (Outside, independent)
Shuzo Sumi



Apr. 1970 Joined The Tokio Marine & Fire Insurance Co., Ltd. (Tokio Marine)
Jun. 2000 Director and Chief Representative in London of Tokio Marine
Jun. 2002 Managing Director of Tokio Marine
Oct. 2004 Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokio Marine & Nichido)
Jun. 2005 Senior Managing Director of Tokio Marine & Nichido
Jun. 2007 President and Chief Executive Officer of Tokio Marine & Nichido
Jun. 2007 President and Chief Executive Officer of Millea Holdings, Inc. (now Tokio Marine Holdings Inc. (Tokio Marine Holdings))
Jun. 2013 Chairman of the Board of Tokio Marine & Nichido
Jun. 2013 Chairman of the Board of Tokio Marine Holdings
Jun. 2014 Director of Toyota Industries Corporation (current)
Apr. 2016 Counselor of Tokio Marine & Nichido (current)
Jun. 2019 Retired as Chairman of the Board of Tokio Marine Holdings

Director (Outside, independent)
Junichi Handa



Apr. 1979 Joined Toa Nenryo Kogyo K.K.
Feb. 2002 Representative Director of Booz Allen and Hamilton (Japan)
Apr. 2005 CEO of Management Wisdom Partners, Japan Inc.
Apr. 2005 Project Researcher of Manufacturing Management Research Center, the University of Tokyo
Jun. 2013 Corporate Officer and Head of HR, Takeda Pharmaceutical Company Limited
Jun. 2015 Outside Director of Mitsui Sugar Co., Ltd. (now Mitsui DM Sugar Holdings Co., Ltd.)
Jul. 2015 CEO of Management Wisdom Partners, Japan Inc. (current)
Apr. 2016 Project professor of the Graduate School of Economics (Management) and member of the Office of the Global Leadership Program, the University of Tokyo
Apr. 2022 Lecturer of the Graduate School of Economics, the University of Tokyo
Jun. 2022 Director of Toyota Industries Corporation (current)

Director
Kazunari Kumakura



Apr. 1985 Joined Toyota Motor Corporation (TMC)
Jun. 2016 Managing Officer of Toyota Industries Corporation
Jun. 2019 Operating Officer
Mar. 2020 Retired from Operating Officer
Apr. 2020 Deputy Chief Officer, Purchasing Group of TMC
Jul. 2020 Chief Officer, Purchasing Group of TMC (current)
Jun. 2023 Director of Toyota Industries (current)

Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Member
Toru Inagawa



Apr. 1982 Joined Toyota Industries Corporation
Jun. 2008 General Manager of TMHG Planning Dept.
Jan. 2009 General Manager of Corporate Planning Dept. of TMHG, Toyota Material Handling Company
Jan. 2013 General Manager of TMHG Management Dept., Toyota Material Handling Company
Jun. 2014 Managing Officer
Jun. 2016 Senior Managing Officer
Jun. 2019 Executive Officer
Jun. 2021 Audit & Supervisory Board Member (current)

Full-Time Audit & Supervisory Board Member
Toru Watanabe



Apr. 1983 Joined Toyota Industries Corporation
Jun. 2016 General Manager of Accounting & Finance Dept.
Jan. 2017 Project General Manager of Accounting & Finance Dept.
Jun. 2020 Audit & Supervisory Board Member (current)

Audit & Supervisory Board Member (Outside, independent)
Akihisa Mizuno



Apr. 1978 Joined Chubu Electric Power Co., Inc. (Chubu Electric Power)
Jun. 2008 Director, Senior Managing Executive Officer and General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power
Jun. 2009 Representative Director and Executive Vice President of Chubu Electric Power
General Manager of Corporate Planning & Strategy Div. and General Manager of Affiliated Business Planning & Development Dept.
Jun. 2010 President & Director of Chubu Electric Power
Jun. 2015 Chairman of the Board of Directors of Chubu Electric Power
Jun. 2016 Audit & Supervisory Board Member of Toyota Industries Corporation (current)
Apr. 2020 Director & Advisor of Chubu Electric Power
Jun. 2020 Advisor of Chubu Electric Power (current)

Audit & Supervisory Board Member (Outside, independent)
Masanao Tomozoe



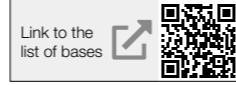
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2005 Managing Officer of Toyota Motor Corporation (TMC)
Apr. 2011 Senior Managing Officer of TMC
Apr. 2011 Senior Vice President of Toyota Motor North America, Inc.
Jun. 2012 President and Representative Director of Toyota Motor Sales & Marketing Corporation
May 2015 Advisor of Central Japan International Airport Company, Limited
Jun. 2015 President and CEO of Central Japan International Airport
Jun. 2019 Audit & Supervisory Board Member of Toyota Industries Corporation (current)
Jun. 2019 Advisor of Central Japan International Airport
Jun. 2021 Special Advisor of Central Japan International Airport (current)

Senior Executive Officers

Vice President	Senior Executive Officers				
Yojiro Mizuno	Masahiro Kawaguchi	Hiroshi Matsumoto	Kazunari Masuoka	Toshihiko Shimizu	Brett Wood
					
	Norio Wakabayashi	Hiroaki Matsuda	Sotaro Kumazawa	Ken Suito	Hisashi Ichijo
					
	Hisanori Miyajima	Shinya Mizutani	Keitaro Hara		
					

Executive Officers	Hiroya Akatsuka	Yoichiro Yamazaki	Haruhiko Kimata	Hiroshi Kobayashi	Takehiko Oishi
	Shigeru Sawaki	Tomoji Tarutani	Hiromichi Asao	Taeko Kojima	Hiroyuki Taniguchi
	Toru Suzuki	Takashi Kubooka	Hiroyasu Takagi	Naomori Suzuki	Motoki Takahashi

