



Toyota Industries Report

2024

Toyota Industries Report

Year ended March 31, 2024

TOYOTA INDUSTRIES CORPORATION

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.



Type G automatic loom

Message from the 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.

Regarding the legal violations in engine certification in Japan that we announced in March 2023, we received a corrective order from the Ministry of Land, Infrastructure, Transport and Tourism on February 22, 2024. Subsequently, on March 22, 2024, we announced the fundamental measures to prevent recurrence based on the recommendations of the Special Investigation Committee. We would like to take this opportunity to express our deepest and sincerest apologies for causing great inconvenience to our customers, business partners, shareholders and many other stakeholders.

In response to this certification issue, we have formulated recurrence prevention measures that contain the three reforms in terms of “culture,” “mechanism” and “organization/system” to do the right thing in the correct way. All of us at Toyota Industries are committed to making a concerted effort to prevent recurrence, and we humbly ask for your continued support.

Turning to the economic conditions in fiscal 2024 (ended March 31, 2024), although inflation slowed as a result of monetary tightening policies mainly in Europe and the United States, the outlook for the global economy remained uncertain due to recession concerns caused by higher policy interest rates and growing geopolitical risks in each region. Meanwhile, the recovery of the Japanese economy was moderate as a whole. The strong corporate performance benefiting from the weak yen and product price hikes has not translated into extensive wage increases and subsequent robust consumer spending. In this operating environment, the Toyota Industries Group increased both sales and profits compared to the previous fiscal year. We achieved this favorable performance by implementing initiatives to please customers in each market and field based on our commitment to delivering quality products and services to customers and contributing to various industries.

Toyota Industries determined the year-end cash dividend to be ¥140.0, an increase of ¥40.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥240.0, an increase of ¥50.0 over the previous fiscal year. On a related note, Toyota Industries strives to take a flexible approach to shareholder returns, including purchasing treasury stock, while taking into consideration trends in share prices and the capital structure. We have decided to buy back treasury stock over the period of one year, starting from May 13, 2024, for a maximum of 10 million shares at a maximum total amount of ¥180 billion.

Looking at the surrounding business environment, the demands to realize a sustainable society have progressively diversified, and there have been ongoing innovations in digitalization and networking technologies. Amid this environment, competition has become increasingly fierce due mainly to technological advancements in electrification, autonomous driving and other domains relating to our products, new entrants from different industries utilizing IT technologies and changes in industry structure encompassing our customers. Toyota Industries is committed to rebuilding a stronger management platform, including thorough compliance and safety. While doing so, we will work to further reinforce the Logistics Solutions Business by leveraging our comprehensive strengths that take advantage of our manufacturing capabilities in the mobility-related field and by developing next-generation products. Through these efforts, we aim to achieve sustainable growth and increase corporate value.

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



Shigeki Terashi
Shigeki Terashi
Chairman



Koichi Ito
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.

Since our founding in 1926, we have diversified our businesses through various challenges, with the Textile Machinery Business as our origin.

Business domain and scale expansion 1953–

- 1953 Production of **Type S engines** launched; **assembly of automobiles** launched.
- 1954 Toyoda de Mexico established (withdrew from the country in 1961 due to changes in the surrounding environment).
- 1956 Production of **lift trucks** launched (started as part of new businesses).
- 1958 Agricultural machinery business launched (withdrew from the business in 1966 due to performance and sales issues).
- 1960 Production of **car air-conditioning compressors** launched.
- 1967 The Nagakusa Plant commences production of **small passenger cars**.



Production of Type S engines started



Production of lift trucks started



Production of car air-conditioning compressors started

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.



Production of Type G automatic looms

(FY) 1927 1931 1951 1956 1961 1966 1971 1976 1981 1986

1926–

[Founding period]

1953–

[Business domain and scale expansion]

■ Mid- to long-term targets

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.
- 2011 Accelerates the establishment of plants in **emerging countries** (Indonesia, Brazil, etc.).
- 2017 Augments the Logistics Solutions Business by welcoming **Vanderlande** and **Bastian** as subsidiaries.
- 2021 Production of **bipolar nickel-metal hydride batteries** for HEVs launched.



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



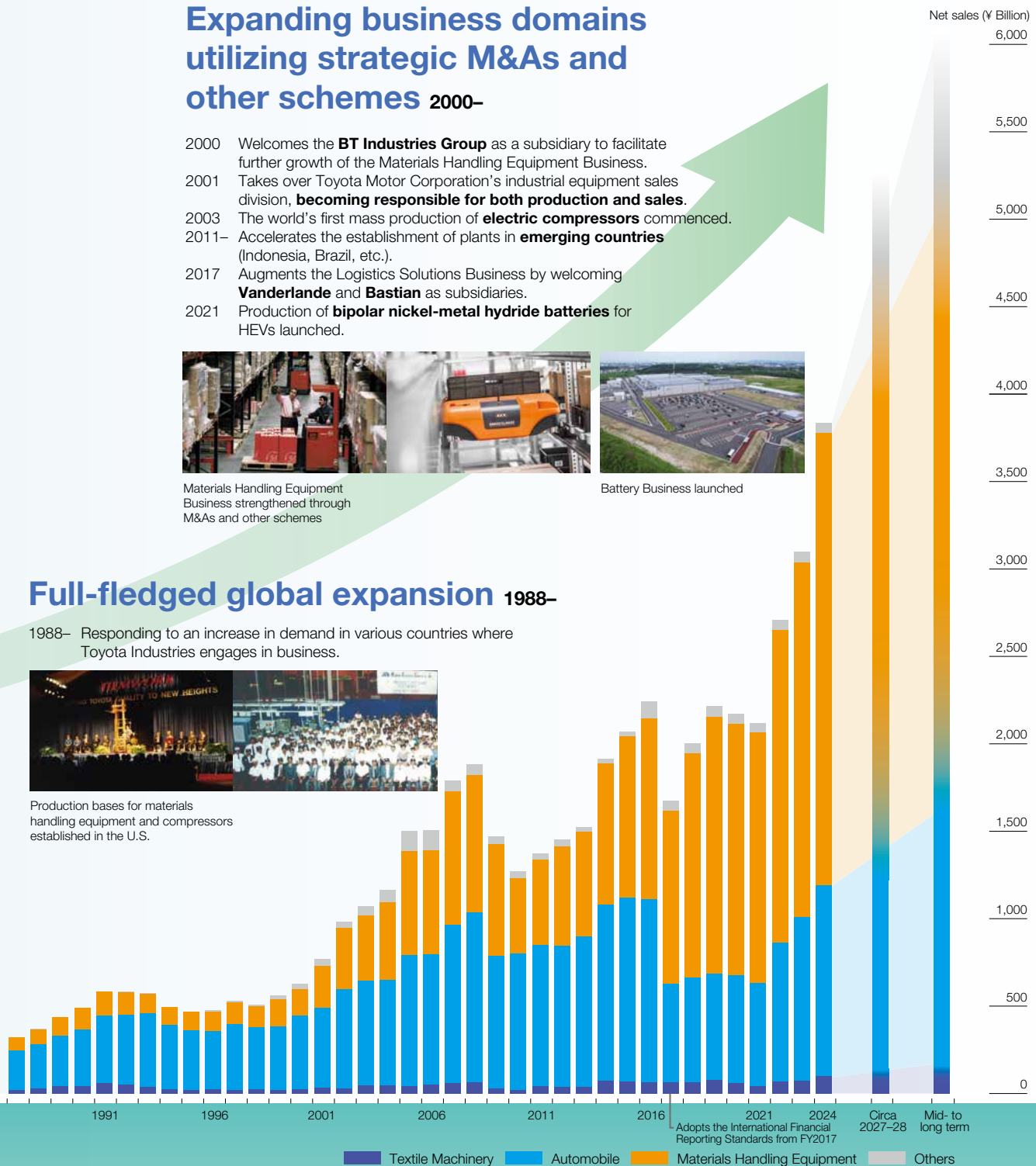
Battery Business launched

Full-fledged global expansion 1988–

- 1988– Responding to an increase in demand in various countries where Toyota Industries engages in business.



Production bases for materials handling equipment and compressors established in the U.S.



1988–

[Full-fledged global expansion]

2000–

[Strengthening businesses utilizing strategic M&As and other schemes]

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.

Link to
product
details



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

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.



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.



Integrated on-board charger and
AC inverter unit



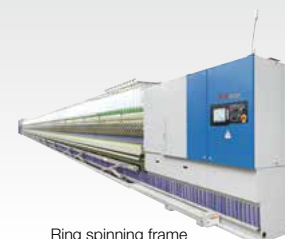
Bipolar nickel-metal hydride battery

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 2024 (April 1, 2023 to March 31, 2024), but also includes some information outside this period.
Organizations covered in the report	Toyota Industries Corporation and its consolidated subsidiaries
Reference guidelines	• Global Reporting Initiative (GRI) Standard • ISO 26000 • Environmental Accounting Guidelines 2005 by Japan's Ministry of the Environment • Environmental Reporting Guidelines 2018 by Japan's Ministry of the Environment • International Integrated Reporting Framework by IFRS Foundation

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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, 2024 is referred to as fiscal 2024 and other fiscal years are referred to in a corresponding manner.

To contribute to solving issues in various industries and stay relevant in society, Toyota Industries aims to increase its corporate value further by performing our duties with integrity.

Koichi Ito
President



Implementing Three Reforms across the Entire Toyota Industries Group— Engine Certification Issue in Japan

Regarding the engine certification issue in Japan, I would like to express my deepest and sincerest apologies for causing great inconvenience to our customers, business partners, shareholders and many other stakeholders.

As detailed in Domestic Engine Certification Issue and Initiatives to Prevent Recurrence (see pages 12–15), we confirmed in March 2023 that there was a problem with our engine certification in Japan regarding emissions performance. We subsequently suspended shipments of applicable engines and lift trucks equipped with these engines. In response, we established a Special Investigation Committee consisting of independent third parties to uncover the root cause of the incident. On January 29, 2024, we announced the findings of this investigation and suspended shipments of additional engine models that were found to be problematic. We then reported our recurrence prevention measures to Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on March 22.

Throughout these issues, what we regret the most is that as Toyota Industries' operations and corporate scale continued to expand, we failed to identify various deficiencies, such as failing to grasp changes in the environment; thinking through what we should do in step with the latest trends in laws, regulations and markets; and fostering the mindset and commitment to take relevant initiatives and make appropriate responses. We also failed to properly allocate the necessary personnel, tools and funds because we did not accurately and sensitively recognize the changes in the tightening of exhaust gas regulations for industrial vehicle engines. We failed as an organization to attend to small-scale businesses and functions with less authority and understand the concerns and hardships of the factory floor and workplace. Lastly, we have failed to recognize the problem, speak up and quickly address it.

In working to prevent a recurrence, we will go back to the basics, which are to contribute to society through superior technologies and products to solve issues and concerns that various industries face and make a concerted commitment to three reforms in terms of “culture,” “mechanism” and “organization/system” to do the right thing in the correct way. I would like to ask all stakeholders for their continued support.

Review of Fiscal 2024—Recognizing Changes in the Environment and Responding to Customer Needs

Looking back on fiscal 2024, business sentiment was favorable, particularly in developed countries, even amid an uncertain economic and geopolitical outlook. Toyota Industries maintained strong production and sales in both the Automobile Segment and the Materials Handling Equipment Segment, posting record-high consolidated net sales and operating profit.

In the Automobile Segment, production of the RAV4 remained at a high level, while production mainly of gasoline engines continued to be strong despite a decrease in diesel engine production due to the impact of the domestic engine certification issue. Unit sales of electric car air-conditioning compressors and bipolar nickel-metal hydride batteries for hybrid electric vehicles (HEVs) trended upward as the electrification of cars continued to accelerate. In the Materials Handling Equipment Segment, sales of lift trucks decreased due to the impact of the domestic engine certification issue, but after-sales services and sales of parts were favorable. In the Logistics Solutions Business, with increased orders driven by a recovery in investments in warehouse logistics and solid airport-related investment, we further strengthened our business by facilitating collaboration with our U.S. and

European subsidiaries engaging in logistics solutions operations.

We were able to achieve solid results because our customers in various countries and businesses have selected the Toyota Industries Group's products and services. Going forward, we will remain highly perceptive of the many changes in the environment and promote our business operations through careful and quick measures so that we can continue to be of service to our customers.

Efforts to Date to Increase Corporate Value

Toyota Industries was established in 1926 to manufacture and sell the Type G automatic loom invented by our founder, Sakichi Toyoda. Two years away in 2026, we will celebrate our centennial. Since our founding, we have diversified our business domains by commencing the manufacture of lift trucks and car air-conditioning compressors and undertaking vehicle assembly. Since 2000, our Materials Handling Equipment Business has been expanding business through various means, including strategic M&As. This expansion began with our efforts to strengthen the lift truck business by welcoming BT Industries as a subsidiary and taking over Toyota Motor Corporation's industrial equipment sales division, becoming responsible for both production and sales. Subsequently, Netherlands-based Vanderlande Industries Holding B.V. and U.S.-based Bastian Solutions LLC joined the Toyota Industries Group as subsidiaries, strengthening our overall logistics solutions capabilities. During this time, we have been continuously expanding our business domains with the warm support of numerous stakeholders, including customers, business partners and shareholders.

We will harness our strengths built up through these measures to make meaningful contributions in a society where styles and values continuously evolve.

The first field of our strengths is our contribution to the mobility field, centered on automobiles.

Regarding units and components essential for mobility, such as car air-conditioning compressors and electronic devices, Toyota Industries has won the trust of numerous automakers not just for the superb quality and performance of these products but also for its flexible supply structure and support capabilities. Our pursuit and efforts to improve net working hours in the production process, coupled with environmental efficiency and a strong commitment to cost-conscious manufacturing, are linked closely to our human resources development.

The second is solutions.

Toyota Industries has supported logistics operations of a wide variety of industries in all corners of the world by mainly offering lift trucks but also transportation equipment and storage and retrieval systems. In the field of logistics solutions, we will further strengthen our competitiveness by leveraging our expanding value chain that encompasses sales and services based on our manufacturing capabilities and human resources cultivated in the mobility field and our experiences in pursuing highly reliable mass-produced products.

Direction of Medium-Term Growth—Mobility and Solutions

Toyota Industries has worked to increase value in each business under Vision 2030, which was formulated in 2019. I would like to explain our initiatives that focus on the milestone period from 2026 to 2027.

To achieve sustainable growth, we will first steadily promote efforts to extensively strengthen our compliance system. We will work to reinforce foundations for developing the mechanisms and human resources necessary to ensure the implementation and continuity of these efforts by proactively leveraging IT and digital technologies.

In **mobility-related fields**, our top priority will be to first address the domestic engine certification issue. At the same time, in contributing to the electrification of vehicles, we will secure supply capacity for electric compressors, which are in growing demand, and actively promote R&D in next-generation models to provide attractive products that meet the needs of carmakers around the world. Additionally, we will grow our businesses and enhance profitability by advancing into new fields, including car electronics products and bipolar nickel-metal hydride batteries for HEVs. These batteries utilize our proprietary material and production technologies, which will also be applied to develop materials for hydrogen generation devices.

In **solutions-related fields**, various industries are facing major changes, such as work style reforms, including a serious shortage of truck drivers in Japan, and shifts in the workforce composition. We will accelerate initiatives for resolving such issues. With increasingly diverse and complex needs at various-sized logistics sites in countries and regions around the world, there is heightened importance to building systems that incorporate automation technologies and cutting-edge environmental technologies. Through M&As and other means, Toyota Industries will further enhance the comprehensive strengths of its products, fortify its business capabilities and increase its corporate value.

Possessing both mobility-related business and solutions business serves to mutually enhance the respective strengths. We will work to blend knowledge and experience in automation and software development in each of these business fields, including manufacturing-related human resources, approaches and technologies. By doing so, we seek synergistic effects in electrification, fuel cells and other hydrogen-related areas, as well as digital and AI technologies, to diversify our own domains and grow them into sound businesses. Since our founding as a textile machinery company, we have passed on the aspiration to contribute to solving customers' issues and continue to be needed by society. To maintain such a presence, we will leverage our past relationships with various industries and customers as valuable assets to expand the field of solutions beneficial to customers and society and evolve the functions of our services.

Major Initiatives of FY2020–FY2024

Electrification

Production capacity of 10 million electric compressors
Development and commercialization of on-board batteries
Development of integrated power source units



Fuel cell (FC)

Development of FC air compressors and hydrogen circulation pumps
Development of general-purpose small FC modules
Expanded lineup of FC lift trucks and towing tractors

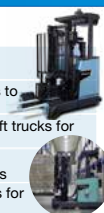


Textile machinery

New JAT910 air-jet looms

Autonomous driving

Feasibility testing of autonomous towing tractors
Test trial of autonomous towing tractors to carry baggage
Development and sale of autonomous lift trucks for truck loading and unloading
Feasibility testing of autonomous lift trucks for use in refrigerated warehouses
Release of logistics automation systems for e-commerce sector



Strengthening business and expanding the value chain

Acquisition of viastore, a logistics systems integrator
Acquisition of Lift-Tek, which manufactures and sells lift truck masts



Further Enhancing Corporate Value

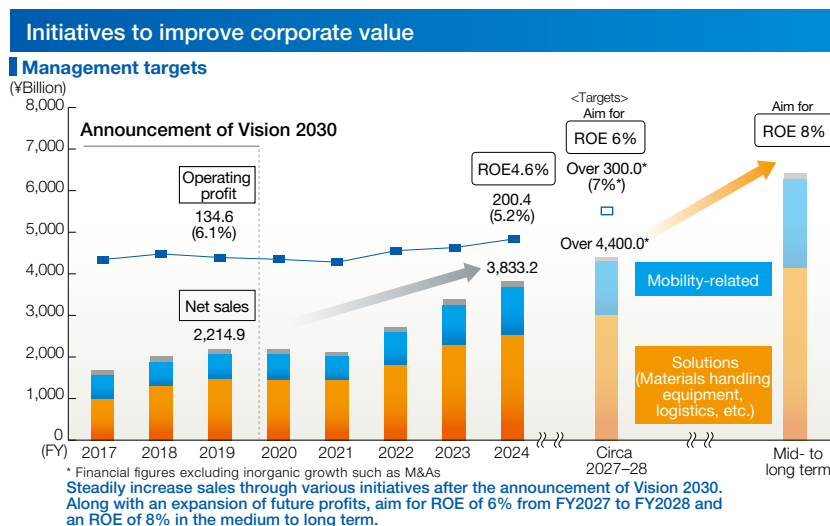
As a target for the next three years, Toyota Industries aims to achieve a return on equity (ROE) of 6% by fiscal 2027 or fiscal 2028 and raise it further over the medium to long term. To attain this vision, first, we will strengthen our earnings power. By achieving growth and improving profitability in our existing businesses, we aim to record operating profits exceeding ¥300 billion in three years and plan to increase inorganic profits in the solutions field and other areas to improve R (return/profit). Meanwhile, we will also reduce our cross-shareholdings and strengthen shareholder returns such as dividends and purchase of treasury stock to reduce E (equity). In this way, we will steadily advance our efforts on both the R and E aspects to achieve our vision.

Additionally, we plan to spend a total of about ¥1.5 trillion over the next three years on investments that will serve as a source for future growth and a stronger foundation. First, we will allocate approximately ¥0.7 trillion for infrastructure investments. These will be directed at achieving sustainable growth, such as building the mechanism for compliance, human resources development and manufacturing, as well as reinforcing production facilities, IT infrastructure, R&D and other capabilities. Other targets of investments are in the areas of strengthening manufacturing in the mobility field and Textile Machinery Business that we have nurtured to date, solidifying on-site capabilities to maintain a customer perspective and adhere to the principle of *genchi genbutsu* (go and see for yourself) and steadily strengthening product development. Besides these, we will make growth investments of about ¥0.8 trillion. These will be spent on accelerating growth, mainly in the Logistics Solutions Business, such as making internal investments, developing the value chain and utilizing proactive M&As to realize the next generation of growth.

We will also focus on the generation of funds. Besides annual operating cash flows generated by each business, we will consider securing large amounts of funds through the effective use of assets, such as by significantly reducing cross-shareholdings. In principle, we will not own cross-shareholdings unless there is a rational reason to do so. For other shares not deemed to be cross-shareholdings, we will carefully examine them in the context of rationality and advantages from a management perspective.

For shareholder returns, we expect to return approximately ¥0.7 trillion over the next three years with heightened awareness of shareholder expectations. To the present, we have paid a continuous and stable dividend with a consolidated dividend payout ratio of approximately 30%. Along with these stable dividends, we intend to actively buy back treasury stock.

By implementing these initiatives, we aim to execute management with an even greater awareness of ROE and share price. We will also proactively work to disseminate information and engage in dialogue with the market to meet expectations and earn the confidence of our stakeholders and society.



Promoting ESG Management and Building a Foundation Essential for Sustainable Growth

In working to increase corporate value in the medium to long term, we must further strengthen management from the environmental, social and governance (ESG) perspectives. As a prerequisite for contributing to solving social issues in sustainability and environmental aspects, we will first make unprecedented efforts to strengthen and advance our corporate governance. While proceeding with efforts to prevent the recurrence of the engine certification issue in Japan, we will particularly emphasize the importance of promoting compliance. As a first step, we have separated the Compliance Committee from the CSR Committee. With the Global Chief Compliance Officer serving as chairman, the committee consists of the president, executive vice president, heads of business divisions, chief officers, Head Office-based executives and compliance officers from outside Japan and is tasked with administering various initiatives to gain the trust of all stakeholders from a global perspective.



Regarding our environmental initiatives, we seek to further promote efforts to achieve carbon neutrality through the introduction of environmental technologies in our production processes and the development, production and sale of environmentally conscious products. Moreover, in keeping with the Toyota Industries Group Sustainability Policy, we will work to respect human rights, promote diversity and build an advanced risk management system. In our efforts to further strengthen our corporate foundation, we will also proceed with digital transformation and utilize AI to promote business efficiency and sophistication of services to customers.

In Conclusion – To Meet the Expectations of Our Stakeholders

Toyota Industries will strive to contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society by supporting industrial and social infrastructure around the world through the continuous supply of products/services that anticipate customers' needs. To achieve this, we will first go back to the basics and promote initiatives to do the right thing in the correct way. Furthermore, to attain sustainable growth, we will prioritize safety; create a work environment where diverse people from various backgrounds can work enthusiastically and fully demonstrate their abilities; and develop human resources who can play active roles and make meaningful contributions globally.

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

Earnestly Facing Present Issues with Every Employee Making All-Out Efforts in Their Respective Positions to Prevent Recurrence

On March 17, 2023, Toyota Industries announced a violation of laws and regulations in domestic certification for emissions performance of engines for currently available lift trucks and construction machinery. We subsequently stopped shipments of these engines and implemented a recall and other measures for lift trucks within Japan. A Special Investigation Committee conducted an independent investigation, and we submitted a report of the findings to Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on January 29, 2024.

We wish to once again express our sincerest apologies to our customers, business partners, shareholders and many other stakeholders for causing great inconvenience. We are committed to implementing Company-wide initiatives to pause if something is wrong and thoroughly adhere to compliance to ensure that such violations never occur again.



Overview of the Domestic Engine Certification Issue

Course of Events to the Present

On March 17, 2023, Toyota Industries announced that there were legal violations for four models of engines for industrial vehicles and set up a Special Investigation Committee consisting of independent outside experts. The findings of the committee's investigation were then reported and disclosed to the supervisory authorities on January 29, 2024. The investigation revealed violations in the certification of nine models, including five old-type engines for lift trucks, and one old-type engine for construction machinery. It also uncovered that emission regulation value limits were exceeded for one current engine model for construction machinery. In addition, new violations were found in the output tests of three engine models for automobiles.

In response to the details of the report, the MLIT issued a Correction Order on February 22, 2024, and cancelled the type designation for three engine models for industrial vehicles on March 5. Toyota Industries reported measures to prevent

recurrence to the ministry on March 22. As an impact on operating profits, related expenses of ¥20.7 billion and ¥52.5 billion were posted in fiscal 2024 and fiscal 2025, respectively.

What the Committee's Investigation Discovered

Including the current three engine models for lift trucks and one engine model for construction machinery, whose shipments have already been suspended, violations were found in nine engine models for lift trucks (five of which are old types) and two engine models for construction machinery (one of which is old type).

Emission regulation limits were exceeded for one current diesel engine model for construction machinery, whose shipment has been suspended.

In addition, during the certification application process conducted by Toyota Motor Corporation and Hino Motors, Ltd. for three diesel engine models for automobiles, violations were uncovered in the output tests conducted by Toyota Industries. (It has been confirmed that these engine models meet the standard values for shipment.)

Details of the Violations and Misconduct

The investigation discovered misconduct for both gasoline and diesel engines for industrial vehicles. Outside of the development stage, improper conduct also occurred during

sampling inspections after the transition to mass production.

The main violations at the time of obtaining certification in the development stage are as follows:

- Data different from actual measurements were used in emissions deterioration durability tests.
 - Parts were replaced during the test.
 - Control software different from mass-produced engines was used.
 - Most suitable values were selected from multiple measurements; data were falsified to look better.
- In addition, during sampling inspections of mass-produced engines,
- The frequency of inspection differed from the regulations, and control software different from mass-produced engines was used.

The Special Investigation Committee classified the violations into the following three categories.

- Cases of wilful misconduct while recognizing that it violated domestic laws and regulations, such as rewriting test results in order to obtain certification
- Cases of misconduct such as rewriting data to make discrepancies in values less noticeable, even though

there were no pressing circumstances, such as where domestic certification would not be obtained without engaging in improper conduct

- Cases of misconduct committed without a clear recognition of violation of laws and regulations due to a lack of awareness and understanding of laws and regulations

Review and Acceptance of Findings

Looking at the background factors underlying the misconduct, during the past 20 years, the expansion of production outside Japan and proactive M&As have dramatically increased net sales, the number of employees and the number of bases. In the Engine Business as well, amid our efforts to expand

production capacity globally and increase our role in diesel engines, we recognize that we were deficient in the following areas in terms of responding to changes in society, laws, regulations and market trends in each country and region.

