



Toyota Industries Report

2020

Year ended March 31, 2020



TOYOTA INDUSTRIES CORPORATION

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.

In fiscal 2020 (ended March 31, 2020), the global economy was solid overall despite such uncertainties as the deceleration of the Chinese economy arising from U.S.-China trade frictions as well as geopolitical risks. However, during the few months leading to the fiscal year-end, it went on a dramatic downward spiral due to the spread of COVID-19. Meanwhile, the Japanese economy deteriorated during the second half of fiscal 2020. In addition to the factors mentioned above, the primary reasons for the downturn included anemic consumer spending that accompanied the consumption tax hike and natural disasters.

Net sales decreased in fiscal 2020 mainly as a result of declines in sales of materials handling equipment and car air-conditioning compressors as well as the negative impact of exchange rate fluctuations. These factors offset sales increases for the new RAV4 and TNGA gasoline engines. In terms of overall profit, despite sales efforts and cost reduction activities throughout the Toyota Industries Group, we recorded a decrease in profits due mainly to the impacts of the COVID-19 pandemic, Typhoon Hagibis and exchange rate fluctuations.

Although both net sales and profits fell slightly short of initial plans, Toyota Industries increased the year-end cash dividend by ¥5.0 over the previous fiscal year to ¥80.0 as planned. Including the interim cash dividend, we paid annual cash dividends per share of ¥160.0. Given the impact of the COVID-19 pandemic and in consideration of the needs of our shareholders, we made an exception this year and decided to pay the year-end cash dividend early. This was based on a resolution by the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

With regard to the future economic outlook, uncertainties continue to abound including concerns over the prolonged spread of COVID-19, U.S.-China trade frictions and geopolitical risks. As such, the environment surrounding Toyota Industries' main businesses, namely Automobile and Materials Handling Equipment, preclude optimism.

Under these circumstances, Toyota Industries is further strengthening its business foundation and is addressing key management issues to raise corporate value by leveraging the Group's collective strengths.

To quickly respond to drastic changes in the business environment, we will strengthen risk management and carry out thorough cost improvement activities to transform ourselves into a more muscular and resilient management platform. In addition, we will strive to improve productivity in back-office operations through work style reforms and reduced fixed costs.

Our businesses will become more competitive and aim for further growth by promoting innovative technology and product development while also proactively embracing digital technologies and open innovation. To support such business development, we will continue our efforts to create an organization and workplace environment that enables diverse human resources to fully demonstrate their abilities and develop personnel who learn and think on their own and are empowered to quickly take initiative.

In other areas, Toyota Industries will create a workplace environment that places a top priority on safety; thoroughly enforce compliance, including observance of laws and regulations; and proactively participate in social contribution activities. By carrying out these initiatives, we aim to earn the overall trust of society and grow harmoniously with society. With regard to protection of the global environment, we will undertake Group-wide initiatives in seeking to realize "a zero CO₂ emissions society in 2050."

Through these initiatives, we aim for sustainable growth of each business and strive to support industries and social foundations around the world and contribute to making the earth a better place to live, enriched lifestyles and a compassionate society as described in Toyota Industries' Vision 2030.

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

July 2020


Tetsuro Toyoda
Chairman


Akira Onishi
President

Realizing Toyota Industries' Vision based on Our Basic Philosophy

Based on our basic philosophy, we aim to contribute to making the earth a better place to live, enrich lifestyles and promote a compassionate society by making the most of the core assets and strengths we have accumulated to date in promoting our diverse businesses such as materials handling equipment, logistics solutions, vehicle, engine, car air-conditioning compressor, car electronics and textile machinery and by engaging in value creation.

Toyota Precepts

Basic Philosophy

Meeting Social Demands based on Vision 2030

CSR Materiality

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 God, 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.

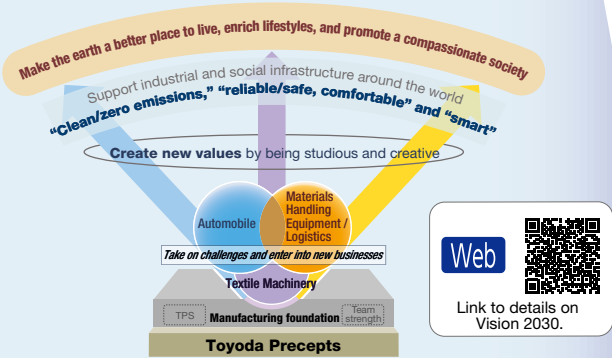
[Respect for the Natural Environment]
Through its corporate activities, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe, and of high quality.

[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.

Vision 2030

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.



Social Demands

SDGs



Global social issues adopted at the United Nations summit in 2015

Identifying Our Materiality in Connection with SDGs

As stated in Vision 2030, toward the realization of a sustainable society, **contribute to “make the earth a better place to live, enrich lifestyles, and promote a compassionate society”**

	CSR Materiality	SDGs to Contribute
Resolving Social Issues through Our Business	■ Mitigation of Global Warming ■ Contribution to Circular Economy	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
	■ Creation of Innovative Values	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
	■ Products and Services Which Contribute to Safety, Security and Comfort ■ Mutual Prosperity through Partnerships with Local Communities	15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Foundation Supporting Our Business Operations	■ Safe and Healthy Work Environments ■ Leveraging Diversity and Inclusion ■ Sustainable Procurement ■ Compliance and Risk Management	

Resolving social issues through corporate activities

Toyota Industries' 3 Businesses and Their Characteristics

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.

Segment	Business	Business activities	Roles of each business	Main products and systems	Performance
Materials Handling Equipment	Lift Truck	Toyota Industries plans, develops, produces, sells and provides after-sales services for industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities). Lift trucks, which capture the top global market share*, are delivered to customers around the world. In addition to the sale of lift trucks, we strive to meet a variety of customer needs through sales financing, after-sales services and proposals for logistics efficiencies.	DevelopmentProductionSales (for users)After-sales services	 Electric lift truck  Reach-type electric lift truck  Low lift truck  Internal-combustion lift truck  Automated lift truck  Aerial work platform	Materials Handling Equipment Net Sales (¥ Billion) 1,500 1,200 900 600 300 0 (FY) 18 19 20 Operating Profit (¥ Billion) 120 100 80 60 40 20 0 (FY) 18 19 20 Percentage of Net Sales 66.2%
	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.	DevelopmentProductionSales (for users)After-sales services	 Automated storage and retrieval system  Simple AGV (automatic guided vehicle)  Sorter  High-speed storage and picking system  Airport baggage handling system	
Automobile	Vehicle	With its strengths as a leader in safety, the environment, quality, cost and delivery among Toyota Group companies, the Vehicle Business plans, develops and produces the RAV4 for markets in and outside Japan.	DevelopmentProductionSales (for Toyota Motor)After-sales services	 RAV4	Automobile Net Sales (¥ Billion) 600 400 200 0 (FY) 18 19 20 Operating Profit (¥ Billion) 30 20 10 0 (FY) 18 19 20 Percentage of Net Sales 28.3%
	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.	DevelopmentProductionSales (for Toyota Motor)After-sales services	 Diesel engine  Gasoline engine  Turbocharger	
	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*.	DevelopmentProductionSales (for automakers around the world)After-sales services	 Electric compressor  Variable-displacement type compressor  Fixed-displacement type compressor  Oxygen-supplying air compressor for fuel cell vehicles  Hydrogen circulation pump for fuel cell vehicles	
	Car Electronics	The Car Electronics Business plans, develops and produces electronics products primarily for electrified vehicles such as hybrid vehicles.	DevelopmentProductionSales (for automakers around the world)After-sales services	 DC-DC converter  4WD rear inverter  On-board charger	
Textile Machinery	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. Our air-jet looms have captured the world-leading market share in terms of unit sales*.	DevelopmentProductionSales (for users)After-sales services	 Air-jet loom  Ring spinning frame  Quality measurement instrument for fiber, yarn and fabric	Textile Machinery Net Sales (¥ Billion) 80 60 40 20 0 (FY) 18 19 20 Operating Profit (¥ Billion) 8 6 4 2 0 (FY) 18 19 20 Percentage of Net Sales 2.8%

* 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, corporate governance, social and environmental activities over the past year as well as its future direction.

Period covered by the report

This report focuses on activities carried out in fiscal 2020 (April 1, 2019 to March 31, 2020), 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
- Japan's Ministry of the Environment *Environmental Accounting Guidelines* (2005 Version)
- Japan's Ministry of the Environment *Environmental Reporting Guidelines* (2018 Version)
- International Integrated Reporting Framework by International Integrated Reporting Council (IIRC)

Toyota Industries Report 2020 PDF

This PDF file is linked to related [Websites](#).

How to use this report

Click on [Web](#) to related Websites.



* Requires Internet connection.

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, 2020 is referred to as fiscal 2020 and other fiscal years are referred to in a corresponding manner.

Message from the Chairman and President

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Consolidated Financial and Non-Financial Highlights

(FY2020)

Financial Information

Net Sales
¥ **2,171.3** billion

Operating Profit
¥ **128.2** billion

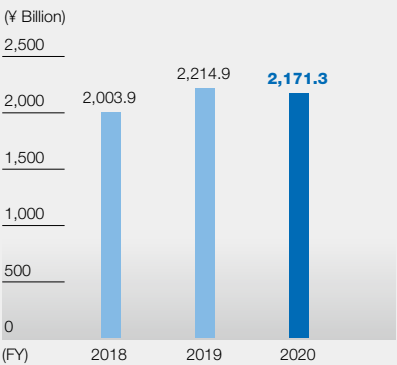
Investments in Tangible Assets
¥ **106.0** billion

Depreciation
¥ **90.4** billion

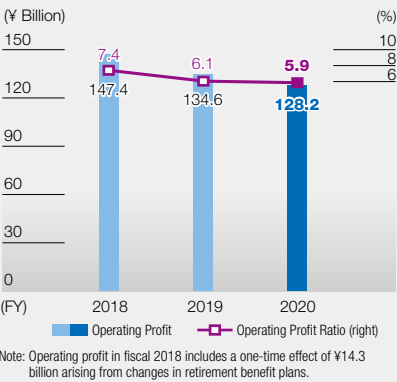
Research and Development Expenses
¥ **90.5** billion

Share of Equity Attributable to Owners of the Parent
¥ **2,438.8** billion

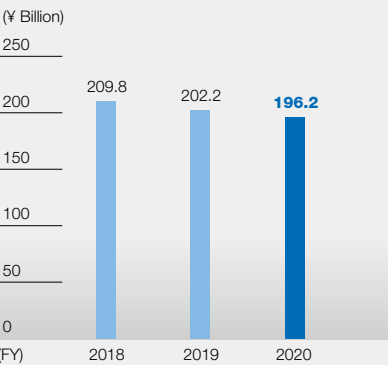
Net Sales



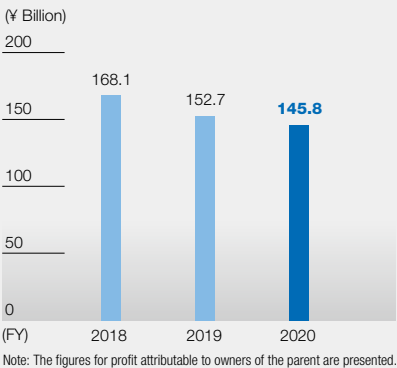
Operating Profit/Operating Profit Ratio



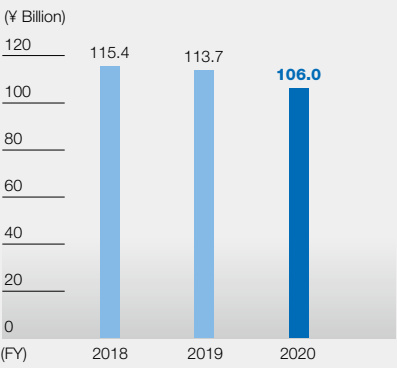
Profit before Income Taxes



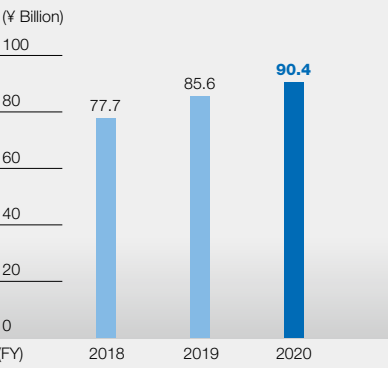
Profit



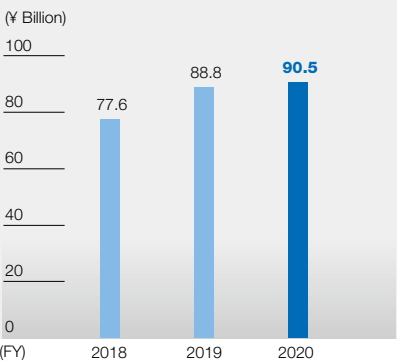
Investments in Tangible Assets



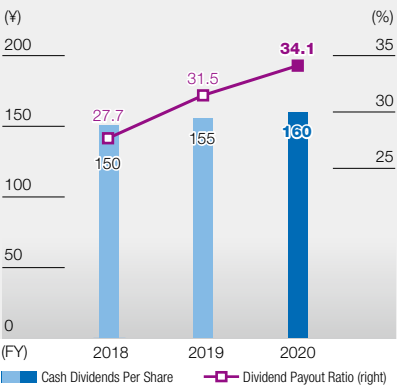
Depreciation



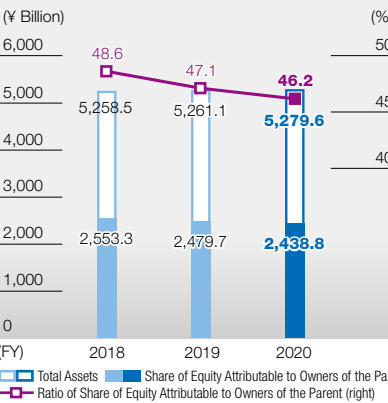
Research and Development Expenses



Cash Dividends Per Share/Dividend Payout Ratio



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



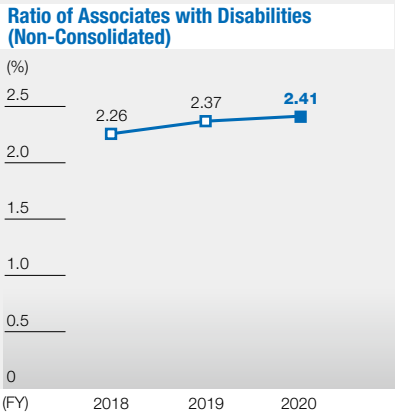
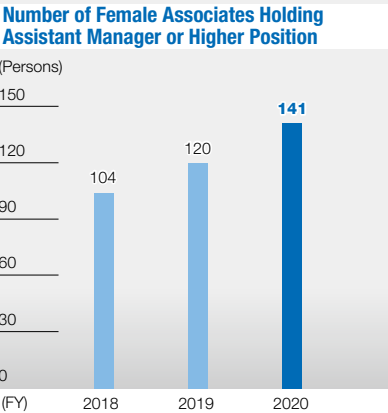
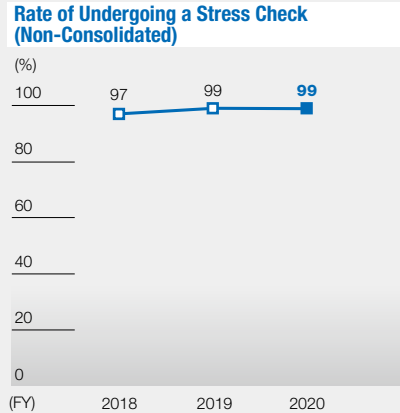
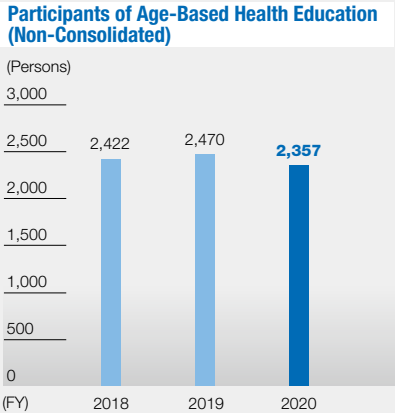
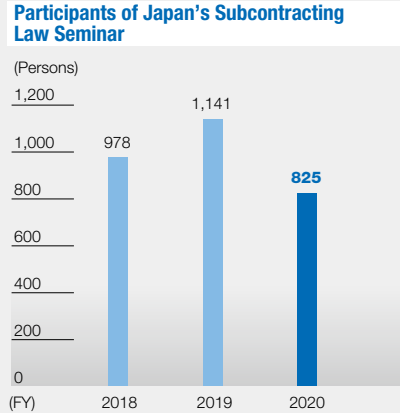
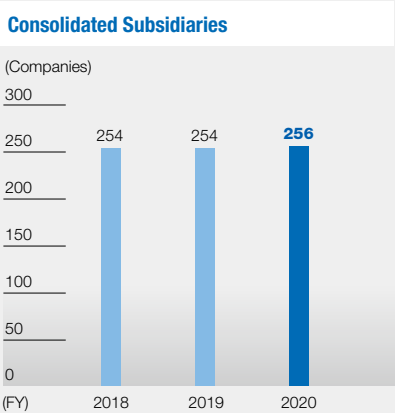
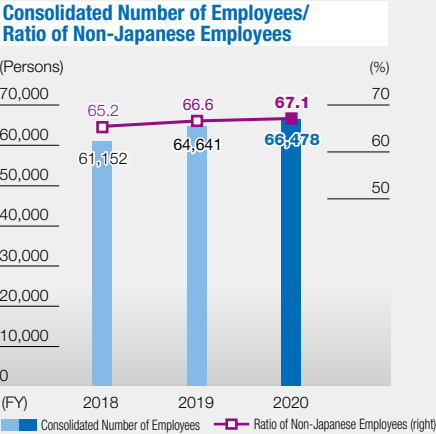
Consolidated Financial and Non-Financial Highlights

Non-Financial Information (CSR)

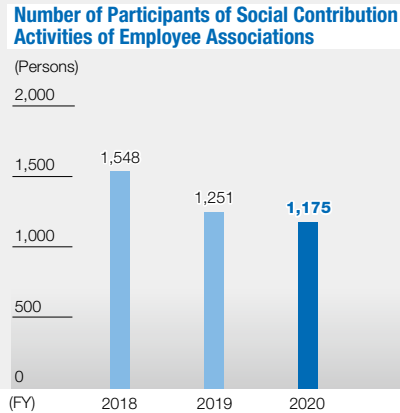
(FY2020)

Consolidated Number of Employees	Ratio of Non-Japanese Employees	Consolidated Subsidiaries
66,478 persons	67.1 %	256 companies
Number of Female Associates Holding Assistant Manager or Higher Position	Ratio of Associates with Disabilities (Non-Consolidated)	Number of Participants of Social Contribution Activities of Employee Associations
141 persons	2.41* %	1,175 persons

* As of June 1, 2019



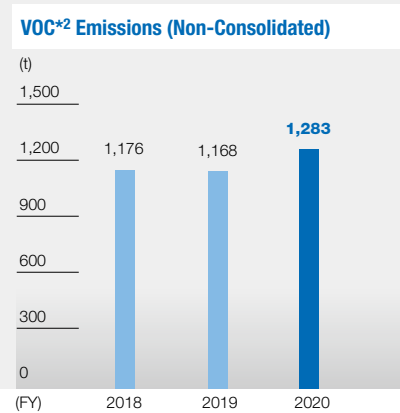
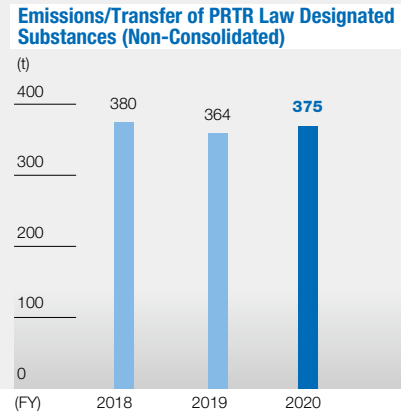
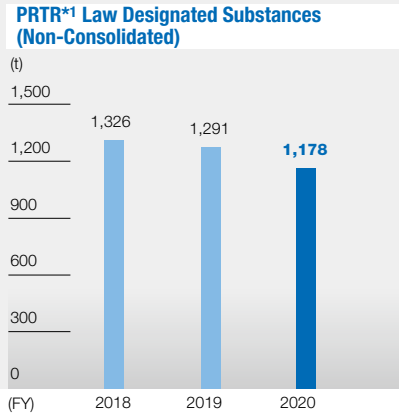
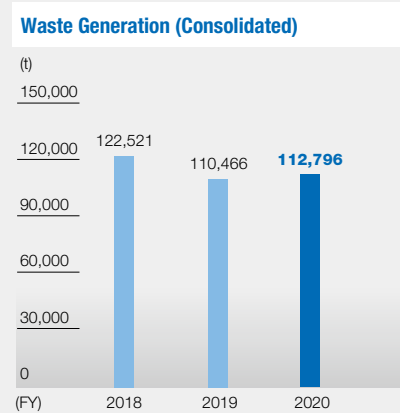
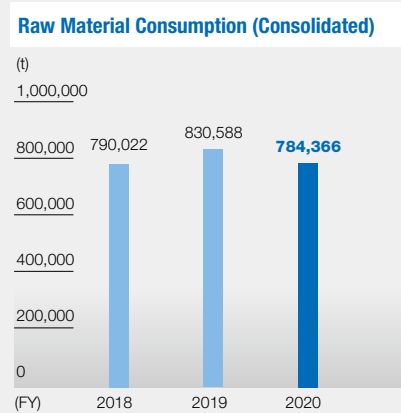
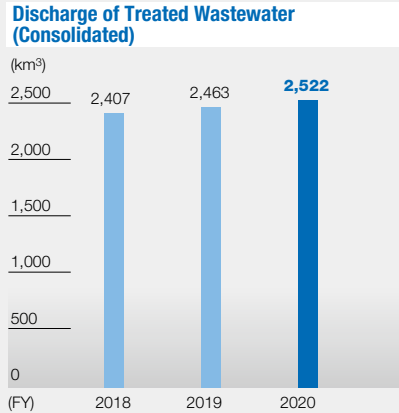
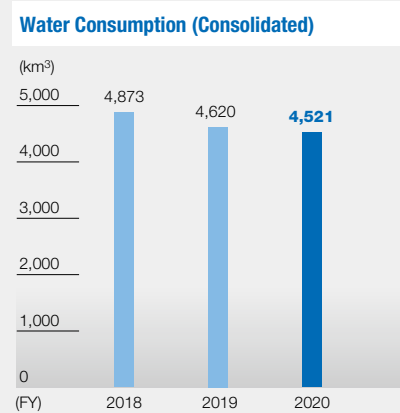
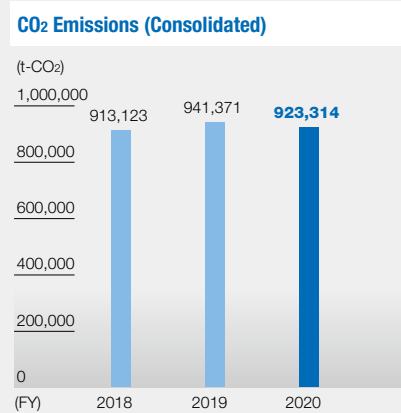
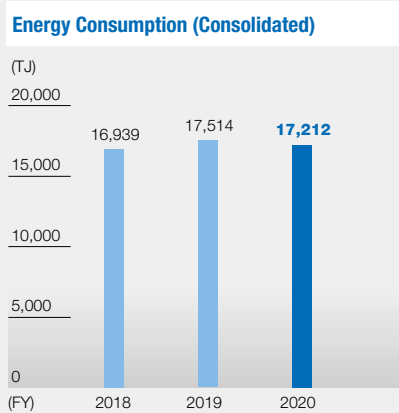
Note: As of June 1 of each fiscal year



Non-Financial Information (Environment)

(FY2020)

Energy Consumption (Consolidated)	CO ₂ Emissions (Consolidated)	Water Consumption (Consolidated)
17,212 TJ	923,314 t-CO ₂	4,521 km ³
Discharge of Treated Wastewater (Consolidated)	Raw Material Consumption (Consolidated)	Waste Generation (Consolidated)
2,522 km ³	784,366 t	112,796 t



*1: Short for Pollutant Release and Transfer Register, the PRTR law is a scheme whereby businesses measure the release and transfer of PRTR designated pollutants and report their performance to the government. The government then compiles this data and releases it to the public.