Major Bases (Production, Regional Headquarters, etc.) (As of June 30, 2023)



Europe

22 Toyota Material Handling Europe AB
 President & CEO Ernesto Domínguez
 Mjölby, Sweden
 Business activities: European headquarters for materials handling equipment production and sales
 Establishment: 1946

23 Toyota Material Handling Manufacturing Sweden AB
 Managing Director Kristian Björkman
 Mjölby, Sweden
 Business activities: Production of materials handling equipment
 Establishment: 1946

24 Toyota Material Handling Manufacturing Italy S.p.A.
 Managing Director Fabio Giuliani
 Bologna, Italy
 Business activities: Production of materials handling equipment
 Establishment: 1942

25 Toyota Material Handling Manufacturing France SAS
 Managing Director Philippe Mahé
 Ancenis, France
 Business activities: Production of materials handling equipment
 Establishment: 1995

26 Vanderlande Industries Holding B.V.
 President & CEO Remo Brunswiler
 Veghel, The Netherlands
 Business activities: Provision of logistics solutions
 Establishment: 1949

27 TD Deutsche Klimakompressor GmbH
 President Yoichi Terao
 Bernsdorf, Germany
 Business activities: Production of compressors
 Establishment: 1998

28 Uster Technologies AG
 CEO Davide Maccabruni
 Uster, Switzerland
 Business activities: Production, sales and after-sales services of quality measurement instruments for fiber, yarn and fabric
 Establishment: 1875

29 viastore intralogistics holding GmbH
 CEO Philipp Hahn-Woernle
 Stuttgart, Germany
 Business activities: Integration of logistics systems
 Establishment: 1889

Japan

1 Kariya Plant
 Kariya-shi, Aichi
 Main products: Textile machinery, compressors
 Start of operations: 1927

2 Obu Plant
 Obu-shi, Aichi
 Main products: Compressor parts
 Start of operations: 1944

3 Kyowa Plant
 Obu-shi, Aichi
 Main products: Automotive press dies, production facilities, on-board batteries
 Start of operations: 1953

4 Nagakusa Plant
 Obu-shi, Aichi
 Main products: Vehicles
 Start of operations: 1967

5 Takahama Plant
 Takahama-shi, Aichi
 Main products: Materials handling equipment, materials handling systems
 Start of operations: 1970

6 Hekinan Plant
 Hekinan-shi, Aichi
 Main products: Engines for automobiles and for use in industrial fields, turbochargers
 Start of operations: 1982

7 Higashichita Plant
 Handa-shi, Aichi
 Main products: Foundry parts, diesel engines
 Start of operations: 2000

8 Higashiura Plant
 Higashiura-cho, Chita-gun, Aichi
 Main products: Compressor parts
 Start of operations: 2002

9 Anjo Plant
 Anjo-shi, Aichi
 Main products: Electronic equipment, products for fuel cell vehicles
 Start of operations: 2007

10 Ishihama Plant
 Higashiura-cho, Chita-gun, Aichi
 Main products: On-board batteries
 Start of operations: 2022

11 Aichi Corporation
 President Toshiya Yamagishi
 Ageo-shi, Saitama
 Business activities: Production, sales and after-sales services of aerial work platforms
 Establishment: 1962

The Americas

12 Toyota Material Handling North America, Inc.
 President & CEO Brett Wood
 Columbus, Indiana, U.S.A.
 Business activities: U.S. headquarters for materials handling equipment production and sales
 Establishment: 2010

15 Toyota Advanced Logistics North America, Inc.
 President & CEO Hitoshi Matsuoka
 Indianapolis, Indiana, U.S.A.
 Business activities: U.S. headquarters for logistics solutions
 Establishment: 2017

13 Toyota Material Handling, Inc.
 President & CEO Bill Finerty
 Columbus, Indiana, U.S.A.
 Business activities: Production and sales of materials handling equipment
 Establishment: 2020

16 Bastian Solutions, LLC
 President & CEO Aaron Jones
 Indianapolis, Indiana, U.S.A.
 Business activities: Integration of logistic systems
 Establishment: 1952

14 The Raymond Corporation
 President & CEO Mike Field
 Greene, New York, U.S.A.
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 1922

19 TD Automotive Compressor Georgia, LLC
 President Haruyuki Ito
 Pendergrass, Georgia, U.S.A.
 Business activities: Production of compressors
 Establishment: 2004

17 Toyota Industries Commercial Finance, Inc.
 President & CEO Mark Taggart
 Dallas, Texas, U.S.A.
 Business activities: Sales financing for materials handling equipment
 Establishment: 2014

20 Toyota Industries Compressor Parts America, Co.
 President Haruyuki Ito
 Pendergrass, Georgia, U.S.A.
 Business activities: Production of compressor parts and electronics products
 Establishment: 2012

36 Tailift Material Handling Taiwan Co., Ltd.
 President Amy Lin
 Taichung, Taiwan
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2014

37 Global Power Co. Ltd. (Tailift)
 President Amy Lin
 Qingdao, Shandong, China
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2000

18 Michigan Automotive Compressor, Inc.
 President Hisashi Kusaba
 Parma, Michigan, U.S.A.
 Business activities: Production of compressors
 Establishment: 1989

21 Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda
 President Hiroshi Kuriyama
 São Paulo, Brazil
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2004