What Toyota Industries Lacked

- We failed to grasp changes in the environment, think through what we should do in step with the latest trends in laws, regulations and markets and foster the mindset and commitment to take relevant initiatives and make appropriate responses.
- We failed to properly allocate the necessary personnel, tools and funds because we did not accurately and sensitively recognize the changes in the tightening of exhaust gas regulations for industrial vehicle engines and understand the certification system.
- We failed as an organization to understand the concerns and hardships of the factory floor and workplace by creating an environment in which small-scale projects and functions with less authority were compelled to engage in misconduct.

Special Investigation Committee's Recommendations

The report by the Special Investigation Committee, published on January 29, 2024, recommended a wide scope of countermeasures, ranging from direct measures to infrastructure-related initiatives. These recommendations can be summarized into the following three points.

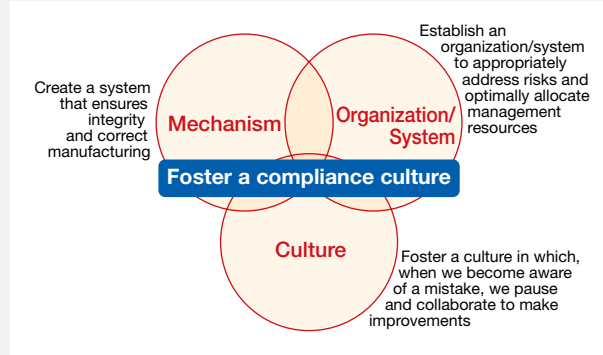
1. Foster a compliance culture
2. Establish mechanisms contributing to the prevention and early detection of improper conduct
3. Reform awareness and behavior of the management

These incidents of improper conduct are a Company-wide problem rather than a problem attributable to any specific function or organization. We have held Company-wide discussions about this issue and shared details regarding the importance of this problem and its background factors. Toyota Industries is now being called into question regarding whether it has the “culture,” “mechanism” and “organization/structure” needed for truly undertaking *monozukuri* (manufacturing). Toyota Industries must go back to the basics of manufacturing and have a strong determination to never let such improper conduct occur again. To prevent recurrence, we will first take a moment to properly organize and reflect on our actions. Upon doing so, we will prioritize the necessary initiatives as detailed on the following pages.

Initiatives for Preventing Recurrence

Go Back to the Basics and Make a Fresh Start

In preventing recurrence, Toyota Industries will go back to the basics of providing customers with safe and reliable quality products and continuing to contribute to society. To ensure we do the right thing in the correct way, we will incorporate three reforms in terms of “culture,” “mechanism” and “organization/structure” into recurrence prevention measures, with all employees working as one team. These efforts will not be limited just to the domestic engine certification issue. They will also extend to addressing issues concerning our organizational culture as we extensively consider the initiatives we must implement and promote reforms across the entire Company.



Three Reforms We Will Implement in Earnest

Three reforms in terms of “culture,” “mechanism” and “organization/structure” have been incorporated into recurrence prevention measures. Meanwhile, the status of implementation and effects of these reforms are confirmed by the Restart Committee, which consists of the president, heads of business divisions and chief officers.

On March 26, 2024, the Recurrence Prevention Project was renamed the Restart Committee with the attendance of 20 members, including President Koichi Ito, heads of business divisions and relevant executives, to promote recurrence prevention measures. The committee first examined the content of the guidance we received from the MLIT regarding our recurrence prevention measures announced on March

22. It then discussed how to proceed with the initiatives, such as introducing an automatic data storage system by the Engine Division, reviewing the format of the standard development schedule and implementing measures to further strengthen the legal certification department.

The committee will continue to confirm the progress of each initiative while publicizing and sharing the details both inside and outside the Company.



Restart Committee starting operation after being renamed from the Recurrence Prevention Project (March 2024)

Culture

Foster a culture in which, when we become aware of a mistake, we pause and collaborate to make improvements

Our approach is to foster a culture in which, when we become aware of a mistake, we pause and make improvements by engaging all employees. Although this engine certification case involved the violation of laws and regulations, the most important point each employee should keep in mind is that we failed to foster a culture that prioritizes compliance. Along with the Company’s mechanism and organization/system, we believe that each and every employee’s awareness of compliance and cultivating an open workplace culture where everyone can communicate without barriers is of paramount importance.

As an example of our initiatives, we believe that top

management and chief officers must continue to convey messages on this issue. As such, we are deploying a variety of tools such as direct dialogue, archived video distribution, in-house newsletters and employee blogs to disseminate our initiatives and approach. We will introduce an improvement proposal system to develop human resources who do not blindly follow past precedents and can think and make improvements independently, thereby further improving their compliance awareness. We will also set up a proposal desk through an intranet and written suggestions. Excellent proposals will be awarded by the management team and introduced within the Company. Going forward, we will continue to convey the message that compliance is the most essential of all basics. We will also enhance education while facilitating discussions on compliance in respective workplaces and promoting diverse and multi-layered communication.

Approach

Foster a culture in which, when we become aware of a mistake, we pause and collaborate to make improvements

- (1) Repeatedly convey clear messages as a company, with each employee understanding and putting these into practice in their respective positions.
- (2) Develop human resources who do not blindly follow precedents and can think independently, consult and confirm whether something is a problem.
- (3) Promote flat, interactive communication without hierarchical barriers.



Directly conveying messages from the top management to employees through a variety of media, including dialogue, video and text

Mechanism**Create a system that ensures integrity and correct manufacturing**

The reforms of the mechanism are based on creating a system that ensures integrity and correct manufacturing. Accordingly, we will work to establish standardized and clear-cut development, certification and quality assurance processes and strengthen the check and monitoring functions in the development and certification processes.

Specifically, we have an urgent need to rebuild the Company-wide quality management system (QMS) that will allow us to launch products with confidence in quality and compliance with rules. Given this need, the Engine Division is taking the lead in reorganizing various types of standards, setting rules and standardizing processes for compliance with laws and regulations. Furthermore, to strengthen the check and monitoring functions in the development and certification processes, we collaborated with external institutions to establish a system for quality management audits and

commenced its operation. To offer even better products, three check lines, from the quality assurance departments of business divisions to the quality management department at the Head Office, will conduct audits from various perspectives and roles. (Please refer to the Relationship with Our Customers section (quality management) on pages 48–49.)

Approach**Create a system that ensures integrity and correct manufacturing**

- (1) Review and clarify quality control rules, processes and procedures
- (2) Create the mechanism for acquiring information, methods and knowledge essential to quality control
- (3) Strengthen check and monitoring functions in the development and certification processes

**Organization/
System****Establish an organization/system to appropriately address risks and optimally allocate management resources**

As the third reform, we will establish an organization/system that can respond appropriately to risks and autonomously detect and respond to changes in the environment. We are taking this action in recognition that the cause of the misconduct was rooted in having low sensitivity for responding to the introduction of full-fledged emission regulations for industrial vehicle engines.

As an example of specific initiatives, we established the Risk Management Committee, entrusted with the functions of detecting and properly assessing all business-related risks. We will increase our sensitivity to risks across the entire Company

and allocate the necessary personnel, tools and funds. Additionally, we have established an Enterprise Risk and Compliance Management Office as a dedicated organization to promote compliance across the Company and manage and control risks in corporate activities. We have also appointed chief officers who oversee each business and the entire Group from the functional perspectives of compliance, quality and legal affairs. In the future, each officer and management function will watch actual work sites and listen to employees in the true sense to recognize and respond to their concerns and issues.

Approach**Establish an organization/system to appropriately address risks and optimally allocate management resources**

- (1) Strengthen functions for detecting and properly assessing all business-related risks
- (2) Strengthen functions for avoiding and minimizing risks
- (3) Raise the effectiveness and reinforce the implementation of control rules in business processes
- (4) Strengthen a system for assuring the appropriateness of business operations across the entire Company
- (5) Establish a system for sharing targets and issues and cooperating among business divisions and departments



Global Chief Compliance
Officer (GCCO)

Hiroshi Fukagawa
Senior Executive Officer



Chief Quality Officer (CQO)

Hiroya Akatsuka
Executive Officer



Chief Legal Officer (CLO)

Taeko Kojima
Executive Officer

Making a Fresh Start

In making a fresh start, Toyota Industries will work to improve the mechanism and organization/structure to prevent a recurrence. However, creating a corporate culture in which each employee remains mindful of this incident and continues to adhere to the basics will take time and effort. There is no endpoint to these efforts either.

For Toyota Industries Corporation to remain a company worthy of the Toyoda Precepts as its corporate creed,

we regard these reforms as a serious challenge that we must never give up on and never make any compromises. As such, each department is independently considering appropriate approaches and initiatives matched to its specific circumstances. In this endeavor, all Toyota Industries employees are considering this incident as their own personal matter and making a sincere commitment to prevent recurrence.

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.

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.

Climate change

Energy
Resources
Water issues

Digitalization

Electrification
Automation

Declining
birthrate and
aging population

Work style
diversification

Geopolitical
risks

Social issues
and changes

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 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 and waste generation

Financial Capital

Solid financial foundation underpinning sustained business expansion

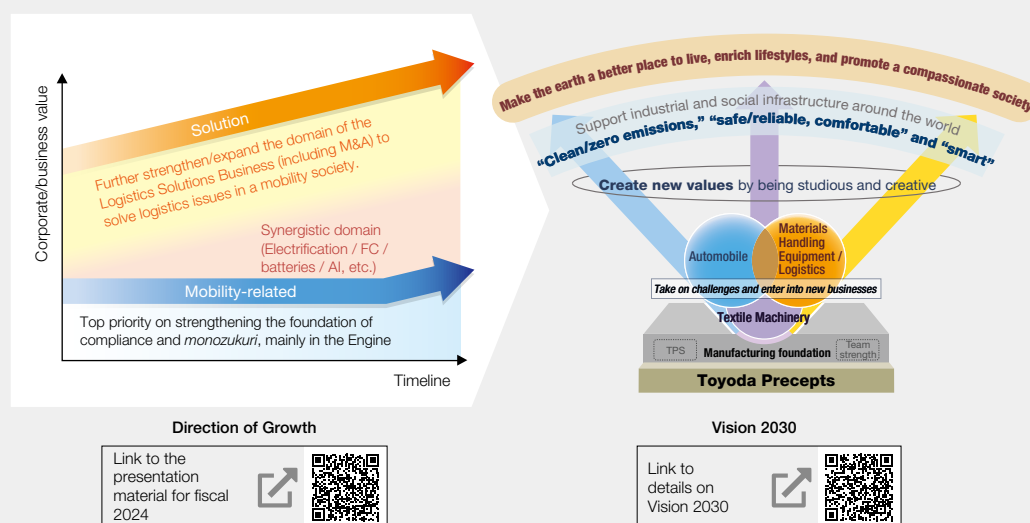
- Share of equity attributable to owners of the parent: ¥6,045.7 billion
- Net cash provided by operating activities: ¥443.5 billion
- Equity ratio: 54.6%
- Return on equity: 4.6%

Aspiration in the Medium to Long Term and CSR Materiality

Based on the Toyota 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 Vision 2030 and CSR material issues.

Future Direction

While placing top priority on strengthening the foundations of compliance, human resources development and manufacturing, we aim for further growth primarily in the Logistics Solutions Business by leveraging our comprehensive strengths derived from our manufacturing capabilities in the Automobile-related businesses, taking on challenges in next-generation R&D, collaborating with other companies and engaging in strategic M&A.



CSR Materiality

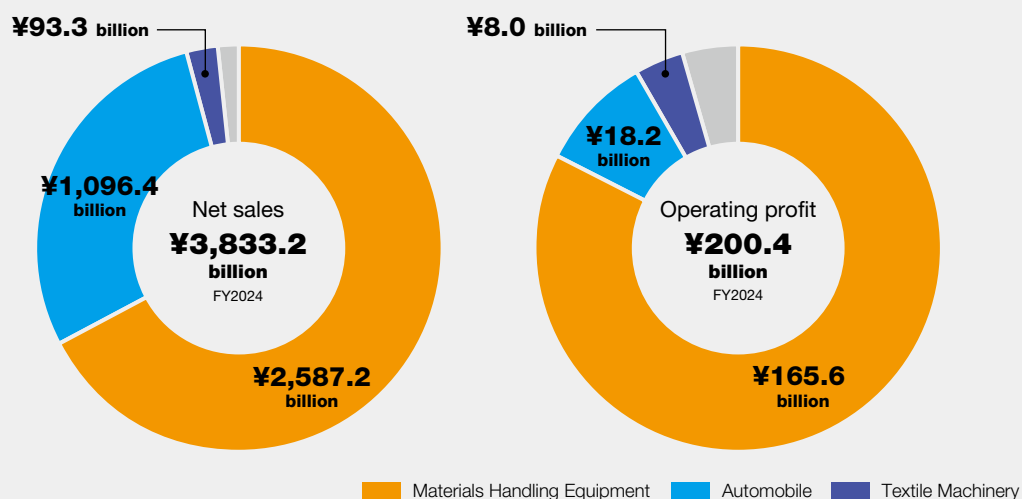
CSR Materiality	SDGs to Contribute
■ Mitigation of Global Warming ■ Contribution to Circular Economy	
Resolving Social Issues through Our Business ■ Creation of Innovative Values	
■ Products and Services Which Contribute to Safety, Reliability and Comfort ■ Mutual Prosperity through Partnerships with Local Communities	
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

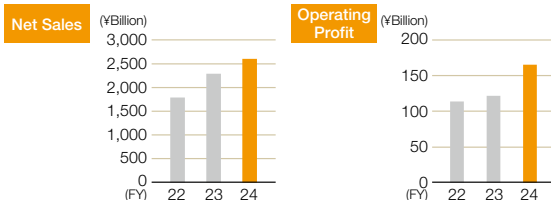
Business Results

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.



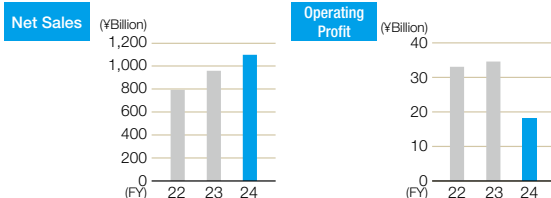
Materials Handling Equipment

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



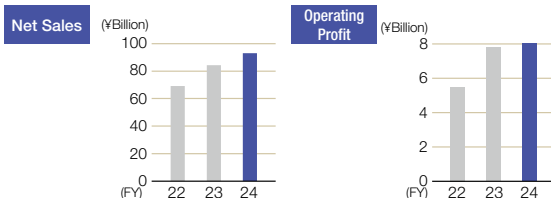
Automobile

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 Development

Utilizing and enhancing six capitals

Human capital

Intellectual capital

Manufacturing capital

Social and relationship capital

Natural capital

Financial capital

Creation of greater corporate value

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

Initiatives to Resolve Social Issues and Improve Corporate Value

Under the Toyota Precepts (corporate creed), Toyota Industries has been undertaking a broad range of businesses by upholding the philosophy of contributing to society since its founding. In keeping with recent changes in the business environment, we have clarified which social issues we should tackle as our CSR material issues, and will work for the resolution of these issues. We use part of the evaluation on target achievements for initiatives on key CSR materiality items as a reference index for calculating bonuses for executives.

Link to details



	CSR Materiality	Contribution to Vision 2030 (Aspiration)	Action Policies
Resolving Social Issues through Our Business	● Mitigation of Global Warming ● Contribution to Circular Economy SDGs to Contribute	Clean/zero emissions: Mitigating global warming and achieving a circular economy through such initiatives as reducing CO ₂ emissions and waste in our business activities and expanding the lineup of environmentally friendly products in our efforts to contribute to maintaining and improving the global environment over the long run	● Reducing CO₂ emissions from production activities ● Reducing CO₂ emissions from production-related logistics ● Reducing CO₂ emissions through product and technology development ● Effective resource utilization in production activities ● Implementing initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization
	● Creation of Innovative Values SDGs to Contribute	Creation of innovative value, smart: Contributing to achieving a "smart" society and more enriched lifestyles by resolving social issues through technological advancement and innovation that create new value	● Promoting development of new technologies that create new value ● Improving core technologies and utilizing the new knowledge of business partners to enter into peripheral fields of existing businesses while developing and offering technologies and products in new business fields
	● Products and Services Which Contribute to Safety, Reliability and Comfort ● Mutual Prosperity through Partnerships with Local Communities SDGs to Contribute	Safe/reliable, comfortable: Contributing to creating a compassionate society by offering products and services that anticipate the needs of customers and various stakeholders and that are safe, reliable and comfortable to use while fulfilling our responsibilities as a member of society to thrive together	● Enhancing electrification-related products and services that are highly functional, ecologically sound and adaptable as social infrastructure ● Offering high-quality and safe products and services and maintaining and improving the structure to realize this goal ● Continuously promoting grassroots activities in local communities and thrive together as a member of society
Foundation Supporting Our Business Operations	● Safe and Healthy Work Environments ● Leveraging Diversity and Inclusion ● Sustainable Procurement ● Compliance and Risk Management	—	● Fostering safe and healthy workplaces for everyone ● Creating the environment for everyone to get a fair share of opportunities to develop and demonstrate their potential ● Establishing the foundation to remain a company that is trusted and needed by society

Process to Determine CSR Materiality

Identification of Issues Relevant to
Toyota Industries

Identifying, among various social issues, the ones relevant to our business activities based on the United Nations 17 Sustainable Development Goals (SDGs) and 169 targets as well as guidelines

[Items we refer to]

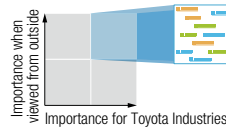
- 1) 17 SDGs and 169 targets
- 2) Important ESG items

Assessment of Importance

Assessing the importance of the identified issues from both internal and external viewpoints to select those having higher degrees of importance

[Assessment method]

- 1) Conducting questionnaires and discussions with relevant internal departments
- 2) Plotting onto a 2 x 2 materiality matrix to select issues having higher degrees of importance



Validation of Adequacy

Conducting reviews by both our top management and outside experts to receive feedback and confirm the adequacy of the selected issues

Approval by
Top Management

Gaining approval of the then CSR Committee chaired by the president and comprising our top management based on the validation results

Action Targets and Activities		Targets	(FY to achieve)	Results for FY2024	Page number	Targets for FY2025
● Reduce production-derived CO ₂ emissions Total emissions		-25%* (vs FY14 level)	(2026)	-35%	P. 41–43	—
● Adopt renewable energy sources Introduction rate		15%	(2026)	22%	P. 41–43	—
● Reduce logistics-derived CO ₂ emissions Emission volume per unit of production (non-consolidated)		-11% (vs FY14 level)	(2026)	-9%	—	—
● Develop technologies that contribute to an even greater level of energy efficiency				Refer to corresponding page.	P. 41–43	—
● Reduce waste generation volume Waste generation volume per unit of production (non-consolidated)		-12% (vs FY14 level)	(2026)	-25%	P. 44–45	—
● Promote water conservation activities corresponding to the water situations in each country and region				Refer to corresponding page.	P. 45	—
● Reduce use of resources and promote reuse and recycling of resources				Refer to corresponding page.	P. 44–45	—
● Ratio of R&D expenses for electrification and automation		Over 70%	(2031)	55%	P. 24 P. 32–35	59%
● Expand peripheral fields and new business fields Net sales		Over ¥1 trillion	(2031)	—		—
Develop new technologies and products that contribute to resolving environmental and social issues				Refer to corresponding page.		—
Develop new technologies and products for logistics automation and expand sales (Materials Handling Equipment) Sales of automation products (growth rate)		Twofold (100%) (vs FY2021)	(2031)	Up 70%	P. 22–27	Up 76%
● Expand sales of electrification-related products (all businesses) Ratio of electrification-related products to net sales		Over 70%	(2031)	46%	—	48%
Offer highly efficient and energy-saving electric compressors that are excellent in terms of quiet operation and comfort (Automobile Business)				Refer to corresponding page.	P. 31–33	—
Offer clean and high-quality fuel cell units and on-board batteries (Automobile and Materials Handling Equipment businesses)				Refer to corresponding page.	P. 35	—
Offer power source-related products, on-board or otherwise, that can also be used as social infrastructure during disasters and other occasions (Automobile Business)				Refer to corresponding page.	P. 34	—
● Conduct product risk assessment (target products) Implementation rate (non-consolidated)		100%	(2031)	100%	P. 48–50	100%
● Promote quality education Training participation rate (non-consolidated)		100%	(2031)	92%	P. 50	100%
● Promote social contribution activities Expenditure/number of participants				¥1 billion/26,005 persons	P. 62–63	—
Contribute to biodiversity conservation of local communities				Refer to corresponding page.	P. 47	—
Promote other community contribution activities				Refer to corresponding page.	P. 62–63	—
● Eliminate serious accidents Number of serious accidents		0	(2031)	1	P. 59–60	0
Frequency rate of lost workday injuries (non-consolidated)		0.00	(2031)	0.16	P. 59–60	0.00
● Utilize diverse human resources Ratio of female managers (non-consolidated)		3.6%	(2031)	2.0%	P. 56	—
Ratio of employees with disabilities (non-consolidated)		Over 2.7%	(2031)	2.56%	P. 57	Over 2.5%
● Maintain sound transactions and strengthen structure throughout the supply chain						
Implementation rate of sustainability checks on target suppliers (non-consolidated)		100%	(2031)	100% (1,156 companies)	P. 51	100%
● Eliminate serious compliance violations Number of violations		0	(2031)	1	P. 74	0
● Promote risk management activities taking a risk-based approach						
Improve BCP effectiveness				Refer to corresponding page.	P. 79–81	—
Respond to cybersecurity risks Number of serious incidents		0	(2031)	0	P. 78	0

* As a more ambitious target, we are aiming for a 50% reduction by fiscal 2031 from the fiscal 2014 level.

Materials Handling Equipment

[Link to product details](#)


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^{*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 energy-saving features 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

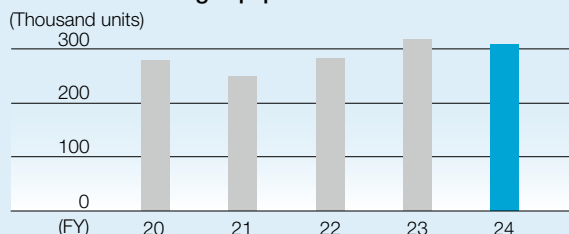
Net Sales

FY2023
¥2,283.8 billion
FY2024
¥2,587.2 billion

Operating Profit

FY2023
¥121.8 billion
FY2024
¥165.6 billion

Materials Handling Equipment Sales



Business Overview in Fiscal 2024

Although the demand surge that continued up to the previous fiscal year slowed down, sales in the lift truck market in 2023 remained strong at around 2 million units. However, unit sales of our lift trucks in fiscal 2024 dropped 9,000 units, or 3%, to 308,000 units year on year due to the incident of our legal violations in engine certification in Japan. After-sales services and sales of parts, on the other hand, were favorable. In the Logistics Solutions Business, orders increased following the resumption of investment in warehouse logistics and on the back of steady airport-related investment. 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. As a result, net sales in fiscal 2024 increased ¥303.4 billion, or 13%, from the previous fiscal year to ¥2,587.2 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 Automated 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)

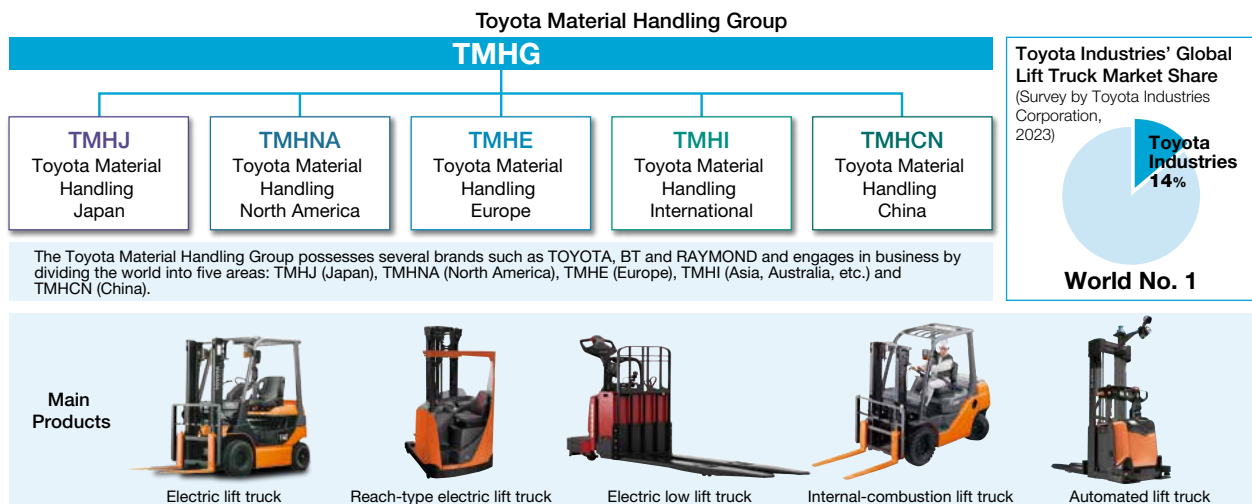
As a market leader in the materials handling equipment and logistics fields, Toyota Industries' comprehensive strengths lie in its ability to respond to specific and ever-changing needs of customers on a global scale. We assist customers worldwide in attaining greater logistics efficiencies by delivering 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 primarily 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.

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.

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. 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. Going ahead, we will work to expand business through the development and sales of lift trucks boasting excellent environmental performance and autonomous driving technology. At the same time, we will work to contribute to the development of a sustainable society that enables the enrichment of lives by reusing batteries and making efforts in other aspects.



Toyota Automated Logistics Group (TALG)

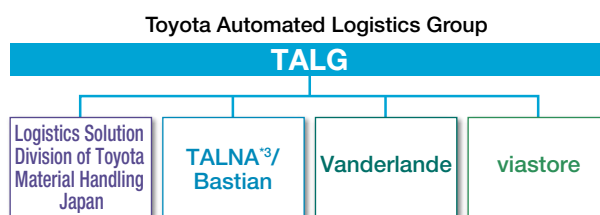
The need to respond to labor environment issues caused by chronic labor shortages and to reduce costs has, in turn, necessitated greater logistics efficiencies and solutions for more advanced logistics issues. Amid this environment, we go a step beyond just providing a broad range of materials handling 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.