*2: Short for Volatile Organic Compounds

Consolidated Eleven-Year Summary



Toyota Industries Corporation
Years ended March 31

Millions of yen

	International Financial Reporting Standards (IFRS)		Generally Accepted Accounting Principles in Japan (JGAAP)								
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
For the Year											
Net sales	2,171,355	2,214,946	2,003,973	1,675,148	2,243,220	2,166,661	2,007,856	1,615,244	1,543,352	1,479,839	1,377,769
Operating profit (loss)	128,233	134,684	147,445	127,345	134,712	117,574	107,691	77,098	70,092	68,798	22,002
Profit before income taxes*1	196,288	202,225	209,827	181,986	185,398	170,827	138,133	86,836	80,866	73,911	31,756
Profit (loss)*2	145,881	152,748	168,180	131,398	183,036	115,263	91,705	53,119	58,594	47,205	(26,273)
Investments in tangible assets*3	106,058	113,748	115,458	77,393	75,438	126,395	109,479	89,459	58,404	38,254	26,963
Depreciation*3	90,488	85,639	77,738	73,253	77,366	70,782	64,153	57,954	59,830	62,372	73,238
Research and development expenses	90,560	88,807	77,647	69,524	65,440	47,785	46,326	39,057	32,070	27,788	26,826
Per share of common stock (yen):											
Earnings (loss) per share*2, *4											
Basic	469.85	491.97	541.67	420.78	582.58	367.06	292.76	170.36	188.02	151.51	(84.33)
Diluted	469.85	491.97	541.67	420.78	582.57	366.99	292.57	170.35	188.02	151.51	(84.33)
Share of equity attributable to owners of the parent	7,854.87	7,986.59	8,223.82	7,125.37	6,481.97	7,500.16	5,640.08	4,719.66	3,662.26	3,300.17	3,390.02
Cash dividends per share	160.00	155.00	150.00	125.00	120.00	110.00	85.00	55.00	50.00	50.00	30.00
At year-end											
Total assets	5,279,653	5,261,174	5,258,500	4,558,212	4,199,196	4,650,896	3,799,010	3,243,779	2,656,984	2,481,452	2,589,246
Share of equity attributable to owners of the parent	2,438,807	2,479,718	2,553,391	2,240,293	2,113,948	2,425,929	1,829,326	1,524,933	1,197,841	1,075,939	1,104,929
Capital stock	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	310,483	310,485	310,487	310,489	314,226	314,155	313,730	312,207	311,687	311,564	311,570
Cash flows											
Net cash provided by operating activities	313,199	270,306	268,567	239,094	240,169	182,191	155,059	151,299	101,718	153,661	203,452
Net cash used in investing activities	(182,598)	(395,000)	(340,324)	(86,925)	(531,561)	(160,769)	(118,483)	(274,210)	(9,403)	(187,574)	(36,855)
Net cash provided by (used in) financing activities	(7,094)	40,467	153,303	789	130,923	(8,918)	6,183	7,050	10,279	(85,728)	(38,230)
Cash and cash equivalents at end of year	358,144	239,140	323,830	243,685	92,399	248,706	226,406	179,359	296,811	195,566	317,590
Indices											
Operating profit ratio (%)	5.9	6.1	7.4	7.6	6.0	5.4	5.4	4.8	4.5	4.6	1.6
EBITDA (millions of yen)*5	336,415	323,998	313,055	276,193	369,857	248,854	216,175	155,234	161,876	150,481	90,521
Return on equity (ROE) (%)*6	5.9	6.1	7.0	6.1	8.3	5.6	5.7	4.1	5.4	4.5	(2.6)
Return on assets (ROA) (%)*7	2.8	2.9	3.4	3.0	4.1	2.7	2.6	1.8	2.3	1.9	(1.1)
D/E ratio (%)*8	54.9	52.3	45.7	43.6	43.7	32.0	39.9	45.4	53.8	56.8	60.3
Ratio of share of equity attributable to owners of the parent*9	46.2	47.1	48.6	49.1	48.5	50.7	46.6	45.4	43.0	41.4	40.8
Number of employees (persons)	66,478	64,641	61,152	52,623	51,458	52,523	49,333	47,412	43,516	40,825	38,903

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

*2: Profit (loss) 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 (loss) 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 (loss) 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 (loss) 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.

Strategies and Businesses

Steadily Carry Out Growth Strategies
by Leveraging the Strengths of
Each Business Field

Top Message

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Special Features

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1. Strengths of Our Materials Handling Equipment Business
Aiming for Sustainable Growth
2. Leveraging the Strengths of Diverse Businesses to
Adapt to Changes and Seek Sustainable Growth

Business Activities

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Top Message

Looking beyond the COVID-19 Pandemic and Seeking Sustainable Growth in Harmony with Society

Toyota Industries will take on new challenges to ensure sustainable growth in a time of increasing uncertainty while making Group-wide, concerted efforts to minimize the impact of the COVID-19 pandemic.

Akira Onishi

President



Could you explain the impact of COVID-19 on Toyota Industries and its response to the pandemic?

COVID-19 is said to have a profound impact on the global economy — the largest in the post-WWII period, far greater than the impact of the global financial crisis in 2008 and comparable to the Great Depression in the 1930s. Toyota Industries also has been heavily affected by the pandemic and has implemented a range of countermeasures.

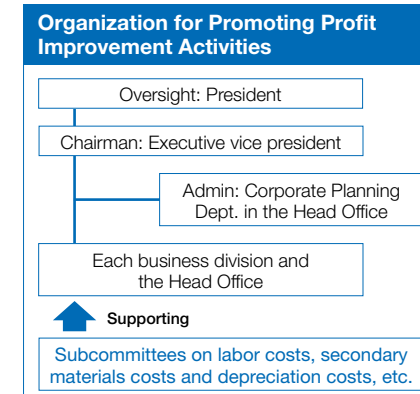
On the production and sales fronts, most of our plants around the world suspended operations for a certain period in and after February 2020. Even after lifting the suspension, some are still manufacturing at a reduced volume. For sales and after-sales service activities, customer visits have been restricted in some countries and regions. While giving due consideration to the prevention of infection, we are aiming to return business activities to normal levels.

For back office employees and engineers, we have cancelled large meetings and events and encouraged working from home and teleconferencing to reduce the risk of infection. Using this opportunity, we have been streamlining operations by examining how we hold meetings and revising and eliminating certain business processes. As a manufacturer, Toyota Industries values the concept of *genchi genbutsu* (go and see for yourself) in its operations. In the future, we will determine when to apply this concept by organizing operations into ones that continue to require *genchi genbutsu* and ones that can be done more efficiently online. Among the initiatives we are undertaking currently, we plan to carry on those that lead to work style reforms and better productivity. They have served to accelerate our rather slow efforts to improve work-life balance.

As a response to a downturn in business, we have been augmenting profit improvement activities. The plan is to substantially reduce capital investment and expenses by postponing non-urgent projects. I am spearheading a Company-wide organization encompassing various subcommittees to promote these activities. As for research and development, we will prioritize projects and carry out ones that are essential for our future growth. Anticipating a prolonged period of market instability, we have also increased cash on hand from the amount of two months to three months of consolidated net sales. At times like this, it is important to thoroughly reaffirm the basics and go back to the origin of our business. Thus, we have been stepping up our efforts to “create a workplace environment that places a top priority on safety,” “thoroughly control quality and enforce compliance” and “co-exist harmoniously with society and protect the global environment.”



Production of car air-conditioning compressors



Production of lift trucks

With regard to contributing to society, we have been carrying out various support activities for medical institutions, which are becoming overburdened by the spreading virus. As an example of support for healthcare professionals utilizing our *monozukuri* (manufacturing) capabilities, our bases in Japan and the United States have manufactured and delivered medical face shields to hospitals, medical institutions and local governments. We are providing as much support as possible to the dedicated healthcare professionals in this difficult situation.



Production of medical face shields

In the materials handling equipment sector, market growth is expected to continue well into the future. At Toyota Industries, this business is regarded as a stock-type business that provides support to customers in various areas, such as after-sales services and sales financing, along with equipment and systems.

We intend to encourage collaboration between the Lift Truck Business, for which we boast the world's top share*, and the Logistics Solutions Business, which we have been strengthening jointly with two subsidiaries, namely Bastian Solutions LLC and Vanderlande Industries Holding B.V., in response to the particularly growing needs in recent years. By doing so, we aim to respond to the changing needs of customers more accurately and achieve sustainable growth.

* Survey by Toyota Industries Corporation

Automobile-Related Businesses

With the idea of social distancing consciously beginning to take root, the value of cars has been reconsidered as a means of mobility that ensures personal space. We will continue to pursue growth in this field by leveraging the strengths of engaging in businesses related to an entire automobile, from vehicle assembly to the manufacture of car air-conditioning compressors, engines and electronics products.

- **Car air-conditioning compressor:** Even though the automobile market may need some time to recover, we will work to increase sales over the medium to long term on the back of an upward trend in automobile sales and an increase in the number of vehicles fitted with an air conditioner. We expect particularly strong growth in demand for electric compressors. We have accordingly developed a large-capacity model used not only for vehicle interior air conditioning but also for cooling batteries and other heat-emitting devices of electrified vehicles.
- **Vehicle:** Toyota Industries manufactures the new RAV4, which was selected as the Car of the Year Japan 2019-2020 and became the first vehicle of Toyota Motor Corporation (TMC) to receive the award in a decade. We also undertook the vehicle's exterior design and upper-body development. Being involved in the production of a globally popular model is a great morale booster for our plant workers. In June 2020, we started manufacturing TMC's new RAV4 plug-in hybrid electric vehicle. The car is selling well, as it offers a long driving range in the battery electric vehicle (BEV) mode and an external

Q Given the impact of COVID-19, what is your perspective on the future business direction?

It is difficult to foresee what the post-COVID-19 world will be like as the situation keeps changing from day to day. Nevertheless, we do not think a drastic change is needed in our policy of promoting growth through two business pillars, namely the Materials Handling Equipment Business and the automobile-related businesses.

We do, however, have to take into account various factors, including the impact on our businesses of the ongoing changes in various needs caused by COVID-19. The following summarizes our planned efforts over the near term.

■ Efforts in Core Businesses

Materials Handling Equipment Business

There has been growing demand for higher logistics efficiencies and lower logistics costs driven by an increase in e-commerce demand and labor shortages. COVID-19 is expected to accelerate the trend. Greater expectations are also placed on automation and autonomous driving technologies for their potential important role in preventing infection. We have already engaged in the development of automation systems for better logistics efficiencies all around the world. In Japan, we have developed an autonomous robot to automatically deliver drugs and various test samples within a university hospital, thus contributing to the reduced workload of healthcare professionals. In Europe, our automated lift trucks have been operating in a food manufacturing plant, both ensuring good hygiene and successfully reducing the work done by human workers under low temperatures. We have also provided an advanced solution combining a logistics system and automated lift trucks to a distribution center of a leading retailer and helped the customer increase its productivity.



Robot transfer system (university hospital)

Automated lift truck
(food manufacturing plant in the Netherlands)New RAV4 winning the Car of the Year Japan
2019-2020 awardFeeding power at an evacuation shelter
Photo courtesy of Car & Leisure News

power supply function to feed power to home electric appliances during disasters and other occasions. We completed renovations of our vehicle assembly plant two years ago, transforming it into a plant with even greater competitiveness. We will continue to advance our productivity and quality to increase our role within the Toyota Group.

- **Engine:** Diesel engines still have room for growth as an effective means of mobility in inland China, Africa and other emerging countries. We assume a significant role in improving the performance of these engines in environmental and other aspects. Amid the progress of car electrification, hybrid vehicles (HV) still require high-performance engines. We intend to leverage our strengths in this field as well.
- **On-board battery:** With car electrification gaining momentum, we have decided to start the development and production of a new battery. Utilizing our technologies cultivated in the development of batteries for lift trucks, we will develop a high-output, compact, long-life and low-cost battery for adoption in TMC's HVs. This is a fiercely competitive sector on a global scale, but we intend to prevail with our strong product appeal and turn it into a business that underpins the future of Toyota Industries.

Q What about the future direction of management?

To be honest, the profound impact of the COVID-19 pandemic makes it a challenge for me personally, and probably for many business managers as well, to deliver a message this year. The situation keeps changing, and we see different news every day. We thought the infection began to subside at one point but then have to worry about a second wave and the spread of the virus in the Southern Hemisphere. The good news is that the development of vaccines is proceeding and economic activities are resuming; however, the bad news is that there is growing concern about the pandemic becoming prolonged. Many experts are providing various views about the post-COVID-19 world, but the truth is no one knows for sure, or perhaps, it is just meaningless to speculate at this point.

What is important now is to uphold our basic sense of value and calmly and steadily do what we can. As the situation changes, we have to think hard and find our own, right course of action.



Founder Sakichi Toyoda
Toyota Precepts (corporate creed)

Toyota Precepts (Corporate Creed)

Carrying out the spirit of founder Sakichi Toyoda,

- Always be faithful to your duties, thereby contributing to the Company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for God, and remember to be grateful at all times.

The Toyota Precepts (corporate creed), which embrace the spirit of founder Sakichi Toyoda, represent Toyota Industries' basic sense of value. Since our founding, we have always gone back to our philosophy encapsulated in these precepts and endeavored to provide products and services truly needed by customers. I believe our approach aligns with the objective of the United Nations' Sustainable Development Goals (SDGs).

As shown in the "Efforts in Core Businesses" section of this message, our business structure is akin to a conglomerate. Among our diverse businesses, we have explored how we should prioritize them and allocate resources to each in the face of the ongoing pandemic that is having an enormous impact on our society and economy. We have come up with several ideas and options on how to do this. However, it is now too early to decide on which idea or option to implement, and we will need to make flexible responses as we see fit toward the changing situation.

In Conclusion

Japan experienced a series of national crises over a period of about 25 years, including the Spanish flu epidemic in 1918, the Great Kanto Earthquake in 1923 and its defeat in World War II in 1945. The country has risen from the devastating damage of each crisis through the strenuous efforts of the people of that time. The environment we live in now significantly differs from the one in the past, but I think we can learn many lessons from how these people witnessed and recovered from each catastrophe.

Even though there is a common perspective that it will take considerable time for COVID-19 to subside, cooperation is already underway in the healthcare field to develop vaccines and drugs. I believe that promoting such cooperation between countries, regions and businesses will be essential for our recovery in the future.

At Toyota Industries, we intend to overcome the current crisis by sharing best practices and making concerted efforts among our globally operating businesses.

In recent years, we have been witnessing growing uncertainty caused by geopolitical issues, natural disasters, and of course, infectious diseases including COVID-19. Amid this environment, we will continue to pursue sustainable growth by leveraging our technologies, know-how and experience cultivated in our diverse businesses to adapt to a variety of changes and by working even more closely with other companies in the Toyota Group.

We will meet the expectations of our stakeholders through a continuous relationship built from a long-term perspective.

Major Events That Affected Japan	
1918 –	Spanish flu epidemic
1923	Great Kanto Earthquake
1930 –	Great Depression
– 1945	World War II

Special Feature 1

Strengths of Our Materials Handling Equipment Business Aiming for Sustainable Growth

Since launching the production of lift trucks in 1956, the Materials Handling Equipment Business has grown into Toyota Industries' mainstay business through increased product appeal, an improved ability to provide excellent services and an enhanced network. In the meantime, the development of the global economy, innovation of information-related technologies and expansion of e-commerce and other new industries have generated new, growing needs in the logistics field. Toyota Industries has responded to such needs and assisted customers in increasing logistics efficiencies by not only offering materials handling equipment as well as logistics systems and equipment but also by focusing on logistics improvements and solutions.

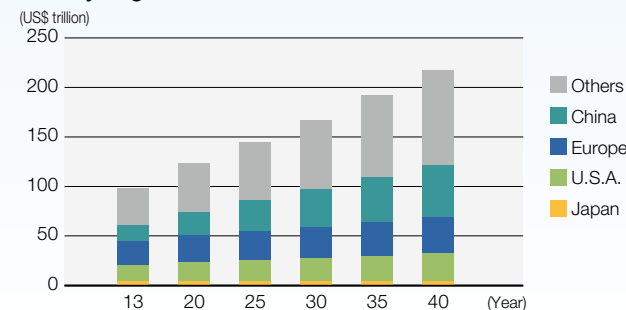
This Special Feature highlights the strengths and initiatives of our Materials Handling Equipment Business that strives to expand business by combining lift trucks and logistics solutions.



Environment Surrounding Logistics

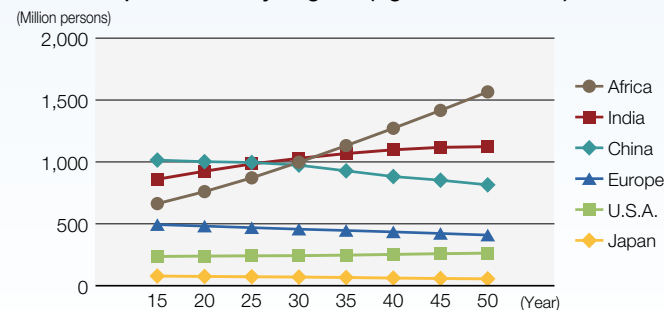
The need for higher logistics efficiencies is growing, driven by an expected increase in logistics volume over the medium to long term on the back of further growth of the global economy, coupled with a rise in labor costs mainly in emerging countries and labor shortages in developed countries. Besides conventional logistics operations using lift trucks, an expansion of e-commerce has increased the need for handling smaller parcels. In this way, customers' logistics-related needs have also become increasingly diversified.

GDP by Region



Source: Produced by Toyota Industries based on the U.S. Energy Information Administration's International Energy Outlook 2017

Labor Population in Key Regions (Ages from 15 to 64)



Source: Produced by Toyota Industries based on the United Nations' World Population Prospects (2017 Revision)

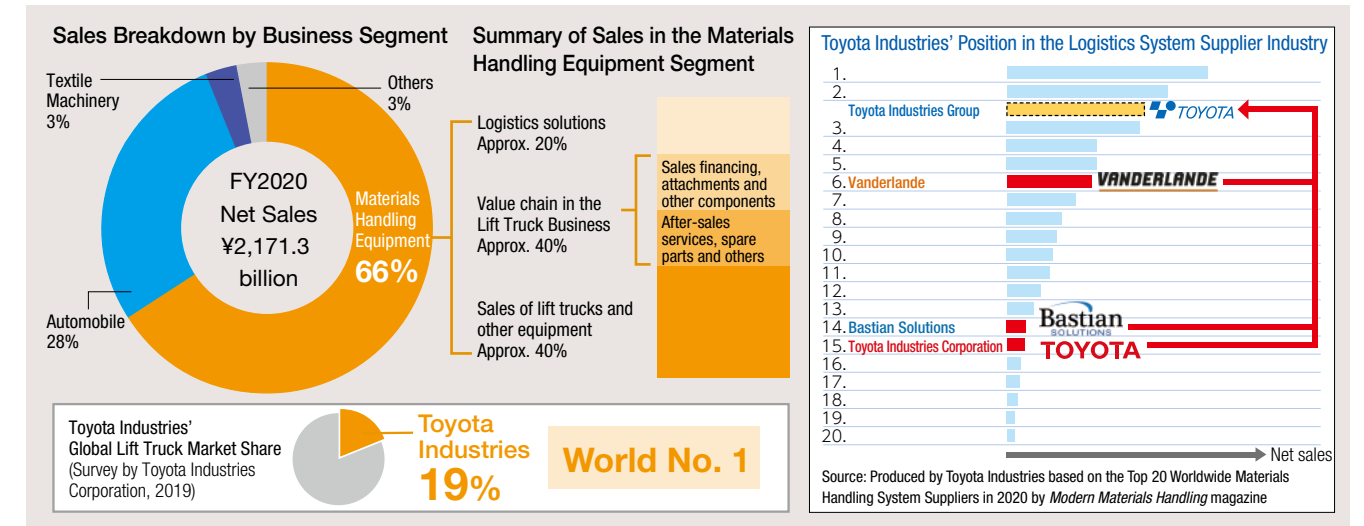
Status of the Materials Handling Equipment Business

Business Composition

The Materials Handling Equipment Business is Toyota Industries' core business, accounting for 66% of total sales. Lift trucks, our mainstay product, enjoy the world's No. 1 market share*, while our Logistics Solutions Business is one of the largest in the world*. Sales of equipment and those from our stock-type business generating relatively stable revenue, such as after-sales services and sales financing, respectively account for about 40% of total sales in the Materials Handling Equipment Segment. We are working to achieve maximum results by leveraging our business structure we have strengthened to date.

Logistics solutions, on which we have been focusing in recent years to respond to emerging needs, make up a rather small portion of the total sales of the Materials Handling Equipment Business. However, we believe that the business has great growth potential and have been collaborating with two subsidiaries, which we acquired recently, directed toward expansion.

* Survey by Toyota Industries Corporation



Initiatives for Future Growth

Innovation spurred by CASE (connected, autonomous, shared and electric) technologies in the automobile industry is also advancing in the materials handling equipment industry. Based on our broad product lineup and accumulated know-how in logistics improvement, we are strengthening our initiatives in this area for further growth.

Connected: Systems that offer advanced operational management by connecting lift trucks and other equipment to the Internet and collecting relevant data have become popular mainly among large-order customers. In addition to increasing the efficiency of logistics operations, these systems visualize and analyze such variables as the operational status and battery consumption of each lift truck and help improve safety and save energy.

Autonomous: Lift trucks are used for logistics operations mostly in plants and warehouses. Because they operate in such limited locations, work standardization and automation are easier compared to automobiles. We added automated guided forklifts (AGF) to our lineup in the 1980s and have been accelerating the development of products that leverage our automation technology in response to the growing need for higher logistics efficiencies.

Solution: At Toyota Industries, "S" is defined as "solution," through which we seek to solve logistics issues and make proposals for increasing efficiencies. In this endeavor, we go a step beyond straightforward automation. We have been strengthening initiatives on a global basis to provide logistics solutions that are suited to the type and scale of customers' businesses, accurately capture their individual needs and that are packaged as optimally designed systems.

Electric: The introduction of electric lift trucks has started early on in the materials handling equipment industry as customers in certain sectors are required to satisfy zero emissions and other clean performance standards. Currently, more than 60% of lift trucks sold in the world market are electric. At Toyota Industries, the ratio is more than 70%. We respond to customers' diverse needs by developing and increasing the lineup of products, including models equipped with lithium-ion batteries and fuel cell lift trucks.

Among our CASE initiatives, the following pages provide example initiatives in the "S" (solution) and "A" (autonomous) fields, which have been drawing increasing attention from customers.



Operational management system



Fuel cell lift truck

Example
1

Initiatives in the Logistics Solutions Field

With the acquisition of Bastian Solutions LLC and Vanderlande Industries Holding B.V. in 2017, we set up a structure to offer an even broader range of logistics solutions to more customers. The three companies, including Toyota Industries, have been working together and successfully created new business opportunities.

■ Collaboration of Bastian and Vanderlande in the Development of Image Recognition Technology

At warehouses and distribution centers, order picking to pick up ordered items from stock storage is one of the most important operations and reducing pick-up errors is essential in increasing productivity. Many processes at logistics sites have already been automated and contributing to higher productivity. However, automation of the order picking process has not proceeded, as picking up correct items of varying forms and materials poses a technical challenge.

Bastian and Vanderlande, which each develops automated picking systems independently, have formed a joint team to accelerate the development of advanced technologies that satisfy market demand. Instant recognition of the location and shape of an item and its stored position is crucial in ensuring the correct picking up of items whatever their shapes are and however they are stored. As such, automation of the process requires advanced image recognition technology. The joint team is mainly engaging in the development of this technology and aiming for early commercialization by increasing accuracy through feasibility tests using order picking robots of each company.

We will continue to deepen the collaboration between the two companies and develop technologies and systems that will contribute to greater logistics efficiency.