Asia

30 Toyota Industries Engine India Private Limited
 Managing Director Yasuo Shiino
 Bengaluru, India
 Business activities: Production of diesel engines
 Establishment: 2015

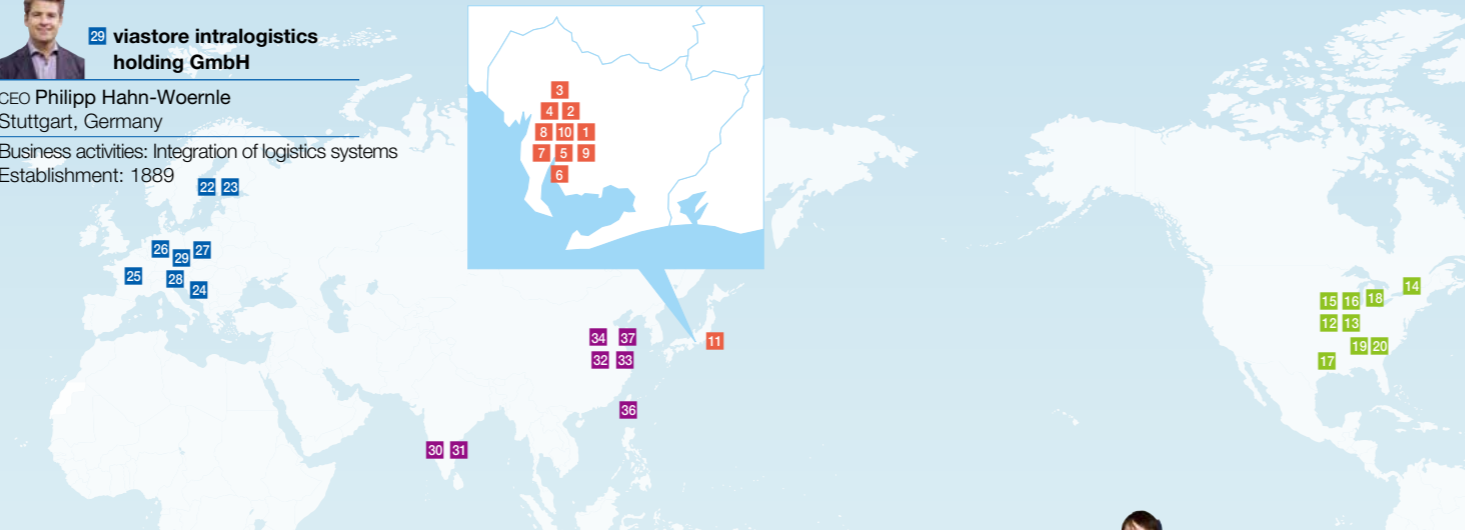
32 Toyota Industry (Kunshan) Co., Ltd.
 President Akihiro Oiwa
 Kunshan, Jiangsu, China
 Business activities: Production of materials handling equipment and automotive parts, etc.
 Establishment: 1994

34 Yantai Shougang TD Automotive Compressor Co., Ltd.
 President Yasushi Watanabe
 Yantai, Shandong, China
 Business activities: Production of compressors
 Establishment: 2012

31 Kirloskar Toyota Textile Machinery Pvt. Ltd.
 Managing Director Hisahiro Koketsu
 Bengaluru, India
 Business activities: Production, sales and after-sales services of textile machinery
 Establishment: 1995

33 TD Automotive Compressor Kunshan Co., Ltd.
 President Akira Fujii
 Kunshan, Jiangsu, China
 Business activities: Production of compressors
 Establishment: 2005

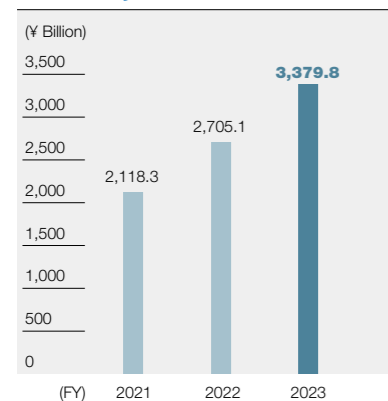
35 P.T. TD Automotive Compressor Indonesia
 President Satoshi Kasuya
 Bekasi, Indonesia
 Business activities: Production of compressors
 Establishment: 2011



Consolidated Financial and Non-Financial Highlights (FY2023)