We are also working to centrally manage the know-how gained from solutions we have provided in the past. For repeat orders, we offer efficient and optimum solutions by leveraging our accumulated know-how according to the needs of the customers.

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} are collaborating in development, sales and other

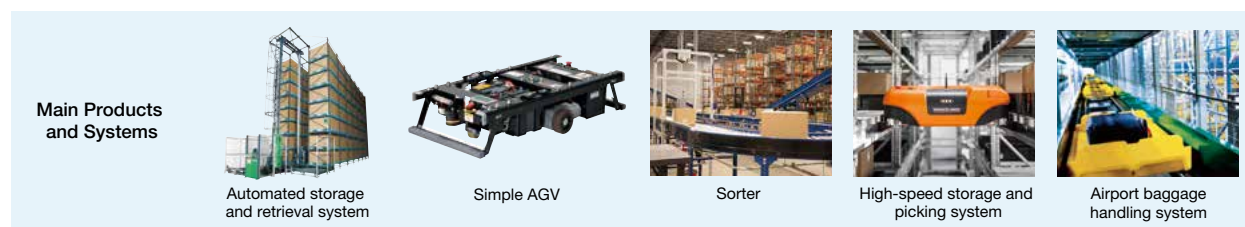
activities to expand business while leveraging their individual strengths.

Looking ahead, we will endeavor to increase customer value by offering optimum solutions for customers' increasingly sophisticated and diversifying needs through collaboration within the Toyota Industries 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 Automated Logistics North America (Holding Company of Bastian)



Business Activities in Fiscal 2024

As we have confirmed a regulatory violation related to Japan's emissions certification for lift truck engines, we have suspended the shipment of lift trucks equipped with these engines for the Japanese market since March 2023. As described in the Initiatives for Preventing Recurrence (P. 14–15), we have been steadily promoting measures to prevent the recurrence of the engine certification issue. Based on the concept of creating a mechanism for engaging in proper manufacturing with integrity, we are developing standardized and clearly defined development, certification and quality assurance processes while strengthening check and monitoring functions in the development and certification processes.

Although the demand surge that continued up to the previous fiscal year slowed down, unit sales of lift trucks in 2023 remained strong at around 2 million units. 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. 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.

Activities of TMHG

■ Japanese Market

In 2023, unit sales in the Japanese lift truck market fell below 80,000 units for the first time in seven years, declining 15% year on year to 73,000 units. The decline was caused by a drop in sales of internal-combustion lift trucks, which resulted from the suspension of the shipment of our lift trucks following our legal violations of engine certification. Unit sales of Toyota Industries' lift trucks decreased 27% from the previous fiscal year to 36,000 units, but maintained the top position^{*4} in fiscal 2024 for the 58th 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 consciousness, 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 three models of electric lift trucks (geneB, Ecore and Rinova) from April to May 2023, which are equipped with a lithium-ion battery. In addition to lithium-ion batteries' customer-oriented benefits, such as quick charging and no need for battery refill liquid, superb truck-battery communication allows a visual check of the remaining battery level and any irregularities. The models are also equipped with safe and battery-friendly charging functions with better operability during charging.



geneB electric lift truck
equipped with a lithium-ion battery

In September 2023, we rolled out the updated High Pick Lift series of electric order pickers (0.7 to 1.5 tons) with even better safety and reliability functions. The lineup was also enhanced with the addition of a compact type with the ability to turn in a small space. Moreover, we have developed the MEGALORE stationary storage battery system, which reuses the ENELORE lithium-ion batteries for lift trucks. By reusing batteries reaching their replacement time as a stationary storage battery system, for which demand is on the rise, we are contributing to the establishment of a recycling system of lithium-ion batteries for lift trucks and wider use of storage batteries.



High Pick Lift electric order picker

^{*4}: Calculated by Toyota Industries Corporation based on the data issued by the Japan Industrial Vehicles Association



MEGALORE stationary storage battery system

■ North American Market

In 2023, the North American lift truck market declined year on year in reaction to the rapid expansion that continued up to the previous fiscal year. Orders decreased due to this market decline and weaker economic sentiment. Against this backdrop, the combined unit sales of the TOYOTA and RAYMOND brands in fiscal 2024 increased by 13% over the previous year to 110,000 units.

In fiscal 2024, Toyota aggressively launched new electric lift trucks in response to growing market needs for electrification. Specifically, we started selling new 48-V and 80-V electric lift trucks that can withstand outdoor use. In addition, to meet the rising need for logistics automation on the back of labor shortages, we sell an 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 that offers improved energy efficiency and easier operability and launching a service to support driving in dangerous areas by linking the telematics function with the real-time location measurement system.



New electric lift truck

■ European Market

In 2023, the European lift truck market contracted due mainly to a weaker appetite for capital investment. Toyota Industries continued production at a high level to reduce the backlog of orders from the previous fiscal year and posted unit sales of 104,000 units in fiscal 2024, up 5% from the previous fiscal year.

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, pallet truck with high energy efficiency and electric stacker 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.



New pallet truck

■ ALOMA*5 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 2023 fell from 2022, during which expansion continued on the rebound to the COVID-19 pandemic, and unit sales were down 20% year on year to 57,000 units. Unit sales in China also declined 11% year on year, affected by changes in the country's economic trends and new emissions regulations.

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. 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.

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.

In the field of after-sales services, we are working to establish 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. 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.

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.



SEnS+

*5: 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.

In Japan, the work style reform-related law that went into effect in 2024 has aggravated 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 savings 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 developed an

autonomous lift truck capable of conducting these operations and carried out a feasibility test in 2023. We have also been promoting the development of autonomous models for in-plant and airport towing tractors to lead the automation of materials handling equipment.

As for e-commerce distribution centers where a higher level of automation is required, we have many large-scale projects and have introduced Vanderlande's latest system for the first time in Japan.

■ 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 2024, as a heightened sense of uncertainty about the future has caused some customers to take a cautious stance toward capital investment. Against this backdrop, Bastian has been enhancing the lineup of its own products and moving ahead with the in-house development and production of key products to help customers solve issues more quickly and flexibly.

Bastian exhibited its new automated lift truck and autonomous mobile robot, both developed in-house, at a large-scale logistics trade show held in the summer of 2023 in the United States and started their sales afterward. In fall

2023, the company constructed a conveyor manufacturing facility in India to set up a structure to stably and more quickly supply quality products at lower prices to customers outside the United States. It also increased the number of software engineers in India, who will engage in operations related to the United States, to reduce costs by increasing the operational efficiency of the entire company.



Bastian's automated lift truck

■ Vanderlande

Vanderlande, offering logistics solutions globally, has been engaging in business targeting the warehouse logistics, parcel/postal service and airport industries. In seeking to partner with customers, it provides comprehensive services, from consulting and solution development to after-sales services.

Even though economic uncertainty made some customers more cautious about making capital investments, there was a sign of modest recovery in the warehouse logistics and parcel/postal service sectors. The company has been successfully expanding its business domains through collaboration within the Toyota Industries Group as the Logistics Solution Division of TMHJ and Bastian have received orders for large-scale projects using Vanderlande's systems in the Japanese and North American markets.

In the airport business, demand has been showing a steady recovery as people resumed activities in the post-

COVID-19 period, and Vanderlande received multiple large-scale orders. Leveraging digital technology, the company provides solutions to monitor systems to detect and make a pre-emptive response to an irregularity, thus responding to customer needs to counter chronic labor shortages and reduce costs.



Vanderlande's security screening system

■ viastore

viastore 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.

The company also combines software programs of Toyota Industries Group companies to propose solutions matched to customer needs. It has received multiple small- to medium-scale orders in Europe through collaboration with Toyota Material Handling Europe (TMHE) and has been making concrete accomplishments in North America by actively working with Bastian.



In the fields ranging from vehicles to engines, car air-conditioning compressors and electronic devices, 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)

^{*1}: Survey by Toyota Industries Corporation

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

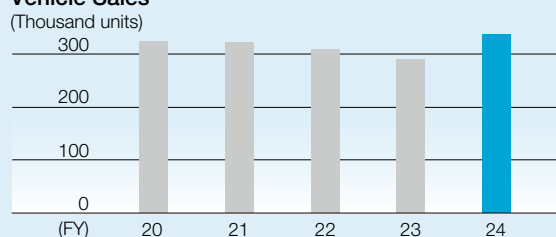
Net Sales

FY2023
¥957.8 billion
FY2024
¥1,096.4 billion

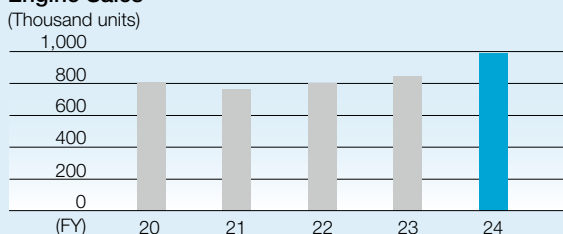
Operating Profit

FY2023
¥34.6 billion
FY2024
¥18.2 billion

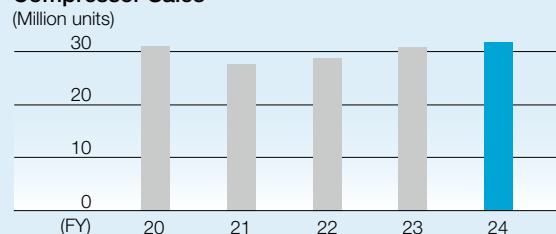
Vehicle Sales



Engine Sales



Compressor Sales



Vehicle

Medium-Term Direction of Business

We will contribute to TMC as a development and production base of compact sports utility vehicles (SUVs) 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 2024

In fiscal 2024, sales of the RAV4 decreased in Japan, but thanks to an increase in the overseas market, unit sales increased by 47,000 units, or 16%, to 337,000 units. Net sales increased by ¥17.7 billion, or 21% year on year, to ¥100.8 billion.

Constructing a New Vehicle Parts Distribution Center on the Land Adjacent to the Nagakusa Plant

Toyota Industries has constructed a new distribution center on the land adjacent to the Nagakusa Plant, which manufactures the RAV4, and will start its operation in fiscal 2025. By relocating the existing, distant vehicle parts distribution base^{*1} to the adjacent land, we will eliminate inter-site truck transportation to increase the efficiency of parts delivery and reduce their CO₂ emissions. Traffic on the surrounding roads is also expected to decrease, as the distribution center is connected to the Nagakusa Plant by a bridge. The center combines our comprehensive strengths, including the technologies of TMHJ, which offers logistics solutions globally,

the Toyota Production System (TPS) and the Nagakusa Plant's improvement capabilities, thus realizing highly efficient logistics. The center will also use solar energy for its electricity to reduce its environmental footprint.

^{*1}: Currently, parts are temporarily stored in a distribution base in Handa City, Aichi Prefecture, and transported to the Nagakusa Plant by dedicated trucks.



Newly constructed distribution center

Displaying Two RAV4 Models at Tokyo Auto Salon 2024

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. At the Tokyo Auto Salon 2024, we once again displayed two models of the RAV4. One is a customized model presenting the "OffPake+ (Offroad Package Plus)," a service to tailor the vehicle's external parts according to customers' preferences. The other is the DIRT RUNNER CONCEPT, a new concept model based on the RAV4 PHEV with a strong driving appeal. Both captivated visitors with

attractive presentations of how the possibility of the RAV4 can be expanded. To ensure customers' smiles of joy with our RAV4, we will continue to plan various campaigns with their point of view in mind.



DIRT RUNNER CONCEPT (left) and model showcasing the "OffPake+" service (right)

Karakuri Workshop to Increase Improvement Capabilities of Production Sites for Greater Monozukuri Competitiveness

In 2022, Toyota Industries' Vehicle Division set up the *Karakuri* Workshop to nurture human resources capable of solving difficulties facing production sites. So far, it has educated more than 100 persons a year. It provides experience-based education using actual, non-powered demonstration machines that utilize the principle of leverage, pulleys and the like to increase the improvement capabilities of production sites and ultimately achieve greater *monozukuri* competitiveness. These day-to-day improvement efforts have yielded a result. At the *Karakuri KAIZEN*^{*2} Exhibition 2023 hosted by the Japan Institute of Plant Maintenance, our system to smoothly return

empty boxes (a project of the Assembly Section of the Manufacturing Department, Vehicle Division) received an Excellent *Karakuri* Kaizen Award from among 351 projects from 86 companies.



Award recipients

^{*2}: Achieving *kaizen* (improvement) at low cost by *karakuri* (Japan's traditional, non-powered mechanical systems that utilize gravity, the principle of leverage, etc.)

Engine

As described in the Initiatives for Preventing Recurrence (P. 14–15), we have been steadily promoting measures to prevent the recurrence of the engine certification issue. Based on the concept of creating a mechanism for engaging in proper manufacturing with integrity, we are developing standardized and clearly defined development, certification and quality assurance processes while strengthening check and monitoring functions in the development and certification processes.

Business Overview in Fiscal 2024

Unit sales in fiscal 2024 totaled 987,000 units, an increase of 140,000 units, or 17%, from the previous fiscal year due mainly to a growth in sales of gasoline engines. As a result, net sales increased by ¥8.4 billion, or 3% year on year, to ¥330.8 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." Adoption of the twin turbo developed in-house contributes to an exhilarating sense of acceleration. It 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)*¹ 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.

*1: 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*², CHPs*³, generators and construction machinery.

*2: Short for gas heat pump; air conditioner driven by a gas engine

*3: 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 the 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 2024

In fiscal 2024, unit sales of car air-conditioning compressors increased 912,000 units, or 3%, from the previous fiscal year to 31.849 million units due to higher sales mainly in North America and Europe. Net sales were up ¥36.4 billion, or 9% year on year, to ¥466.1 billion.

Environment Surrounding the Automobile Market

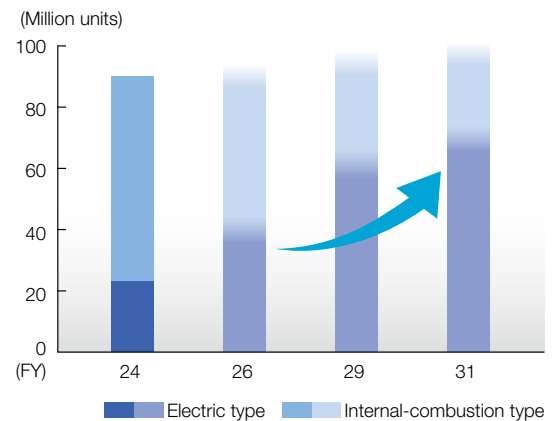
The car air-conditioning compressor market is recovering as the automobile production sites are no longer facing semiconductor supply constraints. In the mid-to-long term, the market is expected to continuously grow with the sales

of automobiles showing a modest increase globally. In particular, the expansion of automobile sales in China and the Asian region is becoming the trigger to drive the market.

Expansion of Electrified Vehicle Market

Demand for electrified vehicles has been growing globally. In step with this trend, demand for electric compressors is expected to exceed the demand for compressors for internal-combustion vehicles in fiscal 2029. Anticipating progress in electrification, we are enhancing our electric compressor lineup and strengthening our production structure globally to increase sales to customers around the world.

Demand Forecast by Compressor Type^{*1}



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

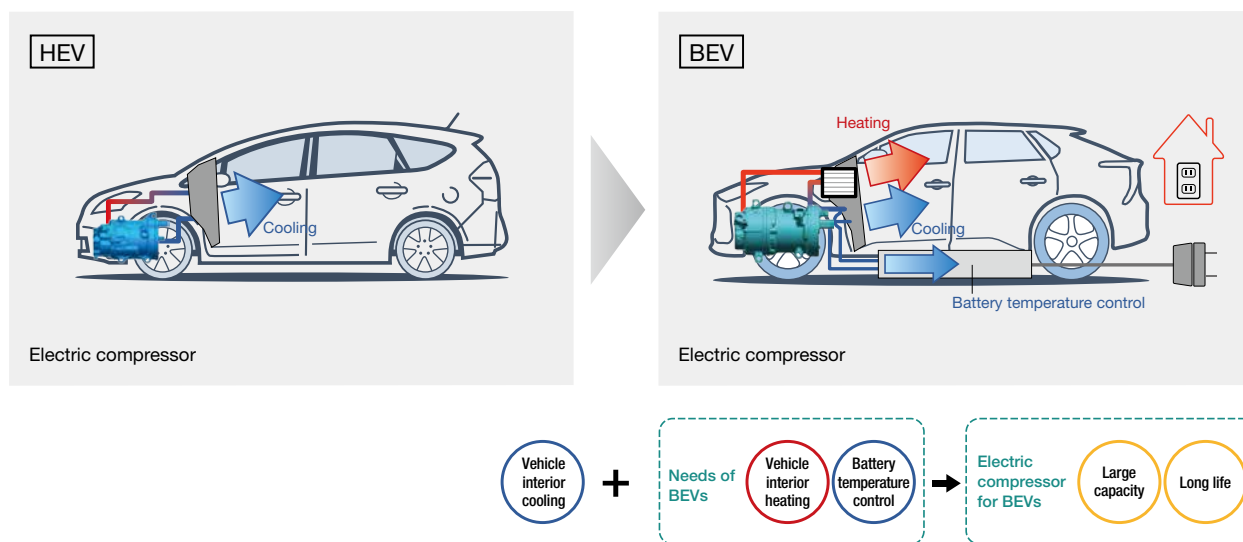
With the growth in electrified vehicles, there have been new challenges for BEVs as vehicles, creating a need for electric compressors to diversify. In response, we are rolling out new products tailored to such new needs by utilizing our product development capabilities cultivated to date.

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



Establishing Stronger Global Production and Supply Structures

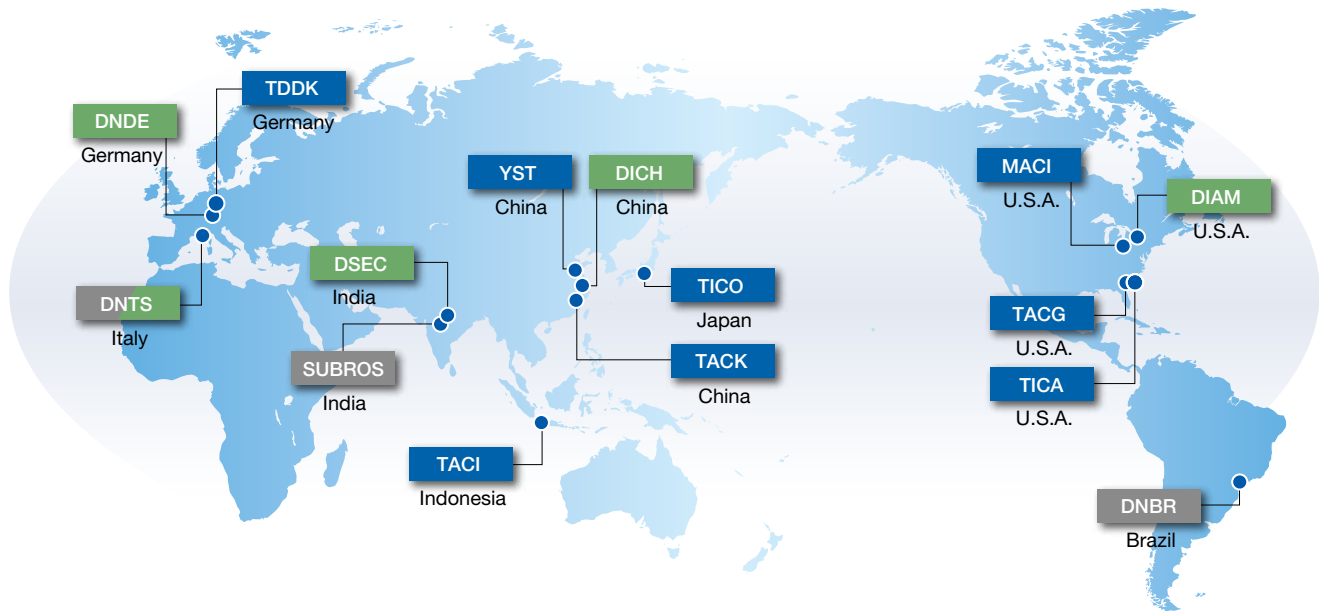
With the trend toward more stringent fuel efficiency regulations and car electrification, the car air-conditioning compressor market is expected to witness fluctuations in demand for compressors both for internal-combustion vehicles and electrified vehicles. In response, we are building a production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

Meanwhile, following the rapidly increasing popularity of electrified vehicles, we initiated local production in China

at TD Automotive Compressor Kunshan Co., Ltd. (TACK) in March 2020 and at Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) in June 2021.

Moreover, local production of electric compressors is also planned in Europe and North America, where sales of electrified vehicles are expected to increase in the future. In 2025, we will launch production at TD Deutsche Klimakompressor GmbH (TDDK) in Europe and Michigan Automotive Compressor, Inc. (MACI) in North America. Our global production capacity will then increase to a level reaching 12 million units and respond to demands from customers across the world.

Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2024)



Consolidated production bases Licensed manufacturers Technical service stations (Stationed at bases of DENSO Corporation)

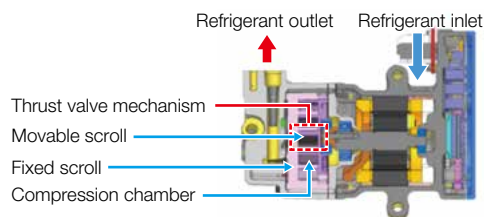
Toyota Industries' car air-conditioning compressors are widely adopted by automakers around the world, garnering the No. 1*2 position in global sales.

*2: Survey by Toyota Industries Corporation

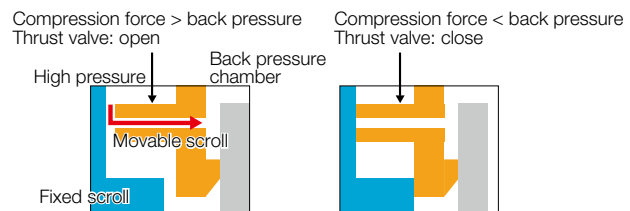
TOPIC

Winning the Grand Prize in Aichi Prefecture Commendation for Invention at the Aichi Invention Award and an Invention Prize in the National Commendation for Invention 2023

The back pressure adjustment mechanism adopted in our electric compressors has won the Grand Prize in Aichi Prefecture Commendation for Invention at the Aichi Invention Award and an Invention Prize in the National Commendation for Invention 2023. Our electric compressors are a scroll type because this type excels in quietness of operation, size and efficiency. In this compressor structure, however, compression force causes a movable scroll to move away from a fixed scroll, necessitating the application of back pressure from behind the movable scroll to achieve efficient compression. Our invention adopts a thrust valve that utilizes the axial migration of the movable scroll itself to introduce back pressure directly from the compression chamber into the back pressure chamber and constantly apply optimum pressure to the movable scroll against the fixed scroll. The two awards have highly recognized the ability of the mechanism to achieve greater efficiency and save electricity as well as its high adoption rate in electric compressors. Toyota Industries will continue to contribute to the realization of a recycling-based society through the development of electric compressors.



Electric compressor cross-section diagram



Thrust valve mechanism

Electronic Devices and Other Products

Medium-Term Direction of Business

While the boom in BEV sales over the past few years has somewhat leveled off, the global momentum toward a decarbonized society continues to grow. Consequently, sales of various electrified vehicles, including HEVs, PHEVs, BEVs and FCEVs, are expected to increase. The Electronics and Battery divisions will continue to leverage their cultivated technologies to develop new products and strive to contribute to car electrification and society across a broad range of fields.

Business Overview in Fiscal 2024

Higher sales of batteries and DC-DC converters resulted in an increase in net sales by ¥76.0 billion, or 62%, over the previous fiscal year, reaching ¥198.5 billion.

Electronics

Contributing to the World with Electrified Vehicles

Toyota Industries has developed and manufactured power electronics products such as on-board chargers, DC-DC converters and AC inverters for electrified vehicles sold by TMC and other automakers, accumulating and advancing its power electronics technologies along the way. Leveraging these technologies and experiences, we developed a bidirectional charger for PHEVs, which integrates the functions of an on-board charger and AC inverter. This integrated charger, which is 20% smaller compared to mounting the two devices separately, is installed in TMC's new Prius PHEV released in March 2023. The AC inverter for electrified vehicles can supply 1,500 W of electricity, equivalent to household power outlets, allowing almost all 100-V home electrical appliances to be used. It has

been highly recognized by customers for its use in outdoor activities and as an emergency power source during disasters. Moving forward, toward the realization of a carbon-neutral society, we will continue to support the widespread use of electrified vehicles through the provision of power electronics products.



Newly developed unit integrating an on-board charger and AC inverter



TMC's Prius PHEV

Establishing a New Plant: Toyota Industries' First DC-DC Converter Production in the United States

To respond to the expanding sales of TMC's electrified vehicles in North America, Toyota Industries will construct its first DC-DC converter manufacturing plant in the United States, within the site of TD Automotive Compressor Georgia, LLC (TACG)*¹ in Georgia. Scheduled for completion in April 2025, the new plant will serve as the Georgia production base for Toyota Industries Electric Systems North America, Inc. (TIESNA)*² and is expected to produce approximately 500,000 units annually starting in July 2025. In November 2023, a groundbreaking ceremony was held, attended by 52 guests and relevant parties, including Bob Kosek, Division Director of Global Commerce at the Georgia Department of Economic Development, and Consul General Mio Maeda of the Consulate General of Japan in Atlanta. Amid the growing demand for electrified vehicles

in North America, we are already discussing plans for further capacity increases and expansion of the items to be manufactured at the plant.

*1: Production and sales base of the Compressor Division

*2: Sales company in North America of the Electronics Division, headquartered in Michigan, the United States



Groundbreaking ceremony for the new Georgia plant (November 2023)



Rendering of the new Georgia plant

Batteries

Increasing Models Equipped with Our Bipolar Nickel-Metal Hydride Batteries

In fiscal 2022, Toyota Industries newly established the Battery Division and commenced production of bipolar nickel-metal hydride batteries for HEVs at the Kyowa Plant. In fiscal 2023, we newly constructed the Ishihama Plant in Aichi Prefecture to add a production line.

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 it requires 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.