Example of image recognition

■ Working Together in Japan for a Global Delivery Service Operator through the Collaboration of Vanderlande and Toyota Material Handling Japan

One of the important customers of Vanderlande is the world's largest-class operator engaging in international delivery services. Up to the present, Vanderlande has built systems for the operator's distribution centers in many countries, but lacking a base in Japan, had not been able to support them in this regard. On the other hand, Toyota Material Handling Japan, which is responsible for Toyota Industries' Lift Truck and Logistics Solutions Businesses, has been developing and selling materials handling systems and equipment in Japan, but in some cases could not fully satisfy customer needs, including the above-mentioned operator, due to its limited system and equipment lineup.

Meanwhile, Toyota Industries has appealed the strengths of the entire Group encompassing Bastian and Vanderlande to a broad audience through trade shows and other opportunities. At the same time, we have concentrated on the establishment of a structure to sell and provide support services for a wide range of Vanderlande's equipment and systems in Japan.

These efforts have enabled us to offer the full spectrum of logistics systems in Japan, including those of Vanderlande, and we received an order from the said operator for the first time for a project for a distribution center in the country.



Vanderlande's CROSSBELT SORTER



Link to sorter details.

In the Logistics Solutions Business, Group companies complement each other in terms of geographical coverage and the size and business category of target customers through increased collaboration within the Group, and we can now offer solutions that combine the "hardware" and "software" of each company. Collaboration with the Lift Truck Business has increased opportunities to offer an even broader set of logistics solutions to customers using our lift trucks. Based on our comprehensive strengths, we seek to accurately respond to our customers and further realize business expansion.

Example
2

Initiatives Related to Automation

Since starting the production of lift trucks in 1956, our efforts have been geared toward logistics automation in the future. We started producing magnetic-type automatic guided vehicles (AGVs) and AGFs in the 1980s and have since been working to increase the lineup in this area. Toyota Industries' AGVs accurately capture the varying needs of each logistics site, such as carrying industrial products in plants or warehouses, conveying baggage at airports and transporting large containers at seaports, thereby contributing to customers' improved logistics efficiencies.

Going ahead, we will further bolster the development of AGVs and AGFs while leveraging our image recognition and other cutting-edge technologies and promoting collaboration with external organizations.

■ Taking on a Challenge of Automating Outdoor Operations

Capitalizing on our technology and know-how for autonomous driving obtained through the development of AGVs and AGFs for indoor use, we have been developing technology for automated operations outdoors, for which needs are growing.

We have conducted outdoor feasibility tests of our AGFs at several locations, including a facility shipping agricultural products. Outdoor automated operations pose a far greater challenge than indoor operations because of uneven surfaces and irregular cargo locations. We have also carried out two autonomous driving tests of our towing tractors, which transport baggage and other items at airports, under different conditions. Our focus is to promote the development of systems that can ensure safe and smooth automated operations and cargo transportation at a place crowded with various types of vehicles.

In the future, we will repeatedly conduct feasibility tests on automated operations of lift trucks and various materials handling equipment for swiftly achieving their practical use.



AGF feasibility test

■ Evolution of AGVs

Utilizing AGVs for which we have been engaging in the development for many years, we are making efforts in achieving a more advanced level of logistics automation. With distribution centers becoming increasingly larger, one challenge is to reduce the workload of operators carrying items during a process that involves picking up ordered items from storage shelves. In response, we have utilized our experience in AGV development to create an autonomous logistics robot that tracks the picking operator at a certain distance and can be summoned or directed to a specified location at the beginning or end of work. We are accelerating our development efforts for its commercialization based on the results of feasibility tests undertaken at logistics sites of our customers.

Among our products for use in airports, for which we expect growth in the number of users over the medium term, we have been focusing on the commercialization of autonomous AGVs. An autonomous baggage handling system developed by Vanderlande, in particular, has already gone into full-scale operation in Rotterdam The Hague Airport. The system can flexibly accommodate layout changes on the operating route and system expansions. Efforts are also underway to integrate AGVs manufactured at one of our lift truck production bases in Europe into the system. We are stepping up efforts to increase its use mainly at hub airports around the world as an epoch-making system that replaces conventional conveyors.



Autonomous logistics robot



Autonomous baggage handling system used in airports



Link to system details.

Message from the Director

Logistics needs have become increasingly diversified and have continued to change. Leveraging our experience and know-how accumulated while working with customers worldwide, we seek to develop products and services that go a step ahead of the times and offer optimum solutions to individual customers. Fueled by an accelerated expansion of the e-commerce market as a result of the spread of COVID-19 and other factors, needs in the logistics solutions field are on the rise, which in turn is expected to advance the mechanization and automation of logistics operations. As a response to the changing environment, we are working to expand business by further strengthening the collaboration of Bastian, Vanderlande and Toyota Industries, each of which possesses different strengths. We aim to become the world's leading logistics solutions provider to help customers resolve their logistics-related issues by harnessing our strengths in engaging in the two businesses of lift trucks, for which we enjoy the world's top market share, and logistics solutions, for which significant growth is expected in the future.



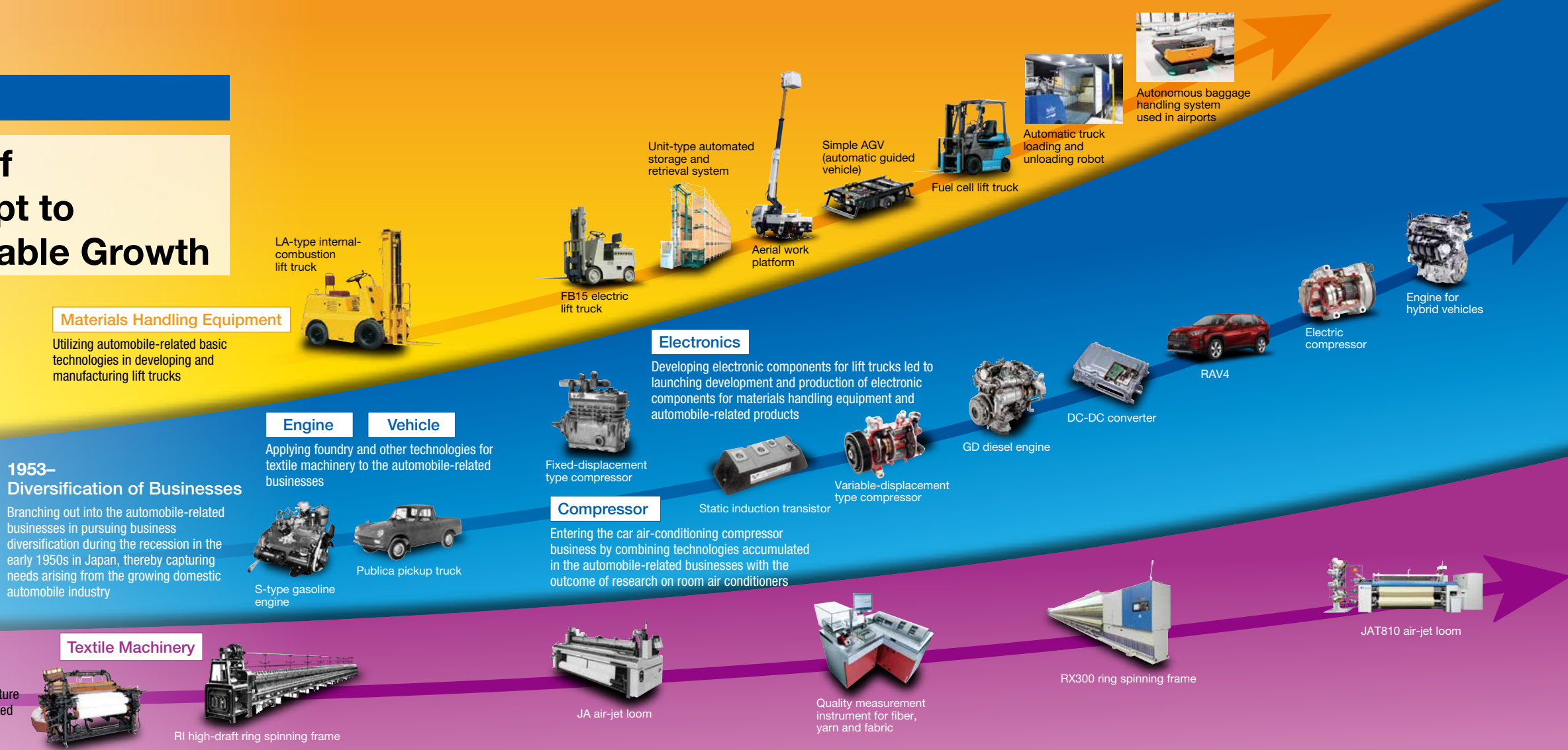
Yojiro Mizuno
Director and
Senior Executive Officer

Special Feature 2

Leveraging the Strengths of Diverse Businesses to Adapt to Changes and Seek Sustainable Growth

Changes in customer needs and advances in technology have been proceeding at an increasing pace. There has also been lingering uncertainty about political and economic prospects. Amid this environment, Toyota Industries believes that engaging in multiple businesses with different strengths, as opposed to focusing solely on a specific business, will allow us to adapt to changes and achieve sustainable growth through complementary collaboration among these businesses.

This Special Feature presents some of our initiatives to promote sustainable growth by leveraging the strengths of our diverse businesses.



History of Business Expansion to Date

After conducting a great deal of research, founder Sakichi Toyoda invented the Type G automatic loom with an aspiration to “contribute to society through *monozukuri* (manufacturing).” Toyota Industries, founded to manufacture and sell the loom, had concentrated on expanding this original business but started seeking business diversification during the recession in the early 1950s.

At that time, the growing automobile industry in Japan was generating new needs. To capture these needs, we first branched out into the engine and vehicle assembly businesses by utilizing foundry and other technologies accumulated in the textile machinery field. Then we started developing and manufacturing car air-conditioning compressors. As labor shortages prompted a rise in the need for streamlining cargo handling, we directed our attention to lift trucks that have a number of components similar to automobiles such as an engine and launched development in this field. Moreover, capitalizing on our technology and know-how accumulated in the development and in-house production of electronic components for lift trucks, we entered the electronics business, offering electronics products also for automobiles.

In this way, we have constantly taken on the challenge of creating new value based on our own strengths and achieved continued growth, always upholding the philosophy of “contributing to society” since our founding.

Efforts to Deepen Collaboration among Businesses to Generate Ideas

Previously, business divisions of Toyota Industries had made development efforts individually, and in some cases, had not been able to fully leverage the necessary technical information or know-how and knowledge accumulated in other divisions. In recent years, the R&D Headquarters, an organization responsible for promoting research and development, has been assuming the role of ensuring horizontal alignment and promoting collaboration among the business divisions.

As these business divisions face similar technical issues and possess many common elemental technologies, we have been devising effective ways to generate synergies among them by collecting, disseminating and sharing information and providing opportunities for technical exchange.

We believe that these day-to-day efforts have helped us upgrade and increase the efficiency of our development activities.

For information gathering, we provide various forms of support. Examples include issuing *Toyota Industries Technical Review*, a magazine on technical information related to product development and *monozukuri*; disseminating information on changes in the R&D environment, including economic conditions in each country and the trends in the materials handling equipment and automobile industries; and presenting examples of companies having technological excellence. As opportunities for technical exchange, we

hold Company-wide technology exhibitions of products and production engineering examples of each business division and meetings of the Council of Heads of Engineering Departments as a place for heads of the engineering departments of each business division to exchange information. Through these opportunities, we back up efforts to share and utilize technologies within Toyota Industries.



Example Outcome of Interdivisional Collaboration

1 Development of Hydrogen Circulation Pump and Inverter for Fuel Cell Vehicles

Compressor Electronics

Kazuho Sato

Project leader
FC Project
Compressor Division
(As of March 31, 2020)

Background of Development

Toyota Industries’ hydrogen circulation pump and control inverter are fitted in a fuel cell vehicle (FCV) of Toyota Motor Corporation (TMC), which only emits water when driven and greatly contributes to a reduction of CO₂ emissions. As an FCV runs on electricity generated through a chemical reaction of hydrogen and oxygen, it significantly differs in structure from an internal-combustion vehicle. With a pool of compression technology accumulated in the Car Air-Conditioning Compressor Business and motor, inverter and other elemental technologies, however, we had faith in our ability to create a hydrogen circulation pump and inverter, two of the key components of an FCV critical to its driving performance. Applying these technologies, we launched development of the two components and succeeded in mass production.

Utilization of Existing Technologies

Hydrogen circulation pump

Developed by the Compressor Division

Efficiently circulates unreacted hydrogen and water generated in the electricity generation process.

Successfully developed a new, low-cost hydrogen circulation pump that is highly efficient, more compact and lighter weight by applying compression, motor and production engineering technologies accumulated in the car air-conditioning compressor field.



Inverter

Developed by the Electronics Division
Performs drive control of the pump with a minimum amount of electricity.

Developed a highly efficient inverter for a hydrogen circulation pump at a low cost by applying inverter engineering technologies accumulated in the electric car air-conditioning compressor field.

Control software

Developed by the Compressor Division
Quickly developed a high-quality control software program by applying software programs for electric car air-conditioning compressors.

Completing a Hydrogen Circulation Pump by Overcoming Major Development-Related Challenges through Close Interdivisional Collaboration

We received various requests from TMC as it underwent the process of trial and error for the development of an FCV. One of them, in particular, related to the need to ensure smooth start-up and operation of the vehicle in sub-zero temperatures. In response, the circulation pump and inverter development teams worked together and improved the pump's startability and controllability. They also had repeated discussions from various perspectives for the alignment of work on the activation of an inverter at high temperatures.

The previous collaboration between the Compressor Division and Electronics Division in developing an electric compressor enabled us to quickly overcome the challenges in the new field. These divisions smoothly forged ahead with the development of respective products while mutually taking into account the impact of their own product on the other's product. This led to development activities that focus on overall optimization, transcending individual products. Other benefits included less time spent on discussion with the customer and increased efficiency in project flow.



We successfully developed products that generate new added value by bringing together and harmonizing elemental technologies cultivated in each business division.

Toward car electrification, the development of diverse products will become increasingly important in the future. We intend to leverage our advanced collaborative structure to provide new products through swift development efforts at a high level.



Example Outcome of Interdivisional Collaboration

2 Development of a Diesel Hybrid System for Construction Machinery

Materials Handling Equipment

R&D Headquarters

Engine

Electronics



Kenichi Katae

General Manager
Engineering Dept. No. 2
R&D Headquarters
(As of March 31, 2020)

Background of Development

Since going into effect in 1991, the exhaust gas regulations for construction machinery have become progressively more stringent, and energy-saving needs have been also growing considerably. Against this backdrop, a leading construction machinery manufacturer has been promoting the development of environment-friendly hybrid excavators. We became the manufacturer's first choice as its partner because we had already had experience in developing hybrid systems, with Toyota Material Handling Japan initiating sales of a hybrid lift truck in 2010. The idea was to apply technologies we have cultivated in the electric lift truck field and in the Electronics Business to a hybrid system for construction machinery. Multiple business divisions of Toyota Industries accordingly started collaborating and developing key components, including an engine and a motor.

Fruits of Collaborative Development

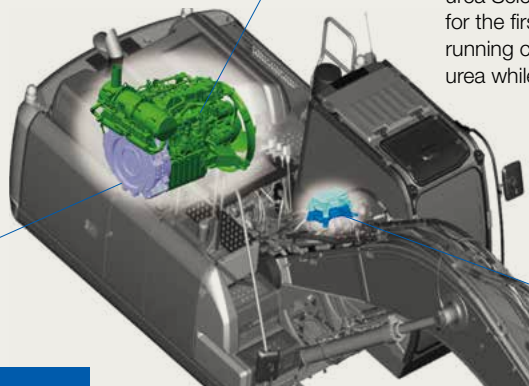
Diesel hybrid system for construction machinery

Offers a 40% better fuel efficiency while maintaining high power performance.

Diesel engine

Developed by the Engine Division

Satisfied exhaust gas regulations without using a urea Selective Catalytic Reduction (SCR)*1 system for the first time in the world*2 and achieved lower running costs by eliminating the need for refilling urea while maintaining durability.



Equipped in the ZH200-6 hybrid excavator of Hitachi Construction Machinery Co., Ltd.

Motor

Developed by the Engineering Dept. No. 2, R&D Headquarters

Offers high output and high efficiencies through an engine with a built-in motor, which can be fitted into the conventional engine space.

PCU (controlling motor's rotational speed)

Developed by the Electronics Division

Is based on a compact and highly efficient PCU for hybrid vehicles and offers improved cooling performance and vibration resistance matched to construction machinery.

*1: Means to convert NOx

*2: Survey by Toyota Industries Corporation

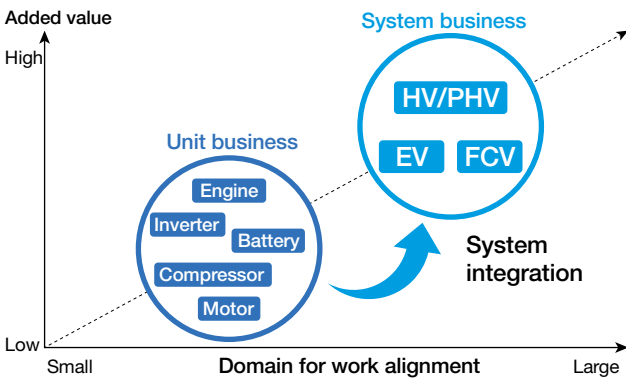
Realizing a Hybrid System for Construction Machinery by Integrating Highly Functional Components

The most crucial challenge was how to realize an optimum system for construction machinery used in a considerably harsher environment than automobiles. To overcome this challenge, the Engineering Department No. 2 of the R&D Headquarters conceived the optimum design of the overall system, and each business division embarked on the development of an optimum component using the design as a starting point.

Specifically, we had to install components of the hybrid system, including an engine, motor and power control unit (PCU), into the conventional engine space. To accommodate more components, we needed to reduce the overall size, and at the same time, had to ensure the level of performance required for construction machinery. Taking on a challenge we had never faced before, the relevant business divisions joined forces and used their ingenuity to find a solution, which led to quickly developing a high-quality system.

Furthermore, we believe that already having a lift truck as a finished product in our lineup enabled us to take a

holistic view in developing a hybrid system for construction machinery that is mechanistically similar to lift trucks. The result was a system that has realized a 40% higher fuel efficiency than conventional internal-combustion excavators, while maintaining the equivalent level of power performance.



HV/PHV: Motor, inverter, battery and engine

EV : Motor, inverter and battery

FCV : Motor, inverter, battery, oxygen-supplying air compressor and hydrogen circulation pump

Toyota Industries has a number of core technologies required in electrified products, such as hybrid vehicles (HV), plug-in hybrid vehicles (PHV), electric vehicles (EV) and FCVs, which are expected to become more diversified in the future. Going ahead, we intend to respond to electrification both in the materials handling equipment and automobile fields and swiftly deliver the required products to the world by combining components from these two fields and offering them as an integrated system.



Business Activities

Materials Handling Equipment — P26–30 | Automobile (Vehicle / Engine / Car Air-Conditioning Compressor / Car Electronics) — P31–36 | Textile Machinery — P37

Materials Handling Equipment

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



Medium-Term Direction of Business

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

Our goal is to become the logistics solutions partner of the first choice for customers by meeting their wide-ranging needs and helping them increase their logistics efficiencies based on the Toyota Industries Group's comprehensive strengths covering both the lift trucks and logistics solutions fields.

Business Characteristics

Strengths

- An extensive logistics-related product lineup both in the fields of materials handling equipment (internal-combustion lift trucks, electric lift trucks, fuel cell (FC) lift trucks, etc.) and materials handling systems (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 high energy savings and low environmental impact following enforcement of more stringent environmental regulations around the world
- Growing need for electric lift trucks driven by a rise in eco-consciousness
- Rising need for higher logistics efficiencies prompted mainly by a growth in e-commerce transactions as well as soaring labor costs and labor shortages

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



Business Overview in Fiscal 2020

In the Materials Handling Equipment Business, the lift truck market in 2019 turned downward except for China, where sales continued to increase. Amid this operating climate, Toyota Industries engaged in sales and after-sales service activities matched to respective markets. However, unit sales of lift trucks for fiscal 2020 were down 22,000 units, or 7%, to a total of 278,000 units from the previous fiscal year. As the need for higher logistics efficiencies is getting increasingly stronger, underpinned by an expansion of the e-commerce market, Toyota Industries made efforts for further business reinforcement through collaboration with logistics solutions subsidiaries in the United States and Europe. Net sales in fiscal 2020 declined by ¥30.3 billion, or 2% year on year, to ¥1,436.3 billion.

Business Structure

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

Toyota Material Handling Group (TMHG)

Toyota Industries assists customers worldwide in attaining greater logistics efficiencies as a market leader in the materials handling equipment and logistics fields by delivering logistics solutions optimally tailored to their specific and ever-changing needs.

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 on a global scale.

We basically carry out product development in three regions, namely Japan, North America and Europe. Based on this structure, we develop and manufacture products in each region, which are matched to the specific local needs and characteristics, and ensure quick product delivery to customers. At the same time, we seek greater product appeal by conducting in-house development and production of key components of lift trucks, including engines and motors. In response to the enforcement of stricter environmental regulations and growing eco-consciousness worldwide, we are improving the energy-saving performance and enhancing our electric lift truck lineup. We are also promoting 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 have established a structure to support customers throughout our entire value chain that encompasses from providing after-sales services through our extensive networks to offering sales financing operations. We contribute to greater

logistics efficiencies based on our comprehensive strengths in satisfying varying needs of customers worldwide. On the sales front, we are offering products and logistics improvement solutions optimally matched to individual customers' logistics sites. Simultaneously, we are seeking to obtain large orders by responding to demands of customers who conduct business globally. In terms of services, we assign experienced and knowledgeable personnel and utilize leading-edge information technology (IT) to provide finely tailored services to customers. Our service personnel visit customers on a periodic basis and provide maintenance services to prevent troubles from occurring. When a problem does occur, they swiftly make a visit to the customer and promptly take appropriate action. We are also strengthening our internal sales financing operations mainly in Europe, the United States and other developed countries in order to respond to customers' diverse needs in the area of equipment sales. Additionally, TMHG is collaborating with TALG to create synergies between the lift trucks and logistics solutions fields in development and other domains.

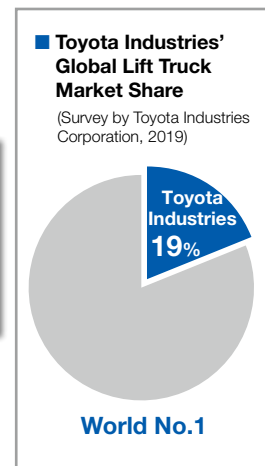
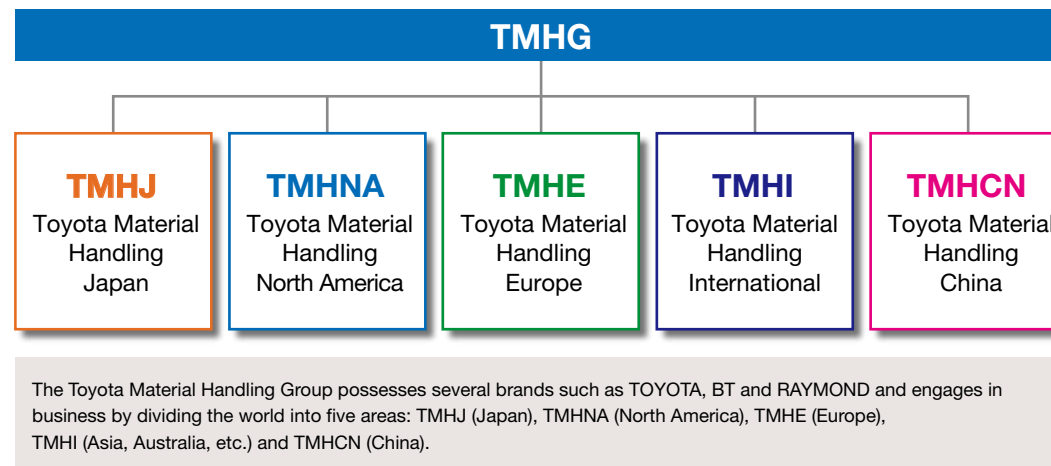
Toyota Advanced Logistics Group (TALG)

Following an expansion of the e-commerce market, providing solutions to diverse and complex logistics issues for distribution centers has become a pressing task, and needs for logistics solutions have been growing globally.