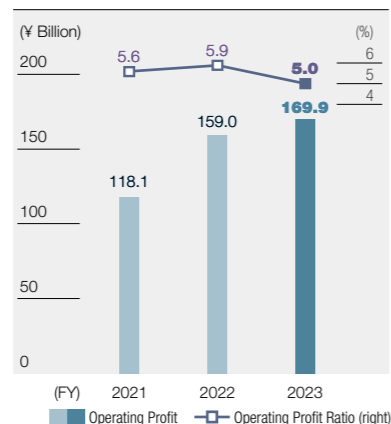
Net Sales

¥**3,379.8** billion



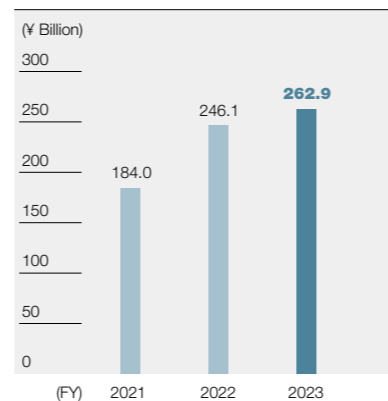
Operating Profit/Operating Profit Ratio

¥**169.9** billion / **5.0**%



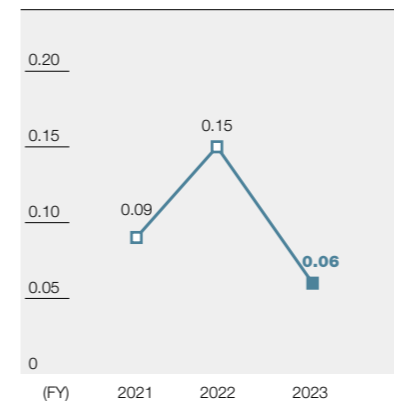
Profit before Income Taxes

¥**262.9** billion



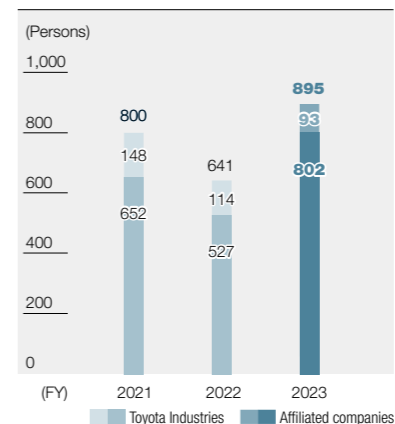
Frequency Rate of Lost Workday Injuries (Non-Consolidated)

0.06



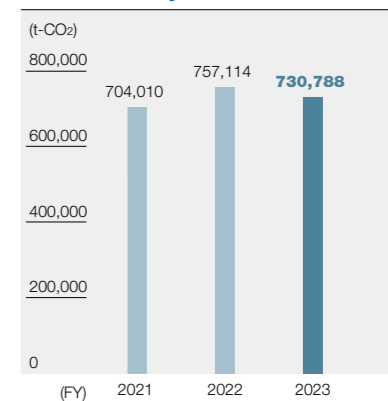
Participants of Subcontracting Law-Related Seminars

895 persons



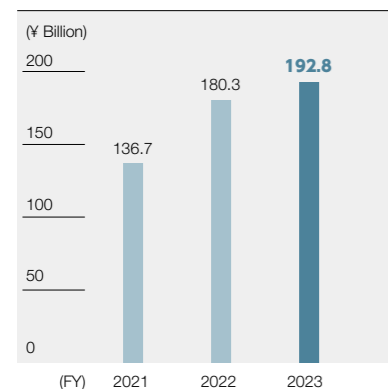
CO2 Emissions (Consolidated)

730,788 t-CO2



Profit

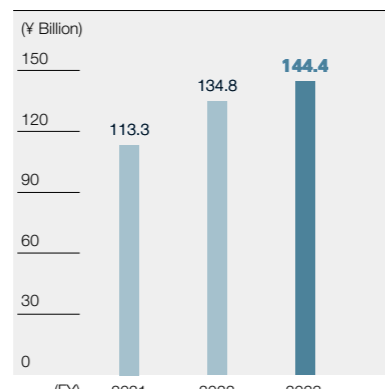
¥**192.8** billion



Note: The figures for profit attributable to owners of the parent are presented.

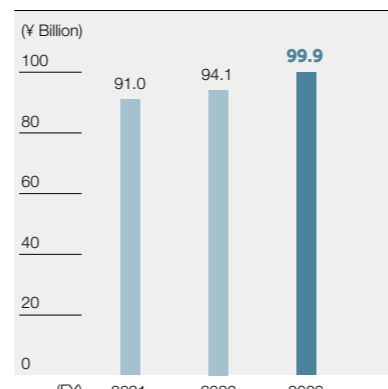
Investments in Tangible Assets

¥**144.4** billion



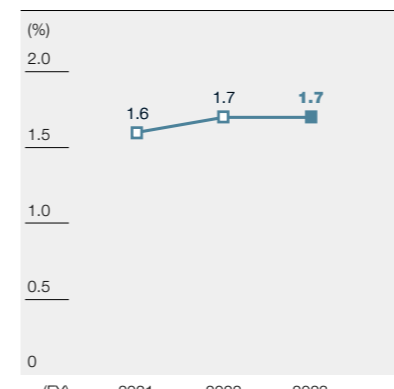
Depreciation

¥**99.9** billion



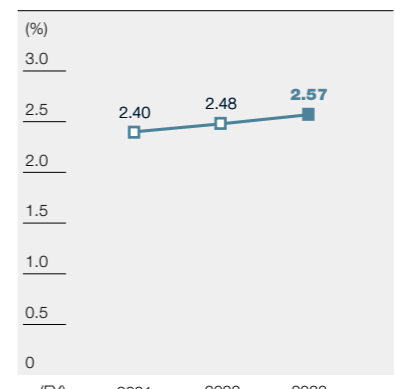
Ratio of Female Employees in Managerial Positions (Non-Consolidated)

1.7 %



Ratio of Associates with Disabilities (Non-Consolidated)

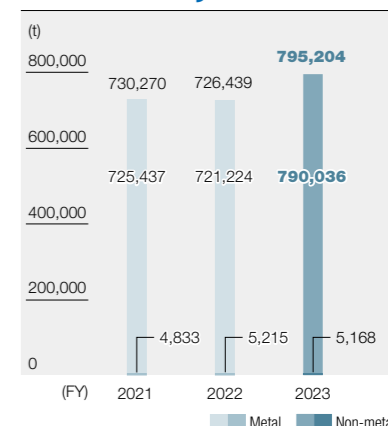
2.57 %



Note: As of June 1 of each fiscal year

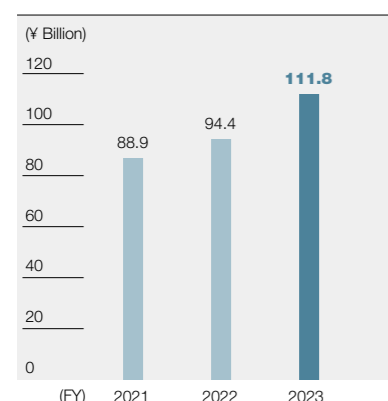
Resource Input Volume (Consolidated)