The bipolar nickel-metal hydride battery, which achieves both superior driving and environmental performance, is currently fitted in the Aqua, Crown (Crossover/Sports

models), Alphard and Vellfire as well as Lexus RX, LM and LBX. Going ahead, we will continue to respond to future increases in demand and increase the number of models fitted with the battery.

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 provide new value to electrified vehicles.



Battery production lines in the Kyowa Plant

Adding a Second Production Line to the Ishihama Plant

In response to the more widespread use of HEVs and an increase in models fitted with our batteries, we added another facility to the Ishihama Plant that went into operation in October 2022. This second production line started operation in January 2024.

The production capacity of the second line is 240,000 units per year, and, together with the Kyowa Plant and the Ishihama Plant's first production line, we have boosted our total annual capacity to 720,000 units^{*3}.

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.

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

^{*3}: Units calculated based on the number of modules stacked in a battery to be fitted in the Aqua

Textile Machinery

Link to
product
details



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 and roving frames.

Medium-Term Direction of Business

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

Net Sales

FY2023

¥84.3 billion

FY2024

¥93.3 billion

Operating Profit

FY2023

¥7.8 billion

FY2024

¥8.0 billion

Business Overview in Fiscal 2024

The market was strong in Asia, including India, which is our primary market. Increases in sales of weaving and spinning machinery pushed up net sales by ¥9.0 billion, or 11% year on year, to ¥93.3 billion.

Participating in Exhibitions in Milan and Shanghai

In June 2023, Toyota Industries participated in ITMA 2023, an international textile and garment technology exhibition held for the first time in four years in Milan, Italy, and displayed the JAT910, a new air-jet loom released in 2022. Air-jet looms are our mainstay product in the Textile Machinery Business, and the new JAT910 model was highly regarded by customers for its newly developed features that contribute to energy savings amid surging energy costs worldwide.

As for the Helix innovative spinning frame under development, we presented our progress and explained its innovativeness, which will possibly offer productivity far greater than that of ring spinning frames. Many customers voiced their high expectations for the product.

In November 2023, we also participated in ITMA ASIA + CITME 2022*, an international textile machinery exhibition held in Shanghai, China, and just as in Milan displayed the JAT910 air-jet loom. It was for the first time in five years that we displayed an actual machine.

We received many guests from China as well as India and

Pakistan and showcased the loom's greater environmental performance, the ability to improve the efficiency of plant operations and the high productivity and versatility of our original electronic shedding technology. We successfully gained their recognition as a brand distinct from other companies.

Going forward, we will continue to demonstrate our technological capabilities that satisfy customer needs through participation in exhibitions and various other opportunities to present our products and work to reinforce our brand strength to gain even greater trust from customers.

* Postponed and held in 2023 due to the COVID-19 pandemic



JAT910 air-jet loom

Promotion of ESG Initiatives

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

 Environmental Initiatives	P. 38–47
 Relationship with Stakeholders	P. 48–63
 Corporate Governance	P. 64–83

Promoting Environmental Management

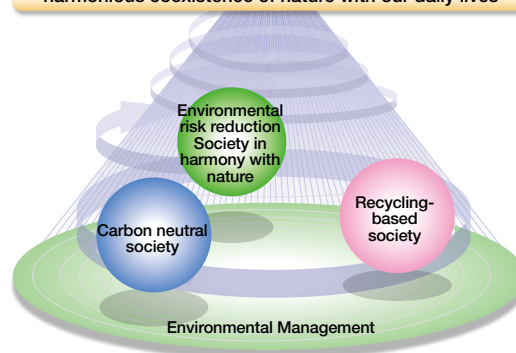
We have been undertaking activities globally toward realizing our Environmental Vision 2050.

Global Environmental Commitment

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, we have 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.

Aiming at building a sustainable society which enables the harmonious coexistence of nature with our daily lives



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 to accelerate our environmental initiatives in anticipation of future society. 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.

The seventh plan (from fiscal 2022 to fiscal 2026) has defined action policies, specific actions and targets for each of the four action themes, and we are undertaking initiatives accordingly across the world. In fiscal 2024, we showed steady progress across the board toward achieving respective targets for fiscal 2026.

Environmental Vision 2050

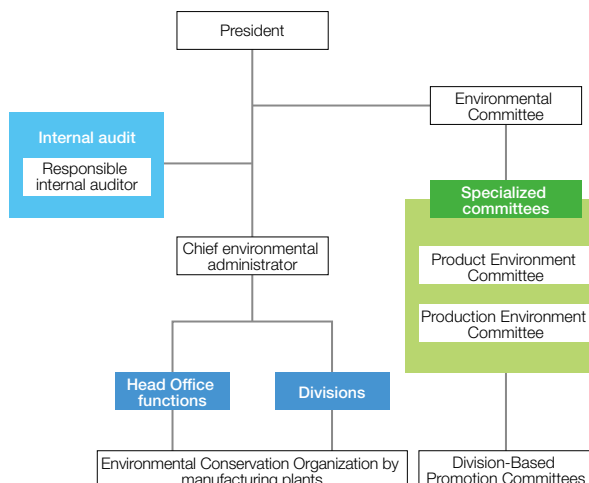
- ① **Establishing a carbon neutral society**
→ Globally take on challenge of establishing a zero CO₂ emissions society
- ② **Establishing a recycling-based society**
→ Take on challenge of minimizing the use of resources
- ③ **Reducing environmental risk and establishing a society in harmony with nature**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

Link to the action plan



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.



Enhancing Environmental Awareness and Education

Environmental Awareness

Designating every June as Environment Month, Toyota Industries undertakes various initiatives to deepen the interest and understanding of environmental conservation of employees and their families and provide opportunities to take environment-related actions.

As a new initiative in fiscal 2024, we created AP (Accident Pattern) Cards. They are a collection of environmental irregularities or potentially serious near-accidents that have occurred in the past and have a high tendency of recurrence. They also clarify the points to be noted during operations. We distribute these cards internally to raise awareness of each employee about the prevention of these incidents.



AP Cards

Environmental Education

Toyota Industries implements 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.

For the department in charge of the environment within each business division, we periodically hold a study session on environment-related laws to increase their knowledge and awareness.



Periodic study session

Education on Energy Saving for Consolidated Subsidiaries

For achieving a carbon neutral society, Toyota Industries regards it essential to work with its consolidated subsidiaries to reduce CO₂ emissions. As part of this effort, we provided education on energy saving to our consolidated subsidiaries in fiscal 2024.

The program consisted of a lecture and hands-on education. The lecture aimed to raise awareness by showing the idea of *kaizen* (continuous improvement) in everyday situations and examples of specific measures. The on-site hands-on education particularly dealt with air leakage, which is an issue in saving energy, and let the participants actually experience how they can save energy by using a camera that visualizes air leakage. We also performed a rough calculation of the monetary effect of preventing air leakage, helping them recognize the importance of such an activity and encouraging them to sustainably continue prevention.



Observing air leakage using a camera

Reinforcement and Promotion of Consolidated Environmental Management

Holding an Environmental Liaison Meeting with Affiliated Companies in Japan

We periodically hold an environmental liaison meeting with affiliated companies in Japan to share information on revisions to the relevant laws and example initiatives of each company.

In fiscal 2024, the focused theme of the meeting was compliance with environmental laws and regulations, and we held a group discussion to share the status of each company in achieving legal compliance along with associated issues and talked about response measures.

We usually hold the meeting once a year. However, in fiscal 2024, we held an additional special meeting due to the environmental violations that occurred within the Group to prevent the occurrence of similar incidents in affiliated companies.

Going ahead, we will continue to enhance awareness and knowledge concerning relevant laws and regulations



Environmental liaison meeting with affiliated companies in Japan

and upgrade the level of environmental response of the entire Group by both promoting active communication throughout the Group and ensuring swift and adequate information sharing.

Conducting Environmental Risk Assessment at Consolidated Subsidiaries

The Toyota Industries Group recognizes that a violation of environmental laws that entails the suspension of production or other penalties may represent a direct risk to the supply of our products as well as our supply chain. In order to ensure compliance with environmental laws throughout the Group, we periodically conduct environmental risk assessments of our production subsidiaries.

Conventionally, we conducted an assessment of our production subsidiaries outside Japan for possibilities of legal violations based on laws in each region as well as each company's surrounding environment, business characteristics, mainly equipment and production processes, and environmental management structure.

In fiscal 2024, we enhanced our assessment by

extending its scope to our production subsidiaries in Japan and adding items, such as revisions to environmental laws and inspections by local government authorities, to the assessment list. We consequently found that certain regions have been revising their environmental laws frequently. With regard to production subsidiaries in these regions, we proactively collect relevant information while related bases and Toyota Industries' departments work together to ensure legal compliance.

We will continue to promote risk reduction in the entire Toyota Industries Group by identifying environmental risks within the Group and making responses matching each company.

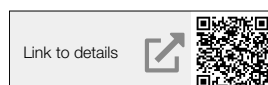
Environmental Audits

Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third-party institute. In fiscal 2024, 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, focusing on topics such as "management of compliance with environmental laws and regulations" and "initiatives under our environmental policies and management of related competence," our internal audits were conducted on departments with high risk and those that have undergone changes in terms of key audit items. During the audits, we received many suggestions through in-depth discussions and were able to improve our EMS.

Acquisition of ISO Certification

In order to facilitate environmental initiatives in a more efficient and organized manner, Toyota Industries and its consolidated subsidiaries have been acquiring ISO 14001 certification, the international standard for environmental management systems.



Status of Compliance with Environmental Laws

With an eye to preventing violations of environmental 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 2024, there were one case of violation of water

quality-related laws at one of our consolidated subsidiaries in Japan and two cases of violation of air quality-related laws at consolidated subsidiaries outside Japan. We have carried out appropriate action to counter them 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 highly reliable and transparent manner.

Link to the third-party verification statement



Link to the performance data (environment)



Verification by a third party

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.

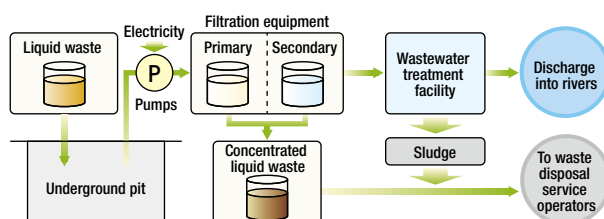
Case Example: Reducing CO₂ Emissions by Eliminating Liquid Waste Treatment Processes That Use Steam

The Kariya Plant, a production base of car air-conditioning compressors in Aichi Prefecture, has been striving to reduce CO₂ emissions by selecting its two plant buildings as a model for achieving carbon neutrality.

Reducing the use of city gas is essential to achieving carbon neutrality. To do so, it is necessary to abolish the co-generation system that uses city gas to create electricity and steam. The abolishment, however, will make the equipment using steam from the system unserviceable. Thus, the plant initiated efforts to eliminate the use of steam in its plant buildings as a first step.

In fiscal 2024, the plant turned one of the two buildings steamless by eliminating the corresponding processes. Previously, to reduce the amount of liquid waste from production processes, the plant used a concentrating device, which applies steam to heat liquid waste and cause moisture to evaporate. Instead, the plant adopted electric membrane filtration equipment, which efficiently filters and concentrates liquid waste without using steam.

To reduce the amount of liquid waste discharged from the production process, the plant had previously used concentrating equipment that heated the liquid waste with steam to evaporate the water content. In this case, the plant optimized the amount of chemicals used in a dehydrator to reduce the amount of sludge after dehydration and succeeded in eliminating the drying process and, hence, the use of steam. The building becoming steamless led to reduced steam transmission loss from the piping. As a result, the plant was able to reduce its annual CO₂ emissions by about 633 tons and abolish the co-generation system. In the future, the plant intends to continue its efforts to go steamless, such as applying electrification technology to similar steam-using devices, as it has done with the adoption of membrane filtration equipment.



Liquid waste treatment flow with membrane filtration equipment



(Left) **Hiroaki Watanabe**
Planning Office, Production Engineering Dept., Compressor Div.

(Center) **Daiki Koyama**
Team leader, Kariya Power, Section No. 1, Power Office, Plant Engineering Dept.

(Right) **Takashi Sugimoto**
Kariya Environment Group, Environment Office, Safety & General Administration Dept., Compressor Div.

As of March 31, 2024

The important point in this project was that we identified processes with significant steam loss through a review of our future steam use plan. With the cooperation of multiple departments, we did out-of-the-box thinking and took bold steps to introduce the membrane filtration equipment and abolish the drying process in the wastewater treatment facility toward becoming a carbon neutral plant. We aim to eliminate the use of steam in the remaining buildings early for further reduction in CO₂ emissions.

Case Example: Saving Energy by Using Exhaust Heat from Air Compressors

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has been working to save energy through its effective use.

Previously, TMHMS used thermal energy purchased from a district heating supplier to heat water for employees to wash their hands and take a shower. To reduce energy consumption for water heating, the company launched an initiative to replace the purchased thermal energy with exhaust heat from compressors that supply air in production processes.

TMHMS installed heat recovery equipment and heat storage tanks to collect exhaust heat from air compressors and store it in these tanks during hours with no demand for heated water. This has allowed TMHMS to use heat efficiently without wasting it. The company also updated the

air-conditioning system of the entire plant so that it can use the recovered heat as a source of heating when these tanks become full.

Through these efforts, TMHMS successfully reduced its annual consumption of thermal energy purchased from a district heating supplier by 185 MWh.



Heat storage tanks



Air-conditioning system

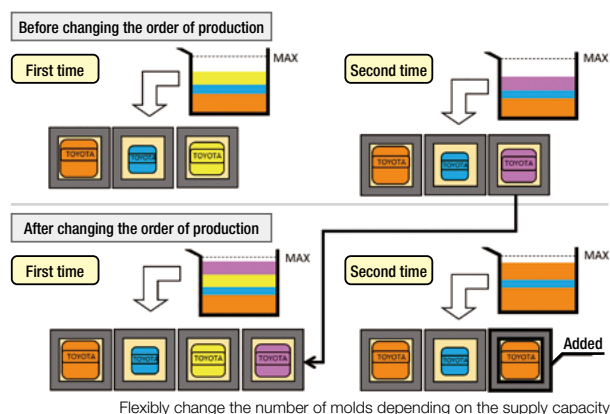
Case Example: Reducing Energy Consumption by Changing the Order of Production

North Vernon Industry Corporation (NVIC), a subsidiary manufacturing counterweights for lift trucks in North America, has actively been promoting energy-saving activities with a focus on heating equipment that consumes an especially large amount of energy in production processes.

In these processes, an industrial furnace uses a lot of energy for heating molten metal. Recognizing it as an issue, NVIC made efforts in fiscal 2024 to reduce its energy use by decreasing the number of heating instances applied to molten metals.

Conventionally, molten metal was heated and poured into three metal molds, and this heating was repeated 36 times per day on average. To reduce the number of repetitions, NVIC decided to flexibly change the number of molds to be filled with molten metal per heating, rather than fixing it to three, depending on the supply capacity of molten metal.

With the cooperation of the production management department, the company optimized the order of production and can now fill an average of 3.3 molds per heating.



This has enabled NVIC to reduce the average number of heating instances to 33 per day and cut down its annual CO₂ emissions by about 1,938 tons.

Case Example: Installing a Solar Power Generation System on a Plant's Idle Land

Toyota Industries has been pushing ahead with the introduction of renewable energy throughout the Group while taking into account the characteristics of the country or region in which each base is located.

Toyota Material Handling, Inc. (TMH), a subsidiary manufacturing materials handling equipment in the United States, has already been undertaking various activities, such as thorough energy saving in production processes and purchase of renewable electricity certificates. TMH, however, had not yet implemented renewable energy measures on its premises.

A parts warehouse in the premises conventionally used non-renewable electricity supplied by a local power company. TMH examined ways to replace it with renewable electricity and decided to introduce a solar power generation system on the idle land adjacent to the warehouse as it was large enough to install solar panels. TMH installed about 2,500 solar panels on 10,000 square meters of land in December

2023 and started operating the system in April 2024.

The system can generate 1,700 MWh of electricity annually, and TMH expects to reduce its annual CO₂ emissions by around 1,500 tons.



Solar panels installed on the idle land

Supporting the TCFD Recommendations and Disclosing Information Based on the Recommendations

In December 2019, Toyota Industries declared support for the Task Force on Climate-related Financial Disclosures (TCFD)*¹ 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.

*1: 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.

Link to details



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.

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.

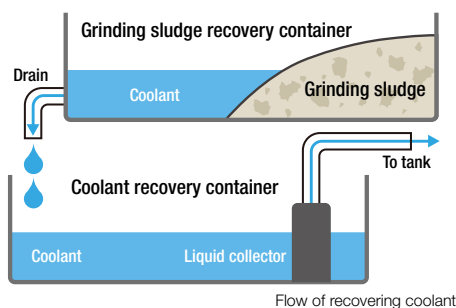
Case Example: Reducing Waste by Reusing Coolant

The Higashiura Plant, a production base of car air-conditioning compressors in Aichi Prefecture, has been proactively working to reduce its waste generation volume.

Polishing, a process in the manufacture of compressor parts, generates a large volume of grinding sludge, which is a mixture of polishing dust and coolant (cooling liquid used to reduce thermal damage and abrasion). The plant examined the grinding sludge discharged into a recovery container and found that it contained about 1.4 kg/h of coolant. The plant accordingly launched a project based on the idea that reducing the discharge of the coolant might lead to less grinding sludge.

In order to solely recover the coolant from the grinding sludge, the plant first added a coolant discharging drain and coolant recovery container to the grinding sludge recovery container. It then installed a liquid collector in the coolant

recovery container so that the coolant, which had been discarded with the grinding sludge, would be returned to a tank for reuse. The liquid collector takes power from a coolant supply pump used in the existing equipment and does not need additional energy for air suction. As a result, the process was able to reduce its monthly waste by about 1.2 tons without increasing CO₂ emissions.



Kentaro Kawata
Safe Environment Oversight Group,
Higashiura Machinery Section,
Manufacturing Dept No. 3,
Compressor Div.

As of March 31, 2024

When I was previously in charge of this process, I never thought about recovering the coolant from the sludge for reuse. As I was assigned to another environment-related group, I gained awareness and knowledge about waste and came up with this improvement idea. I also learned that many types of waste can be reduced, including those we naturally thought would be difficult to reduce. I would like to continue activities to reduce waste from various perspectives.

Case Example: Reducing Use of Resources by Unifying Skids

Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTTM), a textile machinery production subsidiary in India, has been promoting production activities to minimize its use of resources.

KTTM uses skids, a type of pallet, to make it easy to handle and carry cargo by lift trucks when shipping products. Previously, it used a total of eight types of skids with different

shapes and sizes, four metal ones for exporting and four wooden ones for transportation within India.

Wooden skids are prone to defects during assembly. Compared to metal skids, they are also difficult to reuse, thus consuming a large amount of resources. Coupled with the need for a large space to store these multiple types of skids, KTTM started examining the possibility of integrating the

eight types into one metal type.

The results showed that the unification of the existing skids was difficult due to their structures and from the perspective of the efficiency of loading onto containers. KTTM thus decided to design a new, general-purpose metal skid for both export and domestic shipping. The company also asked its customers in India to switch from non-reusable wooden skids to the new metal skids. Consequently, KTTM

abolished the use of wooden skids and reduced its annual use of wood materials by 13.7 tons, achieving less use of natural resources overall.



Newly designed metal skid

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: Achieving Zero Wastewater from Production Processes by Recycling Wastewater

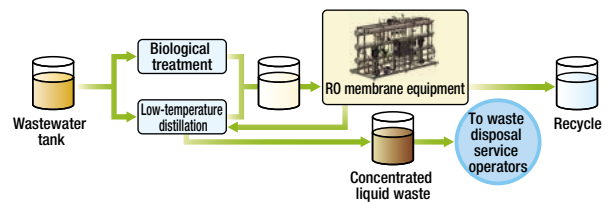
In July 2023, TD Automotive Compressor Kunshan Co., Ltd. (TACK), a compressor production subsidiary in China, completed the construction of a new plant to increase its production capacity of electric compressors. The new plant has implemented a range of environmental measures to ensure legal compliance and reduce its environmental impact. One such measure is to promote the effective use of water resources.

The plant's wastewater treatment system applies biological treatment or low-temperature distillation depending on the type of wastewater discharged from various production processes. The wastewater is then treated through a reverse osmosis (RO) membrane process for recycling in these processes. In this way, the plant achieved zero wastewater from production processes.

TACK also applies the RO process to remove impurities from tap water and recycles wastewater from the process

as supplementary water for a cooling tower, leveraging it to reduce the use of supplementary water.

Through these efforts, TACK expects to reduce its annual water consumption by about 16,930 m³. In addition to reducing the use of water resources, these efforts have led to a lower risk of contaminating the local environment with wastewater from production processes.



Wastewater treatment flow

Case Example: Reducing the Dependence on Local Water Resources by Increasing the Use of Rainwater

KTTM has also been promoting production activities that consider the local environment concerning water resources.

KTTM has already built a pond on the plant premises to lower its dependence on local water resources and has used rainwater stored in the pond in production processes. However, since rainwater alone was not sufficient to satisfy the demand from these processes, KTTM purchased groundwater from a local water supplier. KTTM was concerned that the continued use of groundwater may cause lower groundwater levels and that the installation of wells may also impact the natural environment. In response, the company more than doubled the capacity of the pond

from 600 kl to 1,250 kl. This has allowed KTTM to secure a sufficient amount of rainwater needed for production and reduce its dependence on local water resources.



Before expansion



After expansion

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.

Substances of Concern: Our Approach

Currently, air pollution by chemical substances has become a global issue having equal importance as global warming. As such, countries around the world are adopting more stringent environmental regulations each year. How Toyota Industries responds to these regulations will have a significant impact on the business activities we undertake in each country.

Based on this perception, we have been taking a forward-looking approach, anticipating fuel efficiency and emissions regulations to be enforced by each country and region, and promoting product development accordingly. In production activities, we have been working to minimize the use of substances of concern such as volatile organic compounds (VOC), which are causal substances of photochemical oxidants that generate smog.

Case Example: Promoting VOC Countermeasures at a Production Subsidiary in China

TACK has installed VOC collection and treatment equipment in its new plant completed in July 2023. These devices, which were used in the processes to wash completed products and recycled products, were created by modifying the dust collectors used in the previous plant for hydroalcoholic washing. Thus, the initiative ensured the effective reuse of the existing devices and a reduction of the

environmental impact.

In the process of washing parts, the company also switched to washing with pure water and discontinued the use of VOC-containing cleaning agents. Through these efforts, TACK expects to reduce its annual VOC discharge by about 5.6 tons.



VOC collection and treatment equipment



Health & Safety
Environment Dept., TACK

(Left)
Yan Shipu
Section manager

(Second from left)
Ma Jinsong
Manager

(Right)
Li Fengshi

Energy Section,
Manufacturing Dept.,
TACK

(Second from right)
Fu Guangqing
Section manager

As of March 31, 2024

The Chinese government has been promoting a variety of policies for reducing air pollution. The initiative was one example of our proactive response to these policies and environmental problems. TACK will continue making concerted efforts to become an eco-friendly plant while achieving corporate growth.

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 conserve 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.

Initiatives to Facilitate an Understanding of Conservation of Biodiversity among Employees

Toyota Industries provides opportunities for all employees to participate in activities to conserve biodiversity to help them gain a deeper understanding and take voluntary actions.

For example, we provide workshop-style education during introduction training for new employees to encourage each to relate to the matter by thinking about how their behavior and Toyota Industries' activities impact biodiversity and what benefits we receive from it.

We also conduct activities that engage employees of the Higashichita Plant, such as coloring decoys of terns for the Higashichita Birdpia, which we created within the plant.



Event to color decoys

TOPIC Tours of Our Biodiversity Sites for Elementary School Children

Toyota Industries conducts tours of its Higashiura Animal Path and Higashichita Birdpia for local elementary school children to familiarize them with the idea of biodiversity and help them understand the importance of conserving it.



Tour in the Higashichita Birdpia

TOPIC Our Biodiversity Sites Certified as "Sites in Harmony with Nature" by the Ministry of the Environment

The Birdpia within the Higashichita Plant and the Biotope at the East of Obu Station created and managed by Toyota Industries have been certified as "sites in harmony with nature" by Japan's Ministry of the Environment. The certification system was launched by the ministry in fiscal 2024 to certify "sites where biodiversity is conserved through private sector efforts" as part of the larger initiative to achieve a global target called "30 by 30".

*2: A target set in the 2021 G7 summit to effectively conserve at least 30% of the earth's land and sea by 2030 to conserve healthy ecosystems



Logo of "sites in harmony with nature" certified by the Ministry of the Environment

Relationship with Our Customers

We strive to create a system that ensures proper manufacturing in the correct way to deliver safe and reliable products to 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.
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In response to the incident of our legal violations in engine certification in Japan, we have reexamined the Quality Vision, which specifies our basic perspective on quality. To ensure legal compliance and deliver safe and reliable products to customers, everyone at Toyota Industries is going back to the basics and making all-out efforts to rebuild our Company-wide quality management system (QMS) so that we can offer our products to customers with confidence in quality and reassure people that Toyota Industries has been transformed in a better way.