Amid this environment, we go a step beyond just providing a broad range of materials handling equipment and associated software programs and are reinforcing our Logistics Solutions Business to more meticulously satisfy each customer's varying needs by leveraging our logistics improvement know-how accumulated to date.

Under the TALG management structure, the Logistics System Engineering Department of Toyota Material Handling Japan, which mainly engaged in business in Japan, and two companies that joined the Toyota Industries Group in 2017, namely U.S.-based Bastian Solutions LLC and Netherlands-based Vanderlande Industries Holding B.V., are collaborating with each other in development, sales and other activities to expand business while leveraging their individual strengths.

Toyota Material Handling Group



■ Toyota Advanced Logistics Group



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

Under TALG, the Logistics System Engineering Department of Toyota Material Handling Japan, Bastian and Vanderlande work together to promote the Logistics Solutions Business on a global scale while leveraging their individual strengths.

■ Business Activities in Fiscal 2020

Despite continued growth in China, the world's lift truck market in 2019 turned downward with weaker sales in Japan, North America, Europe and emerging countries. 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 to achieve greater logistics efficiencies through the introduction of distribution systems.

To meet the diverse needs of customers 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 in order to ensure a more accurate response to individual customers.

In the logistics solutions field, we have been accelerating coordinated activities as TALG to mutually supply equipment and systems while encouraging each company to leverage its strengths to bolster business.

Meanwhile, Aichi Corporation, which possesses the top brand*3 in the field of aerial work platforms in Japan, enjoyed a growth in demand up until the first half of fiscal 2020, driven by enforcement of strict emissions standards. However, demand declined on the rebound in the second half. Sales were also affected by Typhoon Hagibis that made a landfall in Japan in 2019 and decreased in all industries except for the leasing industry. As a result, Aichi's overall sales were down from the previous fiscal year.



Aichi Corporation's aerial work platform

*3: Survey by Aichi Corporation

Activities of TMHG

■ Japanese Market

The business environment in Japan became difficult as the lift truck market slowed down slightly in 2019. It was further compounded as the production of lift trucks at a Toyota Industries plant was suspended due to a disruption of parts supply following Typhoon Hagibis. Unit sales of Toyota Industries' lift trucks consequently declined by 6% year on year to 45,000 units in fiscal 2020, but still maintained the top

position*4 in calendar 2019 for the 54th consecutive year.

In recent years, customer needs have become increasingly diversified in line with changes in the business environment, including an expansion of the e-commerce market, labor shortages and growing safety and environmental consciousness among companies. As the leading manufacturer of materials handling equipment, Toyota Industries has been proactively promoting the release of new products that lead to resolving issues facing customers.

For example, we released an FC lift truck for the first time in Japan*5 in 2016. This 2.5-ton model has been highly acclaimed by customers not only for its excellent environmental performance of not emitting CO₂, NO_x and other gases while in operation but also for its great convenience of completing hydrogen charging in about three minutes. More recently, we added a 1.8-ton type as growing environmental consciousness pushed up needs for smaller models. As part of efforts to enhance the lineup of FC models, we have also conducted a feasibility test of an FC towing tractor.



1.8-ton FC lift truck

Needs are also growing for the automation of materials handling equipment to reduce logistics work and improve efficiencies. In response, we have carried out autonomous driving tests of our towing tractors jointly with All Nippon Airways Co., Ltd. within restricted areas at Kyushu-Saga International Airport and Chubu Centrair International Airport. We have also joined the Consortium for Open-Field Agricultural Robotics*6 engaging in research and development for labor saving in the agricultural field. Our part in the project is to develop a lift truck that autonomously loads cargoes onto a truck.

In February 2020, we participated in Logis-Tech Tokyo – INNOVATION EXPO – under the concept of "Exact Solutions to Your Logistics." We ran the largest booth among the participating companies and showcased to some 22,000 visitors our latest logistics solutions, including the Key Cart automatic guided vehicle (AGV) based on simultaneous



Toyota Industries' booth at Logis-Tech Tokyo

localization and mapping (SLAM) technology and the AiR-T autonomous intelligent mobile robot.

*4: Survey by Toyota Industries Corporation based on data published by Japan Industrial Vehicles Association

*5: Survey by Toyota Industries Corporation

*6: Consortium engaging in a research and development project, selected as an Innovative Technology Development and Immediate Deployment Project (in the category of Future Agriculture Creation Projects Using Artificial Intelligence) of the National Agriculture and Food Research Organization's Bio-oriented Technology Research Advancement Institution

■ North American Market

With a year-on-year decline in the North American lift truck market in 2019, Toyota Industries posted unit sales in fiscal 2020 of 92,000 units, down 7% from the previous year, but still remained the market share leader*7 in 2019. Meanwhile, parts sales and orders for after-sales services remained strong.

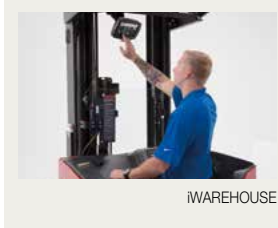
Amid this environment, Toyota Industries is proactively pushing ahead with product lineup and functional enhancements both under the TOYOTA and RAYMOND brands.

Toyota enhanced its electric product offering not only with the release of a 1-ton electric lift truck that has been developed by a subsidiary in North America based on local customer needs but also with the addition of a number of new options to its electric pallet trucks. The focus was also on battery solutions that present optimum ways of charging and handling batteries. Toyota's efforts for improving the competitiveness of its dealers include operating an after-sales service evaluation and certification system and promoting a program to build a leaner and more efficient business structure in a systematic manner. Some Toyota dealers have also captured a new business opportunity by starting to use this program to solve customers' problems.



1-ton electric lift truck

Raymond further augmented the functionality of its iWAREHOUSE fleet management system. It has evolved into a platform to centrally manage various functions associated with warehouse equipment, from the existing roles to certify operators, detect collisions and analyze the operational status of lift trucks to additional features to manage personnel and provide virtual reality (VR) operation training. Raymond developed a new system to remotely support operators' order picking work and has been leveraging cutting-edge technologies to assist customers in increasing their logistics efficiencies.



iWAREHOUSE

Additionally, Toyota and Raymond are selling parts and entry-level models and providing safety operations e-learning materials through e-commerce sites to provide greater convenience to customers and expand business opportunities. Toyota and Raymond are also accelerating technology development for next-generation materials handling equipment by working closely together with two universities.

Toyota Industries will continue to promote product development, sales and after-sales service activities by leveraging the strengths of the two brands. In addition, through closer collaboration with the Logistics Solutions Business we will accurately respond to the needs for greater logistics efficiencies, including those for automation.

*7: Survey by Crist Information & Research, LLC, 2019

■ European Market

Although the European lift truck market in 2019 was down from the previous fiscal year, Toyota Industries posted unit sales of 93,000 units in fiscal 2020 on par with fiscal 2019. In addition to new lift truck sales, orders for after-sales services and sales of parts remained strong.

In Europe, needs for connected and automated lift trucks are growing. Toyota Industries offers I_Site, a fleet management system that enables customers themselves to collect and analyze operational and other information of their lift trucks connected to a network. More than 12,000 lift trucks are now using I_Site. We are also fostering partnerships with outside companies to reinforce our development capabilities in the fields of automation and other advanced technologies. As part of this effort, Toyota Material Handling Europe (TMHE), our European headquarters for materials handling equipment, hosted the Logiconomi Forum, inviting leading companies in various industries to give lectures and exchange views.



Logiconomi Forum

As for electrification, TMHE released a new electric pallet truck with an entirely optimized structure. The adoption of lithium-ion batteries has made the resulting truck considerably smaller, lighter, more energy-efficient and easier to operate. The truck received the iF Design Award 2020 for these excellent features. TMHE also rolled out new internal-combustion counterbalanced lift trucks surpassing the latest EU Stage V regulations. These trucks are equipped with internally produced engines, which offer high efficiency, reliability and maintainability.



New electric pallet truck

We will continue to upgrade the environmental performance and other functions of our products and help customers improve their logistics efficiencies by focusing on automation that leverages the latest technologies.

■ ALOMA*8 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.

In 2019, the ALOMA market declined from the previous fiscal year while the Chinese market continued to expand. Amid such conditions, Toyota Industries worked to enhance its product lineup, reinforce sales and after-sales service activities and promote logistics improvement solutions. In spite of these efforts, unit sales were down 18% from the previous fiscal year to 48,000 units in fiscal 2020.

To date, Toyota Industries has launched sales activities with a focus on logistics improvement solutions in 14 countries. We are strengthening our relationships of trust with customers by offering solutions to reduce logistics

costs and improve safety at their logistics sites. Our dealers are also promoting improvements at their own facilities to bolster their abilities to make improvement proposals to customers. We will promote these and other efforts as customers' total logistics solutions partner.

In the field of after-sales services, we are proceeding with the introduction of the Global Mobile Service Solution (GMSS) that leverages Internet of Things (IoT) technology. GMSS centrally manages information on lift trucks owned by customers and the history of repairs conducted by dealers in each country by using cloud services. Through this system, we will reinforce our capability to provide better after-sales services. We are also utilizing telematics to collect operational information of lift trucks. The aim is to minimize downtime by analyzing this information to foresee and prevent equipment failures. Additionally, we established T-CORE, a new system to share customer information, lift truck specifications and production data with our dealers by using cloud services. Dealers in each country will use this system when placing orders to Toyota Industries. Going ahead, we will share with our local dealers information of our lift trucks throughout their lifecycle by linking GMSS, telematics and T-CORE, thereby establishing a system to ensure a quick response to customers.

As the leading manufacturer of materials handling equipment, Toyota Industries will offer comprehensive logistics solutions and satisfy the diverse logistics needs of customers.

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



GMSS mobile service system

Activities of TALG

Logistics System Engineering Department of Toyota Material Handling Japan

In Japan, the installation of logistics systems that bring about labor and work savings in distribution centers has been proceeding rapidly in line with the exacerbating issue of labor shortages. Toyota Industries is enhancing its product offering throughout the entire logistics operations by introducing systems and equipment of Bastian and Vanderlande into Japan.

Bastian's ULTRA automatic truck loading and unloading robot has started operating at a customer's logistics site and has already contributed to improved work efficiency. We also accept orders for Vanderlande's high-speed CROSSBELT SORTER and engage in sales negotiations for the company's ADAPTO, a high-speed storage and retrieval system. With Toyota Industries supporting the introduction of the two



ULTRA

companies' products into Japan, we are making a more meticulous response to the needs of customers in the country. (See Special Feature 1 on pages 18–21 for details of collaboration among the three companies.)

Bastian

On the back of strong needs for logistics automation not only in the e-commerce sector but also in the manufacturing and retail sectors in North America, Bastian has been receiving orders from customers in a broad range of business categories and expanding sales.

Based on a wealth of know-how accumulated in small- to medium-scale projects, Bastian has increased its capabilities for large system development and integration, thereby successfully receiving an order for the largest project in its history in 2019. Working together with TMHJ, Bastian has rolled out ULTRA, an automated system leveraging its strengths in developing cutting-edge technologies, in the Japanese market.

In North America, Bastian has been accelerating its offering of logistics solutions to lift truck users by reinforcing collaboration with dealers of the TOYOTA and RAYMOND brands.

Vanderlande

In Europe and the United States, an expansion of the e-commerce market and labor shortages have caused a sharp increase in needs for automated systems. Under such conditions, Vanderlande steadily increased orders from and sales to warehouse logistics and parcel/postal services, obtaining orders related to the establishment of new distribution centers as well as long-term servicing contracts from leading global operators of e-commerce, retail and delivery services. In the warehouse logistics business, in particular, Vanderlande has been reinforcing system development targeting industry's top companies and focused business categories according to its basic business strategy. Recently, orders have been growing from the apparel industry for solutions leveraging its pocket sorter to pick and sort goods into hanging pockets.



Pocket sorter

In the airport business, Vanderlande obtained orders for systems for new terminals from existing airport customers as well as long-term servicing contracts based on its long-standing relationships of trust. The company is working to further augment such relationships.

Vanderlande is also promoting collaboration within the Toyota Industries Group, working together with the Logistics System Engineering Department of TMHJ and Bastian to introduce its systems into the markets in Japan and North America, respectively.

Automobile

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



Link to product details.

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 vehicles (HV) (Engine)
- Ability to develop excellent products with greater fuel efficiency, quieter operation, compactness, light weight and ease to mount on vehicles (Car air-conditioning compressor)
- Global top-share*1 products for use in a full range of vehicles, from internal-combustion vehicles to HVs, plug-in hybrid vehicles (PHV), electric vehicles (EV) and fuel cell vehicles (FCV) (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)
- Higher technological capabilities accumulated through the development and production of products for Toyota Motor Corporation (TMC), external sales and internal use (Car electronics)
- Development, production and top-level quality of electronic parts and devices for electrified vehicles (Car electronics)

Opportunities

- Increasing needs for energy-saving 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 energy-saving products following less stringent environmental regulations
- A drop in product competitiveness due to the yen's appreciation or a rise in raw material costs
- Suspension of production caused by supply chain disruptions

*1: Survey by Toyota Industries Corporation



Net Sales

FY2019

¥610.7 billion

FY2020

▶ ¥613.8 billion

Operating Profit

FY2019

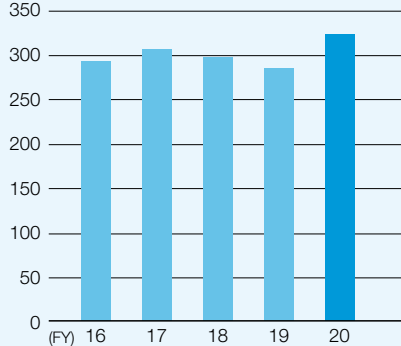
¥6.8 billion

FY2020

▶ ¥17.2 billion

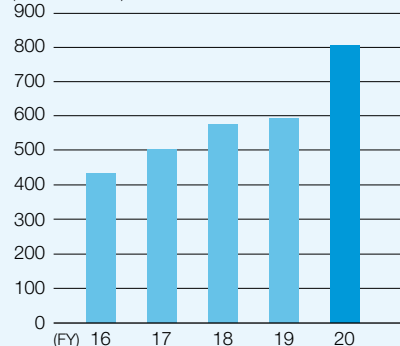
Vehicle Sales

(Thousand units)



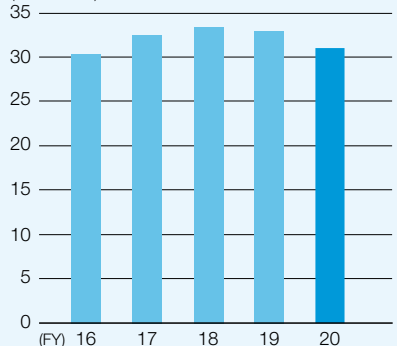
Engine Sales

(Thousand units)



Compressor Sales

(Million units)



Vehicle

Medium-Term Direction of Business

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

Business Overview in Fiscal 2020

The automobile market remained on par with the previous fiscal year in Japan, but sales declined in other parts of the world.

In fiscal 2020, unit sales increased by 39,000 units, or 14%, over the previous fiscal year to 324,000 units on the back of growing sales of the new RAV4, production of which was launched in November 2018. Net sales also increased by ¥7.5 billion, or 9% year on year, to ¥89.9 billion.

RAV4 Designed, Developed and Produced by Toyota Industries Selected as the Car of the Year Japan

The new Toyota RAV4, TMC's global strategic vehicle that made a comeback to the Japanese market, received the Car of the Year Japan 2019-2020 award for its capabilities as an SUV of the new era to satisfy every need of users at a high level. The RAV4 became the first Toyota vehicle to receive the award in a decade.

Toyota Industries was involved in exterior and interior design and upper-body development of the vehicle and undertakes production of the RAV4. We will continue to pursue vehicle planning and development as well as assure quality in a way to meet the expectations of customers.



Award-winning RAV4

Winning a Minister of Economy, Trade and Industry Award in the 2019 Energy Conservation Grand Prize

The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has implemented a comprehensive energy-saving initiative to reduce heat dissipation loss in the drying process of electrodeposited vehicle painting and cut down its annual CO₂ emissions by 391 tons. In recognition of this initiative, Toyota Industries received a Minister of Economy, Trade and Industry Award in the Industrial Field, which is the highest award in the Energy Conservation Grand Prize program (Energy Saving Projects Category) run by the Energy Conservation Center, Japan, in 2019.

We believe that the initiative was an excellent

accomplishment for successfully improving the painting process that accounts for about 60% of the plant's total CO₂ emissions. It also has the added effectiveness as it could be applied to other plants, including the Takahama Plant producing materials handling equipment. We will continue to undertake activities to eliminate the wasteful use of energy through focused investigation and analysis.



Toyota Industries representative receiving the award from METI State Minister Hideki Makihara

Receiving an Excellent Karakuri Kaizen Award

At the Karakuri KAIZEN*² Exhibition 2019 hosted by the Japan Institute of Plant Maintenance, a project of Toyota Industries was selected among 454 projects of 110 companies and received an Excellent Karakuri Kaizen Award. The project, undertaken by the Painting Section of the Manufacturing Department in the Vehicle Division, was recognized for its safe, secure and comfortable *karakuri* mechanical device that resolves problems facing painting operators and suppliers in relation to the 3Ms (*muri*, *mura* and *muda*: literally translated as overburden, unevenness and waste).

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



Two Toyota Industries' representatives receiving the award (on the right)

Engine

Medium-Term Direction of Business

In line with more stringent environmental regulations adopted globally, there is a growing demand for engines with even greater fuel efficiencies and cleaner emissions. Amid this environment, we aim to pave the

way to the era of zero emissions by pursuing the further evolution of internal-combustion engines and developing new, globally top-level technologies and products that also respond to car electrification.

Business Overview in Fiscal 2020

Thanks to the growth in sales of engines, including new A25A and M20A gasoline engines, unit sales in fiscal 2020 totaled 807,000 units, an increase of 214,000 units, or 36%, over the previous fiscal year. Net sales increased by ¥14.0 billion, or 13% year on year, to ¥122.4 billion.

Highly Acclaimed by Customers Worldwide Diesel Engines for Automobiles

Toyota Industries' diesel engines are mounted in a variety of Toyota vehicles, including the Toyota Land Cruiser series, the world's renowned full-fledged four-wheel drive (4WD) model, and TMC's Innovative International Multipurpose Vehicle (IMV) series targeting emerging countries. Their high performance and reliability have gained strong market recognition. Currently, our mainstay products are in-line 4-cylinder GD diesel engines and V-type 8-cylinder VD diesel engines. GD diesel engines equipped with a turbocharger specifically and optimally designed and manufactured in-house are manufactured in Japan and by Toyota Industries Engine India Pvt. Ltd. (TIEI), a consolidated subsidiary in India.

TOPIC

Launched Production of a New Turbocharger Realizing Higher Output of GD Diesel Engine

In March 2020, Toyota Industries launched production of a new turbocharger that realizes higher output of the Toyota GD diesel engine to be mounted on such vehicles as TMC's IMV series sold across the world. The new turbocharger provides considerably better performance through the adoption of new technologies, such as a ball bearing-type system and a newly designed impeller and turbine wheel, and has successfully achieved a dramatic increase of around 15% in the output of the engine without changing its basic components. We will continue to improve the basic performance of our turbochargers and offer diesel engines with even greater competitiveness.



High-output GD diesel engine and new turbocharger

Gasoline Engines for Automobiles

Our Toyota New Global Architecture (TNGA)*³ gasoline engines, namely the 2.5-liter A25A and 2.0-liter M20A, are mainly fitted in the RAV4 manufactured at the Nagakusa Plant in Aichi Prefecture. Developed based on the TNGA concept, these engines offer both excellent driving performance and environmental performance. Responding to the advancement of car electrification, we have also added an HV version of the A25A engine to our lineup.

We will improve product quality and productivity further and contribute to the creation of "ever-better cars" by TMC both through diesel engines and gasoline engines.



2.5-liter A25A engine for HVs

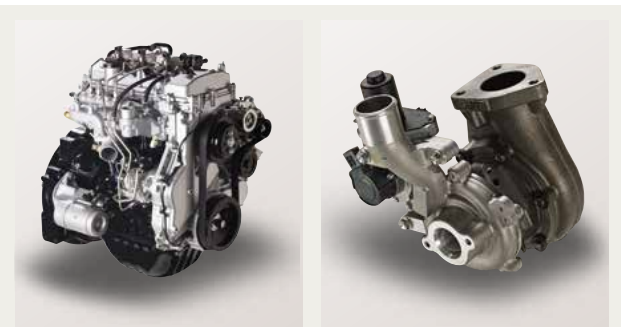
*3: Development policy and method for vehicle creation based on a modular platform

Engines for Use in Industrial Fields

Toyota Industries' engines are highly renowned for their reliability and excellent environmental performance in industrial fields as well. These engines are used for a wide variety of applications, including our lift trucks, and adopted by many customers such as GHP*⁴ manufacturers in Japan and CHP*⁵ manufacturers worldwide. These engines offer downsized displacement compared with conventional models with equivalent output, resulting in higher fuel efficiency, cleaner emissions and a reduction in size.

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

*5: Short for combined heat and power; co-generation system



Toyota 12S diesel engine and turbocharger

Seeking Engines with Greater Product Appeal

Following the Paris Agreement adopted in December 2015 at the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), and with some countries announcing their shift from internal-combustion vehicles to electrified vehicles, there has been a growing need for engines with even greater fuel efficiency and cleaner emissions for HVs, PHVs and other

electrified vehicles as well.

Diesel engines, on the other hand, enjoy an enduring popularity particularly as a power unit suited for SUVs and such commercial vehicles as pickup trucks, as they offer excellent basic performance of high fuel efficiency and high torque at low speed.

Aiming for further evolution of internal-combustion engines, we will continue to seek the world's highest-level combustion efficiency and develop more fuel-efficient and cleaner engines.

Car Air-Conditioning Compressor

Medium-Term Direction of Business

In the Car Air-Conditioning Compressor Business, we will leverage our core compression technology and become an innovative component supplier in a future society where car electrification and the use of autonomous technology are expected to advance rapidly.

In the field of car air-conditioning compressors, we will further enhance our capability to develop products that offer excellent fuel efficiency, quieter operation, compactness, light weight and ease to mount on vehicles. In addition, with the aim of satisfying needs of a broader variety of customers, we will utilize our accumulated technologies to expand our development domain into core components for drive systems.

Business Overview in Fiscal 2020

In fiscal 2020, unit sales of car air-conditioning compressors decreased 1.95 million units, or 6%, from the previous fiscal year to 31.03 million units. Despite an increase in sales in Japan, unit sales were negatively affected by lower sales in North America and Europe due primarily to the impact of the COVID-19 pandemic. Net sales were down ¥18.1 billion, or 5%, from the previous fiscal year to ¥328.1 billion.

Development Efforts Centered around Energy Savings and Car Electrification

Even though growth in the car air-conditioning compressor market is currently slowing down due to weak sales of automobiles, we expect continued growth over the medium term on the back of the expanding automobile market and an increase in the number of vehicles fitted with an air conditioner. The market of electrified vehicles, in particular, is expected to accelerate growth gradually in and after 2020 as automakers roll out new models. In order to reinforce our development and production structures, we will channel resources into both types of compressors, namely compressors for internal-combustion vehicles, which are still mainstay products for the time being, and compressors for electrified vehicles, for which we anticipate stronger demand over the medium to long term.

More stringent fuel efficiency standards have been enforced across the world, pushing the need for higher fuel efficiency both for internal-combustion vehicles and electrified vehicles. Our variable-displacement type compressors for internal-combustion vehicles, which are renowned for high fuel efficiency and reduced weight, have been adopted by the world's leading automakers, including Toyota Motor Corporation, Daimler AG, General Motors Company (GM), Volkswagen AG and Hyundai Motor Company.

In the United States, our SES series became the first compressor*6 to be approved under the country's off-cycle credits program. The program gives off-cycle credits to technologies that can effectively improve fuel efficiency under its emissions regulations. We have since been working to increase the number of models equipped with the SES series compressors.