795,204 t



Research and Development Expenses

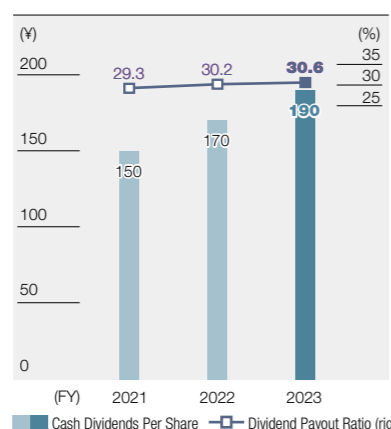
¥**111.8** billion



Note: As of June 1 of each fiscal year

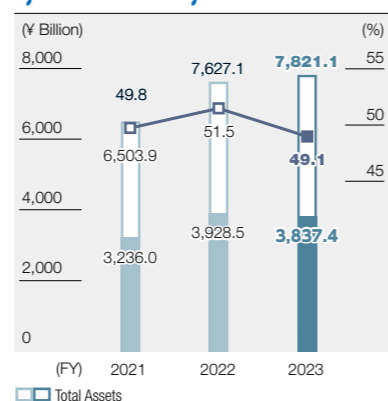
Cash Dividends Per Share/Dividend Payout Ratio

¥**190** / **30.6**%



Total Assets/Share of Equity Attributable to Owners of the Parent/Ratio of Share of Equity Attributable to Owners of the Parent

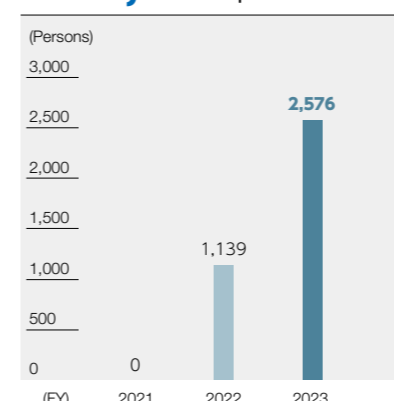
¥**7,821.1** billion / ¥**3,837.4** billion / **49.1**%



Legend: Total Assets (Bar), Share of Equity Attributable to Owners of the Parent (Bar), Ratio of Share of Equity Attributable to Owners of the Parent (Line)

Participants of Age-Based Health Education (Non-Consolidated)

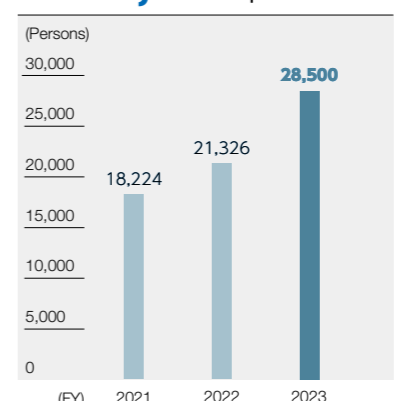
2,576 persons



Note: Temporarily suspended from March 2020 to June 2021 for preventing the spread of COVID-19

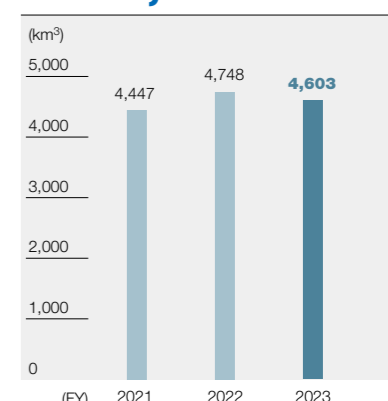
Number of Participants of Social Contribution Activities (Consolidated)

28,500 persons

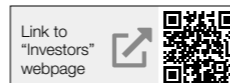


Water Consumption (Consolidated)