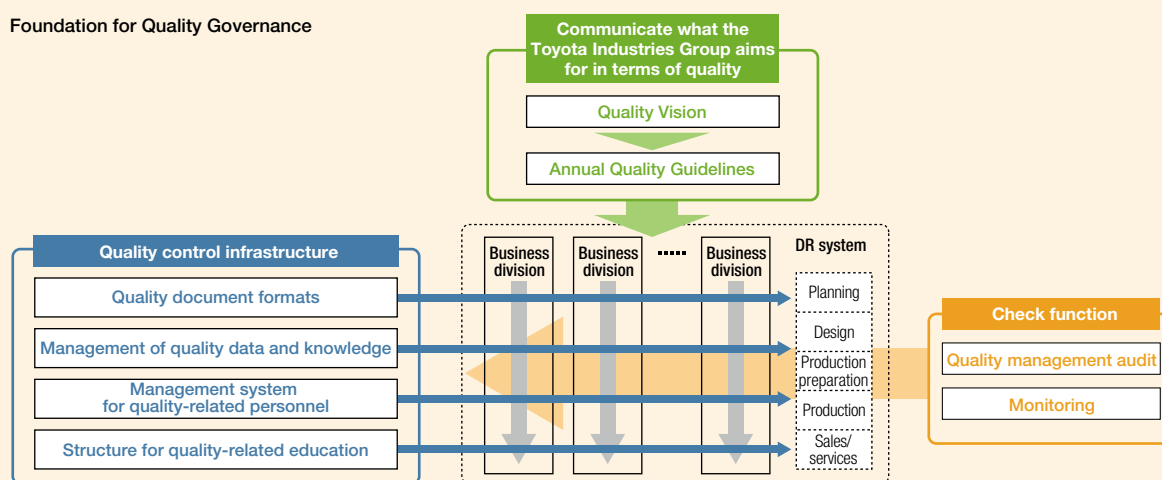
Establishing a Foundation for Quality Governance

In January 2023, we reorganized the Quality Control Department into the Quality Management Department in order to reinforce the horizontal alignment of our quality functions. Under the Chief Quality Officer (CQO), a newly established position in January 2024, the Quality Management Department has been taking the lead in establishing a quality control infrastructure and strengthening our check function for our business divisions.

With regard to the quality control infrastructure, we will establish quality-related document formats, a system to manage quality data and knowledge, a management system for quality-related personnel and a structure to provide quality-related education. The Engine Division will spearhead the effort to revamp the existing standards and provide rules and standards for important processes needed to ensure compliance with laws and regulations. These activities will then be extended throughout the Company. As for a design review (DR), which serves as the basis of our new product development, we have reexamined the Company-wide rules and initiated the process of redefining divisional rules. We are also reviewing our quality control education to again cultivate quality compliance awareness.

As for strengthening our check function for business divisions, we have set up lines of reporting related to quality issues and started conducting quality management audits as a function to monitor business divisions.

Foundation for Quality Governance



Setting up a Structure to Enhance Quality Awareness of the Entire Company

■ Aiming for a Robust Quality Governance Structure

For reorganizing and reinforcing our quality governance structure, Toyota Industries will promote the establishment of a new, more robust quality governance structure consisting of three check lines.

In addition to the conventional quality assurance structure of each business division (Line 1), we will set up an

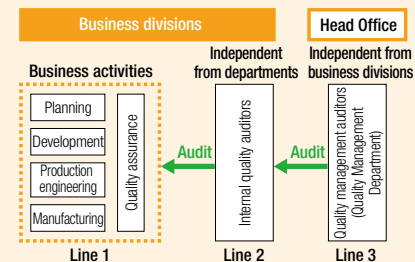
internal quality audit function independent of departments within each business division (Line 2). The Quality Management Department in the Head Office will audit Line 2 from a position independent of business divisions (Line 3). With these three lines, we aim for a structure invulnerable to risks.

■ Focusing on Product Quality through Quality Management Audits

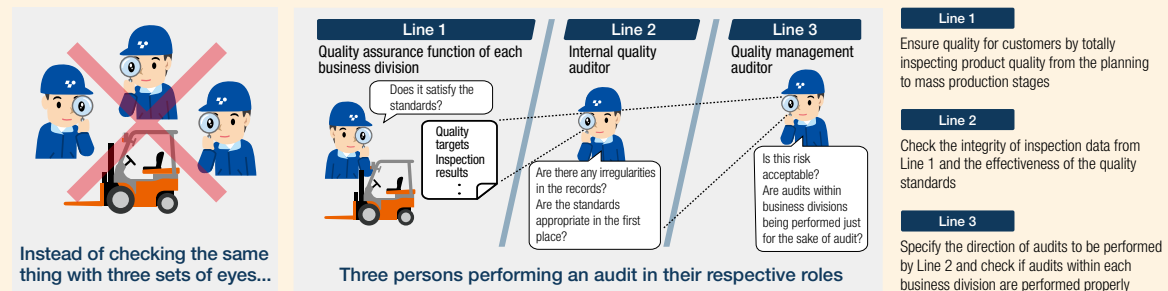
We ensure product quality while engaging all departments, from planning to development and production. One role of audit is to check this process from a third-party viewpoint to identify risks. Its scope, however, goes beyond just checking if we meet the requirements of laws, regulations and standards. It includes examining if quality-related systems and rules, which each department should follow, are working effectively and if the existing standards are appropriate as is. Additionally, by having the Head Office further check the results of internal quality audits of each business division, we expect that an appropriate check function will be exercised for prevention and timely discovery of problems.

Our newly launched quality management audits intend to enhance quality awareness of the entire Company by providing greater opportunities for more functional organizations and employees to regard product quality seriously and by encouraging everyone to become more keenly aware of the link between their work and product quality.

Quality Governance Structure



Structure of a Quality Management Audit



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.

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 check each business partner's quality control status, suggest items that should be reinforced based on the results and cultivate a deeper

understanding of *kaizen* (improvement). In fiscal 2024, following the government's downgrading of COVID-19 classification to Class 5, we gradually shifted from remote audits to conventional *genchi genbutsu* (go and see for yourself) inspections and continued to check the status of quality assurance activities of each company both through a quality assurance system and on-site quality control.

■ Nurturing and Certifying Internal Auditors at Suppliers

To foster voluntary quality improvement efforts of suppliers, we are nurturing and certifying internal auditors at suppliers satisfying our criteria. Through these activities, we foster a culture in which suppliers work autonomously to maintain and improve their quality assurance systems and 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 while understanding that complying with laws and regulations forms the basis of our activities.

■ QC Circle Activities

For our quality control (QC) circle activities, in which all employees participate, we have garnered many awards, as we presented the results of our activities at QC circle conventions across Japan. For example, in fiscal 2024 we received an encouragement award under the QC Circle Kaoru Ishikawa Award program for three consecutive years (for the 12th 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. Fiscal 2024 marked our first milestone with three of our QC circles receiving the award at the same time.

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, these trainers have devised creative solutions to promote, maintain and resume their initiatives. As for the Global QC Circle Convention held as a venue for presenting activity results, we hosted a video session for three years up to fiscal 2023 because of the pandemic but started holding it in Japan again in fiscal 2024. Among the Regional QC Circle Conventions hosted in respective regions, the ones in North America, Europe and China were also resumed in person in fiscal 2024 to share the accomplishments made by respective bases.

■ Activities to Promote Creative Ideas among Employees

All employees are striving for *kaizen* in their day-to-day operations through creative ideas. With regard to such ideas, we received 11 awards in fiscal 2024 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 shown notable ingenuity 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 40 years to share best practices of each business division and hone collective skills.

CSR Material Issue

➤ Rate of eligible employees receiving training to promote quality education (non-consolidated): 92%

■ Nurturing Human Resources Who Can Perform Risk Assessment of Product Safety

In order to provide products that are safe for customers to use, each business division conducts risk assessments 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.



Global QC Circle Convention

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

- 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

Fair and Equitable Business Transactions Based on an Open Door Policy

We provide fair and equitable opportunities to all potential suppliers. In selecting suppliers, we comprehensively evaluate them 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.

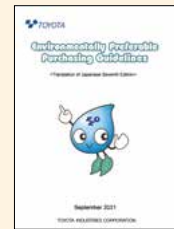
Co-Existence and Co-Prosperity Based on Mutual Trust

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.

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.

Link to the
guidelines



Environmentally Preferable
Purchasing Guidelines

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 May 2023, we made revisions to the guidelines, such as adding provisions on cybersecurity. We inspect suppliers' compliance with the guidelines by performing checks, encouraging them to perform a self-inspection using a checklist and following up on their efforts. Through these

checks, we have confirmed that all suppliers comply with the guidelines. 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.

Link to the
guidelines



Sustainability Guidelines
for Suppliers

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). The October 2023 revision to the declaration also states that we proactively communicate with subcontractors so that we can capture difficulties they are facing, hold negotiations while taking into consideration various cost fluctuations and maintain written records of the results of such negotiations.



Link to the declaration
(in Japanese)



■ 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

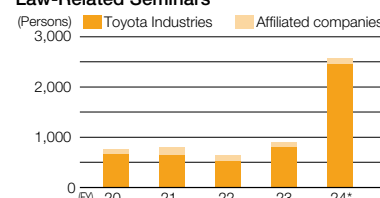
Toyota Industries holds sessions to explain carbon neutrality to its major suppliers. In fiscal 2024, we conducted a survey on the CO₂ emissions of suppliers and asked them to implement activities to reduce their emissions. Jointly with suppliers, we will continue to step up our efforts toward achieving carbon neutrality throughout our supply chain.

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 2024, 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, those responsible for price negotiations for the entire Company and their managers 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



* Provided e-learning to an extended group of eligible employees than before fiscal 2023

Safety and Health Activities for Suppliers

We hold sessions for our major suppliers 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 the cooperation of subcontractors located on our premises 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.

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 IR. We also strive to engage in proactive and constructive dialogue with shareholders and investors by establishing a dedicated department.

Communication with Shareholders and Investors

We hold our annual general shareholders' meeting early to avoid the date on which many companies hold their respective shareholders' meetings so that more shareholders can attend. We are further facilitating the exercise of voting rights of our shareholders by allowing them to exercise such rights via the Internet and by joining the electronic voting platform for institutional investors.

We held our 145th General Shareholders' Meeting on June 9, 2023, in which 195 shareholders participated. At the meeting, we explained the status of our businesses and items on the agenda and received a variety of questions from shareholders on our businesses, governance and

environment-related topics. 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.

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. In addition, we actively participated in conferences hosted by securities companies and held dialogue with many investors from Japan and overseas. Through these opportunities, we exchanged opinions on a range of topics, including market conditions in each of the Lift Truck Business and Logistics Solutions Business and our response; production and sales status in our automobile-related businesses; direction of business over the medium to long term; and our approach to and initiatives for the environment, social and governance (ESG) issues.

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.



145th General Shareholders' Meeting

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 and demand for funds.

For fiscal 2024, Toyota Industries increased annual cash dividends by ¥50.0 from the previous fiscal year and paid annual cash dividends per share of ¥240.0 (interim cash dividend per share of ¥100.0 and year-end cash dividend per share of ¥140.0).

We will continue to make efforts to enhance shareholder return based on the environment surrounding Toyota Industries and the situations we are facing.

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 Perspective

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.

Toward Fostering Open Workplace Culture

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.

As for building a relationship that allows anyone to talk about anything in a timely manner, which is a focused, common theme of labor and management, we are making Company-wide efforts and holding labor-management discussions throughout the year.

We also conduct an annual morale survey throughout the Company covering various aspects, including workplace

culture perceived by each associate, an individual's willingness to grow and growth achieved and supervisors' management of subordinates. The survey results are fed back to associates, and each department head is leading efforts to create a better workplace.

In order to help promote personal and trust relationships among associates outside work hours, we are also keen to conduct activities to facilitate communication, including internal *ekiden* long-distance relay races and summer evening festivals.

Morale Survey Results

	FY2024
Percentage of associates who are proud of the Company	89.9%
Percentage of associates finding their work rewarding	75.1%

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.

The basis of our human resources development is one-on-one dialogue held semiannually between a supervisor and subordinate to discuss the subordinate's growth and aspired role (career plan) and to review his or her capabilities. Based on the results of the dialogue, we formulate a departmental development plan for each member and share it with him or her to increase work motivation and encourage further growth and greater roles.

Moreover, we place emphasis on human resources development through a broad range of experiences and have proactively taken measures to provide various opportunities for active engagement, including a system of overseas training, an internal job posting system and a job rotation system in which associates will eventually return to their

original positions after assignment to different workplaces for a certain period of time.

We assign one senior member in the workplace to each new associate to help them learn the basic rules as a working person and ensure smooth assimilation. After one year from the posting, the department head interviews each new associate to eliminate difficulties and convey growth expectations.

As a tool to support OJT and supervisors' management of subordinates, we implement a 360-degree feedback system designed to provide an opportunity for them to reflect on their actions and facilitate behavioral change.

For leader positions, we have a succession plan system, which specifies successor candidates for each of the department head positions as well as executive officer positions at affiliated companies in and outside Japan. The system also validates required qualities and formulates development plans. Through the system, we assign roles and opportunities to those who may assume positions that are strategically important in our management to facilitate their development.

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

Rank-Based Training

	Office associates	Production associates	
Directors	Training for newly promoted directors		Directors
Managers	Training for newly promoted managers		Managers
Senior staff (SS)	TICO Business Practices training III	Training for newly promoted CX	Chief experts (CX)
	Training for newly promoted SS		
Middle staff (MS)	TICO Business Practices training II	Training for newly promoted SX	Senior experts (SX)
	Training for newly promoted MS		
Junior staff (JS)	TICO Business Practices training I	Training for newly promoted EX	Experts (EX)
Clerical staff (CS)	Induction training for new associates	Production associate training III	Associates
		Production associate training II	
		Induction training for new associates	

training to gain specialized knowledge or capabilities.

These programs are also made available to associates of affiliated companies in Japan.

<Nurturing Young Engineers>

We operate the Toyota Industries Technical Training School, an in-house training school, to nurture future core human resources in manufacturing operations having basic skills and a strong commitment. Graduates of the school, who have acquired knowledge, skills and mindset/physical training for one year, play active roles at the forefront of our manufacturing operations.

Our annual in-house skills contest is a venue for young associates from within Toyota Industries and affiliated companies to hone their skills. It also serves as an opportunity to nurture practical leaders in *monozukuri* (manufacturing). The purpose is to maintain and improve the basic skills underpinning the foundation of *monozukuri*, increase engineers' motivation and facilitate skills exchange among business divisions.

Through participation in the National Skills Competition, we also nurture human resources with skills, knowledge and excellent personality, thus contributing to the growth of *monozukuri* within the Company as well as Japan.

<Education to Managers>

We provide the following training programs to facilitate an understanding of the responsibilities and roles expected of associates who will be assigned to managerial positions in and outside Toyota Industries.

- Training for executives of affiliated companies in and outside Japan (director's responsibilities, compliance, labor management, accounting and financial affairs and public relations)
- Training for newly promoted group leaders (group leader's roles, building a trust relationship with group members, empowering diverse members and human resources development)

<Nurturing Globally Capable Human Resources>

We 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^{*1})
- (3) Training to be held at Group companies outside Japan to cultivate a sense of value shared across the Toyota

Industries Group (Toyota Precepts, business practices, giving guidance to subordinates and roles of each job level)

At the Global Human Resources Conference, in which human resources representatives of affiliated companies outside Japan participate, we discuss these initiatives, formulate medium-term plans every three years and promote related activities.

^{*1}: A system to accept associates of Group companies outside Japan for a certain period



Global Human Resources Conference



Associates participating in a National Skills Competition

■ 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.

■ Appropriate Work Hour Management and Flexible Work Styles

On the basis of labor management, compliance with laws concerning work hours, break time and leave systems, we have been striving to create an environment where associates can maintain their health and work with peace

of mind through labor-management communication. To enhance productivity, we have also introduced systems to enable associates to work flexibly without time or place constraints to offer more diverse work style options. Such systems include a flex time system without core-hour requirements, satellite offices, a discretionary work system and a telecommuting system.

■ Fair Evaluation

Toyota Industries respects diverse values and attributes and implements measures so that each associate is empowered to demonstrate their abilities. At the same time, we conduct fair evaluations based on communication between supervisors and subordinates and provide support for their even greater engagement.

Supporting Active Roles of Diverse Human Resources

To generate 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, sexual expression, 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 the mindsets of associates, providing career support for female associates and promoting flexible working practices.

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 training program on women's empowerment for newly promoted production associates.

As health support for women, we have implemented initiatives such as providing basic knowledge videos for all associates and setting up a health consultation service with specialty doctors.

As a result of these efforts, Toyota Industries received Japan's "Eruboshi" certification and an "Excellent Company" award under Aichi Prefecture's "Female-Friendly Company" certification program.

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: 2.0%, or 1.7 times the fiscal 2015 level (as of March 31, 2024)
Example efforts	Training for newly promoted group leaders; training for career development for female associates; career development support through dialogue; formulating and implementing individual career plans; role model exchange meetings; pre-maternity leave seminars
Target 2	Ratio of female graduate recruits: 40% in office work positions and 10% in engineering positions
Result	53% in office work positions and 3% in engineering positions (among new hires in April 2024)
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	45.6% (fiscal 2024)
Example efforts	Providing videos describing systems for supporting work-life balance for expectant mothers, their spouses and supervisors; communicating relevant systems through a parental leave handbook for male associates



Link to the action plan (in Japanese)



Training for newly promoted group managers



Road Map for Promoting Active Roles of Female Associates

	Phase 1	Phase 2	Phase 3
	Establishing and enhancing work-life balance support systems to instill related practices	Cultivating a culture to encourage more active roles	Undertaking initiatives to promote even greater roles
Promoting active roles	2002–	2008–	2015– 2019–
		- Cultivating a culture - Opening a diversity-related page on the intranet - Female associate exchange meetings - Holding lectures	- Project to promote more active roles for female associates in office work and engineering positions - Awareness-raising seminars for managers, career training for female associates, etc. - Working group for promoting active roles of female production associates - Seminar for cultivating female associates for experts
Supporting work-life balance	- Enhancing support systems - Extending the period of parental leave - Introducing a leave system to allow parental care of children with illnesses	- Introducing a shorter work-hour system for childcare - Establishing on-site day care center - Introducing a "welcome-back" system (allowing associates who have left work for specific reasons to get reinstated)	- Introducing a financial aid system for day care costs - Introducing a system of leave for fertility treatment - Installing delivery lockers (receiving delivery of online supermarket services)

■ 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. Before hiring, we offer them the opportunity to gain work experience (internship) so that they can feel reassured about joining Toyota Industries. After employment, we implement various measures to ensure that they receive fair opportunities for achieving growth and taking active roles. These include dispatching sign language interpreters when they receive training, providing tools to support communication, such as Boogie Board digital writing pads and UD Talk (a real-time speech-to-text app), having supervisors and senior members pay special attention to them and assigning counseling staff in the General Affairs Department at each plant, bachelors dormitories and the Human Resources Department in the Head Office. Through these efforts, we have established a system to support their workplaces.

Moreover, we invite persons with disabilities as lecturers to each of our grade-based training programs to foster a deeper understanding of persons with disabilities and nurture a supportive workplace culture.



Associates using the tool in the workplace

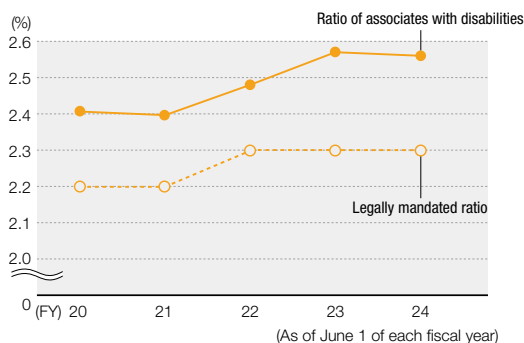


Boogie Board tool to support communication

CSR Material Issue

> Ratio of associates with disabilities: 2.56% (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 contribute to the workplace by actively promoting the use of digital technologies after finishing their education.

The ratio of older associates (ages 50–64) working in manufacturing departments reached about 70% (or 1,200 persons) at the end of fiscal 2024, and we expect that the percentage will continue to rise. In order to enable them 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 using digital technologies. The number of processes updated in a worker-friendly way reached 2,200, and we plan to continue undertaking further improvements.



Practical digital skills education for experienced associates

■ Efforts to Support Work-Life Balance

We back up active roles of associates balancing work with family life by enhancing our support to individual associates in various life stages and creating an environment where they can work with peace of mind. As for childcare, in particular, we have been working to foster a culture that allows associates to take parental leave more easily and have already created an environment where all associates wishing to take such leave can do so. As a result of these efforts, Toyota Industries received Japan's "Platinum Kurumin" certification and won a "Family-Friendly Company" award from the Aichi prefectural government.

We also provide support for associates balancing work with fertility treatment or family care by providing a system of leave and financial aid.



Support During Pregnancy, Childbirth and Childcare

Pregnancy	Handbook for Balancing Work with Nursing Care On-demand pre-maternity leave seminars
Childbirth	Leave system for spouses whose wife is giving birth Providing childbirth gift money
Return to work	Interview with supervisor before returning to work to discuss how to work after being reinstated
Work-life balance	Shorter work hours for childcare In-house daycare centers (mutually available among five bases) Financial aid for childcare costs (for using babysitters, travel by family members and daycare center fees) Leave system to allow parental care of children with illnesses
Other	"Welcome-back" system (for associates who have left work to accompany their spouses for a job transfer or to provide child or family care) Inviting family members to Company events (plant tours, sports days, summer festivals, etc.)

Support for Family Care

Leave system for family care Handbook for Balancing Work with Family Care Providing newsletters on family care On-demand seminars on family care Nursing home with care services operated by a Group company
--

Support for Fertility Treatment

Leave system for fertility treatment Financial aid for the costs of fertility treatment
--

Working with Colleagues from Different Countries

Currently, some 53,000 associates are working at bases outside Japan, accounting for about 70% of all associates of the Toyota Industries Group. To foster a mutual understanding among associates working in different countries and regions, Toyota Industries actively dispatches associates to production bases and offices outside Japan on temporary assignments and as trainees. We also operate the Intra-Company Transferee (ICT) system to accept associates of overseas bases at Toyota Industries for a certain period.

Number of Associates Sent Overseas (Temporarily Assigned, Expatriates and Trainees)

	March 2022	March 2023	March 2024
Associates temporarily assigned overseas and expatriates	179	163	155
Trainees receiving training outside Japan	4	9	11

Number of Associates Registered or Accepted under ICT System

	March 2022	March 2023	March 2024
Associates registered under ICT system	8	4	19
Associates accepted under ICT system	0	2	16

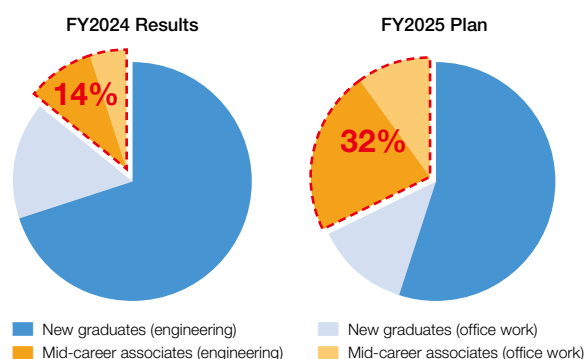
Efforts for Mid-Career Recruitment

We have been reinforcing mid-career recruitment to incorporate external knowledge. For office work and engineering positions, in particular, we have reinforced the recruitment of young persons with a few years of work experience to bring out their potential and plan to adopt a referral recruitment system*2 in addition to our conventional recruitment of work-ready persons with specialized knowledge. In fiscal 2025, we plan to increase the ratio of mid-career associates in office work and engineering positions to 32% of all main career track associates. In fiscal 2024, mid-career associates accounted for 14% of all new hires. They are assigned to their desired business divisions or job categories and after finishing induction training, take active roles in each workplace.

For our production floors, we actively promote short-term workers to full-time associates to ensure stable production by securing excellent human resources.

*2: A system of recruitment to receive referrals of potential associates from Toyota Industries associates

Breakdown of New Hires



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

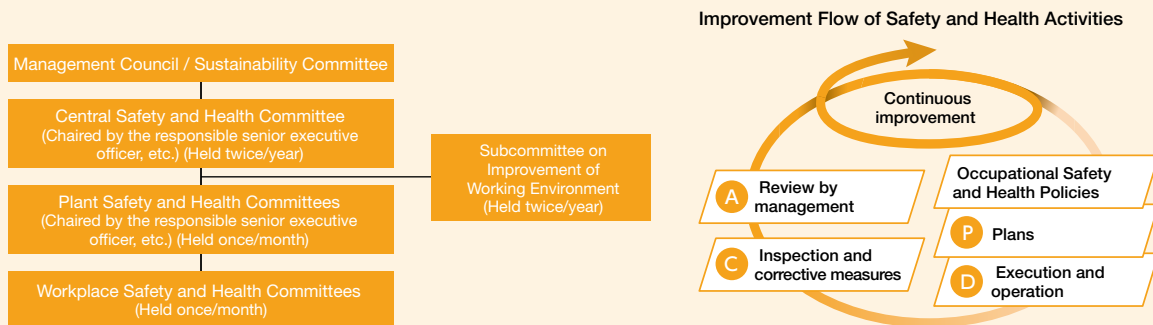
Each and every associate in the Toyota Industries Group, guided by the spirit of our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas and focuses on mutual courtesy and safety as well as realizing workplaces where associates work each day 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 the 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 the chair of each Plant Safety and Health Committee (responsible senior executive officer) 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 disorders, 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 place 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 production associates; training for newly promoted senior experts and chief experts; training for newly promoted experts; safety and health manager education
Prepare for job categories and business characteristics	Education on emergency measures; education on equipment lockout; education for equipment safety inspectors; risk assessment education

Prevention of Occurrence and Recurrence of Accidents and Disorders

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. Since fiscal 2023, as part

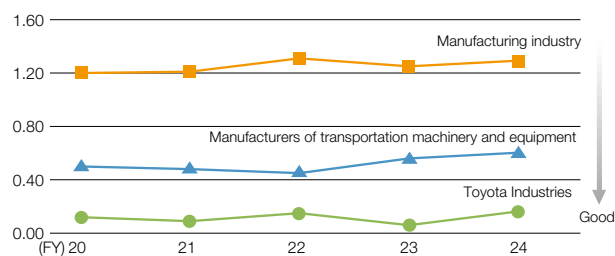
of human-related measures, we have been undertaking an initiative to quantitatively assess the tendencies of individuals, namely risk perception and risk-taking attitude*3.

In fiscal 2024, we laid down internal rules to consider individuals' behavioral tendencies when selecting personnel for implementing emergency measures to deal with irregularities that may lead to very serious accidents and have thus reinforced our efforts to prevent accidents related to powered machinery.

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 (cutting power) when something is wrong and make sure to prevent accidental operation by others (enforcing lockout) while taking fundamental measures to remove the root cause.

Frequency Rate of Lost Workday Injuries (Non-Consolidated)

CSR Material Issue



Source: Survey on Industrial Accidents, Japan's Ministry of Health, Labour and Welfare

*3: 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.