For electric compressors, we are differentiating their performance by leveraging our original evaluation and analysis techniques and know-how. Specifically, we are working to add even greater competitiveness to our products. Efforts include improving efficiency that affects the driving range of electrified vehicles; adopting countermeasures against electric waves specific to electrified vehicles; and achieving quieter operation. We are also augmenting our support capabilities for automakers through our solution offering to solve diverse noise and vibration issues of the entire vehicle. Besides Toyota, Ford Motor Company, Renault S.A.S., Honda Motor Co., Ltd., Nissan Motor Co., Ltd. and other automakers, which are already using our electric compressors in their respective HVs, PHVs and EVs, we will continue to ramp up our efforts to expand sales to other automakers around the world.

*6: Survey by Toyota Industries Corporation



ESB20 electric compressor

Developing Next-Generation Products

Following car electrification and widespread use of autonomous driving technology, there has been a growing need to cool electronic devices, batteries and other key heat-emitting components. In response, we are developing compressor models with increased cooling capability in order to use their cooling function not only for vehicle interior air conditioning but also for key components. Additionally, we are making our electric compressors compatible with varying voltage and capacity needs and increasing their reliability through multifaceted evaluations using our evaluation facilities created in-house and a test driving course.

Besides this cooling functionality, we intend to utilize our core technologies to expand our business domain into components for drive systems. Currently, we engage in production of an oxygen-supplying air compressor and hydrogen circulation pumps for FCVs and are promoting development of next-generation products.

Establishing Stronger Global Production and Supply Structures

Currently, the car air-conditioning compressor market remains unstable due to weak automobile sales, even though growth is expected over the medium term. The move toward more stringent fuel efficiency regulations and car electrification has also prompted the possibility of fluctuating demand for compressors both for internal-combustion vehicles and electrified vehicles. In response, we are building a production structure less vulnerable to changes in production volume through such measures as automating our plants to save labor and implementing flexible shifts in production operations. Meanwhile, we expect the rapid spread of electrified vehicles in China driven by the country's new energy vehicles (NEV) regulation*7. Accordingly, we will promote the local production of electric compressors to capture booming demand.

*7: Regulation in China mandating automakers to produce a certain percentage of EVs and other new energy vehicles

Increasing Competitiveness by Creating Production Facilities In-House

Achieving high levels of fuel efficiency and reliability requires high-precision processing technologies for compressors for both internal-combustion vehicles and electrified vehicles. Toyota Industries realizes high-speed and high-precision machining by leveraging its know-how accumulated through responding to the stringent demands of automakers worldwide and by developing devices from processing machines to associated cutting tools in-house. With the

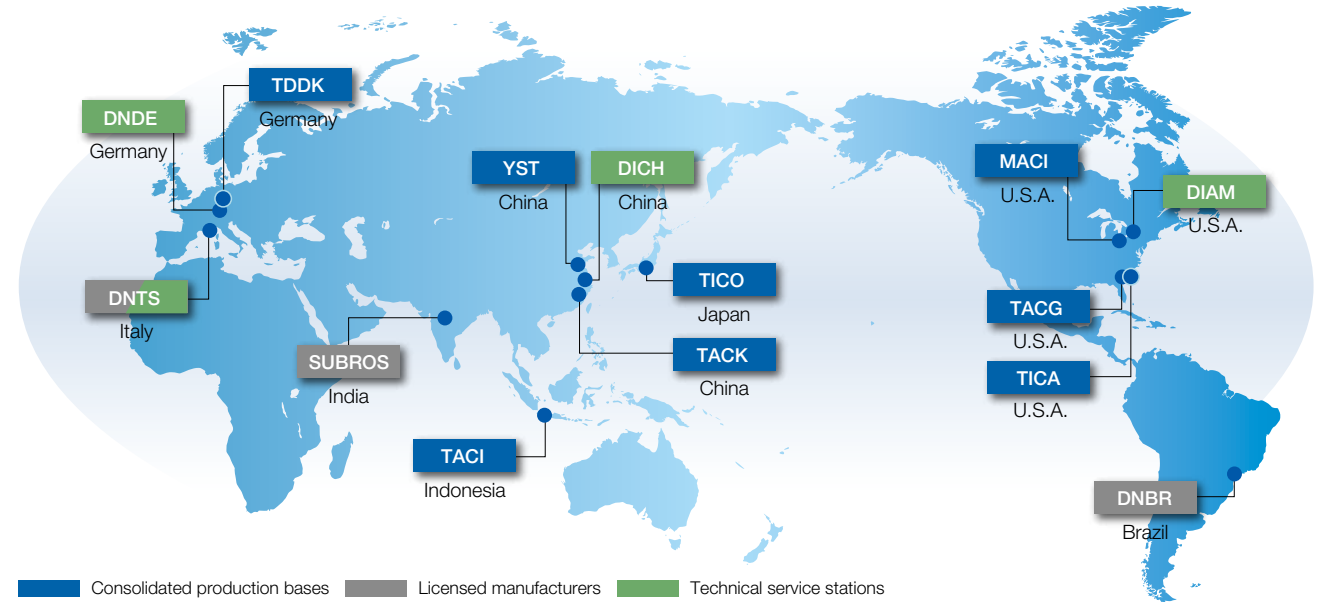
aim of increasing our production efficiency further, we have also set up a system that allows design and production engineering departments to work as one team to design mixed production lines to manufacture a wide variety of products while increasing production capacities in a phased manner.

TOPIC

Since launching the world's first mass production of electric compressors in 2003, Toyota Industries has maintained the world's top share*8 for electric compressors and manufactured approximately 20 million units to date. Previously, we had manufactured these compressors only in Japan, but in response to the growing demand in China, initiated local production at TD Automotive Compressor Kunshan Co., Ltd. (TACK) in March 2020. There is also a plan to launch production at Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) in the future. By installing production lines that have been refined for higher quality and productivity at a mother plant in Japan to bases in China, we will ensure stable production at a high quality level.

*8: Survey by Toyota Industries Corporation

Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2020)



Toyota Industries' car air-conditioning compressors are widely adopted by automakers around the world, garnering the No. 1*9 position in global sales.

*9: Survey by Toyota Industries Corporation

Car Electronics

Medium-Term Direction of Business

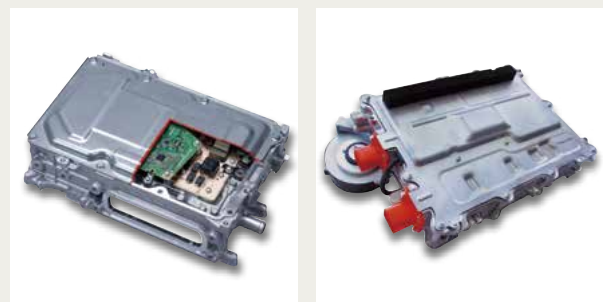
Car electrification is steadily progressing in keeping with the enforcement of more stringent environmental regulations and growing energy-saving consciousness among customers. The Electronics Division will contribute to car electrification in a broad range of fields, from offering on-board power source devices to improving social infrastructure through the provision of charging stands and systems to feed electricity externally.

Business Overview in Fiscal 2020

Net sales of car electronics products expanded, primarily supported by sales of DC-DC converters and on-board chargers mainly to TMC.

Contributing to Car Electrification

Toyota Industries develops not only DC-DC converters, on-board chargers and AC inverters in the field of on-board power source devices but also rear inverters in the field of core components for drive systems and charging stands. In addition to TMC, we are promoting new business to other automakers across the world.



DC-DC converter

On-board charger

A DC-DC converter converts the high voltage of HV, PHV and EV batteries into a lower voltage level to supply power to standard electrical devices such as lights and wipers. Our DC-DC converters are fitted in the Prius, Aqua and other major electrified vehicles. By utilizing such technologies as the world's first thick copper substrate^{*10}, we have reduced the volume and weight of the product. In December 2019, we also started production of a DC-DC converter for the new Yaris.

An on-board charger converts AC voltage from the power grid into DC voltage



Sub-stand Main control stand
Charging stand for PHVs and EVs

of high-voltage batteries in vehicles and is necessary for charging EVs and PHVs, for which the market is expected to expand in the future. We offer chargers compatible with a wide range of voltages to enable their use in various parts of the world.

In addition, we have been contributing to the advancement in car electrification by developing a rear inverter for electric 4WD vehicles and public charging stands for PHVs and EVs.

Use of an Electrified Vehicle as a Power Source

In recent years, there has been a growing public attention to the use of high-capacity batteries of electrified vehicles as a power source.

Toyota Industries recognized early on the use of electricity stored in vehicle batteries as a power source and developed an on-board AC inverter in 1995. It was the world's first model^{*10} to be mounted on a vehicle while in production. Since then, production volume has been increasing and reached a cumulative total of 30 million units in June 2019.

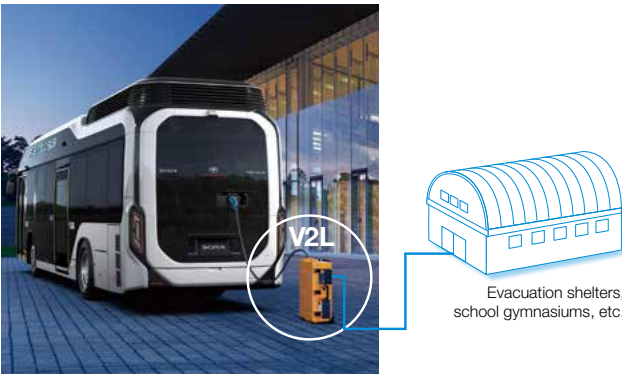
The 1.5-kW type, in particular, can operate appliances that require more power, such as rice cookers and hot plates, and has drawn much attention as an emergency power source in a disaster in addition to camping, outdoor events and other applications. Immediately following Typhoon Faxai in 2019, many vehicles fitted with this inverter were put to use across Japan to supply electricity during prolonged power outages.

We will continue to promote the development of inverters as a key component that adds new value to electrified vehicles, along with other products such as vehicle-to-load (V2L) systems^{*11} capable of supplying a large amount of electricity.

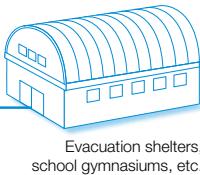
^{*10}: Survey by Toyota Industries Corporation
^{*11}: Systems and equipment designed to use the power accumulation and generation capabilities of HVs, PHVs, EVs and FCVs to feed power to electric appliances



1.5 kW AC inverter



TMC's SORA FC bus and V2L



Evacuation shelters, school gymnasiums, etc.

Textile Machinery

Carrying on the philosophy of founder Sakichi Toyoda, which reflects his strong commitment to manufacturing, Toyota Industries responds to a broad range of needs with its extensive product lineup, from air-jet looms, for which we enjoy the world-leading market share* in unit sales, to ring spinning frames and roving frames.

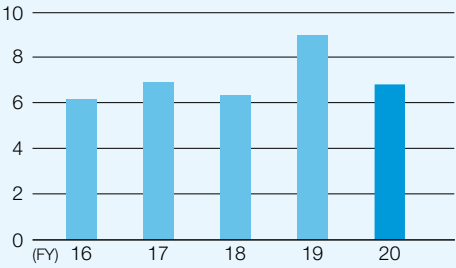
* Survey by Toyota Industries Corporation



Link to product details.

Air-Jet Loom Sales

(Thousand units)



Strengths

- Broad product lineup both in the spinning and weaving machinery fields
- Global, well-developed service network
- World-leading market share* in unit sales of air-jet looms
- 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
- Increasing need for high-quality and highly functional yarn and textile products, following the economic growth of emerging countries
- Further increasing applications in industrial textile products

Risks

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

Net Sales

FY2019
¥76.3 billion

FY2020
¥61.7 billion

Operating Profit

FY2019
¥7.3 billion

FY2020
¥2.9 billion

Medium-Term Direction of Business

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

Business Overview in Fiscal 2020

The textile machinery market was weak in Asia, including China, our primary market. Unit sales of air-jet looms decreased 2,200 units, or 24% year on year, to 6,800 units. Combined with a decrease in sales of quality measurement instruments for fiber, yarn and fabric, net sales were down ¥14.6 billion, or 19%, from the previous fiscal year to ¥61.7 billion.

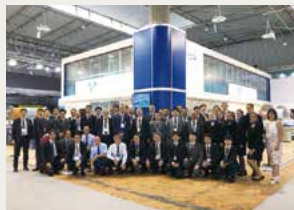
Growing Needs for Air-Jet Looms

Toyota Industries' air-jet looms are adopted by customers in China, India and many other countries. Produced fabrics are used broadly for towels, shirts and other clothing purposes as well as in industrial products such as materials for electronic substrates and vehicle airbags. Recently, an increase in mobile electronic devices has driven the need for fabrics of woven glass fiber for use in electronic substrates, and it is anticipated that applications for air-jet looms will expand further.

Taking Part in the Largest International Textile Machinery Trade Show in the World

In June 2019, Toyota Industries participated in ITMA 2019 international textile machinery trade show held in Barcelona, Spain.

We exhibited the JAT810 air-jet loom, for which we enjoy the world's top share in unit sales, and demonstrated high-speed weaving of complex-patterned fabrics using our original electronic shedding device. We also showcased our next-generation air-jet loom that captures the future needs of textile plants for automation, use of IoT and environmental response. These products received favorable feedback from many visitors. At the booth of Uster Technologies AG, a Switzerland-based consolidated subsidiary manufacturing quality measurement instruments for fiber, yarn and fabric, we exhibited the latest measurement instruments, which drew much attention from visitors. Through various textile machinery exhibitions, we will continue to appeal to customers our technological capability to meet their needs and reinforce our brand strength.



Staff who participated in the trade show



Uster's booth

Promotion of ESG Initiatives

Further Promoting Initiatives to Sustain Growth in the Areas of Governance, Society and the Environment

Corporate Governance

Corporate Governance Structure — P38–40 | Internal Control System — P40 | Compliance — P40–41 | Information Security — P41–42 | Risk Management — P42–43 |

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.

Corporate Governance Structure

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 earnestly fulfilling our social responsibilities. Our basic focus is on contributing to the creation of an enriched society through business activities, and we believe it is essential to cultivate good relationships with stakeholders, including shareholders, customers, business partners, creditors, local communities and employees.

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

disclosure of information.

More specifically, the following basic policies drive our initiatives.

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

Implementation Structure

Toyota Industries convenes monthly meetings of the Board

of Directors to resolve important management matters and monitor the execution of duties by directors. We appoint outside directors who have a wealth of experience and knowledge concerning 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 directors' execution of duties from an objective perspective. The Management Committee, which is composed of directors at the executive vice president level and above as well as senior executive officers and other executives, deliberates on a variety of issues concerning important management matters such as our corporate vision, management policies, medium-term business strategies and major investments.

Toyota Industries has a divisional organization system, with significant authority delegated to each business division. For especially crucial matters, however, we have established the Business Operation Committee to enable the president to meet with the heads of each business division regularly to monitor and follow the status of their business execution. At meetings of the Management Council, directors, audit & supervisory board members and senior executive officers convene to report and confirm the monthly status of business operations and share overall deliberations at Board of Directors meetings and other management-related information.

In addition, issues pertaining to human resources, quality, production, procurement and technologies are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as corporate social responsibility (CSR), the environment and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas. Moreover, we strive to maintain and improve internal controls by establishing the Audit Department and conducting internal audits of Toyota Industries' business divisions and departments as well as our subsidiaries.

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

As our policies concerning selection (and dismissal) of senior management and appointment of director candidates, we carry out comprehensive evaluations from the viewpoint of placing the right persons in the right positions. We seek a balance between making sound and quick decisions, managing risk appropriately and monitoring execution of business operations and covering a specific function or business division of Toyota Industries.

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

Based on these policies, we review proposals, exchange views and confirm details at the Executive Appointment Committee, which includes independent outside directors, and submit these proposals to the Board of Directors for resolution.

Appointment of Independent Members of Management

As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated by the Tokyo Stock Exchange and Nagoya Stock Exchange, respectively, to further enhance our corporate governance Toyota Industries has appointed as independent members of management two outside directors and two outside audit & supervisory board members who are deemed to have no conflicts of interest with our shareholders.

Determination of Compensation for Senior Management and Directors

Compensation for senior management and directors consists of monthly salaries and bonuses. Our policy is to link their compensation with the business performance of Toyota Industries, reflecting their duties and performance in compensation. Bonuses, in particular, are determined based on consolidated operating profit of each fiscal year while comprehensively taking into consideration dividends, employees' bonus level, trends among other companies, medium- to long-term business performance and past records of bonus payments.

As procedures to determine compensation, we review proposals based on this policy, exchange views and confirm details at the Executive Compensation Committee, which includes independent outside directors, and submit these proposals to the Board of Directors for resolution.

Effectiveness of the Board of Directors and Its Evaluation

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

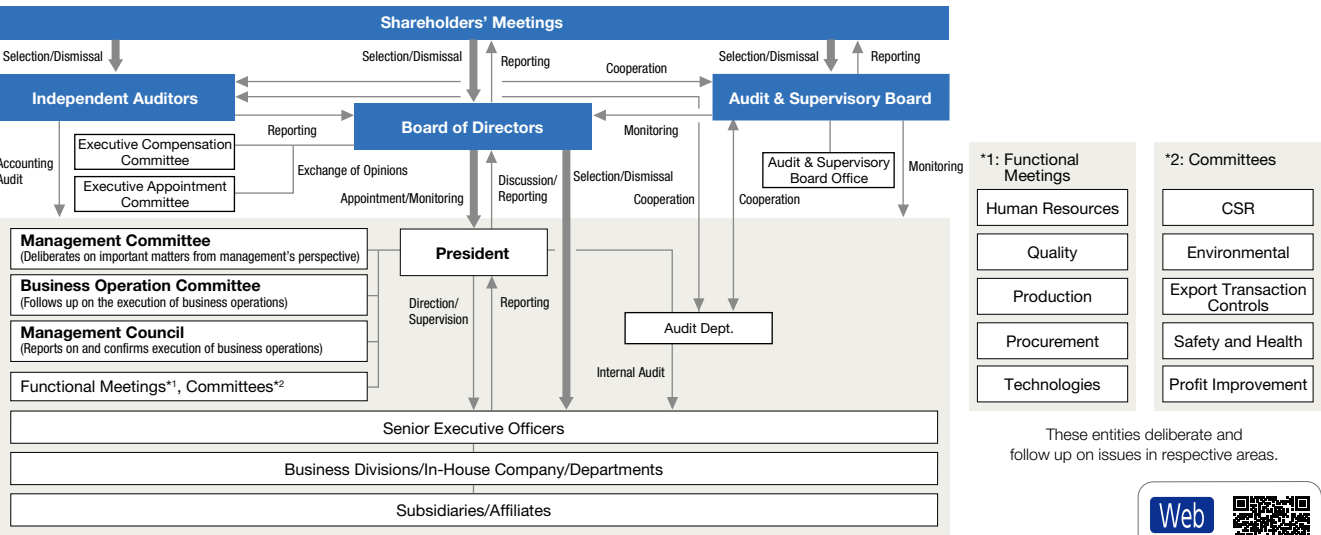
- (1) Opportunities are provided to share information and hold discussions about management issues and other matters.
- (2) Appropriate decision-making and management oversight are ensured by holding several discussions on important matters prior to the resolution and by reporting and following up on the progress after the resolution of these important matters.
- (3) The atmosphere is open, encouraging directors to freely make comments and engage in lively discussion.
- (4) Meeting materials are simple and clear, and explanations are right to the point.

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

Audit & Supervisory Board System

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 to receive reports on the execution of duties by directors and



(As of June 9, 2020)

Toyota Industries' Corporate Governance Reports are available at its Website (in Japanese).



other responsible persons. They also carry out on-site audits at the Head Office, major business sites and subsidiaries as necessary and collaborate with independent auditors and the Audit Department for overall audits.

Meetings of the Audit & Supervisory Board are held every month to share information on audits conducted by the full-time members with the outside members and to receive reports from directors, responsible persons and independent auditors. At these meetings, the members also discuss and make decisions on important matters, such as audit policies and plans, the audit method used by independent auditors and the appropriateness of their audit results.

Initiatives for Enhancing Corporate Governance

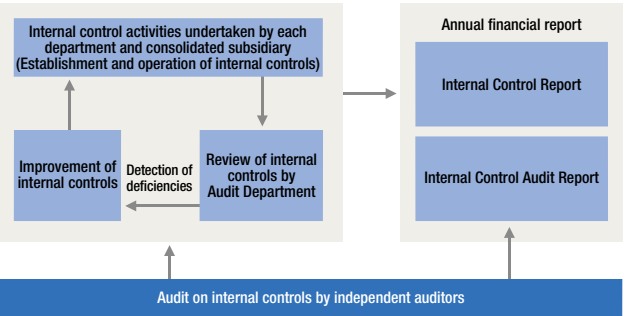
1971	Introduced a divisional organization system
2006	Reduced the number of directors (from 30 to 17)
2006	Introduced a managing officer system
2010	Appointed independent members of management
2016	Reduced the number of directors (from 17 to 11)
2017	Conducted an evaluation of the effectiveness of the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

Internal Control System

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

Furthermore, based on the Financial Instruments and Exchange Law (so-called Japanese Sarbanes-Oxley Act (J-SOX)), we have established and appropriately operated an internal control system to maintain the reliability of financial reporting. The system's status and progress are reviewed by the Audit Department and audited by independent auditors. We determine which Toyota Industries Group companies fall within the scope of J-SOX based on the degree of impact on the reliability of financial reporting. We determined that our internal controls over financial reporting as of the end of fiscal 2020 were effective, and accordingly, submitted an Internal Control Report in June 2020. The report was reviewed by

Internal Control Assessment System (Based on J-SOX)



independent auditors and judged fair in their Internal Control Audit Report.

Compliance

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

To promote compliance, we have established the Compliance Subcommittee (led by the head of the Corporate Headquarters) as a subordinate organization to the CSR Committee (led by the president). Every year, the subcommittee formulates an action policy that covers the entire Toyota Industries Group and conducts a follow-up check on the progress of corresponding activities twice during that year.

Formulating and Thoroughly Instilling the Code of Conduct

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees. 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 providing Company-wide education once a year.

Regarding bribery, which could have a significant impact on management, Toyota Industries has formulated the Global Guidelines for Bribery Prevention. Particularly, in countries high on the Corruption Perceptions Index, each company has developed internal rules in accordance with the applicable laws in respective countries and been conducting activities to familiarize employees with them. 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.

In addition, we have created and disseminated e-learning materials on 49 topics in order to cultivate a deeper understanding of compliance among employees of Toyota Industries Corporation and our consolidated subsidiaries in Japan and to create an environment in which employees foster compliance consciousness on their own.

Example Topics of e-Learning Materials

Compliance; Antitrust laws; 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

Early Detection and Prevention of Issues via Compliance Hotline

The Toyota Industries Group has in place a whistle-blower

system to report and seek consultation on compliance-related issues. In Japan, North America, Europe and China, in particular, we operate a compliance hotline (external helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters without being exposed to negative consequences. In fiscal 2020, we received 86 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate action regarding each case. Our responses have been reviewed and judged appropriate by external lawyers.

In fiscal 2017, we also set up a hotline for our major business partners to report and inquire about possible compliance violations by Toyota Industries employees.

Through these initiatives, we ensure the early discovery and prevention of issues and intend to become a "company on which society places greater trust."

Activities in the Toyota Industries Group

Each consolidated subsidiary of the Toyota Industries Group has set up a compliance committee (in Japan) and appointed

Main Compliance Officers

	Europe Toyota Material Handling Europe AB Andreas Lundh
	United States Toyota Industries North America, Inc. Sheena Seger
	China Toyota Industries Management (China) Co., Ltd. Zhu Lingling
	India Toyota Material Handling India Pvt. Ltd. Pragya Sharma
	Vanderlande Group Vanderlande Industries Holding B.V. Carl Messemaeckers

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 2020, we held the second Compliance Officer Meeting in India with compliance officers from four companies to share information on the Code of Conduct of each company, best practices of compliance activities and updates to relevant laws.

Through these efforts, they work together to increase the level of compliance throughout their business in India.