4,603 km³



Consolidated Eleven-Year Summary



Toyota Industries Corporation
Years ended March 31

Millions of yen

	International Financial Reporting		Standards (IFRS)					Generally Accepted Accounting Principles in Japan (JGAAP)			
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
For the Year											
Net sales	3,379,891	2,705,183	2,118,302	2,171,355	2,214,946	2,003,973	1,675,148	2,243,220	2,166,661	2,007,856	1,615,244
Operating profit	169,904	159,066	118,159	128,233	134,684	147,445	127,345	134,712	117,574	107,691	77,098
Profit before income taxes*1	262,967	246,123	184,011	196,288	202,225	209,827	181,986	185,398	170,827	138,133	86,836
Profit*2	192,861	180,306	136,700	145,881	152,748	168,180	131,398	183,036	115,263	91,705	53,119
Investments in tangible assets*3	144,403	134,867	113,361	106,058	113,748	115,458	77,393	75,438	126,395	109,479	89,459
Depreciation*3	99,901	94,190	91,097	90,488	85,639	77,738	73,253	77,366	70,782	64,153	57,954
Research and development expenses	111,877	94,484	88,900	90,560	88,807	77,647	69,524	65,440	47,785	46,326	39,057
Per share of common stock (yen):											
Earnings per share*2, *4											
Basic	621.17	580.73	440.28	469.85	491.97	541.67	420.78	582.58	367.06	292.76	170.36
Diluted	—	—	—	—	—	—	—	582.57	366.99	292.57	170.35
Share of equity attributable to owners of the parent	12,359.66	12,653.04	10,422.64	7,854.87	7,986.59	8,223.82	7,125.37	6,481.97	7,500.16	5,640.08	4,719.66
Cash dividends per share	190.00	170.00	150.00	160.00	155.00	150.00	125.00	120.00	110.00	85.00	55.00
At year-end											
Total assets	7,821,185	7,627,120	6,503,986	5,279,653	5,261,174	5,258,500	4,558,212	4,199,196	4,650,896	3,799,010	3,243,779
Share of equity attributable to owners of the parent	3,837,416	3,928,513	3,236,038	2,438,807	2,479,718	2,553,391	2,240,293	2,113,948	2,425,929	1,829,326	1,524,933
Capital stock	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	310,479	310,479	310,481	310,483	310,485	310,487	310,489	314,226	314,155	313,730	312,207
Cash flows											
Net cash provided by operating activities	194,964	321,085	382,386	313,199	270,306	268,567	239,094	240,169	182,191	155,059	151,299
Net cash used in investing activities	(427,642)	(229,805)	(404,164)	(182,598)	(395,000)	(340,324)	(86,925)	(531,561)	(160,769)	(118,483)	(274,210)
Net cash provided by (used in) financing activities	183,690	(92,114)	(105,477)	(7,094)	40,467	153,303	789	130,923	(8,918)	6,183	7,050
Cash and cash equivalents at end of year	202,731	247,085	238,248	358,144	239,140	323,830	243,685	92,399	248,706	226,406	179,359
Indices											
Operating profit ratio (%)	5.0	5.9	5.6	5.9	6.1	7.4	7.6	6.0	5.4	5.4	4.8
EBITDA (millions of yen)*5	435,417	390,525	326,851	336,415	323,998	313,055	276,193	369,857	248,854	216,175	155,234
Return on equity (ROE) (%)*6	5.0	5.0	4.8	5.9	6.1	7.0	6.1	8.3	5.6	5.7	4.1
Return on assets (ROA) (%)*7	2.5	2.6	2.3	2.8	2.9	3.4	3.0	4.1	2.7	2.6	1.8
D/E ratio (%)*8	44.3	35.4	41.6	54.9	52.3	45.7	43.6	43.7	32.0	39.9	45.4
Ratio of share of equity attributable to owners of the parent*9	49.1	51.5	49.8	46.2	47.1	48.6	49.1	48.5	50.7	46.6	45.4
Number of employees (persons)	74,887	71,784	66,947	66,478	64,641	61,152	52,623	51,458	52,523	49,333	47,412

*1: The figures prior to fiscal 2017 are ordinary income under JGAAP.

*2: Profit attributable to owners of the parent

*3: Investments in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.

*4: Earnings per share is computed on the average number of shares for each year.

*5: Profit before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization (including assets other than property, plant and equipment)

*6: Profit attributable to owners of the parent / Average share of equity attributable to owners of the parent at the beginning and the end of the fiscal year

*7: Profit attributable to owners of the parent / Average total assets at the beginning and the end of the fiscal year

*8: Interest-bearing debt / (Share of equity attributable to owners of the parent - Subscription rights to shares)

*9: (Share of equity attributable to owners of the parent - Subscription rights to shares) / Total assets

Notes: 1. Toyota Industries has adopted IFRS beginning from the end of fiscal 2017.

2. Operating profit in fiscal 2018 includes a one-time effect of ¥14.3 billion arising from changes in retirement benefit plans.

Consolidated Statement of Financial Position

	Millions of yen	
	FY2022	FY2023
Assets		
Current assets		
Cash and cash equivalents	247,085	202,731
Time deposits with deposit terms of over three months	328,674	420,173
Trade receivables and other receivables	1,121,491	1,398,757
Other financial assets	12,672	5,399
Inventories	433,961	524,385
Income tax receivables	28,906	26,262
Other current assets	83,034	99,313
Total current assets	2,255,827	2,677,024
Non-current assets		
Property, plant and equipment	1,134,074	1,237,540
Goodwill and intangible assets	395,882	468,368
Trade receivables and other receivables	2,334	1,459
Investments accounted for by the equity method	21,337	23,987
Other financial assets	3,734,978	3,338,505
Net defined benefit assets	37,408	27,887
Deferred tax assets	39,908	37,992
Other non-current assets	5,368	8,421
Total non-current assets	5,371,292	5,144,161
Total assets	7,627,120	7,821,185
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	745,553	807,474
Corporate bonds and loans	468,504	519,749
Other financial liabilities	82,909	83,749
Accrued income taxes	27,281	29,696
Provisions	15,415	41,827
Other current liabilities	33,058	34,615
Total current liabilities	1,372,721	1,517,112
Non-current liabilities		
Corporate bonds and loans	922,011	1,179,390
Other financial liabilities	95,237	104,404
Net defined benefit liabilities	91,677	81,422
Provisions	11,809	11,025
Deferred tax liabilities	1,078,641	952,960
Other non-current liabilities	33,054	39,467
Total non-current liabilities	2,232,430	2,368,671
Total liabilities	3,605,152	3,885,784
Equity		
Share of equity attributable to owners of the parent		
Capital stock	80,462	80,462
Capital surplus	102,388	101,245
Retained earnings	1,514,657	1,652,648
Treasury stock	(59,339)	(59,345)
Other components of shareholders' equity	2,290,343	2,062,404
Total share of equity attributable to owners of the parent	3,928,513	3,837,416
Non-controlling interests	93,454	97,985
Total equity	4,021,967	3,935,401
Total liabilities and equity	7,627,120	7,821,185