Major Health Promotion Events in Fiscal 2024

Stop smoking awareness event	World No Tobacco Day: One-day no smoking (May 31) No Smoking Days: Half-day no smoking (9 days/year)
Walking events	Held jointly with health insurance association in spring and fall (3,046 participants)
Early detection	Providing financial aid for various examinations (used by 1,189 associates)

Formulation of Philosophy of Health Management

Based on the basic perspective, we have formulated the Toyota Industries Group Declaration of Health Commitment. Centered on the idea that the health of associates and their families will vitalize the Company and lead to our sustainable growth, we will make Company-wide efforts to establish the foundation for health and productivity management.

Structure for Promoting Health

To further reinforce our health and productivity management*7, we have established the Subcommittee for Promoting Health Creation, for which the Safety & Health Promotion Department and our health insurance association serve as an administrative office. The subcommittee, in which related departments and our workers' union are participating, formulates medium- to long-term health targets and a strategy map (policy) for health and productivity management while exchanging views concerning associates' health. It also creates improvement plans and continuously provides support for enhancing the health of associates.

*7: Health and productivity management is a registered trademark of the NPO Kenkoikei

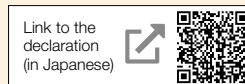
Major Activity Indicators

	FY2022	FY2023	FY2024
Participants of age-based health education*4	1,139 persons	2,576 persons	2,856 persons
Average score of KENKO Challenge 8*5	5.54	5.58	5.67
Rate of undergoing a stress check	99%	99%	99%
Overall assessment of the stress check results (National average: 3)*6	3.27	3.27	3.28

*4: Held only during the period from July to December in FY2022.

*5: Average score at which associates are practicing the eight lifestyle 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)

*6: 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)



Prevention of Lifestyle Diseases

■ Milestone Health Class

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 provide feedback to associates on 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, physical fitness for work, assessment of physical fitness age and recommended exercises to increase motivation for promoting physical fitness.



Milestone Health Class

■ KENKO Challenge 8

Since fiscal 2022, we have continuously 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. To instill the initiative among associates and increase their health literacy^{*8}, we provide the results of a KENKO Challenge 8 survey and health-related information to encourage behavior change. Additionally, in fiscal 2024, we analyzed



the correlation between lifestyle habit scores and work performance and motivation and, based on the findings, held a lecture by an industrial physician at a meeting of the Plant Safety and Health Committee. 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 the future, we will promote various efforts and initiatives to encourage associates to exercise during a break or after work.

^{*8}: Knowledge, willingness and ability to obtain, understand and utilize health-related information

■ Weight Reduction Program

To prevent and ameliorate metabolic syndrome, we implement 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.



Guidance using a BCA

Mental Health Support

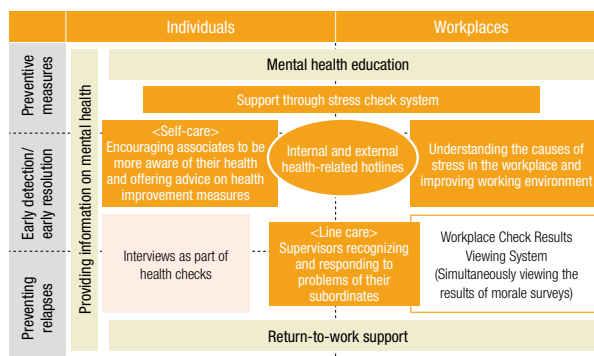
As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line-care education to prevent new cases of mental health problems and operating a return-to-work support program for persons 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 have been continuously reinforcing line care by associates' immediate supervisors and seeing an increase in cases seeking advice from the internal hotline while a problem is still in the mild stage. Since associates with milder mental health problems aim to recover while still on the job, we assist them in taking action themselves to restore their conditions as well as support the workplace in improving its work processes and environment.

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 showing a high level of stress and those found to have tendencies of problems through the internal check, and providing improvement support to individual workplaces.

Improving Mental Health Support System



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 person to help welfare facilities hold a charity bazaar; social welfare, youth development and environmental protection activities of employee associations*1; 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.

*1: Voluntary organizations formed by employees at each job level



Cooperating in a Christmas party in a welfare facility (employee associations)

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 of materials handling equipment (worldwide) Christmas donations (worldwide) Partnership with an employment transition support facility (U.S.A.) p. 63	Environmental protection	Providing environmental education program for children (worldwide) Donating benches that made effective use of thinned wood (Japan) Tree-planting activities to curb global warming (worldwide) Cleanup activities (worldwide) Education to raise children's environmental awareness (Brazil) p. 63
	Youth development		Community contribution
	Providing <i>monozukuri</i> workshops (worldwide) Holding plant tours and work experience events (worldwide) Holding mini concerts at elementary schools (Japan) Dream Project (India) p. 63		Participation in traditional events (Japan, India, Germany) 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) Blood donation (worldwide) p. 63
		Other	Holding charity concert (Japan) Disaster relief and humanitarian support (worldwide)

Activity Examples of Toyota Industries Group

U.S.A.

Partnership with an Employment Transition Support Facility Cascade Corporation (Cascade)

Social welfare

For more than 40 years, Cascade has been partnering with the Kay Service Center^{*2}, an employment transition support facility, to help persons with disabilities to be themselves and live comfortably in the community with meaningful jobs. Together with Cascade employees, they engage in activities to support production. The experience of working and communicating with various people, both with and without disabilities, helps them grow further. In June 2023, Cascade made a donation under the Cascade Corporate Giving Program.

^{*2}: A facility supporting adults with disabilities to develop a maximum level of independence in the community

India

Dream Project—Aiming for Community Development via Educational Support Toyota Industries Engine India Pvt. Ltd. (TIEI)

Youth development

TIEI promotes its Dream Project based on the belief that education forms the foundation for all people. While working with the local government, TIEI has created excellent educational infrastructure by rebuilding an old elementary school with digitalized “smart” classes and eco-friendly facilities. On November 29, 2023, community residents, teachers and students attended a ceremony to officially pass the new building over to the government’s educational agency. From fiscal 2025 onward, TIEI plans to support study sessions for teachers and initiatives for children’s growth (learning, sports and cultural activities) to improve the quality of education. TIEI intends to contribute to the comprehensive growth of children and the development of local communities together with local governments and community members.



Ceremony to hand over the new school building

Brazil

Education to Raise Children’s Environmental Awareness Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM-B)

Environmental protection

In cooperation with the environmental agency of the local government, TMHM-B, which engages in the sales and servicing of materials handling equipment, hosted an event for children to plant multiple plants in a flowerpot made by reusing plastic waste. The 50 children first created flowerpots by adding rabbit ears and faces to plastic containers and then planted their favorite flowers and herbs. In September 2023, TMHM-B conducted an environmental awareness lecture at school to spread awareness of the importance of protecting trees and forests, which was attended by 60 students and teachers.



Children showing off their original flowering pots

Worldwide

Blood Donation

Community contribution

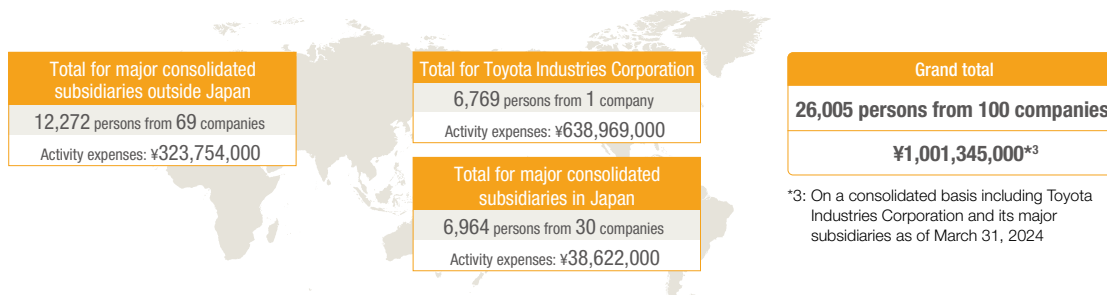
In fiscal 2024, 1,034 members of Toyota Industries and 11 Group companies in five countries donated blood. We cooperate with the Red Cross through blood and other donations and volunteer activities and by lending our products.

Toyota Material Handling (TMH) worked jointly with the American Red Cross and supported their development through the completion of a new bloodmobile. The vehicle can accommodate four donors simultaneously, with an annual collection capacity of approximately 6 million ml of blood. It is designed with built-in measures to counter infectious diseases and is the first in the United States equipped with solar panels.



New bloodmobile built with TMH's support

■ Status of Social Contribution Activities in Fiscal 2024 CSR Material Issue



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.

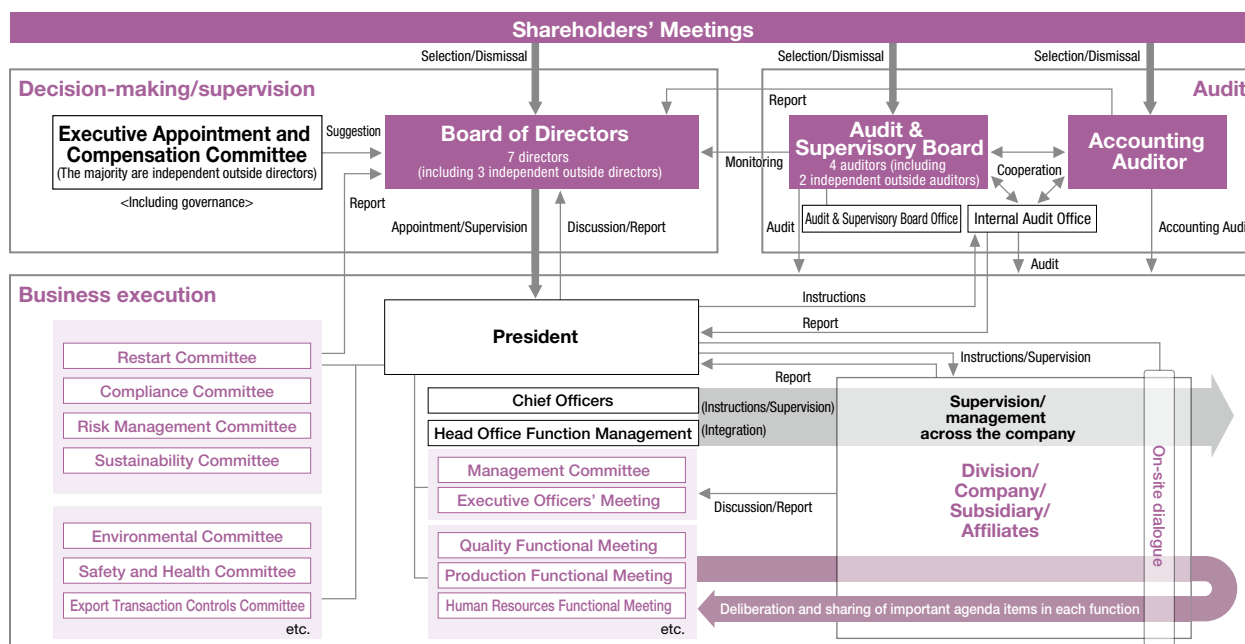
Link to the Corporate Governance Report (in Japanese)



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



(As of June 11, 2024)

division, are discussed by the Management Committee, which is composed of the president, executive vice president, chief officers and audit & supervisory board members as well as relevant senior executive officers and other executives, prior to deliberation by the Board of Directors.

At the Executive Officers' Meeting, the president, executive vice president, chief officers and senior executive officers convene to report and confirm the monthly status of business operations and discuss business and functional issues.

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

Furthermore, in response to the engine certification issue, we established a Restart Committee to promote recurrence prevention measures.

Moreover, we strive to maintain and improve internal

Initiatives for Enhancing Corporate Governance

1971	Introduced a divisional organization system
2006	Reduced the number of directors (from 30 to 17) Introduced a managing officer system
2010	Appointed independent members of management
2016	Established the Executive Appointment Committee and Executive Compensation Committee 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)
2023	Reorganized the Executive Appointment Committee and Executive Compensation Committee into the Executive Appointment and Compensation Committee, with its chairperson position now assigned to an independent outside director
2024	Established chief officer (CxO) positions Appointed a female director

controls by establishing the Internal Audit Office and conducting internal audits of Toyota Industries' business divisions and departments as well as our subsidiaries.

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 and Audit & Supervisory Board Member Candidates

We appoint candidates from the viewpoint of placing the right persons in the right positions. As director candidates, we appoint persons capable of making sound and quick decisions about corporate management in general, managing risk appropriately and monitoring the execution of business operations. In appointing audit & supervisory board member candidates, we ensure a balance among the financial, accounting and legal insights, knowledge of our business fields and the diversity of perspectives on corporate management. We also select senior management members from the viewpoint of placing the right persons in the right

positions, while considering a balance of their abilities to cover each function and business division of Toyota Industries in executing business operations. We will consider dismissal if a certain situation precludes sufficient execution of duties.

Based on these policies, we review proposals, exchange views and confirm details at the Executive Appointment and Compensation Committee, which is chaired by an independent outside director and a majority of which comprising independent outside directors, and then 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						
Directors	Shigeki Terashi	○		○		○	○		○	○	○
	Koichi Ito	○	○		○		○	○	○	○	○
	Akira Onishi	○	○	○	○				○	○	○
	Shuzo Sumi	○				○	○	○	○	○	○
	Junichi Handa	○				○	○	○	○	○	○
	Kazunari Kumakura			○		○	○		○	○	○
	Takako Shimizu						○	○	○	○	○
Audit & supervisory board members	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 three 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 performance-linked compensation (bonuses and restricted share compensation).
- However, non-executive directors such as outside directors are paid only fixed compensation as they are independent of the execution of business operations.

■ Method of Determining Individual Compensation

- We have established the Executive Appointment and Compensation Committee consisting of Toyota Industries' president and independent outside directors.
- To ensure the Committee's objectivity and transparency, we have a rule that independent outside directors serve as a chairman and make up half or more of the total number of its members.
- The Executive Appointment and 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 Appointment and 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 Appointment and Compensation Committee.

■ Composition Ratio

- The ratio of fixed compensation and performance-linked compensation (bonuses and restricted share compensation) for directors, excluding non-executive directors such as outside directors, is approximately 50:50. However, Toyota Industries is not precluded from using a ratio different from the above, depending on the circumstances of the consolidated operating profit amount and others.
- The ratio of bonuses to restricted share compensation in the performance-linked compensation is approximately 70:30.

■ Policy for Determining Fixed Compensation, Bonuses (together, "Cash Compensation") and Restricted Share Compensation

[Cash Compensation]

- The cash compensation paid to directors after

combining fixed compensation and bonuses is determined to be ¥700 million or less per year (including ¥150 million or less per year for outside directors).

[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.
- The bonus is determined by using the consolidated operating profit as the indicator and is approximately 70% of the total amount of performance-linked compensation calculated for each rank based on the amount of consolidated operating profit for the previous fiscal year. The bonus will be 100% of the total amount of performance-linked compensation if there is a reason for not providing directors with restricted share compensation.
- In determining the total amount of performance-linked compensation, we give comprehensive consideration to dividends, employees' and other companies' bonus levels, past records of bonus payments and execution of duties and assigned work.

[Restricted Share Compensation]

- Restricted share compensation is paid at a certain time after the end of the General Shareholders' Meeting in each fiscal year. If there is a reason for not providing directors with restricted share compensation, all of their performance-linked compensation is paid as a bonus and restricted share compensation is not paid.
- Compensation paid to provide restricted share units is a pecuniary claim, and the total amount is ¥200 million or less per year separate from the director's fixed compensation and bonus. The class of shares allotted is common share (with a transfer restriction attached to the allotment contract), which is issued or transferred, and the total number is 60,000 shares or less per year (if the total number of Toyota Industries' outstanding shares has changed due to a share split or reverse share split, including the allotment of shares without contribution, the ceiling amount is adjusted according to the ratio), as per the resolution approved at the 146th Ordinary General Meeting of Shareholders.
- The restricted share compensation is determined by using the consolidated operating profit as the indicator and is approximately 30% of the total amount of performance-linked compensation calculated for each rank based on the amount of consolidated operating profit for the previous fiscal year.
- Restricted share compensation is provided on the condition that an allotment contract, which includes the following provisions, is concluded.
 - A transfer restriction is attached to the shares allotted for a period between three years and 30 years from the date of allotment, which is determined in advance by the Board of Directors, and the restriction will be lifted at the expiration of the period. The transfer

restriction will be lifted if a director has retired from their position due to the expiration of their term of office, death or other legitimate reasons.

- If a director violates a law or any of the events specified by the Board of Directors occurs during the period of transfer restriction, Toyota Industries may acquire all or part of the shares allotted for no consideration.

Compensation for Audit & Supervisory Board Members

Compensation for audit & supervisory board members is fixed remuneration only, and is determined through discussions among audit & supervisory board members in accordance with certain standards established by Toyota Industries.

Compensation for Directors and Audit & Supervisory Board Members

Executive category	Total compensation (¥ million)	Total compensation by type (¥ million)		No. of applicable executives
		Fixed compensation (Basic compensation)	Bonuses (Compensation linked to business performance)	
Director (Of which, outside director)	350 (36)	216 (36)	133 (—)	8 (3)
Audit & supervisory board member (Of which, outside audit & supervisory board member)	91 (27)	91 (27)	— (—)	4 (2)
Total	442	308	133	12

Notes:

1. The figures include two directors (of whom one outside director) who resigned at the conclusion of the 145th General Shareholders' Meeting held on June 9, 2023.
2. Bonuses show the amounts approved by resolution of the Board of Directors meeting held on May 17, 2024.
3. 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.

Efforts for Undertaking Management Conscious of Capital Cost and Stock Prices

To enhance our corporate value over the medium to long term, Toyota Industries focuses on management conscious of capital cost while working to provide products and services that anticipate market needs and benefit society.

Specifically, we aim for a return on equity (ROE) of 6% in around 2026 or 2027. In the medium to long term, we will seek an even higher ROE and greater corporate value with a focus on increasing profitability, reducing shareholders' equity by trimming stock holdings, which include cross-shareholdings, and investing in infrastructure. Other key efforts

are growth-oriented research and development, proactive M&A investment, shareholder returns through dividends and flexible share buyback and dialogue with the market.

Please refer to the following for details.

Link to the presentation material for fiscal 2024



Effectiveness of the Board of Directors and Its Evaluation

With regard to the effectiveness of the Board of Directors, we conduct questionnaire surveys and interviews mainly with outside directors and audit & supervisory board members and hold discussions with them to increase effectiveness. The following summarizes the results of their evaluation.

Evaluation

- 1) The Board holds lively and constructive discussion with its atmosphere welcoming open opinions.
- 2) The Board discloses issues and risks associated with business execution openly to outside directors and is operated in a sound manner.
- 3) The Board is functioning effectively in terms of appropriate decision-making and management oversight as it has been made customary to report and deliberate 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

- 1) The Board should continue to monitor the status of response to compliance-related matters and risks on a periodical basis.

- 2) The Board should increase reporting on post-project assessment of M&As and investments, in addition to business and financial strategies aimed at growth over the medium to long term.
- 3) For important topics, it is recommended to provide opportunities, separate from the Board meetings, to invite the heads of respective business divisions for casual discussion.

As shown above, Toyota Industries' Board of Directors has been evaluated as effective. Nonetheless, we will undertake efforts to further increase the effectiveness 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	13	99% (Directors and audit & supervisory board members)
Audit & Supervisory Board	14	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 Office.

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

Policy on Cross-Shareholdings

Toyota Industries' basic policy is not to own cross-shareholdings unless there is a rational reason to do so. On the other hand, collaboration, such as maintaining and reinforcing business relationships with business partners, is essential to sustainably enhance our corporate value. We thus hold shares as needed based on our business strategies.

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 annually conduct a survey on the significance of cross-shareholdings with responsible departments to pick out less significant investee companies and examine whether to sell their shares. At the same time,

we carry out verification based on quantitative information, such as profitability indicators of investee companies and investment returns compared to capital cost. If those investee companies are found to be below our criteria as a result of the verification, we again examine the significance of holding their shares and consider selling these shares.

In fiscal 2024, we sold shares of two investee companies.

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.

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. However, following our legal violations related to engine certification in Japan, we initiated efforts to prevent recurrence while going back to the basics and making a fresh start, vowing never to commit such misconduct again. At the same time, we decided to revise our Basic Policies, and the decision was approved by

resolution of the Board of Directors in April 2024.

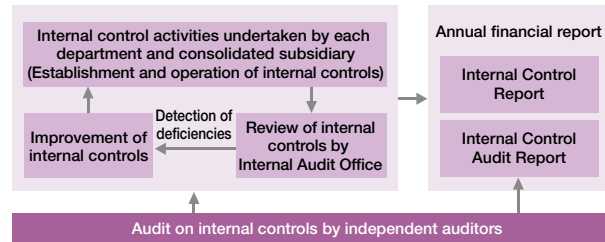
In order to never repeat the same mistake, we will foster a culture of noticing and always pausing when something is wrong and make improvements by engaging all employees. We will also establish an organization and system to respond to risk appropriately and make optimum allocation of management resources. In executing actual business operations, we will remain sincere and conduct proper manufacturing, incorporate a mechanism, including a check function, into our corresponding processes, and simultaneously work to nurture human resources to practice such sincere, proper manufacturing.

We assess the implementation status at the end of each fiscal year and determine 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 Internal Audit Office 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 2024 were effective, and accordingly, submitted an Internal Control Report in June 2024. 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

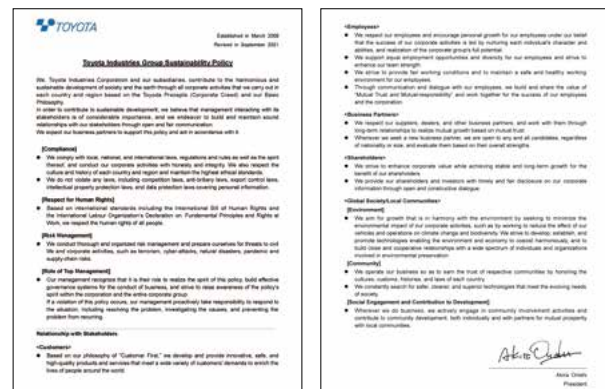
Based upon our belief that the realization of the Toyoda Precepts (corporate creed) and Basic Philosophy makes a contribution to a sustainable society, Toyota Industries has established the CSR Committee to determine the directions for Group-wide activities in accordance with the Toyota Industries Group Sustainability Policy, approve action plans and evaluate the results and has undertaken relevant activities. To focus on sustainability-related activities, we reorganized the committee into the Sustainability Committee (chairperson: executive in

charge of enterprise risk and compliance management) on April 1, 2024.

The Sustainability Committee deliberates and makes decisions on the Group-wide issues concerning sustainability and risk, including the 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.

Sustainability Committee (Formerly CSR Committee)

Frequency	Generally once a year (and as necessary)
Chairperson	Executive in charge of enterprise risk and compliance management
Members	Chairman, president, executive vice president, general managers of each business division, administrative manager, executive in charge of human resources, executive in charge of accounting, executive in charge of the environment, senior technical executives, related senior executive officers/executive officers, full-time audit & supervisory board members, and external experts
Office	Enterprise Risk and Compliance Management Department
Main Agenda	- Approve action plans on sustainability, encompassing CSR Materiality, and targets (medium term and full year) and evaluate activity results - Determine the direction of our approach to sustainability that captures the opinions of stakeholders and social trends - Revise the Sustainability Policy



Link to
Sustainability
Policy



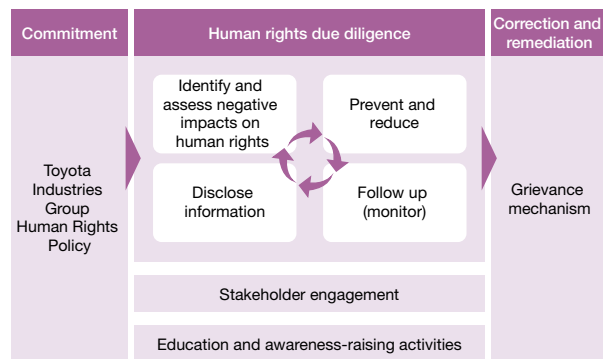
Respect for Human Rights

Basic Perspective

Toyota Industries endeavors to make the earth a better place to live and enrich society based on the Toyoda 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.

Toyota Industries Group's Framework for Promoting Respect for Human Rights

Under the framework for promoting respect for human rights, which has been formulated based on the United Nations Guiding Principles on Business and Human Rights, Toyota Industries is working to ensure respect for the human rights of all stakeholders (employees, suppliers, business partners, local community members, including indigenous peoples, and customers) throughout the value chain concerning the Group's businesses.



Human Rights Policy

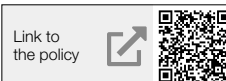
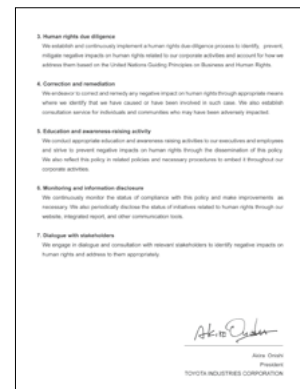
Toyota Industries has formulated the Toyota Industries Group Human Rights Policy ("Human Rights Policy") under the belief that we should step up our ongoing human rights initiatives.

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 (currently the Sustainability Committee). It is positioned as the highest-level policy related to human rights within the Toyota Industries Group.

In our Human Rights Policy, we declare that we respect internationally recognized human rights (prohibiting forced labor and child labor, ensuring the right to freedom of association and eliminating discrimination, etc.) as specified in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also endorse the United Nations Guiding Principles on Business and Human Rights and pledge to make efforts to practice these principles.

Human Rights Issues Covered by the Toyota Industries Group Human Rights Policy

Wages (minimum wage, living wage); excessive or inappropriate work hours; occupational safety and health; social security; harassment; immigrant labor, forced labor and other modern slavery; child and young labor; discrimination (against race, nationality, gender, LGBTQ+, persons with disabilities and discriminated communities, etc.); diversity, equity and inclusion; restrictions on the freedom to choose and change residence (corporate activities forcing local residents to leave their homes, forcing employees to accept job relocations); freedom of association; human rights issues related to technology and AI; privacy; consumers' safety and right to know; freedom of expression; indigenous peoples and local residents (health of local residents, conservation of the environment in communities, land rights, access to water, noise reduction, etc.); the environment and climate change; intellectual property rights; acts of corruption; supply chain management; access to remediation, etc.