Second Compliance Officer Meeting in India

Information Security

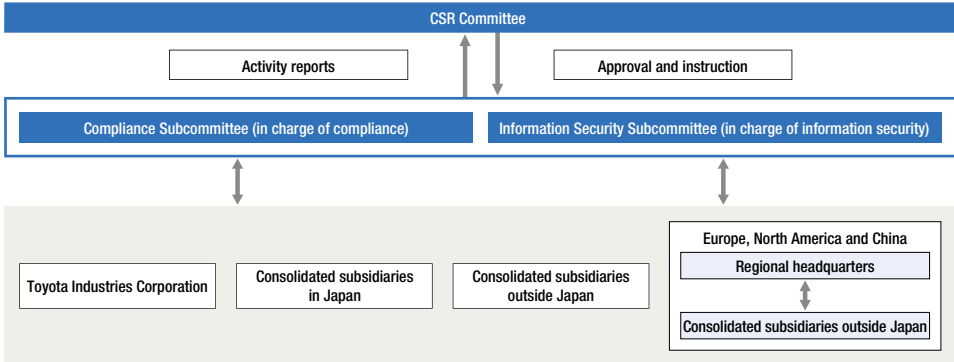
Basic Perspective

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 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.

Organization for Promoting Compliance and Information Security under the CSR Committee



Implementation Structure

Toyota Industries has set up the Information Security Subcommittee (led by an executive in charge of the General Administration Department) as a subordinate organization to the CSR Committee to reduce information security risks.

To thoroughly implement the initiatives adopted by the subcommittee, we appoint information security managers*1 and information security administrators*2 at each department of Toyota Industries.

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

*1: Head of each department

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

Information Security Management

Information Security Monitoring and Incident Response

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

Providing Education on Information Security

We believe that awareness among all executives, employees and contract employees is crucial in preventing information security incidents. Based on this belief, we provide training on targeted attacks via e-mail and after-action education more than four times a year per person. We also send periodic reminders internally using incidents that have occurred elsewhere as examples.

Preventing Leakage of Confidential Information

We strive to raise the level of information security by holding workplace meetings and conducting self-checks regarding our information security practices. In terms of technological measures, we implement a multi-layer defense that includes encrypting PCs, restricting and monitoring the copying of files on recording media and preventing malware penetration and data leakage caused by cyberattacks.

Conducting Information Security Audits

In accordance with the All Toyota Security Guidelines (ATSG)*3, we biannually inspect the implementation status of information security at Toyota Industries and our consolidated subsidiaries around the world in order to maintain and improve the level of information security on a continuous basis.

Primary Activity Examples

Activities in fiscal 2020

- Enhancing security services for consolidated subsidiaries in Japan
- Facilitating tools (measures) to support actions against leakage of confidential information
- Extending the target group of participants for information leakage response training
- Increasing the frequency of e-mail security training (once a year/ person to four times a year/person)
- Conducting information security audits at consolidated subsidiaries outside Japan
- Performing a more stringent check on information devices brought into the plant premises from outside
- Providing information security education to on-site plant workers

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

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.

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

Implementation Structure

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

We have also formulated the Risk Response Manual, which defines our initial response to an emergency. This manual lays out basic rules to be followed 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. As a countermeasure to the ongoing COVID-19 pandemic, we are making an appropriate response based on this manual. The content of the manual is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

Response to Possible Major Earthquake

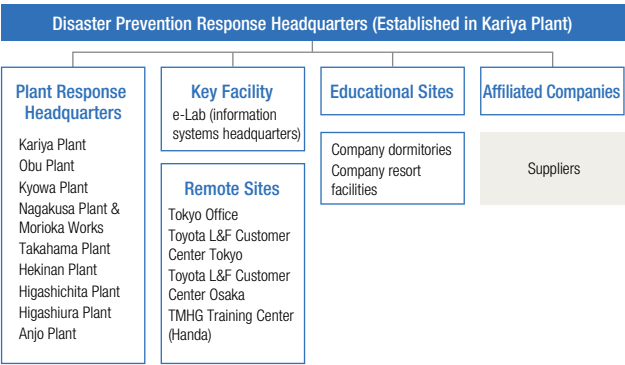
We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest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

Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

1. Training at Disaster Prevention Response Headquarters

As one important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response, we conduct training in which employees collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries. In fiscal 2020, we conducted a drill assuming an earthquake occurring in the early hours of the morning as an effort to strengthen our readiness against earthquakes around the clock.



Aggregating information within a plant

Reviewing policies on how to return home

2. Initial Response Training at Plant Response Headquarters

In fiscal 2020, we continued to focus on practical training by using predetermined procedures and forms. Each Plant Response Headquarters planned a drill, created a scenario and served as a moderator to confirm the actions that should be taken by its head (plant manager) and members. By conducting training repeatedly, we intend to create a structure under which every member understands his or her role and responds to the situation flexibly.



Analyzing damage information

Confirming initial response actions

3. Individual Training at Each Plant

a) Power Restoration Drill

Based on the procedures to restore power supplies, including electricity and gas, which are essential in restoring production activities, each plant conducts *genchi genbutsu* (go and see for yourself) training on a periodic basis. Through the training, we are identifying problems and making improvements to step up our efforts to ensure quick restoration activities.

b) System Restoration Drill

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

4. Training for Identifying Disaster Damage

We repeatedly conduct drills jointly with our affiliated companies and business partners in order to familiarize them with the use of IT tools to quickly identify the damage status during a disaster.

Future Activities

Preparing for floods and other natural disasters in addition to earthquakes has been gaining significance. Accordingly, we will draw on our response measures that have been implemented mainly for earthquakes and extend our efforts to other disasters in order to increase our overall disaster readiness.

Relationship with Our Stakeholders

Relationship with Our Customers — P44–45 | Relationship with Our Business Partners — P46 | Relationship with Our Shareholders and Investors — P47 | Relationship with Our Associates — P48–52 | Relationship with Our Local Communities — P53–54

Relationship with Our Customers

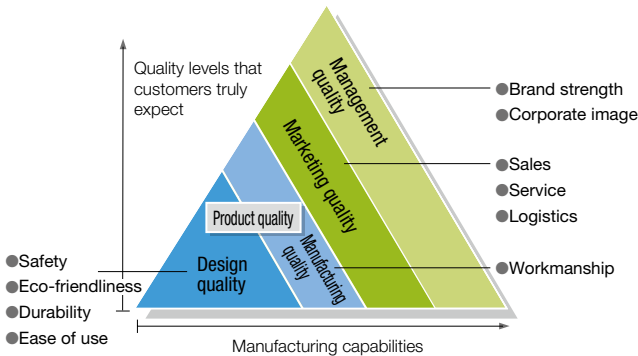
Regarding quality as one of its material issues, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

■ **“A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results.”**

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

Toyota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses not only “product quality” but also “marketing quality” and “management quality.” “Product quality” is embodied in the safety, eco-friendliness, durability, ease of use and workmanship of our products, while “marketing quality” entails excellent sales and service in addition to these attributes and “management quality” further enhances our overall corporate image and brand strength in terms of all of these attributes.

■ Types of Quality Sought by Toyota Industries



■ **“Every one of us should fulfill the roles assigned to us and deliver our best quality products to customers.”**

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

At Toyota Industries, development of a new product entails defining specific goals to incorporate quality in every stage from product planning and design to production preparation, production, sales and after-sales services. We perform a design review (DR), which allows a product to proceed to the next stage only when a responsible business

division head examines and approves whether the product has reached the target quality level.

■ Quality Assurance Activities based on the Quality Guidelines

Quality forms the basis of our operations. As such, we formulated our Quality Vision, which defines our philosophy in ensuring quality.

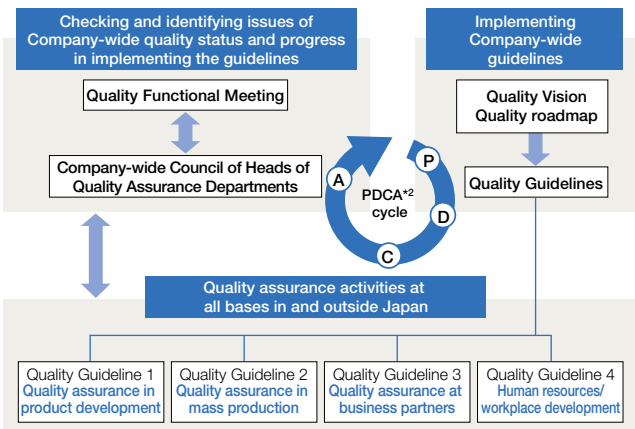
Quality Vision

Each and every member of the Toyota Industries Group makes sure to build in quality with ownership (*Jikotei Kanketsu*) at their own workplaces and positions to supply appealing products/services that exceed the expectations of customers around the world with safe and reliable quality.

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

*1: As of March 31, 2020

■ Quality Assurance Activities based on the Quality Guidelines



*2: PDCA (Plan, Do, Check, Act)

■ 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 examining and identifying the cause by going back to its development, design and production processes. 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. As an example, we provide education to production bases in and outside Japan with an eye to preventing defects by improving work procedures and processes.

■ Providing Support to Business Partners

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

In each annual quality audit, we determine priority areas, conduct *genchi genbutsu* (go and see for yourself) inspections to confirm the improvement status of the previously identified deficiencies and provide quality education on items that should be reinforced in order to cultivate a deeper understanding of *kaizen* (improvement). To foster voluntary quality improvement efforts of business partners, we have introduced a self-audit system, in which business partners satisfying our criteria perform in-house quality audits and autonomously improve their quality assurance systems. In fiscal 2020, we again provided education to nurture next-generation quality leaders as part of our ongoing efforts for human resources development at business partners.

These activities enable our business partners to attain the level of quality assurance required and establish a culture to foster quality assurance on their own.

■ Promoting Human Resources and Workplace Development

Toyota Industries provides systematic quality education to all employees to help them acquire quality assurance skills needed in actual operations. We have been soliciting creative proposals to nurture human resources who think and act on their own and create a better workplace through all-employee *kaizen* activities, while at the same time promoting the development of human resources who can take a scientific approach to quality assurance through quality control (QC) circle activities and by using statistical quality control (SQC)*3 techniques and big data analysis.

To date, we have received 15 awards for employees' creative ideas in the Creativity category in the Commendation for Science and Technology by Japan's Minister of Education, Culture, Sports, Science and Technology. We have also presented the results of our QC circle activities at QC circle conventions both internally and externally and received multiple awards for our accomplishments.

Our production bases outside Japan also promote *kaizen* efforts and human resources development through QC circle activities. We help them undertake independent activities

TOPIC

Toyota Industries' five QC circles won a gold prize at the International Convention on QC Circles in 2019, in which a total of 370 circles participated from 16 countries around the world. As an example, the project of Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTTM), a subsidiary manufacturing textile machinery in India, was recognized for its *genchi genbutsu* and data-based improvement of the productivity of processing lines, which also resulted in personal growth of the project members.



Members receiving a gold prize at the International Convention on QC Circles

by training QC circle instructors. As a venue for presenting activity results, we hold the Global QC Circle Convention every year since 2015 and provide workshop sessions to raise skills.

As for nurturing human resources who can take a scientific approach, we launched a new program to provide basic education on big data analysis in addition to the existing SQC education. With a particular focus on practical application, we designed an original curriculum and textbook while keeping a balance between theory and practice. In the next five years, we will educate more than 1,000 engineers and simultaneously nurture core human resources in this area. Our ultimate goal is for all our engineers to possess basic knowledge on big data analysis so that they can solve problems using this technique.

As described above, to reinforce our foundation for quality assurance, we are promoting the development of human resources and an open workplace based on the belief that manufacturing starts with nurturing excellent personnel.

*3: Using statistical techniques to promote quality control and process improvements



Class providing basic education on big data analysis

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 for a possible major earthquake and other disasters and more efficient purchasing.

Fair and Equitable Business Transactions based on an Open Door Policy

We provide fair and equal opportunities to all potential business partners. We comprehensively evaluate our business partners based on such factors as quality, price, adherence to delivery times, technological capabilities and management information. We also assess their initiatives for safety, the environment and compliance as we strive for the timely and stable procurement of excellent products at lower costs based on fair business transactions.

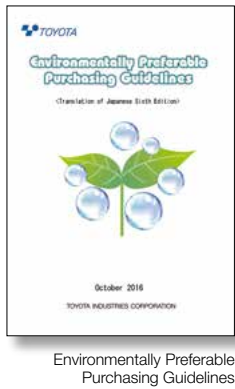
Co-Existence and Co-Prosperity based on Mutual Trust

We work hard to realize co-existence and co-prosperity with our business partners based on mutual trust. Every year, we hold procurement policy meetings and top manager seminars for major business partners to facilitate mutual understanding and cooperation. In addition, we provide such programs as quality control and technical skills training, guidance directed toward *kaizen* at their production sites and safety and health education throughout the year.

Reducing Environmental Impact through Environmentally Preferable Purchasing

We aim to procure parts, raw materials and equipment from business partners that give sufficient consideration to the environment.

In the sixth edition of our Environmentally Preferable Purchasing Guidelines, we added the aspirations in 2050 of our Environmental Vision. Accordingly, we have been strengthening environmental management in our entire supply chain and undertaking relevant initiatives throughout the product lifecycle.



Environmentally Preferable Purchasing Guidelines

Please visit our Website for details of our Environmentally Preferable Purchasing Guidelines.



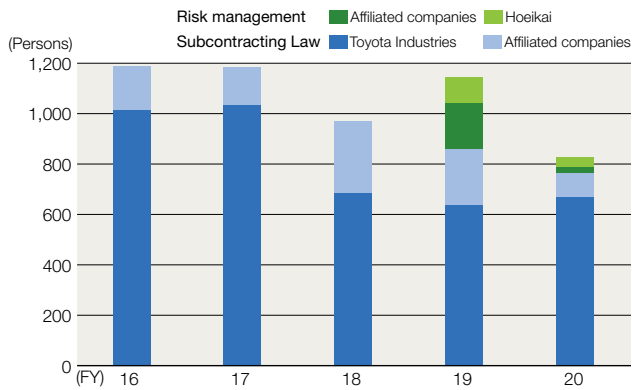
Link to the guidelines.

Promoting Human Resources Development

We proactively provide education to enhance procurement knowledge both internally and externally. In fiscal 2020, we again provided training on risk management, including education on Japan's Subcontracting Law, response to labor issues that are closely related to their daily operations and

appropriate sale of waste. These seminars were attended by participants from affiliated companies and Hoeikai, an organization consisting of our business partners. We also work with Hoeikai to provide support to strengthen the management platforms of member companies through Toyota Production System (TPS) activities in manufacturing and QC circle activities.

Participants of Purchasing-Related Seminars



Realizing Fair Trade throughout the Supply Chain

As part of efforts to realize fair trade throughout the supply chain, Japan's Ministry of Economy, Trade and Industry has announced an action plan for proper management of molds for parts. In response, Toyota Industries has set up a mold management project and examined how we can "reduce molds, revise management and establish new systems" as stipulated in the action plan. In fiscal 2020, we laid down clear rules for mold management and shared them with our business partners, thereby completing our work concerning the action plan.

Business Continuity Plan (BCP) Activities

In further promoting our BCP activities, we are making concerted efforts with business partners to reduce associated risks by implementing specific measures. In fiscal 2020, to deal with frequent natural disasters in recent years, we extended the scope of our IT system-based damage assessment from earthquakes to other natural disasters. We will also identify business partners with flood risk based on hazard maps and take action accordingly.

In the face of the spread of COVID-19, we have also started implementing measures against infectious diseases in order to reduce supply risks in our supply chain caused by an excessive concentration of production at a specific site.

Relationship with Our Shareholders and Investors

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

Basic Perspective

Toyota Industries continually carries out timely, appropriate and fair information disclosure for shareholders and investors. In this way, we raise management transparency so that we obtain an appropriate company valuation in stock markets. We proactively provide not only information required under disclosure laws and regulations but also information on our management policy and business activities. Also, we engage in various investor relations activities to facilitate productive dialogue with shareholders and investors.

General Shareholders' Meeting

We hold our annual general shareholders' meeting early to avoid the date on which many companies hold their respective shareholders' meetings so that more shareholders can attend. We are 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 141st General Shareholders' Meeting on June 11, 2019, in which 483 shareholders participated. Following the general shareholders' meeting, we invited our shareholders for a tour of a plant that manufactures our mainstay lift trucks and a tour of the Toyota Commemorative Museum of Industry and Technology established as a joint project of the Toyota Group to foster a better understanding of our business activities.

Investor Relations Activities

At the financial results briefing, we mainly explained our newly formulated Vision 2030 and our recent focus on the Logistics Solutions Business and electrification efforts. In addition to accepting individual interviews with analysts and others, we hosted an information session for our electric compressor business. The session included a tour of a plant as an opportunity to promote a deeper understanding of our strengths in the development and production fields.

As for institutional investors outside Japan, we visit major investors to explain our management policies and growth strategies. We also participate in conferences hosted in Japan by securities companies and hold individual meetings. Our Website provides our corporate history, overviews of each business as well as product information and initiatives to develop technologies for the future mainly for individual investors.

Opinions and requests we collect through various means of communications with shareholders and investors are fed back to executives and relevant business divisions via the Board of Directors and various committees to reflect them in our future business activities.

Major Investor Relations Activities

For institutional investors and securities analysts in Japan

- Quarterly financial results briefings •Individual interviews/visits
- Small meetings •Teleconferencing •Business information sessions
- Facility tours •Issuing/delivering *Toyota Industries Reports*

For institutional investors outside Japan

- Individual interviews/visits •Teleconferencing
- Participation in conferences hosted by securities companies
- Issuing/delivering *Toyota Industries Reports*

For individual shareholders and investors

- Company-hosted plant tours
- Issuing/delivering notice of general shareholders' meeting
- Issuing/delivering business reports



Information session for our electric compressor business (December 2019)

Returning Profits to Shareholders

Toyota Industries regards ensuring shareholder benefits as one of the most important management policies.

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 2020, Toyota Industries increased annual cash dividends by ¥5.0 over the previous fiscal year and paid annual cash dividends per share of ¥160.0 (interim cash dividend per share of ¥80.0 and year-end cash dividend per share of ¥80.0). Given the slowing economy due to the spread of COVID-19, we made sure to pay the year-end cash dividend during May 2020 on the basis of the resolution of the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

Relationship with Our Associates

Our ultimate goal is to create safe and secure workplaces for everyone, where each and every associate can exercise their diverse potentials and play active roles.

Building a Safety-Oriented Culture That Aims for Zero Industrial Accidents

In accordance with our fundamental policy of “fostering safe, healthy and pleasant workplaces,” Toyota Industries strives to prevent industrial accidents and occupational disorders as well as realize better work environments by making equipment more immune to accidents or disorders as early as in their design stage.

In fiscal 2020, we continued to promote primarily safety and health measures from human, object and administrative standpoints based on risk assessment.

The analysis results of past accidents and interviews with plant personnel revealed that many operators lacked sufficient awareness of hazard sources and conditions. As an effort to increase their individual consciousness for latent hazards in the workplace, we added hazard-related matters to which they should pay attention into their routinely used workplace reports of industrial accidents and potentially serious near-accidents as well as reports of risk prediction activities.

With the aim of identifying all risks associated with ancillary facilities and logistics during production preparations, we conducted interviews with each workplace to check issues they have encountered in conducting risk assessment. Based on the results, we created and distributed manuals and guidelines matched to actual operations to make sure that risks are identified and reduced.



In spite of all these efforts, an associate got caught in a machine in a fatal accident at the Higashichita Plant in Aichi Prefecture on December 6, 2019.

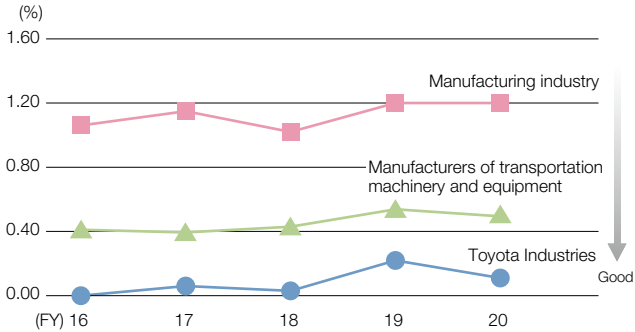
We recognized it was a grave situation that seriously threatens our corporate foundation. For never repeating such an accident in the future, we made efforts to identify deficiencies and took measures to prevent recurrence. Specifically, we conducted a full inspection of similar machines and operations at all our plants and affiliated companies around the world and added physical measures to the machines themselves to counter the identified deficiencies.

In order to establish a process to install equipment in a manner to ensure and maintain its safety, we formed the Study Group for Intrinsic Equipment Safety led by the production engineering departments to promote the introduction of machinery and equipment that are safe

for operators to use. As a specific effort, we will design a circuit configuration that completely shuts down a machine by cutting off its power when an operator accesses the machine while disabling its safety device to extract a product in production processes. This circuit configuration will be incorporated in new equipment we will install in the future. We are also retrofitting a power shut-down feature to our existing equipment. Until we complete the modification, we will protect the safety of operators through periodic equipment checkups.

In the wake of the accident, we will instill the safety first approach firmly in all associates in seeking to establish a safety-oriented culture that aims for zero industrial accidents within the Toyota Industries Group.

Frequency Rate of Lost Workday Injuries



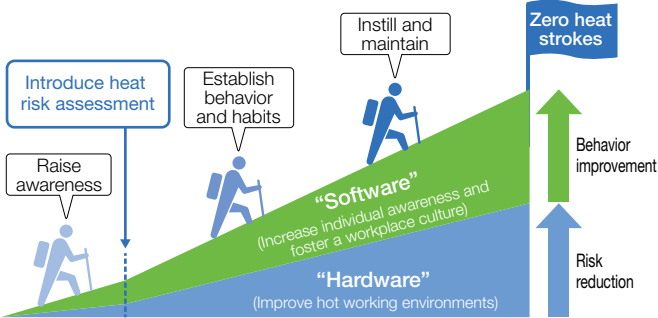
Source: Survey on Industrial Accidents, Japan's Ministry of Health, Labour and Welfare

Promoting Activities to Reduce Heat Strokes

We introduced heat risk assessment in fiscal 2018. Since then, we have been improving hot working environments for heat strokes according to the identified risks and adopting preventive measures. As we expect the trend of unusually hot summers such as the one in fiscal 2019 to continue in the future, we are stepping up our efforts to improve hot environments. We have conducted on-site surveys at workplaces where cases of heat strokes have occurred to quantitatively define sites requiring immediate action and have been implementing measures accordingly under a two-year plan. For workplaces whose operations preclude the adoption of usual measures, we have devised tailored means, optimized the layout of air conditioners and effectively reduced the associated risks. Through the implementation of additional preventive measures, such as providing education on heat stroke prevention and encouraging a practice by supervisors to directly hand out hydration drinks to operators, we successfully eliminated the number of heat stroke cases in fiscal 2020.

We will continue to raise individual awareness for the prevention of heat strokes and foster a workplace culture that quickly recognizes and responds to such disorders.

Notional Image of Activities to Eliminate Heat Strokes



Initiatives for Health Management and Improvement

As a task for the medium term, we are promoting health improvement of associates, mainly focusing on prevention of lifestyle diseases and mental health support activities, to counter risks associated with aging and greater stress. In fiscal 2020, we examined and adopted measures to foster health promotion and maintenance activities by closely supporting associates.

For prevention of lifestyle diseases, we conduct periodic age-based health education for all associates. We also feed back to associates the results of an annual health checkup and measurements conducted on the same day, including physical fitness, body fat percentage and amount of fat around internal organs, along with advice to improve lifestyle habits. This health education is designed to provide motivation for better health by letting associates think about their health over the course of the one-day program. In fiscal 2020, we added nine items to the physical fitness measurement, which relate to flexibility, agility, bodily balance, muscle strength and endurance, to provide motivation for promoting physical fitness. Besides measurement results, we feed back physical fitness propensity scores and countermeasures, how physically fitted for work, assessment of physical fitness age and recommended exercises in order to raise relevant awareness among associates so that they can work and take active roles until an older age.