Consolidated Statement of Profit or Loss

	Millions of yen	
	FY2022	FY2023
Net sales	2,705,183	3,379,891
Cost of sales	(2,097,501)	(2,623,707)
Gross profit	607,682	756,183
Selling, general and administrative expenses	(455,165)	(576,761)
Other income	20,942	28,230
Other expenses	(14,391)	(37,748)
Operating profit	159,066	169,904
Financial income	89,941	103,728
Financial expenses	(7,282)	(13,976)
Share of profit (loss) of investments accounted for by the equity method	4,397	3,311
Profit before income taxes	246,123	262,967
Income taxes	(60,773)	(64,250)
Profit	185,350	198,716
Profit attributable to:		
Owners of the parent	180,306	192,861
Non-controlling interest	5,043	5,855
Earnings per share		
Earnings per share—basic (yen)	580.73	621.17
Earnings per share—diluted (yen)	580.73	621.17

Consolidated Statement of Comprehensive Income

	Millions of yen	
	FY2022	FY2023
Profit	185,350	198,716
Other comprehensive income:		
Items not to be reclassified into profit or loss		
Net changes in revaluation of FVTOCI financial assets	465,900	(284,805)
Remeasurements of defined benefit plans	13,943	576
Other comprehensive income of affiliates accounted for by the equity method	19	1
Total items not to be reclassified into profit or loss	479,863	(284,227)
Items that can be reclassified into profit or loss		
Translation adjustments of foreign operations	84,380	56,074
Cash flow hedges	1,126	2,931
Other comprehensive income of affiliates accounted for by the equity method	1,102	156
Total items that can be reclassified into profit or loss	86,610	59,162
Total other comprehensive income	566,473	(225,065)
Comprehensive income	751,823	(26,348)
Total comprehensive income attributable to:		
Owners of the parent	742,088	(34,061)
Non-controlling interests	9,735	7,713

Consolidated Statement of Changes in Equity

Millions of yen

	Share of equity attributable to owners of the parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Net changes in revaluation of FVTOCI financial assets	Remeasurements of defined benefit plans
Balance as of April 1, 2021	80,462	102,307	1,369,775	(59,321)	1,779,685	—
Profit	—	—	180,306	—	—	—
Other comprehensive income	—	—	—	—	466,017	13,896
Total comprehensive income	—	—	180,306	—	466,017	13,896
Repurchase of treasury stock	—	—	—	(18)	—	—
Disposal of treasury stock	—	0	—	0	—	—
Dividends	—	—	(49,676)	—	—	—
Changes in ownership interest of subsidiaries	—	81	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	14,252	—	(355)	(13,896)
Other increases (decreases)	—	—	—	—	—	—
Total transactions with owners	—	81	(35,424)	(18)	(355)	(13,896)
Balance as of March 31, 2022	80,462	102,388	1,514,657	(59,339)	2,245,347	—
Profit	—	—	192,861	—	—	—
Other comprehensive income	—	—	—	—	(284,915)	685
Total comprehensive income	—	—	192,861	—	(284,915)	685
Repurchase of treasury stock	—	—	—	(5)	—	—
Disposal of treasury stock	—	0	—	0	—	—
Dividends	—	—	(55,886)	—	—	—
Changes in ownership interest of subsidiaries	—	58	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	1,015	—	(330)	(685)
Other increases (decreases)	—	(1,201)	—	—	—	—
Total transactions with owners	—	(1,143)	(54,870)	(5)	(330)	(685)
Balance as of March 31, 2023	80,462	101,245	1,652,648	(59,345)	1,960,101	—

	Share of equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Total	Total		
	Translation adjustments of foreign operations	Cash flow hedges	Total				
Balance as of April 1, 2021	(39,082)	2,211	1,742,814	3,236,038	86,511	3,322,550	
Profit	—	—	—	180,306	5,043	185,350	
Other comprehensive income	80,740	1,126	561,781	561,781	4,692	566,473	
Total comprehensive income	80,740	1,126	561,781	742,088	9,735	751,823	
Repurchase of treasury stock	—	—	—	(18)	—	(18)	
Disposal of treasury stock	—	—	—	0	—	0	
Dividends	—	—	—	(49,676)	(2,260)	(51,937)	
Changes in ownership interest of subsidiaries	—	—	—	81	(1,066)	(984)	
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	534	534	
Reclassified into retained earnings	—	—	(14,252)	—	—	—	
Other increases (decreases)	—	—	—	—	—	—	
Total transactions with owners	—	—	(14,252)	(49,613)	(2,792)	(52,405)	
Balance as of March 31, 2022	41,657	3,338	2,290,343	3,928,513	93,454	4,021,967	
Profit	—	—	—	192,861	5,855	198,716	
Other comprehensive income	54,374	2,931	(226,922)	(226,922)	1,857	(225,065)	
Total comprehensive income	54,374	2,931	(226,922)	(34,061)	7,713	(26,348)	
Repurchase of treasury stock	—	—	—	(5)	—	(5)	
Disposal of treasury stock	—	—	—	0	—	0	
Dividends	—	—	—	(55,886)	(2,674)	(58,560)	
Changes in ownership interest of subsidiaries	—	—	—	58	(508)	(449)	
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—	
Reclassified into retained earnings	—	—	(1,015)	—	—	—	
Other increases (decreases)	—	—	—	(1,201)	—	(1,201)	
Total transactions with owners	—	—	(1,015)	(57,035)	(3,182)	(60,217)	
Balance as of March 31, 2023	96,032	6,269	2,062,404	3,837,416	97,985	3,935,401	