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 Enterprise Risk and Compliance Management, 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.

Major Initiatives

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 periodically conducts a survey to check trainee enrollment and appropriate operation of the program at its consolidated subsidiaries and major suppliers in Japan. In the most recent survey, we found that 212 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. Our efforts in the future will be geared toward reviewing fee charging, which could lead to forced labor of non-Japanese trainees. In fiscal 2024, we joined the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI)*1. By collaborating with the external stakeholder, we have set up a consultation hotline for non-Japanese trainees working under the program.

*1: Organization with a total membership of more than 700 diverse stakeholders, including private-sector companies, local governments, NPOs, scholars and lawyers

<Major activities>

- Provide information (in multiple languages) about daily lives and work via a portal site and smartphone app
- Operate a multilingual consultation hotline
- Provide a system to settle matters out of court through the Dispute Resolution Center of the Tokyo Bar Association



Raw Material Procurement (Minerals)

As another initiative to respect human rights, Toyota Industries has formulated the Policies and Approaches to Responsible Mineral Sourcing based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

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.

As one specific effort, we support the purpose of the Responsible Minerals Initiative (RMI)*2, an organization leading global efforts related to conflict minerals, and have been using the RMI's survey form, which is the industry's standard, to periodically perform a minerals survey and

exercise due diligence throughout the supply chain.

In fiscal 2024, 97% of our suppliers returned the survey form, and the results showed no significant risk. If we do find a significant risk in our supply chain, we will implement risk mitigation measures, including requesting the relevant supplier to take corrective action. Going ahead, we will continue to cooperate with our suppliers and engage in responsible mineral sourcing throughout the supply chain.

> Rate of performing an annual survey on conflict minerals at applicable suppliers (non-consolidated): 97%

*2: An organization leading efforts concerning conflict minerals, in which more than 300 companies and organizations take part globally

Results of Exercise of Due Diligence on Smelters by Metal

	Tin	Tantalum	Tungsten	Gold	Total
Number of white smelters ^{*3}	64	34	32	90	220

^{*3}: Smelters in conformance with the Responsible Minerals Assurance Process (RMAP) offered by the RMI

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

Link to the policies



Child Labor

In its Human Rights Policy, Toyota Industries declares that it will prohibit child labor, which deprives children of an opportunity to receive education and forces them to work at

an early age, hindering their sound growth.

In addition, our work regulations prohibit the recruitment of persons below the age of 15.

Harassment

Toyota Industries seeks to provide an environment for all employees to work with peace of mind. We do not tolerate any form of harassment, sexual or otherwise, as well as acts that harm the dignity of individuals.

As specific efforts, we clearly state in our work

regulations that we prohibit harassment and apply disciplinary punishments to those who commit it. In addition, our Code of Conduct clearly states that we will not engage in any conduct that may cause discomfort to others, including acts of harassment.

Wages

Toyota Industries complies with wage-related laws and regulations and pays wages as specified in advance in the labor contract and work regulations. The full amount^{*4} in the corresponding currencies is directly paid to employees one or more times per month on a predetermined day. We work to ensure that our wage level conforms to the legally mandated minimum wage level and provides sufficient living

wage to satisfy the basic needs of employees and their families.

In Japan, we treat regular employees and non-regular employees equally and in a balanced manner based on the principle of equal pay for equal work to avoid unreasonable differences in their treatment.

^{*4}: Excluding deductions made in accordance with legally mandated procedures

Unstable Employment

We are committed to providing as much employment stability as possible to develop a highly competent human resources pool with a deep understanding of our values.

In addition, we strive to employ fixed-term workers under

appropriate working conditions in accordance with the labor laws and customs of each region in order to respond to fluctuations in demand due to the external environment and seasonal reasons.

Correction and Remediation (Setting Up a Grievance Mechanism)

In each region, the Toyota Industries Group operates a whistle-blower system (helpline) that allows our employees, suppliers and other relevant parties to report and seek advice on compliance-related matters. We also accept reports and consultation requests on harassment, discrimination and other matters related to human rights through law firms and external websites. If the matter is deemed to have impacts on human rights, we remedy the affected parties.

We also have rules to protect the confidentiality of information on persons making reports and prohibit negative

treatment as a result of seeking advice or cooperating in an investigation. We thus have a system that allows anyone to report or seek advice with a sense of security.

In fiscal 2024, we received reports and consultation requests about harassment and discrimination. As a result of factual investigations, none constituted a serious infringement of human rights that will lead to a significant impact, and we made an appropriate response to each case in accordance with their respective situations.

Education and Awareness-Raising Activities

To remain a company committed to respecting the human rights of all people involved in our corporate activities, we 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 in general 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, such as designating a particular week as “Human Rights Week” and utilizing e-learning programs. As for harassment, we provide education once a year to instill knowledge on harassment in everyone, from executives and directors to managers and shop floor leaders.

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
	Training for newly promoted GM	
Newly promoted shop floor leaders	Training for newly promoted EX	
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

Training on Harassment

Target	Description
Executives and directors (about 500 persons)	Facilitate an understanding of the importance of eliminating harassment; learn examples of inappropriate remarks and behavior; harassment cases frequently found in the workplace and responses to each
Managers and shop floor leaders (about 1,700 persons)	

Stakeholder Engagement

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.

At the Global Human Resources Conference held in

January 2024, 24 human resources managers from 12 countries conducted group discussions and presentations on the theme of respect for human rights. They discussed and shared points that the Toyota Industries Group should focus and work on.

Communication Channels

Employees	Labor-management round table meetings, annual labor-management meetings, hotline
Shareholders and investors ...	Toyota Industries Reports, 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



Global Human Resources Conference

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.

Previously, we established the CSR Committee and its subordinate organization, the Compliance Subcommittee, to undertake relevant activities. On April 1, 2024, we reorganized the two and established the Compliance Committee as an organization managing and promoting compliance throughout the Group, including consolidated subsidiaries. The new committee is chaired by the Global Chief Compliance Officer (GCCO), and its specific activities span formulating compliance policies for the entire Group, collecting information on important compliance risks, such as new laws and possible legal revisions, monitoring changes in society and making appropriate and timely response. We have also set up a system to swiftly report significant incidents involving the Group, including a violation of certification-related, anti-bribery, anti-corruption or antitrust laws, to the GCCO and the Compliance Committee.

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

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

Toyota Industries has formulated and distributed to executives and all employees the 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 conflict of interest, 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.

Following our legal violations related to engine certification in Japan, the Special Investigation Committee noted in its investigation report the failure of managers to exercise their functional responsibilities. Taking the matter seriously, we launched a compliance training program for managers in February 2024 in response. It provides practical training for the manager-level employees about their roles to promote compliance and two-way communication needed in workplace management. We are considering expanding the scope from office work and engineering positions to production positions in the future.

As another effort, we have created and disseminated e-learning materials on 50 topics (adding “Introduction to legally required certification” and “Antitrust laws (relationships

with customers and suppliers)” in fiscal 2024) and compliance mini quizzes on 48 topics 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.

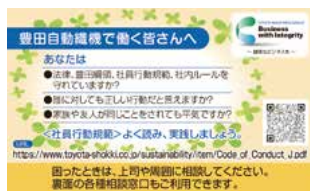
> Execution rate of the Code of Conduct enlightenment and educational activities by Toyota Industries and consolidated subsidiaries in and outside Japan: 100%

Example Topics of e-Learning Materials

Compliance; Legally mandated certification; Antitrust laws (cartels, relationships with customers and suppliers); Prevention of bribery; Human rights; Various types of harassment; Safety behavior; Occupational accidents; Mental health; Environmental protection; Management of confidential information; Traffic safety; Product liability; Accounting process, etc.

Code of Conduct

Link to Code of Conduct



A card distributed to each employee that includes information such as a QR code to the Code of Conduct and contact information for the whistleblower hotline

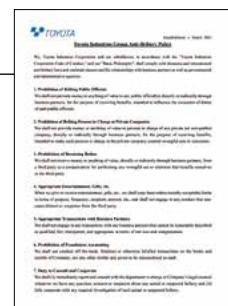
Efforts for Prevention of Bribery

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.

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



Global Guidelines for Bribery Prevention

Efforts for Ensuring Compliance with Antitrust 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 to prevent violations of antitrust 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 operates a whistle-blower system (helpline) in each region, through which employees and suppliers can anonymously report and seek consultation on compliance-related matters at their convenience. We also accept reports and inquiries through law firms and dedicated external websites. In fiscal 2024, we received 245 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in and outside Japan on such matters as labor management, work environment and ethics. Of these, 74% were concerned with labor management

and the work environment. The department in charge of the whistle-blower system and other relevant parties investigated and responded to each case based on the internal rules while thoroughly protecting the privacy of persons reporting and prohibiting retaliation against them.

We will continue our ongoing efforts to communicate about and improve our whistle-blower system as well as ensure the early discovery and prevention of issues to become a “company on which society places greater trust.”

TOPIC Establishing a Compliance Officer Hotline

In February 2024, we established a compliance officer hotline that enables employees to directly communicate with Hiroshi Fukagawa, the Senior Executive Officer and Global Chief Compliance Officer (GCCO).

It is a new employee hotline, separate from the existing whistle-blower system, through which employees make compliance-related inquiries directly to the GCCO, either providing their names or remaining anonymous. To those who provide their names, the GCCO directly returns an e-mail.

Additionally, to cultivate greater compliance awareness, we distribute newsletters entitled “Windows to Compliance,” describing the GCCO’s approaches to compliance.



Compliance officer hotline



GCCO Hiroshi Fukagawa



Contact point for those providing their names

For those wishing to communicate directly with the GCCO



Contact point for those wishing to remain anonymous

For those wishing to seek consultation without being identified



“Window to Compliance”

Newsletters distributed to describe GCCO Hiroshi Fukagawa’s approach to compliance

Screen image of the hotline on the intranet

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. Starting from April 1, 2024, we have expanded the scope of the survey and increased its frequency from once every three years.

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 2024, 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, reflected on compliance activities in China 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



Europe

Toyota Material Handling Europe AB
Andreas Lundh



Brazil

Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda
Júlio César Macedo



United States

Toyota Industries North America, Inc.
Kim Parker



Vanderlande Group

Vanderlande Industries Holding B.V.
Carl Messemaeckers



China

Toyota Industries Management (China) Co., Ltd.
Zhu Lingling

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 in accordance with our Basic Philosophy and by earnestly fulfilling our social responsibilities. 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, where we undertake business activities, as well as by paying the appropriate level of taxes.

Tax Policy

Under the basic perspective, 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.



Link to
the policy



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.

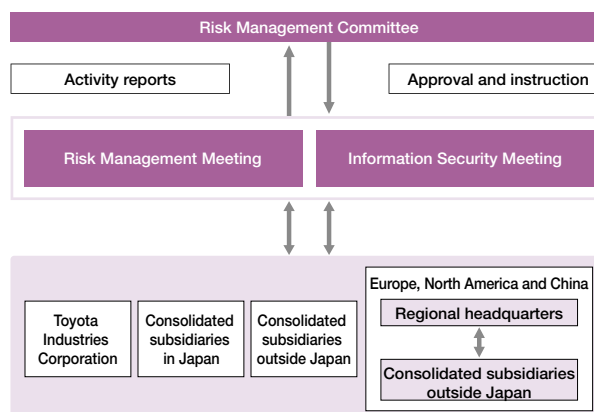
Implementation Structure

Toyota Industries has set up the Risk Management Committee (led by a risk supervisor^{*1}) as a subordinate organization to the Information Security Meeting (chaired by an executive in charge of promoting information technology (IT) and digitalization) to reduce information security risks.

To thoroughly implement the initiatives adopted by the Information Security Meeting, we appoint Confidentiality Management Champions^{*2} and Confidentiality Management Supporters^{*3} at each department of Toyota Industries.

For consolidated subsidiaries around the world, we regularly hold meetings of 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.

Organization for Promoting Information Security under the Risk Management Committee



^{*1}: Executive in charge of enterprise risk and compliance management

^{*2}: Head of each department

^{*3}: 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 in and outside Japan to swiftly alert each company.

CSR Material Issue > Number of serious incidents occurred: 0

Strengthening Information Security Governance within the Group

In accordance with the All Toyota Security Guidelines (ATSG)*4, 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.

We are also promoting the achievement of a uniform, more sophisticated level of security in all Group companies

by sharing information on related initiatives through liaison meetings of affiliated companies in Japan and the TICO Group Cyber Security Summit meetings. We also visit individual Group companies to support their efforts.

*4: 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

Enhancing Our Response to New Work Styles

To be prepared for risks emerging from teleworking and regular use of cloud services, we have introduced a new AI system that monitors diversifying paths through which internal information is taken off the premises. We are

also working to create rules and a management system to prevent confidential information (personal information) leakage and ensure the safe use of cloud services.

Reinforcing Efforts to Enhance Information Security Awareness

To create an organization that autonomously manages risks according to the operations of each department, we provide enhanced education to Confidentiality Management Champions and Confidentiality Management Supporters who lead such risk management activities.

In increasing the information security awareness of each employee, we continuously provide relevant information via various channels using original characters to facilitate an understanding and widespread familiarization of the importance of information security.

Primary Activity Examples

Activities in fiscal 2024

- Holding the TICO Group Cyber Security Summit
- Introducing a system to detect leakage of internal information
- Confirming the status of the use of cloud services
- Incorporating security measures in the system planning stage
- Creating a structure to promote product security and reinforcing conformance to laws and regulations
- Enhancing education for Confidentiality Management Champions and Confidentiality Management Supporters
- Disseminating awareness-raising information using original characters
- Revamping our cybersecurity intranet
- Individually visiting affiliated companies engaging in manufacturing operations in Japan to support their efforts
- Enhancing security services for affiliated companies in Japan



Education provided at a base



"CyberNow" cybersecurity awareness website

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 quality, safety, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed up by each functional management entity. Previously, the CSR Committee was responsible for risk management of the entire Company. However, in order to further strengthen our risk management efforts, we newly established the Risk Management Committee, chaired by the risk supervisor (executive in charge of enterprise risk and compliance management), on April 1, 2024.

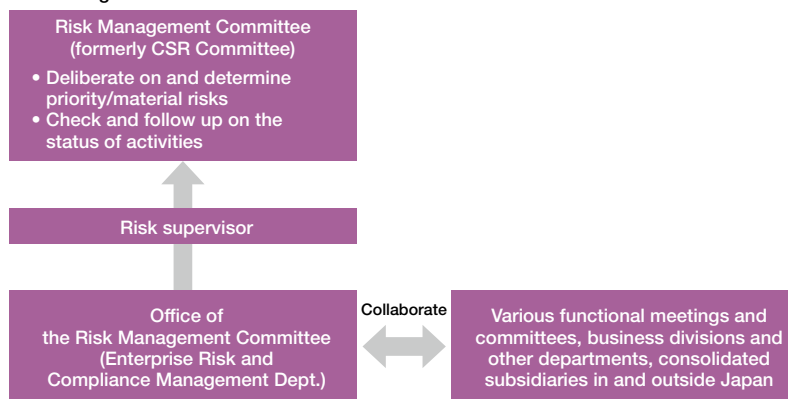
The Risk Management Committee promotes activities to identify priority/material risks from among risks concerning Toyota Industries as a whole and make sure to implement measures at each functional management entity as well as measures to counter emerging risks spanning multiple functions.

At the same time, functional departments at the Head

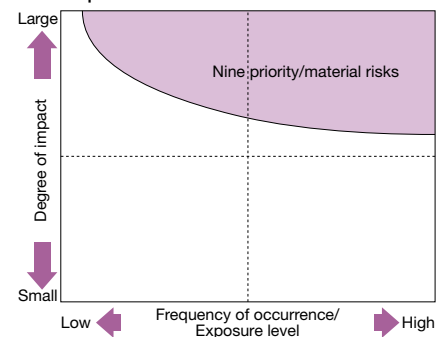
Office such as those responsible for safety, quality and the environment formulate rules and regulations and create manuals from a Group-wide perspective, encompassing consolidated subsidiaries. By confirming and following up on the progress through operational audits and workplace inspections, they provide support for raising the level of risk management, including the ability to respond to the identified priority/material 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



Risk Map



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

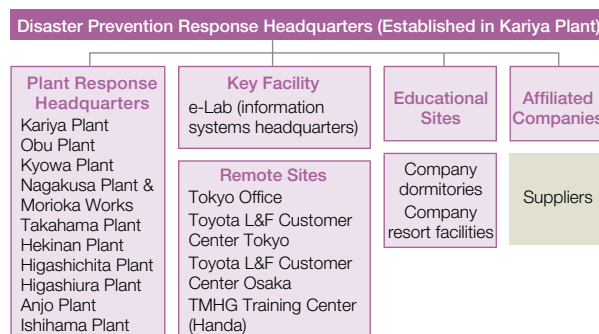
ensuring the quickest possible recovery, we are making Company-wide efforts in three relevant areas, specifically, "precautionary, pre-disaster mitigation," "initial response to be followed immediately after the disaster" and "restoration of production."

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.

Disaster Prevention Structure



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.

Following the Noto Peninsula Earthquake that occurred on January 1, 2024, we will once again emphasize the importance of making preparations in advance and convey the message to our employees on an ongoing basis.

Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

1. 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 2024, we conducted a practical drill with a focus on equipment operations for the departments at the Head Office comprising the Disaster Prevention Response

Headquarters. Activities included setting up an emergency network (mobile routers and outdoor Wi-Fi service) for use during a disaster and using electrified vehicles (HEVs, BEVs and FC buses) of each plant as part of our emergency power source. We will continue to train ourselves, assuming a disaster could occur at any time, to act smoothly under any circumstances.

2. Simultaneous All-Company Disaster Prevention Training

Since fiscal 2023, we have extended the duration of our training and expanded its scope to conduct more effective, simultaneous all-Company disaster prevention training.

The training at the Kariya Plant assumed a shutdown of operations. Participants checked the situation in the

surrounding area and chose to either go home or stay at an evacuation site. We will continuously conduct training to ensure higher safety and security for our colleagues and customers while dealing with new issues found through the training.

3. Utilization of New Technologies

The Higashichita Plant and Hekinan Plant, located in coastal areas, face disaster risks of tsunamis and tidal waves induced by earthquakes and typhoons. As such, the two plants have implemented measures to reduce such risks by utilizing a variety of technologies. In fiscal 2024, they introduced drones, which will enable them to check the conditions of broad areas around the plants from the sky during a disaster and make a quick and accurate decision for the next step. Each of Toyota Industries' plants will continue to utilize new technologies and examine preparations needed in their respective environments.



Aerial view of the Higashichita Plant



Training for flying a drone

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.

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 on 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 build an asset pool of intellectual properties and avoid risks of infringement, both from the viewpoint of Toyota Industries Group as a whole.

Under this implementation structure, we filed some 700 patent applications in fiscal 2024. As of March 31, 2024, Toyota Industries holds about 5,700 patents across the world.

Intellectual Property-Related Activities in the Development of Automation Technologies for Materials Handling Equipment

Toward resolving the issue of chronic labor shortages in the logistics industry, Toyota Industries has been focusing on the development of automation technologies for materials handling equipment, such as lift trucks and towing tractors. Autonomous driving requires technologies to precisely estimate the vehicle's own position, while automated loading and unloading operations need technologies to detect the accurate positions of objects such as trucks, cargo and pallets. As an effort to protect our rights, we have already filed more than 50 patent applications in each of these technology fields.

For autonomous lift trucks and towing tractors, we have conducted feasibility tests of each at customer facilities, including warehouses and airport facilities (See Figures 1 and 2). We have been promoting activities to link the technological issues found while operating the

equipment in practice to the patent applications (See Figure 3). Toyota Industries will continue to strive for competitive superiority through the strategic acquisition and utilization of intellectual property rights for its automation technologies.



Figure 1. Autonomous lift truck



Figure 2. Autonomous towing tractor

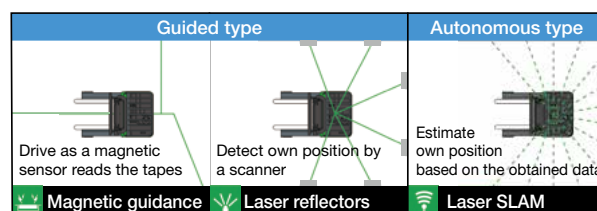


Figure 3. Methods of estimating own position, for which we have filed patent applications

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

(As of June 30, 2024)

Directors

Chairman
Shigeki Terashi



Apr. 1980 Joined Toyota Motor Corporation (TMC)
Jun. 2008 Managing Officer of TMC
May 2011 President and Chief Operating Officer of Toyota Motor Engineering & Manufacturing North America, Inc.
Apr. 2013 Senior Managing Officer of TMC
Jun. 2013 Member of the Board of Directors and Senior Managing Officer of TMC
Jun. 2015 Executive Vice President of TMC
Apr. 2017 Member of the Board of Directors and Executive Vice President of TMC
Apr. 2020 Member of the Board of Directors and Operating Officer of TMC
Jan. 2021 Member of the Board of Directors and Executive Fellow of TMC
Jun. 2021 Executive Fellow of TMC
Apr. 2024 Company Advisor of Toyota Industries Corporation
Jun. 2024 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
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
Jun. 2024 Director (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)

Director
(Outside, independent)
Tokiko Shimizu



Apr. 1987 Joined Bank of Japan (BOJ)
Jul. 2010 General Manager of the Takamatsu Branch of BOJ
May 2012 Principal Examiner, Financial System and Bank Examination Department of BOJ
Jun. 2014 Deputy Director-General for Asian Affairs, International Department of BOJ
Jul. 2016 General Manager for Europe and Chief Representative of BOJ
Apr. 2018 General Manager of the Nagoya Branch of BOJ
May 2020 Assistant Governor of BOJ
May 2024 Retired as Assistant Governor of BOJ
Jun. 2024 Director of Toyota Industries Corporation (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
Jun. 2023 Retired as Special Advisor of Central Japan
International Airport

Senior Executive Officers

Executive Vice President

Senior Executive Officers

Yojiro Mizuno**Masahiro Kawaguchi****Kazunari Masuoka****Toshihiko Shimizu****Brett Wood****Norio Wakabayashi****Hiroaki Matsuda****Sotaro Kumazawa****Ken Suito****Hiroshi Fukagawa****Hisashi Ichijo****Hisanori Miyajima****Shinya Mizutani****Keitaro Hara****Yoichiro Yamazaki**

Executive Officers

Hiroya Akatsuka
Tomoji Tarutani
Takashi Kubooka

Haruhiko Kimata
Hiromichi Asao
Hiroyasu Takagi

Hiroshi Kobayashi
Taeko Kojima
Naomori Suzuki

Takehiko Oishi
Hiroyuki Taniguchi
Motoki Takahashi

Shigeru Sawaki
Toru Suzuki
Kenichi Katae

Major Bases

(Production, Regional Headquarters, etc.) (As of June 30, 2024)

Link to the
list of bases



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 Michele Candiani
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.

CEO Andrew Manship
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 Thomas Hibinger
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



Asia



30 Toyota Industries Engine India Pvt. Ltd.

Managing Director Yasuo Shiino
Bengaluru, India

Business activities: Production of diesel
engines

Establishment: 2015



31 Kirloskar Toyota Textile Machinery Pvt. Ltd.

Managing Director Hisaaki Koketsu
Bengaluru, India

Business activities: Production, sales and
after-sales services of textile machinery

Establishment: 1995



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



33 TD Automotive Compressor Kunshan Co., Ltd.

President Tetsuji Ogawa
Kunshan, Jiangsu, China

Business activities: Production of
compressors

Establishment: 2005



34 Yantai Shougang TD Automotive Compressor Co., Ltd.

President Yasushi Watanabe
Yantai, Shandong, China

Business activities: Production of
compressors

Establishment: 2012



35 P.T. TD Automotive Compressor Indonesia

President Satoshi Kasuya
Bekasi, Indonesia

Business activities: Production of
compressors

Establishment: 2011

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 Automated 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 **Hiroto Ikeno**
Pendergrass, Georgia, U.S.A.

Business activities: Production of compressors
Establishment: 2004

**17 Toyota Industries Commercial Finance, Inc.**

President & CEO **John Crews**
Dallas, Texas, U.S.A.