For preventing and ameliorating symptoms of metabolic syndrome, we provide health promotion guidance to associates with mild obesity or who are slightly overweight, in addition to specific health guidance required by the Japanese government. By doing so, we encourage associates to improve lifestyle habits early on. In fiscal 2020, as a measure to support associates' self-help efforts for health promotion and maintenance, we expanded the scope of our financial aid system to include expenses for influenza vaccination, medical examinations for early detection of diseases, exercises and health promotion tools. In fiscal 2021, we will introduce a body composition analyzer*1 to measure amounts of fat,

muscle, bone and water within the body as well as basal metabolic expenditure. Using these measurements along with the body mass index (BMI) based on height and weight, which had conventionally served as our only indicator, we plan to capture individual physical conditions in more detail and provide appropriate health guidance.

*1: A tool to measure body composition, including muscle, fat, bone and body water

Major Health Promotion Events in Fiscal 2020

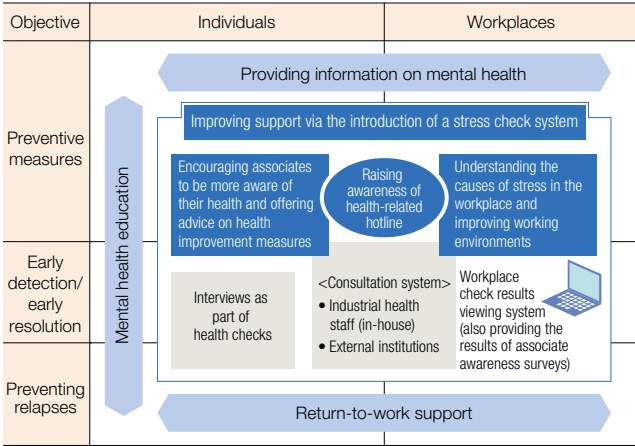
Stop smoking awareness events	
•World No Tobacco Day: One-day no smoking (May 31)	
•No Smoking Days: Half-day no smoking (for eight days)	
Participants of walking events (held jointly with health insurance association)	5,627 persons

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 operation of a return-to-work support program for persons on long-term leave for prevention of relapses. We have successfully achieved positive results through these activities.

Under the stress check system introduced in fiscal 2017, we again conducted a check on all associates in fiscal 2020. As in the previous fiscal year, we fed back the check results to all participants and workplaces with suggestions for improvement. We also set up an individual interview with a doctor for those wishing to do so and provided improvement support as necessary to individual workplaces. As a means to feed back the results to workplaces, we operate an IT-based workplace check results viewing system that allows the users to perform a precise search of results and tips for improvement. In fiscal 2020, we started providing the results of associate awareness surveys and related improvement

Improving Mental Health Support Systems

(Introduced a Stress Check System in Fiscal 2017)



Major Activity Indicators

Activity indicator	FY2018	FY2019	FY2020
Participants of age-based health education*2	2,422 persons	2,470 persons	2,357 persons
Rate of undergoing a stress check	97%	99%	99%

*2: Temporarily suspended from March 2020 for prevention of COVID-19

examples on the same system, allowing individual workplaces to analyze their respective conditions from a multifaceted viewpoint and voluntarily engage in improvement activities.

For these efforts, Toyota Industries was again recognized in the large enterprise category of the 2020 Certified Health and Productivity Management Organization Recognition Program (White 500) jointly promoted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We will continue to undertake activities to promote both mental and physical health.

Efforts for Prevention of COVID-19

Toyota Industries is promoting measures for prevention of COVID-19 by formulating a response manual based on the Japanese government's and other related guidelines. We encourage all associates to take seven measures such as checking body temperature every morning, frequent hand washing and following proper cough etiquette. Each workplace is also striving to cut back person-to-person contact by promoting working from home and online meetings as well as eliminating non-urgent business trips. We have also established a system to prevent the spread of infection should an associate get infected or become suspected of infection. Outside Japan, we are undertaking business activities while thoroughly implementing infection prevention measures as per the instruction of the government of each country.

We will continue to take necessary preventive measures matching to the conditions of each company and strive to create workplaces where associates feel safe to work.

Enhancing Team Strength

Toyota Industries believes that it is essential to enhance team strength so that each associate can work with vitality and the Company can achieve sustainable growth.

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

[Technical Skills]

To develop skills to support manufacturing, the Technical Learning Center, one of our training functions, plays the central role in associate education, offering basic skills training at the Technical Training School and facilitating efforts to enhance the skills of young technical staff through in-house skills contests. We also work to cultivate highly skilled specialists through participation in the national and international skills competitions.

At the 57th National Skills Competition*3 held in 2019, in addition to receiving prizes in various other categories the Toyota Industries team won a gold medal in the "electrical welding" category, silver medals in the "structural ironsmith"

and "mechatronics" categories and bronze medals in the "mechanical engineering design – CAD" and "structural ironsmith" categories, thereby attaining medals for the 19th consecutive competition.

*3: Skills competition for determining Japan's top young engineers



Number of Medals Won at the National Skills Competition

	FY2016	FY2017	FY2018	FY2019	FY2020
Gold medal	1	1	1	0	1
Silver medal	2	3	4	0	2
Bronze medal	3	1	1	3	2
Total	6	5	6	3	5

[Management Skills]

We conduct TICO Business Practices (TIBP) training targeting managers and associates in office work and engineering fields, with the aim of mutually sharing the thinking and values that the Company gives importance to, as well as to enable our associates to solve problems effectively and efficiently. TIBP training programs are also provided at affiliated companies around the world in our efforts to raise the level of management skills throughout the Toyota Industries Group.

[Spirit of Harmony]

We are creating a bright, energetic and caring work environment that fosters a dynamic workforce and allows every member to demonstrate his or her capabilities both as an individual and as a team. We are proactively encouraging communication not only during work hours but also through social gatherings organized by each workplace, sports days and summer festivals held by respective business divisions, Group-wide *Eki den* long-distance relay races and cheer squads for various sports events held jointly among Toyota Industries Group companies.

Establishing Work Environments Where Diverse Human Resources Can Play Active Roles

We are implementing a variety of measures to create a workplace environment that enables a diverse range of human resources to fully exercise their capabilities. These include helping associates maintain a work-life balance, promoting active roles of female associates, supporting the employment of persons with disabilities and creating an environment in which older associates can work more actively.

Efforts to Support Work-Life Balance

Since around 2002, we have been setting up various systems to help associates balance work and family. These include an on-site day care center; a return-to-work ("welcome-back") system, which allows associates who have left work to care for children and family members or to accompany their spouse for a job transfer to get reinstated under certain preconditions; a shorter work-hour system for child care;

Initiatives for Promoting Active Roles of Female Associates

	Phase 1 Establishing and enhancing work-life balance support systems to instill related practices	Phase 2 Cultivating a culture to encourage more active roles	Phase 3 Undertaking initiatives to promote even greater roles
	2002 —	2008 —	2015 —
Promoting active roles		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 fields - Changing mindsets among managerial staff and across all associates - Career support for female associates - Promoting flexible working practices
Supporting work-life balance	Enhancing support systems - Extending the period of child care leave - Introducing a leave system to allow parental care of children with illnesses - Introducing a shorter work-hour system for child care - Introducing a work-at-home system - Introducing a financial aid system for day care costs - Introducing a system of leave for fertility treatment - Establishing on-site day care center - Introducing a "welcome-back" system - Installing delivery lockers		

and a leave system and loan system for fertility treatment. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind.

As an effort to support associates to balance their work and nursing care, we distributed the Handbook for Balancing Work with Nursing Care to associates aged 40 and above to help them gain knowledge on nursing care and to create a workplace culture that allows associates to seek advice easily. We also regularly hold seminars on balancing work with nursing care for associates and their families and provide newsletters on nursing care to those who are interested. As a result of these efforts, Toyota Industries received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare in August 2019 in recognition of our excellent efforts concerning work-life balance as well as a "Family-Friendly Company" award from the Aichi prefectural government in February 2020.



Promoting Active Roles of Female Associates

In addition to enhancing various systems to support work-life balance, we have proceeded with the creation of an environment that allows female associates to continue working, and in recent years, augmented our efforts to promote their even greater roles.

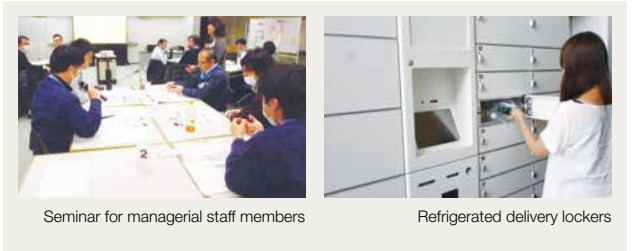
In 2015, we set up a project to promote more active roles for female associates in office work and engineering fields, comprising males and females from different departments. This project was key for the identification of issues and formulation of policy proposals in promoting active roles of female associates, which formed the basis for the development of a Company-wide action plan in clarifying the initiatives for this project. In carrying out the action plan,

we specifically focus on the initiatives to change the mindset among managers and across all associates, provide career support for female associates and promote flexible working practices.

Since fiscal 2017, we have held a seminar for a cumulative total of more than 1,300 managers who directly engage in the mentoring and development of associates. In fiscal 2020, we conducted enlightenment activities to foster

Action Plan

		Implementation FY2016 – FY2021
Changing mindsets among managerial staff and across all associates	(1) Launch, message from president	➡
	(2) Awareness seminar for managerial staff	➡
	(3) Follow-up on individual development plans	(Ongoing)
	(4) Getting spouses involved in pre-maternity leave seminars	➡
	(5) Lectures by male role models	➡
	(6) Promoting further engagement of male associates in child care	➡
Career support for female associates	(1) Sending associates overseas for training at an early stage in their careers	(Ongoing)
	(2) Career training and interviews for female assistant managers	➡
	(3) Role model exchange meetings	➡
	(4) Early return-to-work support (pre-maternity leave seminars)	➡
	(5) Early return-to-work support (financial aid system for day care costs)	➡
Promoting flexible working practices	(1) Expanding work-at-home options	➡
	(2) Establishing satellite offices	➡
	(3) Installing refrigerated delivery lockers	➡
Promoting more active roles of female associates in engineering field		➡



an understanding of the environment in which associates, both male and female, having limited working hours due to nursing care or child care are working. We also worked to raise awareness of human resources development that takes into account their life events.

In order to create an environment to allow associates who are balancing work and child/nursing care to work with higher motivation and pursue career development, we have enhanced our programs to support the early return to work from a break in their career. Efforts include a full-day work-at-home system launched in October 2016; pre-maternity leave seminars started in December 2017 for associates and their spouses to think about a way of working after returning to work; and a financial aid system for day care costs adopted in April 2018 for associates working while taking care of infants younger than one year old.

As a result of these initiatives, the number of female associates holding the assistant manager or higher position has doubled from the initial level. In October 2016, we received “Eruboshi (“L Star”: L stands for Lady, Labour and Laudable)” certification, which is given to companies making excellent efforts in promoting female engagement in the workplace, from Japan’s Ministry of Health, Labour and Welfare. In November 2019, we also received an “Excellent Company” award from the Aichi prefectural government under its “Female-Friendly Company” certification program.

We have been making ongoing efforts to improve workplaces to offer females a wider range of jobs and higher quality of work, launching new initiatives to promote active roles of female associates in production operations and creating a better working environment to enable all

TOPIC

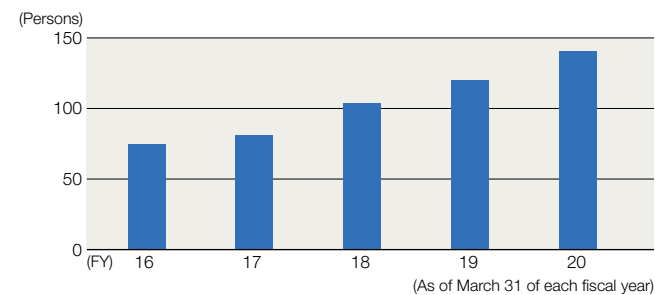
Promoting More Active Roles of Female Associates in Engineering Field

We aspire that all associates engaging in production operations fully work and take active roles until an older age. In order for female associates to do so, we need to overcome issues of gender-related differences in physical strength and frame as well as the challenges of working during pregnancy, after giving birth and while raising children. As a means of doing so, we formed a Female Working Group and Job Level Working Group in fiscal 2020. These groups have been working to review current issues, identify countermeasures and formulate an action plan for the next and following fiscal years.



Working group participants

Number of Female Associates Holding Assistant Manager or Higher Position



Pre-maternity leave seminar

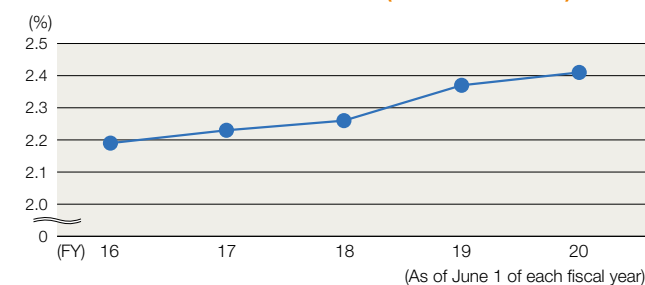


associates working under time constraints to fulfill their individual potential.

Employment of Persons with Disabilities

We respect the idea of people with and without disabilities working together and sharing life and work values. Under this basic policy, we continue to employ persons with disabilities every year. They are assigned to a variety of sections and work with other members to perform their designated tasks. In fiscal 2020, the ratio of associates with disabilities on a non-consolidated basis was 2.41%.

Ratio of Associates with Disabilities (Non-Consolidated)



Creating a Work Environment for Older Associates

In order to enable older associates to work and take active roles in production operations, we have been focusing on creating a better, less physically stressful work environment for them by formulating rules common to all workplaces on the handling of heavy objects, working posture and other practices, as well as by improving processes in production lines.

In addition, we hold “Seminars for an Active Life” for associates reaching the age of 50 and 55 to give them an opportunity to envision life and work for the next 10 years.



Improvement activity on an engine production line

Relationship with Our Local Communities

With a view toward creating an enriched and healthy society and ensuring its sustainable growth, we fulfill our role as a good corporate citizen and actively undertake social contribution activities in every region where we do business.



Link to activities.

Activities as a Good Corporate Citizen

Based on “Respect for Others” as described in our Basic Philosophy, we strive to fulfill our role as a good corporate citizen in every region where we do business and actively engage in social contribution activities to realize an enriched and healthy society. In our activities that emphasize social welfare, youth development, environmental protection and community contribution, we not only provide cooperation and support through personnel, facilities, funds and know-how but also strive to closely connect with participants. To foster employees’ awareness of their ties to society and raise their interest in contributing to society, we make enlightenment efforts such as sharing information on volunteer activities and providing venues for volunteer activities that encourage the participation of all employees. Employee associations* are actively undertaking various activities to contribute to local communities, mainly in the areas of supporting welfare facilities and protecting the natural environment.

* Voluntary organizations formed by employees at each job level

Structure for Promoting Social Contribution Activities

The CSR Committee deliberates on policies of our social contribution activities while the Social Contribution Group within the General Administration Department at the Head Office takes the initiative in carrying out activities.

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities
Social welfare	Events to interact with persons with disabilities ・ “Walk Rally (orienteering),” harvest festival, festival Support for welfare facilities ・ Support for charity bazaars at facilities by providing goods ・ Volunteer work for facility cleanup/repair/pruning/weeding ・ Support for sales of products from facilities for persons with disabilities by providing opportunities to set up stalls ・ Volunteer listening activities at elderly care facilities Cooperating in a Soccer Class for Children with Autism or Down Syndrome (China) (P54)
Youth development	Support for Youth Invention Clubs ・ Monozukuri workshops for elementary school children during summer vacations ・ Holding handmade kite-flying competitions ・ Running craft corners at local events Providing plant-hosted environmental education to elementary school children Providing <i>monozukuri</i> lessons at school Holding Mini Concerts at Elementary Schools (P53) Helping to Distribute School Supplies to Children (U.S.A.) (P54)
Environmental protection	Initiatives for forest conservation ・ Tree thinning activities for conservation of prefecture-owned forests ・ Producing and donating benches that made effective use of thinned wood Tree-Planting Activities for Creating Rich Forests (P53) Changing and Reducing Packaging Materials (Netherlands) (P54)
Community contribution	Participation in local traditional event (Mando Festival) Road cleanup activities in areas around plants Activities to raise awareness for traffic safety Crime prevention patrols Cooperating in Local Firefighting Operations and Becoming a “Partner of Firefighters” (Germany) (P54)
Other	Holding charity concert Support for international NGO through volunteer activities to collect spoiled postcards and others Periodic blood donation drives

(Activities without country designation were conducted in Japan.)

Activity Examples of Toyota Industries (Japan)

Holding Mini Concerts at Elementary Schools

Youth development

With an aspiration to provide children, who are the leaders of the coming age, with an opportunity to cultivate richness of mind through “real” music, we started inviting violinists, pianists and other professional musicians and organizing mini concerts at elementary schools in fiscal 2011. In fiscal 2020, we held such a concert at seven elementary schools in Aichi Prefecture. At Yoshihama Elementary School in Takahama City, in particular, we invited a choral group from Latvia, known as the singing nation, who sung the school song as a surprise gift for the children. More than 500 children were completely immersed in the choir’s beautiful, transparent voices.



Mini concert at an elementary school

Tree-Planting Activities for Creating Rich Forests

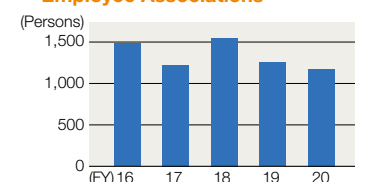
Environmental protection

The team leader association of Toyota Industries has been undertaking tree-planting activities since fiscal 2012 with the aim of restoring biodiversity and creating rich forests. In fiscal 2020, about 130 members and their families planted cedar saplings in Hamamatsu, Shizuoka Prefecture. It will take some 50 years for these saplings to mature, and the participants planted each sapling with care, hoping for healthy growth.



Tree-planting activity for creating a rich forest

Number of Participants of Social Contribution Activities of Employee Associations



Each employee association voluntarily and proactively engages in social contribution activities, with the number of participants remaining at a high level every year.

Activity Examples of Consolidated Subsidiaries (Outside Japan)

China Cooperating in a Soccer Class for Children with Autism or Down Syndrome

Social welfare

Toyota Industries Management (China) Co., Ltd. (TIMC)
[Import-export trade, logistics operations within China and operation of distribution centers]
Toyota Material Handling (Shanghai) Co., Ltd. (TMHS)
[Sales of materials handling equipment]
Toyota Textile Machinery (Shanghai) Co., Ltd. (TTMS)
[Installation, servicing and sales of supply parts of textile machinery]

TIMC, TMHS and TTMS volunteered in a soccer class held to support the rehabilitation of children with autism or Down syndrome. During the class, about 20 children enjoyed physical exercise through soccer and experienced the joy of scoring a goal through teamwork. At the end of the event, the three companies donated stationary goods with the Toyota Material Handling Group logo and bath towels made by using our air-jet looms.



Participants of a soccer class for children with autism or Down syndrome

U.S.A. Helping to Distribute School Supplies to Children

Youth development

Uster Technologies, Inc. (USTER USA)
[Production, sales and after-sales services of quality measurement instruments for fiber, yarn and fabric]
In August 2019, USTER USA participated in the annual “Shoes for School” event organized by the local NPO Knoxville Area Urban League. The event is conducted with the aim of supporting children to head back to school and start their academic year well prepared with new shoes, socks, school supplies and free haircuts. At the event, associates packed and distributed 6,000 pairs of socks donated from an apparel manufacturer. USTER USA volunteers were grateful to be part of the local community that came together to bring a smile on children’s faces.



Children receiving school supplies at the “Shoes for School” event

Netherlands Changing and Reducing Packaging Materials

Environmental protection

Vanderlande Industries Holding B.V. (Vanderlande)
[Provision of logistics solutions]

For protection of the environment, Vanderlande changed and reduced packaging materials used to transport spare parts necessary for maintenance of logistics systems. Firstly, Vanderlande changed packing tape from vinyl to recyclable paper, which is expected to reduce its annual plastic consumption equivalent of 30,000 meters of tape. Another improvement was a reusable separator to place a maximum of eight small parts, which had been packaged separately, in one box. Vanderlande will continue to make effective use of resources and undertake its corporate activities in an environmentally friendly manner.



Package using a reusable separator

Germany Cooperating in Local Firefighting Operations and Becoming a “Partner of Firefighters”

Community contribution

TD Deutsche Klimakompressor GmbH (TDDK)
[Production of car air-conditioning compressors]

In rural areas near Bersndorf in the Free State of Saxony, where TDDK is located, local fire brigades are mostly on a volunteer basis and in case of need volunteer firefighters get an alert. TDDK supports their activities through donations as well as encouraging and allowing associates to respond to alert calls during their work time. As a show of gratitude, TDDK was honored as a “Partner of Firefighters” in October 2019 by the county’s head of firefighters. TDDK will continue its ongoing efforts to cooperate in local firefighting operations.



Local fire brigade supported by TDDK

Determining CSR Materiality

Under the Toyoda Precepts (corporate creed), Toyota Industries has been pursuing solutions to social issues and undertaking a broad range of businesses since its founding. In keeping with recent changes in the business environment, we have once again clarified which social issues we should tackle as our CSR material issues, and will work to contribute to the resolution of these issues.

	CSR Materiality	SDGs to Contribute
Resolving Social Issues through Our Business	■ Mitigation of Global Warming ■ Contribution to Circular Economy	6, 7, 12, 13
	■ Creation of Innovative Values	8, 9, 17
	■ Products and Services Which Contribute to Safety, Security and Comfort ■ Mutual Prosperity through Partnerships with Local Communities	15, 17
Foundation Supporting Our Business Operations	■ Safe and Healthy Work Environments ■ Leveraging Diversity and Inclusion ■ Sustainable Procurement ■ Compliance and Risk Management	

Process to Determine CSR Materiality

1 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

2 Assessment of Importance

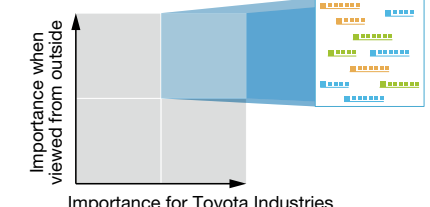
Assessing the importance of the identified issues from both internal and external viewpoints to select those having higher degrees of importance

[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



3 Validation of Adequacy

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

4 Approval by Top Management

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

Special Feature on the Environment

TMHMS' Path toward Zero CO₂ Emissions

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, became the first company in the Toyota Industries Group to achieve a zero CO₂ emissions plant.

Toyota Material Handling Europe AB (TMHE), a subsidiary serving as the regional headquarters of the materials handling equipment business in Europe, has formulated a two-pronged policy aimed at zero energy *muda* (waste) and zero carbon emissions from our operations by 2030 in accordance with Toyota Industries' Environmental Action Plan. Based on this policy, the TMHE Group has been striving to reduce CO₂ emissions at all of its bases in Europe in collaboration with customers and business partners.

In 2019, TMHMS, one of TMHE Group companies, became the first company in the Toyota Industries Group to achieve a zero CO₂ emissions plant and realize the policy.

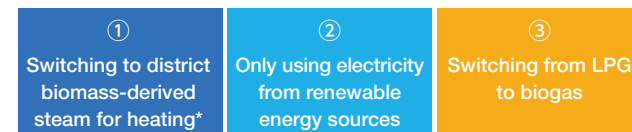
We will share their efforts and accomplishments broadly both in and outside the Toyota Industries Group and seek to contribute to the creation of a sustainable society.



Ernesto Domínguez
TMHE President and CEO

Toward a Zero CO₂ Emissions Plant

Along with daily energy-saving activities, TMHMS made efforts in three major areas.



Daily energy-saving activities



Zero CO₂ emissions plant

1 Switching to district biomass-derived steam for heating

As its heating-purpose energy, TMHMS uses biomass-derived steam supplied through district heating. TMHMS replaced heavy oil used for space heating and liquefied petroleum gas (LPG) for heating wash water in the painting pretreatment process with biomass steam in 1987 and 2009, respectively.

2 Only using electricity from renewable energy sources

TMHMS introduced hydropower in 2015 and became the first company in the Toyota Industries Group to solely use green electricity, thereby eliminating CO₂ emissions from electricity consumption.