Consolidated Statement of Cash Flows

Millions of yen

	FY2022	FY2023
Cash flows from operating activities:		
Profit before income taxes	246,123	262,967
Depreciation and amortization	223,737	257,762
Impairment losses	2,368	2,634
Interest and dividends income	(84,203)	(95,424)
Interest expenses	4,868	10,111
Share of (profit) loss of investments accounted for by the equity method	(4,397)	(3,311)
(Increase) decrease in inventories	(110,613)	(70,207)
(Increase) decrease in trade receivables and other receivables	(81,246)	(225,489)
Increase (decrease) in trade payables and other payables	93,537	29,619
Others	12,496	7,241
Subtotal	302,671	175,904
Interest and dividends income received	84,921	95,920
Interest expenses paid	(4,999)	(9,919)
Income taxes paid	(61,507)	(66,940)
Net cash provided by operating activities	321,085	194,964
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(237,371)	(289,974)
Proceeds from sales of property, plant and equipment	16,415	19,660
Payments for purchases of investment securities	(1,406)	(1,624)
Proceeds from sales of investment securities	651	541
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(14,905)	(36,486)
Payments into time deposits	(935,461)	(919,474)
Proceeds from withdrawals of time deposits	961,239	831,815
Payments for transfer of businesses	(529)	(2,104)
Others	(18,438)	(29,995)
Net cash used in investing activities	(229,805)	(427,642)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable (within three months)	26,622	59,426
Proceeds from short-term loans payable (over three months)	136,079	82,054
Repayments of short-term loans payable (over three months)	(112,363)	(158,332)
Net increase (decrease) in commercial paper	40,590	112,121
Proceeds from long-term loans payable	233,551	354,876
Repayments of long-term loans payable	(180,482)	(130,782)
Proceeds from issuance of corporate bonds	13,205	103,314
Repayments of corporate bonds	(184,066)	(165,036)
Repayments of lease obligations	(16,453)	(40,910)
Payments for repurchase of treasury stock	(18)	(5)
Cash dividends paid	(49,676)	(55,886)
Cash dividends paid to non-controlling interests	(2,260)	(2,674)
Others	3,156	25,524
Net cash provided by (used in) financing activities	(92,114)	183,690
Translation adjustments of cash and cash equivalents	9,671	4,632
Net increase (decrease) in cash and cash equivalents	8,837	(44,353)
Cash and cash equivalents at beginning of period	238,248	247,085
Cash and cash equivalents at end of period	247,085	202,731

Company and Investor Information (As of March 31, 2023)

Company Overview

Corporate Head Office

TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi, 448-8671, Japan
Telephone: +81-(0)566-22-2511
Facsimile: +81-(0)566-27-5650

Stock Exchange Listings

Tokyo and Nagoya (Ticker Code: 6201)

Number of Shareholders

18,934

Date of Establishment

November 18, 1926

Independent Accountant

PricewaterhouseCoopers Aarata LLC
Otemachi Park Building 1-1-1 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan

Common Stock

No par value
Authorized: 1,100,000,000 shares
Issued: 325,840,640 shares (including treasury stock)
Share unit: 100 shares

Transfer Agent

Special Account Management Institution
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan

Capital Stock

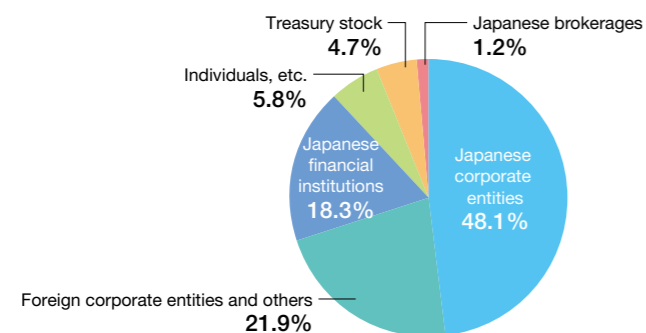
80,462 million yen

Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (Except for Treasury Stock) (%)
Toyota Motor Corporation	76,600	24.67
DENSO Corporation	29,647	9.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,706	7.96
TOYOTA FUDOSAN CO., LTD.	16,291	5.25
Toyota Tsusho Corporation	15,294	4.93
Custody Bank of Japan, Ltd. (Trust Account)	10,178	3.28
Nippon Life Insurance Company	6,580	2.12
AISIN Corporation	6,578	2.12
Aioi Nissay Dowa Insurance Co., Ltd.	4,903	1.58
State Street Bank and Trust Company 505001	3,944	1.27

Note: Toyota Industries Corporation also holds 15,360 thousand shares of treasury stock but is excluded from the above list.

Distribution of Shares



Major Evaluations by Third Parties



In December 2022, we were selected for the A List, the highest rating, in surveys conducted by CDP*1 on climate change.
*1: An international NGO running a project that requests companies to disclose their strategies against climate change and greenhouse gas emissions data



In February 2023, we received a Silver Medal from EcoVadis*2 in its corporate sustainability survey. (Seven consecutive years since fiscal 2017)
*2: An international organization that evaluates the sustainability of companies



In November 2022, we were certified under the Aichi Biodiversity Company Certification Program established by the Aichi prefectural government in 2022 for our efforts to conserve biodiversity in a regional and sustainable manner.



In August 2019, we received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare in recognition of our excellent efforts concerning work-life balance



In February 2020, we received a "Family-Friendly Company" award from the Aichi prefectural government as an exemplary company providing excellent initiatives to support work-life balance.



In November 2019, we received an "Excellent Company" award from the Aichi prefectural government under its "Female-Friendly Company" certification program as an exemplary company proactively promoting the empowerment of women.

Common Stock Price and Trading Volume