Business activities: Sales financing for materials handling equipment
Establishment: 2014

**20 Toyota Industries Compressor Parts America, Co.**

President **Hiroto Ikeno**
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: 1973

**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 **Kazuho Sato**
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

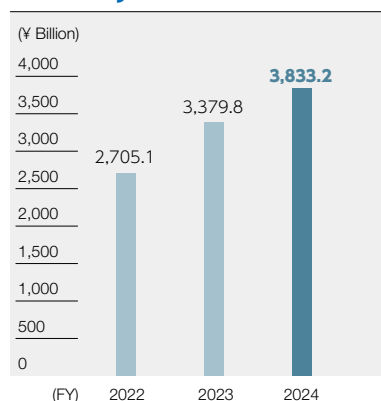
Business activities: Production, sales and after-sales services of materials handling equipment
Establishment: 2004

Consolidated Financial and Non-Financial Highlights

(FY2024)

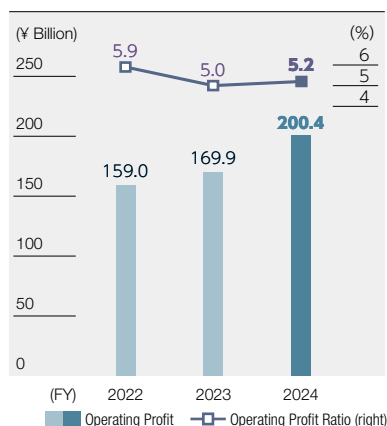
Net Sales

¥**3,833.2** billion



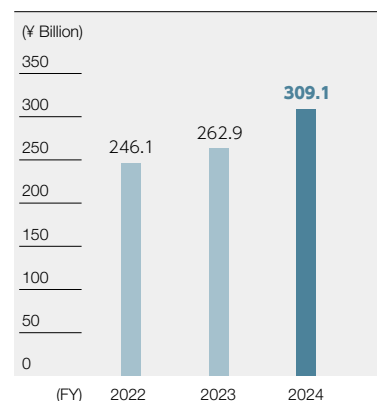
Operating Profit/Operating Profit Ratio

¥**200.4** billion / **5.2**%



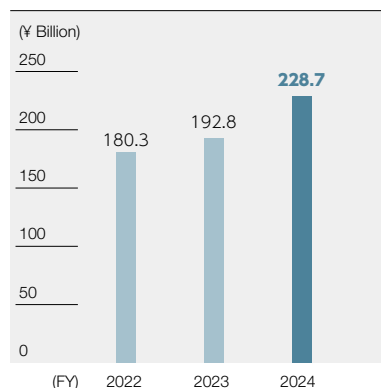
Profit before Income Taxes

¥**309.1** billion



Profit

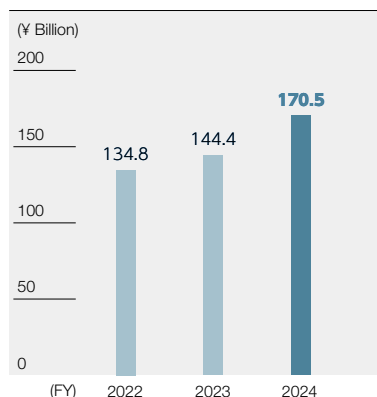
¥**228.7** billion



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

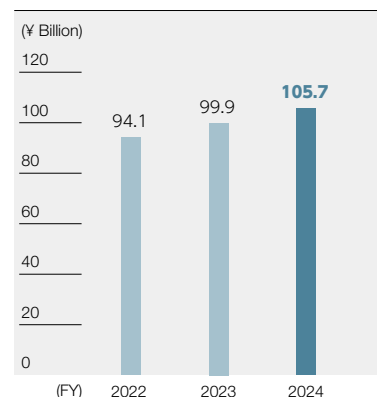
Investments in Tangible Assets

¥**170.5** billion



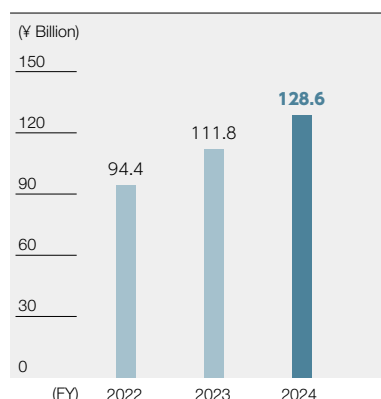
Depreciation

¥**105.7** billion



Research and Development Expenses

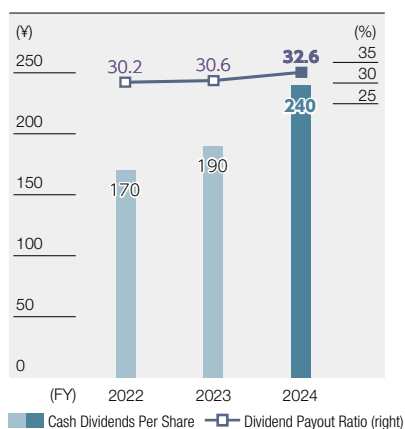
¥**128.6** billion



Note: As of June 1 of each fiscal year

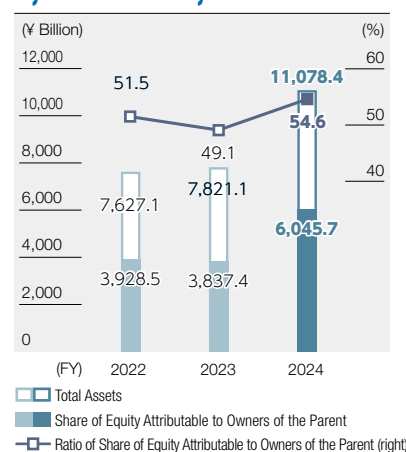
Cash Dividends Per Share/Dividend Payout Ratio

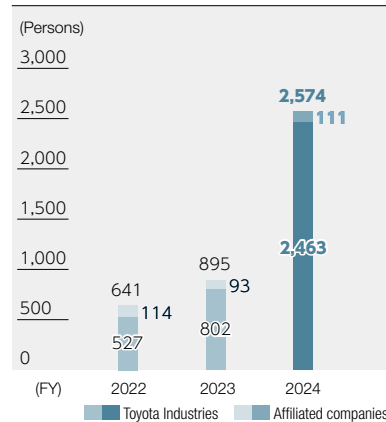
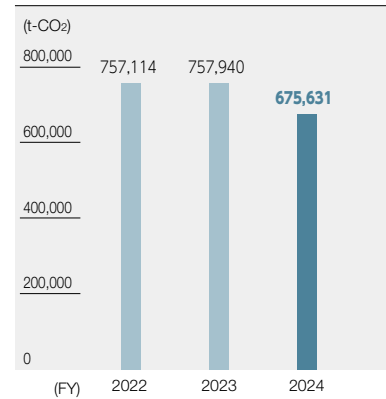
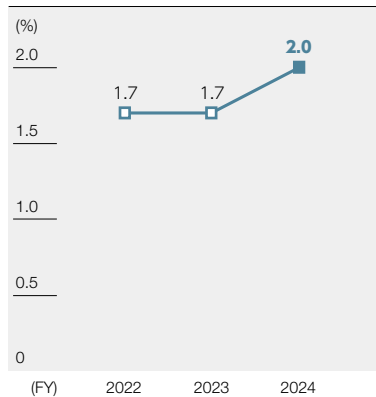
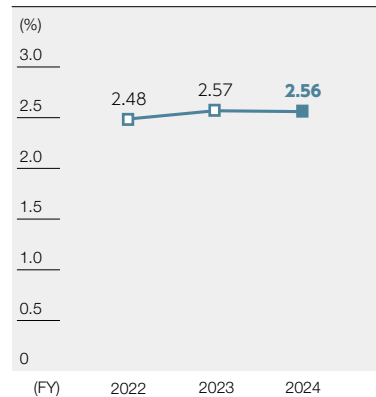
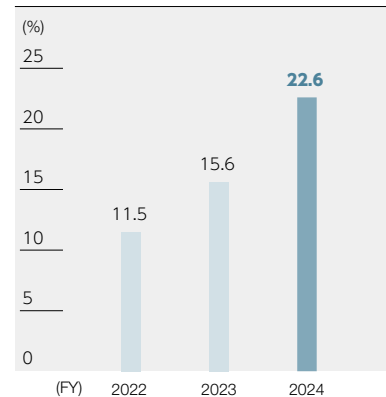
¥**240** / **32.6**%



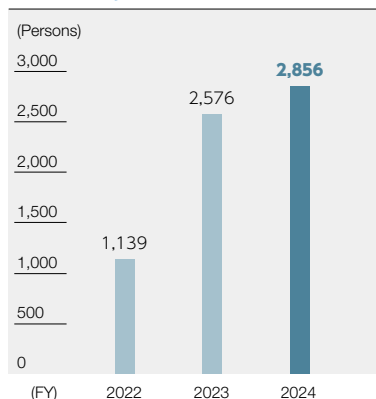
Total Assets/Share of Equity Attributable to Owners of the Parent/Share of Equity Attributable to Owners of the Parent

¥**11,078.4** billion / ¥**6,045.7** billion / **54.6**%

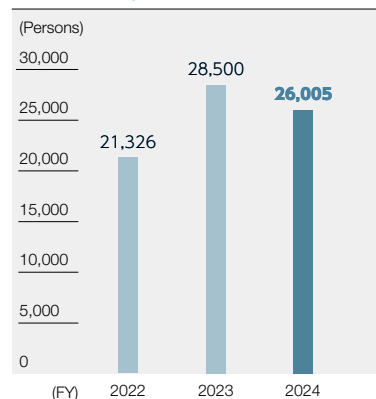


Frequency Rate of Lost Workday Injuries
(Non-Consolidated)**0.16**Participants of Subcontracting
Law-Related Seminars**2,574** personsCO₂ Emissions (Consolidated)**675,631** t-CO₂Ratio of Female Employees in Managerial
Positions (Non-Consolidated)**2.0** %Ratio of Associates with Disabilities
(Non-Consolidated)**2.56** %Renewable Energy Introduction Rate
(Consolidated)**22.6** %

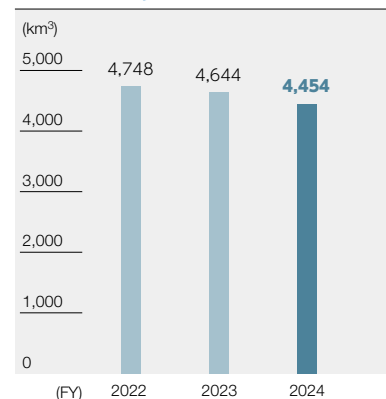
Note: As of June 1 of each fiscal year

Participants of Age-Based Health Education
(Non-Consolidated)**2,856** 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)**26,005** persons

Water Consumption (Consolidated)

4,454 km³

Consolidated Eleven-Year Summary

Link to
"Investors"
webpage



Toyota Industries Corporation
Years ended March 31

	International Financial Reporting	
	2024	2023
For the Year		
Net sales	3,833,205	3,379,891
Operating profit	200,404	169,904
Profit before income taxes*1	309,190	262,967
Profit*2	228,778	192,861
Investments in tangible assets*3	170,528	144,403
Depreciation*3	105,779	99,901
Research and development expenses	128,615	111,877
Per share of common stock (yen):		
Earnings per share*2, *4		
Basic	736.86	621.17
Diluted	—	—
Share of equity attributable to owners of the parent	19,472.48	12,359.66
Cash dividends per share	240.00	190.00
At year-end		
Total assets	11,078,462	7,821,185
Share of equity attributable to owners of the parent	6,045,759	3,837,416
Capital stock	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	310,477	310,477
Cash flows		
Net cash provided by operating activities	443,590	194,964
Net cash used in investing activities	47,903	(427,642)
Net cash provided by (used in) financing activities	(209,491)	183,690
Cash and cash equivalents at end of year	496,849	202,731
Indices		
Operating profit ratio (%)	5.2	5.0
EBITDA (millions of yen)*5	489,360	435,417
Return on equity (ROE) (%)*6	4.6	5.0
Return on assets (ROA) (%)*7	2.4	2.5
D/E ratio (%)*8	28.2	44.3
Ratio of share of equity attributable to owners of the parent*9	54.6	49.1
Number of employees (persons)	77,824	74,887

*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.

Millions of yen

Standards (IFRS)						Generally Accepted Accounting Principles in Japan (JGAAP)		
2022	2021	2020	2019	2018	2017	2016	2015	2014
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
159,066	118,159	128,233	134,684	147,445	127,345	134,712	117,574	107,691
246,123	184,011	196,288	202,225	209,827	181,986	185,398	170,827	138,133
180,306	136,700	145,881	152,748	168,180	131,398	183,036	115,263	91,705
134,867	113,361	106,058	113,748	115,458	77,393	75,438	126,395	109,479
94,190	91,097	90,488	85,639	77,738	73,253	77,366	70,782	64,153
94,484	88,900	90,560	88,807	77,647	69,524	65,440	47,785	46,326
580.73	440.28	469.85	491.97	541.67	420.78	582.58	367.06	292.76
—	—	—	—	—	—	582.57	366.99	292.57
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
170.00	150.00	160.00	155.00	150.00	125.00	120.00	110.00	85.00
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
3,928,513	3,236,038	2,438,807	2,479,718	2,553,391	2,240,293	2,113,948	2,425,929	1,829,326
80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
310,477	310,481	310,483	310,485	310,487	310,489	314,226	314,155	313,730
321,085	382,386	313,199	270,306	268,567	239,094	240,169	182,191	155,059
(229,805)	(404,164)	(182,598)	(395,000)	(340,324)	(86,925)	(531,561)	(160,769)	(118,483)
(92,114)	(105,477)	(7,094)	40,467	153,303	789	130,923	(8,918)	6,183
247,085	238,248	358,144	239,140	323,830	243,685	92,399	248,706	226,406
5.9	5.6	5.9	6.1	7.4	7.6	6.0	5.4	5.4
390,525	326,851	336,415	323,998	313,055	276,193	369,857	248,854	216,175
5.0	4.8	5.9	6.1	7.0	6.1	8.3	5.6	5.7
2.6	2.3	2.8	2.9	3.4	3.0	4.1	2.7	2.6
35.4	41.6	54.9	52.3	45.7	43.6	43.7	32.0	39.9
51.5	49.8	46.2	47.1	48.6	49.1	48.5	50.7	46.6
71,784	66,947	66,478	64,641	61,152	52,623	51,458	52,523	49,333

Financial Statements

Consolidated Statement of Financial Position

Millions of yen

	FY2023	FY2024
Assets		
Current assets		
Cash and cash equivalents	202,731	496,849
Time deposits with deposit terms of over three months	420,173	243,358
Trade receivables and other receivables	1,398,757	1,638,998
Other financial assets	5,399	5,564
Inventories	524,385	619,082
Income tax receivables	26,262	14,487
Other current assets	99,313	111,189
Total current assets	2,677,024	3,129,531
Non-current assets		
Property, plant and equipment	1,237,540	1,448,343
Goodwill and intangible assets	468,368	537,974
Trade receivables and other receivables	1,459	813
Investments accounted for by the equity method	23,987	30,016
Other financial assets	3,338,505	5,828,188
Net defined benefit assets	27,887	44,193
Deferred tax assets	37,992	51,597
Other non-current assets	8,421	7,803
Total non-current assets	5,144,161	7,948,931
Total assets	7,821,185	11,078,462
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	807,474	876,925
Corporate bonds and loans	519,749	424,486
Other financial liabilities	83,749	93,950
Accrued income taxes	29,696	110,079
Provisions	41,827	85,890
Other current liabilities	34,615	47,864
Total current liabilities	1,517,112	1,639,197
Non-current liabilities		
Corporate bonds and loans	1,179,390	1,281,779
Other financial liabilities	104,404	142,323
Net defined benefit liabilities	81,422	68,767
Provisions	11,025	15,059
Deferred tax liabilities	952,960	1,730,231
Other non-current liabilities	39,467	47,743
Total non-current liabilities	2,368,671	3,285,906
Total liabilities	3,885,784	4,925,103
Equity		
Share of equity attributable to owners of the parent		
Capital stock	80,462	80,462
Capital surplus	101,245	99,581
Retained earnings	1,652,648	1,990,203
Treasury stock	(59,345)	(59,369)
Other components of shareholders' equity	2,062,404	3,934,880
Total share of equity attributable to owners of the parent	3,837,416	6,045,759
Non-controlling interests	97,985	107,599
Total equity	3,935,401	6,153,359
Total liabilities and equity	7,821,185	11,078,462

Consolidated Statement of Profit or Loss

Millions of yen

	FY2023	FY2024
Net sales	3,379,891	3,833,205
Cost of sales	(2,623,707)	(2,932,058)
Gross profit	756,183	901,147
Selling, general and administrative expenses	(576,761)	(656,749)
Other income	28,230	24,336
Other expenses	(37,748)	(68,330)
Operating profit	169,904	200,404
Financial income	103,728	126,899
Financial expenses	(13,976)	(21,391)
Share of profit (loss) of investments accounted for by the equity method	3,311	3,276
Profit before income taxes	262,967	309,190
Income taxes	(64,250)	(72,335)
Profit	198,716	236,854
Profit attributable to:		
Owners of the parent	192,861	228,778
Non-controlling interest	5,855	8,076
Earnings per share		
Earnings per share—basic (yen)	621.17	736.86
Earnings per share—diluted (yen)	621.17	736.86

Consolidated Statement of Comprehensive Income

Millions of yen

	FY2023	FY2024
Profit	198,716	236,854
Other comprehensive income:		
Items not to be reclassified into profit or loss		
Net changes in revaluation of FVTOCI financial assets	(284,805)	1,882,239
Remeasurements of defined benefit plans	576	18,766
Other comprehensive income of affiliates accounted for by the equity method	1	116
Total items not to be reclassified into profit or loss	(284,227)	1,901,122
Items that can be reclassified into profit or loss		
Translation adjustments of foreign operations	56,074	147,969
Cash flow hedges	2,931	(418)
Other comprehensive income of affiliates accounted for by the equity method	156	366
Total items that can be reclassified into profit or loss	59,162	147,917
Total other comprehensive income	(225,065)	2,049,040
Comprehensive income	(26,348)	2,285,895
Total comprehensive income attributable to:		
Owners of the parent	(34,061)	2,272,126
Non-controlling interests	7,713	13,768

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, 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	—
Profit	—	—	228,778	—	—	—
Other comprehensive income	—	—	—	—	1,882,077	18,282
Total comprehensive income	—	—	228,778	—	1,882,077	18,282
Repurchase of treasury stock	—	—	—	(24)	—	—
Disposal of treasury stock	—	0	—	0	—	—
Dividends	—	—	(62,095)	—	—	—
Changes in ownership interest of subsidiaries	—	(0)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	170,872	—	(152,590)	(18,282)
Other increases (decreases)	—	(1,663)	—	—	—	—
Total transactions with owners	—	(1,663)	108,776	(24)	(152,590)	(18,282)
Balance as of March 31, 2024	80,462	99,581	1,990,203	(59,369)	3,689,589	—

	Share of equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Translation adjustments of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 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
Profit	—	—	—	228,778	8,076	236,854
Other comprehensive income	143,406	(418)	2,043,348	2,043,348	5,692	2,049,040
Total comprehensive income	143,406	(418)	2,043,348	2,272,126	13,768	2,285,895
Repurchase of treasury stock	—	—	—	(24)	—	(24)
Disposal of treasury stock	—	—	—	0	—	0
Dividends	—	—	—	(62,095)	(3,167)	(65,262)
Changes in ownership interest of subsidiaries	—	—	—	(0)	(986)	(986)
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	(170,872)	—	—	—
Other increases (decreases)	—	—	—	(1,663)	—	(1,663)
Total transactions with owners	—	—	(170,872)	(63,783)	(4,154)	(67,937)
Balance as of March 31, 2024	239,439	5,851	3,934,880	6,045,759	107,599	6,153,359

Consolidated Statement of Cash Flows

Millions of yen

	FY2023	FY2024
Cash flows from operating activities:		
Profit before income taxes	262,967	309,190
Depreciation and amortization	257,762	284,939
Impairment losses	2,634	5,977
Interest and dividends income	(95,424)	(121,757)
Interest expenses	10,111	16,988
Share of (profit) loss of investments accounted for by the equity method	(3,311)	(3,276)
(Increase) decrease in inventories	(70,207)	(28,391)
(Increase) decrease in trade receivables and other receivables	(225,489)	(82,985)
Increase (decrease) in trade payables and other payables	29,619	7,692
Others	7,241	30,083
Subtotal	175,904	418,459
Interest and dividends income received	95,920	122,212
Interest expenses paid	(9,919)	(18,107)
Income taxes paid	(66,940)	(78,974)
Net cash provided by operating activities	194,964	443,590
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(289,974)	(348,926)
Proceeds from sales of property, plant and equipment	19,660	28,021
Payments for purchases of investment securities	(1,624)	(9,170)
Proceeds from sales of investment securities	541	241,530
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(36,486)	(7,924)
Payments into time deposits	(919,474)	(807,285)
Proceeds from withdrawals of time deposits	831,815	995,054
Payments for transfer of businesses	(2,104)	(6,290)
Others	(29,995)	(37,105)
Net cash used in investing activities	(427,642)	47,903
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable (within three months)	59,426	(77,738)
Proceeds from short-term loans payable (over three months)	82,054	64,482
Repayments of short-term loans payable (over three months)	(158,332)	(33,130)
Net increase (decrease) in commercial paper	112,121	(62,884)
Proceeds from long-term loans payable	354,876	165,533
Repayments of long-term loans payable	(130,782)	(167,058)
Proceeds from issuance of corporate bonds	103,314	142,470
Repayments of corporate bonds	(165,036)	(149,183)
Repayments of lease obligations	(40,910)	(44,852)
Payments for repurchase of treasury stock	(5)	(24)
Cash dividends paid	(55,886)	(62,095)
Cash dividends paid to non-controlling interests	(2,674)	(3,167)
Others	25,524	18,156
Net cash provided by (used in) financing activities	183,690	(209,491)
Translation adjustments of cash and cash equivalents	4,632	12,114
Net increase (decrease) in cash and cash equivalents	(44,353)	294,118
Cash and cash equivalents at beginning of period	247,085	202,731
Cash and cash equivalents at end of period	202,731	496,849

Company and Investor Information (As of March 31, 2024)

■ 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

Date of Establishment

November 18, 1926

Common Stock

No par value

Authorized: 1,100,000,000 shares

Issued: 325,840,640 shares
(including treasury stock)

Share unit: 100 shares

Capital Stock

80,462 million yen

Stock Exchange Listings

Tokyo and Nagoya (Ticker Code: 6201)

Number of Shareholders

17,469

Independent Accountant

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

Transfer Agent

Special Account Management Institution

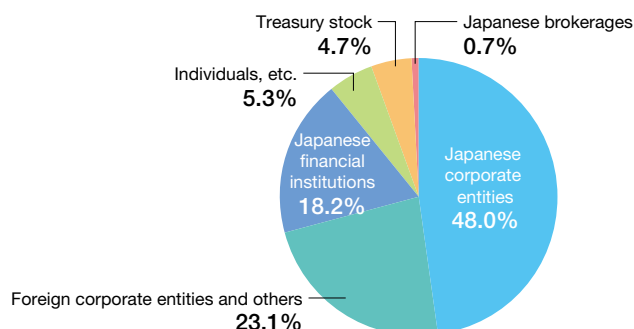
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan

■ 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)	26,842	8.65
TOYOTA FUDOSAN CO., LTD.	16,291	5.25
Toyota Tsusho Corporation	15,294	4.93
Custody Bank of Japan, Ltd. (Trust Account)	9,483	3.05
Nippon Life Insurance Company	6,580	2.12
AISIN Corporation	6,578	2.12
Aioi Nissay Dowa Insurance Co., Ltd.	3,922	1.26
State Street Bank and Trust Company 505001	3,496	1.13

Note: Toyota Industries Corporation also holds 15,363 thousand shares of treasury stock but is excluded from the above list.

■ Distribution of Shares



Major Evaluations by Third Parties



In February 2024, we received a leadership level of A- in surveys conducted by CDP*1 on climate change and water security.

*1: An international NGO running a project that requests companies to disclose their strategies against climate change and greenhouse gas emissions data



In February 2024, we received a Silver Medal from EcoVadis*2 in its corporate sustainability survey.

(Eight consecutive years since fiscal 2017)

*2: An international organization that evaluates the sustainability of companies



In October 2023, the Birdpia within the Higashichita Plant and Biotope at the East of Obu Station created and managed by Toyota Industries have been certified as "sites in harmony with nature" by Japan's Ministry of the Environment.



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

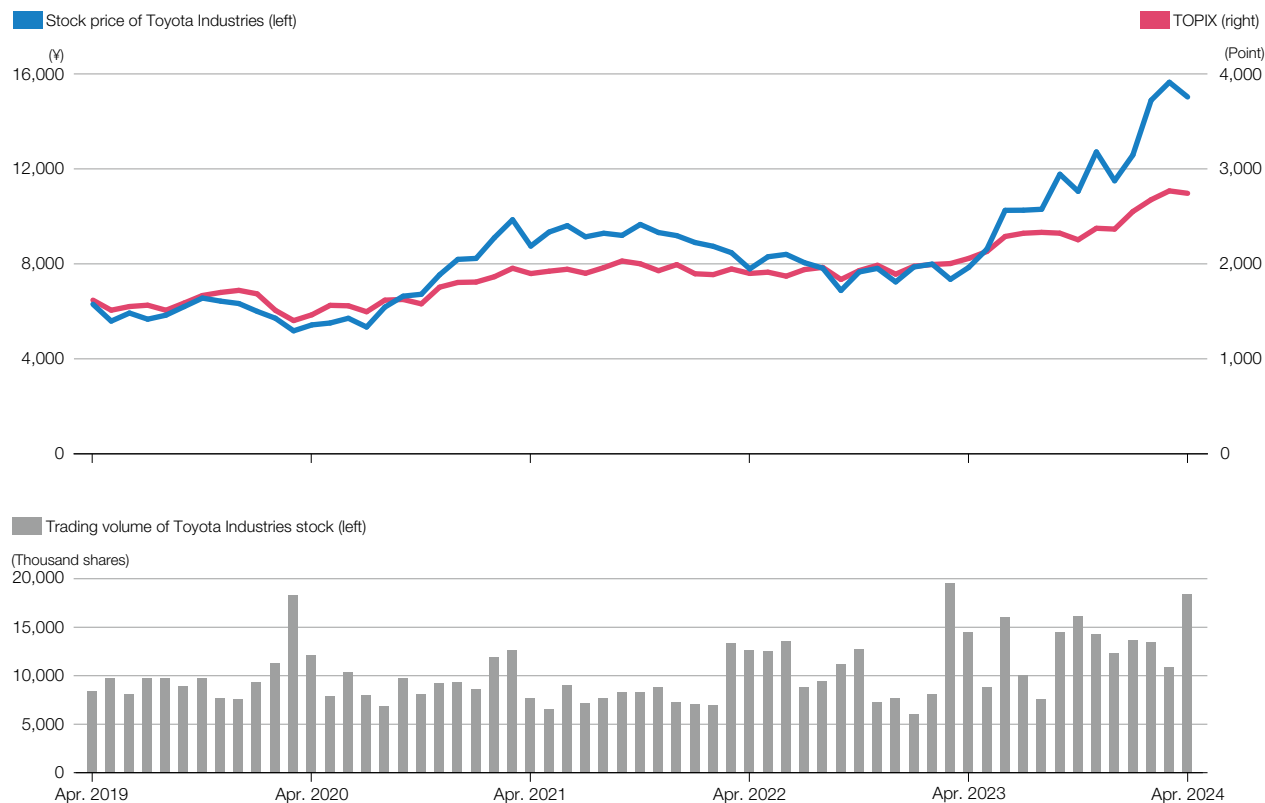


The back pressure adjustment mechanism of scroll-type compressors won an Invention Prize in the National Commendation for Invention 2023.



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





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