3 Switching from LPG to biogas

Switching to biomass steam and green electricity only left one issue: about 3,000 tons of CO₂ emitted every year from the use of LPG mainly in painting dry-off ovens. To eliminate the emissions, the manufacturing, environment, procurement and other departments of TMHMS joined hands and launched Project Zero in 2017. After much consideration, they decided to introduce biogas, a gas from biomass, which does not use fossil fuels, and began to install necessary equipment and modify existing facilities. TMHMS completed its switch to biogas in August 2019 and achieved a zero CO₂ emissions plant for the first time in the Toyota Industries Group.



* Biomass is a general term used to refer to organic materials coming from plants and animals. When viewed from the lifecycle of an organic material, biomass is regarded as carbon neutral, as CO₂ emitted when generating steam or burning gas is offset by CO₂ absorbed during photosynthesis.

Evaluation of the Efforts of TMHMS

These advanced efforts of TMHMS throughout its business activities were highly recognized. In December 2019, the company received a Biogas Award (second place), which is given to local governments, companies and individuals in Sweden, and was selected as the Sustainable Company of the Year by the local community.

Future Activities to Reduce CO₂ Emissions throughout the Product Lifecycle

In addition to achieving zero plant CO₂ emissions, TMHMS has been working to reduce CO₂ emissions throughout the product lifecycle from production to sales, use, disposal and recycling. In January 2020, TMHMS made a first step in its efforts to reduce logistics-derived CO₂ emissions with the introduction of biogas trucks in collaboration with transportation companies. These trucks will be used in some of the transportation operations between TMHMS plants and between TMHMS and business partners. In production operations as well, TMHMS is making continuous efforts to reduce energy consumption by installing solar panels, visualizing energy use and undertaking *kaizen* (improvement) activities. Through these endeavors, TMHMS intends to make a higher level of contribution to the realization of a low-carbon emission society.

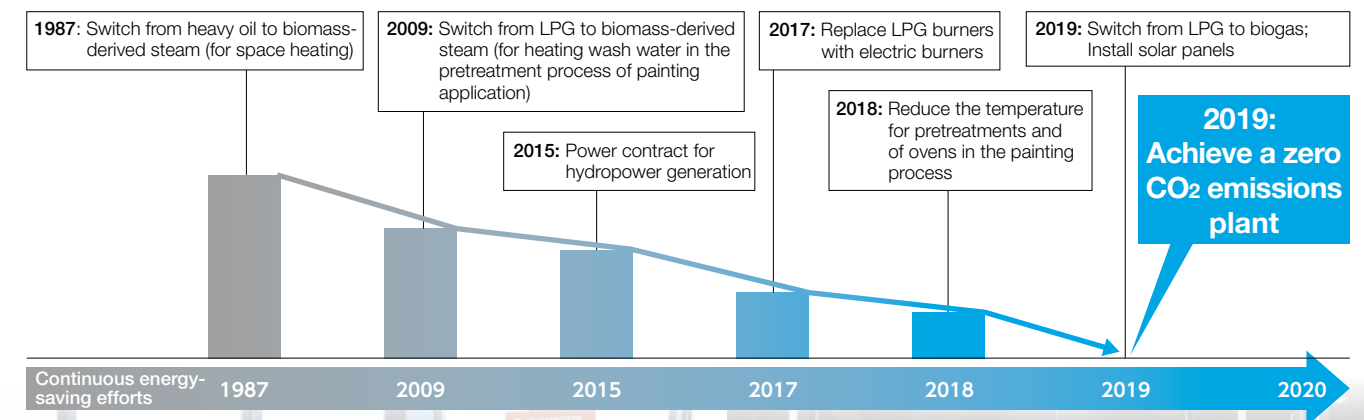


Johanna Arnstedt
Environment Manager of Project Zero

Richard Bjersér
Project Manager of Project Zero

Three key factors led to the success of the project. The first is the Toyota Industries Group's clear Environmental Vision, which provided strong motivation for us to work for a zero CO₂ emissions plant. The second is strong management on site, with project members from various departments gathering their capabilities to carry out a reliable simulation for realizing a zero CO₂ emissions plant. The last is that a biogas plant promoted under Sweden's major energy policies was located nearby.

Path toward Achieving a Zero CO₂ Emissions Plant



Displays celebrating World Environment Day

Production at carbon-free plant

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Environmental Initiatives



Link to initiative details.

Sixth Environmental Action Plan — P58–59	Vision for Environmental Activities / Structure to Implement Environmental Management — P60–61	Establishing a Low-Carbon Emission Society — P61–62
Establishing a Recycling-Based Society — P62–63	Reducing Environmental Risk and Establishing a Society in Harmony with Nature — P63–65	Environmental Management — P65–67

Sixth Environmental Action Plan

The results of our activities in fiscal 2020 showed steady progress across the board toward achieving respective targets for fiscal 2021.

Progress of Sixth Environmental Action Plan

With an eye to realizing a prosperous life in harmony with the natural environment through the establishment of a sustainable society, we formulated the Sixth Environmental

Action Plan for the period from fiscal 2017 to fiscal 2021 and are promoting activities according to the plan. Through activities undertaken during fiscal 2020, we made steady progress toward achieving respective targets for fiscal 2021.

Production Related

Establishing a Low-Carbon Emission Society						
Action Policies/Specific Actions		FY2020 Achievements				FY2021 Targets
Reduce CO₂ emissions from production activities •Develop and introduce production engineering technologies with lower CO₂ emissions •Reduce CO₂ emissions by fully implementing improvement activities on a daily basis •Develop innovative CO₂ reduction technologies that utilize clean energy •Manage greenhouse gases other than CO₂	CO₂ emissions	Non-consolidated	Total emissions	2006	-14%	-10%
		Global	Emission volume per unit of production*1	2006	-28%	-26%
					Non-consolidated	-33%
	Reduce CO₂ emissions from production-related logistics •Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency	CO₂ emissions from logistics	Non-consolidated	Emission volume per unit of production	2007	-36%

Establishing a Recycling-Based Society							
Action Policies/Specific Actions		FY2020 Achievements			FY2021 Targets		
Promote measures against resource depletion by recycling waste •Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures •Promote internal reuse Promote effective resource utilization in production activities •Reduce use of packaging materials •Monitor water input and output in each country/region and develop and promote appropriate measures		Subject	Scope	Control Items	Base Year (FY)	Achievements	Targets
		Waste generation volume	Japan consolidated	Emission volume per unit of production	2006	-44%	-27%
			Non-consolidated			-44%	-29%

Reducing Environmental Risk and Establishing a Society in Harmony with Nature							
Action Policies/Specific Actions		FY2020 Achievements				FY2021 Targets	
Further reduce emissions of substances of concern •Minimize the use of substances of concern by promoting efficient production activities		Subject	Scope	Control Items	Base Year (FY)	Achievements	Targets
		VOC*2 emissions	Non-consolidated (automobile body)	Emission volume per unit of production	2006	-36% (24g/m²)	-36% (24g/m²)

Product Related

Sixth Environmental Action Plan Targets			
	Action Policies	Specific Actions	FY2020 Achievements
Establishing a Low-Carbon Emission Society	Reduce CO ₂ emissions through product and technology development	- Develop technologies that contribute to an even greater level of energy efficiency - Develop products and technologies that respond to electrification - Develop technologies to enable weight reduction - Reduce energy loss - Develop technologies for the realization of a hydrogen-based society	- Developed new vane-type compressor - Developed next-generation electric compressor - Developed new vehicle - Reduced air consumption of air-jet looms - Developed fuel cell lift truck
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	- Reduce use of resources through longer product life - Reduce use of resources through standardization, modularization and reduction of components - Reduce use of resources through development of technologies to enable weight reduction and downsizing - Promote reuse of components and resources	- Developed new DC-DC converter - Developed next-generation engine - Developed new AC inverter - Developed fuel cell lift truck
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions Manage chemical substances contained in products	- Develop engines that meet future regulations - Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances	- Developed next-generation engine - Supported business partners in Japan for establishing a chemical substance management system - Conducted survey on chemical substances contained in products

Others

Sixth Environmental Action Plan Targets			
	Action Policies	Specific Actions	FY2020 Achievements
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Augment activities related to protection of biodiversity	- Share the biodiversity guidelines across all Toyota Group companies and contribute to the expansion of a habitat for living organisms - Formulate and promote plans to link activities and connect green zones by undertaking activities for conservation of biodiversity throughout the Toyota Industries Group, including at consolidated subsidiaries in and outside Japan	- Participated in All Toyota Green Wave Project - Devised biodiversity conservation action plan within Toyota Industries premises
Promoting Environmental Management	Augment and promote consolidated environmental management	- Build a global environmental management system and promote related activities to: - Comply with environment-related laws in each country and region - Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring - Enhance risk communication with relevant organizations and local residents - Achieve the highest-level environmental performance in each country and region - Enforce strategic environmental management that integrates environmental activities and business activities	- Promoted mitigation activities - Inspected environmental risks at production bases in Japan - Introduced Reporting System for Improvement in Sustainability Engagement (RISE)
	Enhance education and enlightenment activities	- Extend the scope of Toyota Industries' enlightenment activities to consolidated subsidiaries in and outside Japan - Give back to society the outcomes of enlightenment activities	- Held various events during Environment Strengthening Period (from June to August) - Provided education on environmental management
	Promote environmental activities in collaboration with business partners	Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines	- Held briefing sessions for business partners in Japan - Held an environment-related liaison meeting of bases in China
	Improve eco-conscious brand image	Pursue higher brand image through proactive information disclosure	- CDP*4 climate change: ranked A (on a performance band of A to F) - CDP water security: ranked A- (on a performance band of A to F) - Received a Minister of Economy, Trade and Industry award in the Energy Conservation Grand Prize program (Nagakusa Plant)

*1: We manage emissions in each business by using either unit of production or unit of sales as a basic unit of emissions. The weighted average of reduction rates of all businesses is used as our management index.

*2: Volatile Organic Compounds

*3: Substances of Very High Concern

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



Link to the action plan.

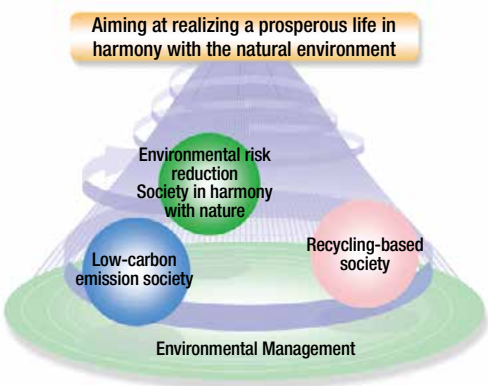
Details of the Sixth Environmental Action Plan are available at our Website.

Vision for Environmental Activities

We have defined our aspirations in 2050 and launched the Sixth Environmental Action Plan in fiscal 2017.

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, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline, to be shared and implemented throughout the Toyota Industries Group. The entire Toyota Industries Group will dedicate concerted efforts



Notional Diagram of Global Environmental Commitment

to realizing a prosperous life in harmony with the natural environment.

Aspirations in 2050 and the Sixth Environmental Action Plan

Following the 2015 adoption of the Paris Agreement, an international framework for action against climate change, the establishment of a low-carbon emission society has become a global common goal. For Toyota Industries as well, the need to take further proactive measures is growing as global environmental issues continue to become of greater concern, with more people becoming increasingly conscious about the environment.

Under the circumstances, in 2016 we defined our aspirations in 2050. The Global Environmental Commitment, which represents our basic approach to environmental activities, specifies four action themes, namely, 1) establishing a low-carbon emission society; 2) establishing a recycling-based society; 3) reducing environmental risk and establishing a society in harmony with nature; and 4) promoting environmental management. As a milestone toward achieving our aspirations in 2050, we have formulated the Sixth Environmental Action Plan, a five-year plan for the period from fiscal 2017 to fiscal 2021, and will resolutely undertake activities in accordance with the plan.

an external lecturer for upgrading the quality of our internal audits. The curriculum covered a method to audit on-site environmental management, which is one of the priority audit items for fiscal 2020, and participants accordingly learned required skills.

Environmental Audits

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

In fiscal 2020, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance

at one plant. We have been making improvements regarding these matters and sharing details with other plants.

We continued to conduct internal audits under the mutual, interdivisional audit system. We strived to upgrade our auditing capabilities by organizing audit teams with the dual goals of fostering the development of auditors and increasing audit efficiencies. In the area of audits, our focus was placed on environmental policy management and on-site environmental management, and we clarified how much each business division contributes to overall environmental management and checked if there are any environmental risks in each division.

Establishing a Low-Carbon Emission Society

We position the curbing of global warming as our most crucial environmental task. We have been working to reduce CO₂ emissions in our global business activities and at the same time accelerate our efforts to develop more environment-friendly products.

Our Approach

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.

In our aspirations in 2050, we set a goal of establishing a zero CO₂ emissions society on a global basis and have been making efforts in various fields. In the area of product development, our focus includes electrification and increasing the fuel efficiency of engines. In production activities, promoting thorough energy savings and utilizing renewable energy and hydrogen are the two pillars of our activities. As specific efforts, we will adopt solar and other renewable energy sources and effectively utilize hydrogen while thoroughly eliminating wasteful use of energy in production processes and increasing the efficient use of energy.

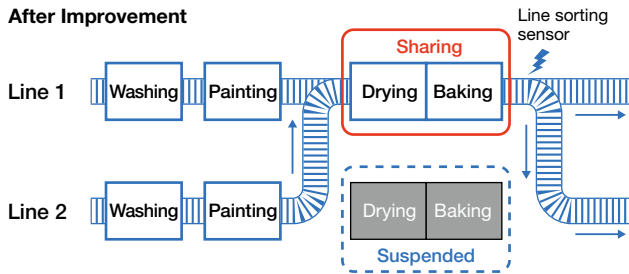
Efforts for Reducing CO₂ Emissions

The Higashiura Plant, a compressor production base in Aichi Prefecture, has been promoting measures to reduce CO₂ emissions from the drying and baking process, which consumes a large amount of energy.

In the process, it is important to keep the thermal processing equipment at an even temperature. This causes the wasteful use of energy as it requires the same amount of energy even if there is a drop in production volume. In response, the plant started sharing a drying and baking process between two lines manufacturing different products and successfully increased energy efficiency.

The drying and baking process also requires a large amount of energy to restore the temperature of the equipment once it has stopped. In order to prevent the irregular shutdown of the equipment, the plant adopted multifaceted measures, such as preventing product line sorting errors by installing a sensor after the baking process and eliminating bottlenecks by making the conveyor line straight.

These measures enabled the plant to reduce its annual CO₂ emissions by about 298 tons.



Structure to Implement Environmental Management

Positioning environmental response as one of its most crucial management issues, Toyota Industries is enhancing its environmentally oriented corporate management on a global basis through the promotion of consolidated environmental management.

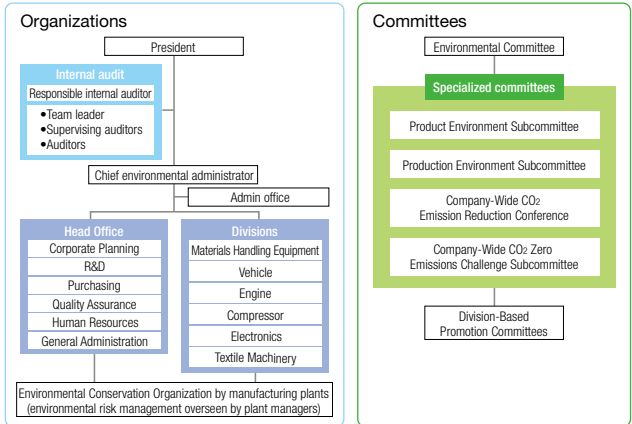
Promotion of Environmental Management System

Toyota Industries has positioned environmental response as one of its most crucial management issues. To quickly reflect top management's decisions on business operations, Toyota Industries has established and been operating a Company-wide integrated environmental management system (EMS), with the president at the top.

As in the previous fiscal year, in fiscal 2020 we conducted introductory educational courses to foster the knowledge needed for environmental management and an introductory educational course for environmental audits to cultivate knowledge and techniques of internal audits. As department heads and other personnel in managerial positions proactively attended these courses, we were able to promote the enhancement of environmental management and the development of internal auditors.

For internal auditors, we provided skill-up training by

Environmental Management Structure



Summary | CO₂ Emissions (Production Activities)

FY2020 Results

Total emissions (non-consolidated)	
14% reduction (vs FY06 level)	FY21 target: 10% reduction (vs FY06 level)
Emission volume per unit of production (global)	
28% reduction (vs FY06 level)	FY21 target: 26% reduction (vs FY06 level)

Under the Sixth Plan, we are working toward achieving fiscal 2021 targets of reducing total non-consolidated CO₂ emissions by 10% and global emission volume per unit of production by 26%, both from the fiscal 2006 level.

TOPIC

Iwama Loom Works Receiving a Director-General of the Chubu Bureau of Economy, Trade and Industry Award as an Excellent Energy-Saving Business Operator

In February 2019, Iwama Loom Works, Ltd., a subsidiary manufacturing compressor parts in Aichi Prefecture, was recognized for its proactive energy-saving efforts and outstanding outcome and received a Director-General of the Chubu Bureau of Economy, Trade and Industry Award as a business operator conducting excellent energy management. The company presented details of its efforts at the Symposium on the Rational Use of Energy hosted by the bureau in January 2020.

Iwama Loom Works has been making steady and ingenious energy-saving efforts, such as the promotion of energy just-in-time (JIT) activities that visualize and reduce the wasteful use of energy and creation of a non-powered *karakuri* mechanical pump for the recovery of liquid waste.



Yuu Sato
Group leader
Safety and Environment Group
General Affairs Department
Iwama Loom Works, Ltd.
(As of March 31, 2020)

Because gaining the understanding and cooperation of the Manufacturing Department was essential in promoting our activities, we worked to build a relationship of trust with them and proceeded while checking each step together. We also devised a way to visualize the outcome through such measures as showing how much money we have saved by conserving energy.

Establishing a Recycling-Based Society

With a view to establishing a recycling-based society, we have been striving to reduce waste and the consumption of water and other resources.

Our Approach (Waste)

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 aspirations in 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.

Summary Waste Generation Volume (Production Activities)

FY2020 Results

Waste generation volume per unit of production (non-consolidated)
44% reduction (vs FY06 level) | FY21 target: 29% reduction (vs FY06 level)

Waste generation volume per unit of production (non-consolidated/consolidated subsidiaries in Japan)
44% reduction (vs FY06 level) | FY21 target: 27% reduction (vs FY06 level)

Under the Sixth Plan, we are working toward achieving the fiscal 2021 targets of reducing waste generation volume per unit of production compared with the fiscal 2006 level by 29% on a non-consolidated basis and by 27% for Toyota Industries and its consolidated subsidiaries in Japan.

Efforts for Reducing the Use of Plastics

The Toyota Industries Group seeks to reduce ocean plastic pollution by making improvements in its business activities and encouraging behavior change among employees.

Vanderlande Industries Holding B.V., a subsidiary engaging in the logistic solutions business in the Netherlands, changed the packing tape used in one of its warehouses from plastic to paper and successfully achieved a reduction in the use of plastic tape equivalent to about 30,000 meters per year.

Additionally, Toyota Material Handling Manufacturing Italy (TMHMI), a subsidiary manufacturing materials handling equipment in Italy, installed water dispensers at its production sites in the summer of 2019 and gave away reusable water bottles to employees, thereby promoting the reduction of PET bottles. The initiative was expanded in November 2019 to include its offices.



Employees holding their personal bottles

Our Approach (Water Resources)

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 products and in the painting process, and we regard the water supply crunch caused by climate change and population growth as a significant risk to our business activities.

In our aspirations in 2050, we set a goal of minimizing the environmental impact on water resources. We have identified the status of water risks at Toyota Industries and consolidated subsidiaries and have been undertaking activities matched to the respective conditions with a focus on reducing water intake, promoting recycling and purifying wastewater.

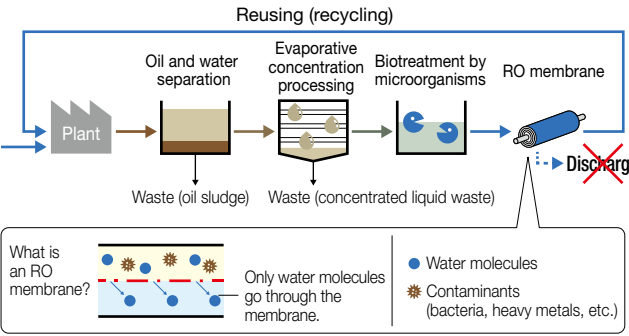
Efforts for Recycling Water and Reducing Water Intake

Each production base of Toyota Industries has been making various efforts to promote the recycling of water and reduction of water intake.

For example, Toyota Industry (Kunshan) Co., Ltd. (TIK), a subsidiary manufacturing lift trucks and foundry parts in China, has implemented a variety of measures and achieved zero wastewater from plant production processes. These measures include purifying and reusing wastewater from painting processes and installing evaporative concentration equipment and reverse osmosis (RO) membranes to purify wastewater for reuse and to reduce wastewater discharge.

TIK intends to maintain zero wastewater and help reduce the environmental impact on public waters while continuously working to reduce water intake.

Flow of Reusing Wastewater from Production Processes



Reducing Environmental Risk and Establishing a Society in Harmony with Nature

We have been making efforts to reduce the use of substances of concern while carefully monitoring the latest trends in environmental laws and regulations on a global basis. At the same time, we have been promoting activities for the conservation of biodiversity toward realizing a society in harmony with nature.

Our Approach (Conservation of Biodiversity)

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

In our aspirations in 2050, we set a goal of generating a positive influence on biodiversity and have been conducting various business activities while continuously paying attention to their impact on the natural environment. We have also formulated the biodiversity policy and 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.

Creating an Animal Path to Improve Natural Habitats of Living Organisms

In recent years, we have found that foxes are living in the wooded area surrounding the Higashiura Plant in Aichi Prefecture. But because there is not a large enough habitat, many were fatally involved in traffic accidents on the neighboring roads. To provide a safe passage between these wooded areas, Toyota Industries created an animal path within the plant premises and has been checking the inhabiting status. Since observing a fox on the animal path

for the first time six months after its creation, we have been regularly seeing foxes using the path. We will continue to monitor the status while implementing additional measures as necessary to create a better environment.



Foxes using the animal path

■ Chita Peninsula Ecological Network Forum

As part of efforts to conserve biodiversity, Toyota Industries collaborates in an initiative of the Aichi prefectural government to promote the development of ecological networks within the prefecture.

In fiscal 2012, we joined the Chita Peninsula Ecological Network Council and have since been carrying out activities linked to the local natural environment while working with various concerned parties, including local governments, companies, NPOs, expert bodies and students.

At the Chita Peninsula Ecological Network Forum held in December 2019 under the theme of “the day when foxes come back,” we exchanged views with participants on the status of Japanese red foxes once declared regionally extinct and conducted a presentation on our animal path initiative. We will continue to collaborate with local communities and proactively undertake activities to expand ecological networks.



Chita Peninsula Ecological Network Forum

■ Joint Initiative of Toyota Group Companies to Conserve Endangered Bird Species in the Kinuura Bay Area

Under the Sixth Plan, we formulated a plan to connect green zones by undertaking activities for the conservation of biodiversity throughout the Toyota Industries Group. Each plant of Toyota Industries has been collaborating with various concerned parties to carry out initiatives matched to the local characteristics.

Under the guidance of experts, the Higashichita Plant, an engine production base in Aichi Prefecture, has been working with other Toyota Group companies to restore Kinuura Bay to its original state by protecting endangered bird species in its coastal area. Their efforts in the future will



Plant-wide bird survey at the Higashichita Plant

focus on creating a natural environment that has a constant supply of fresh water, which is essential for living organisms, and is inhabited by insects the birds feed on.

■ Cooperating with an NPO to Provide Environmental Education to Children

Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM), a subsidiary manufacturing materials handling equipment in Brazil, has been carrying out environmental enlightenment activities both in and outside the company.

In August 2019, TMHM provided environmental education to children in cooperation with the NPO Casa do Caminho. At the event, children received a lecture on air pollution and global warming and talked about how these two issues impact their daily lives and what they can do to prevent them.

To increase the children's environmental awareness, TMHM, together with the children, created flower pots from used PET bottles and planted seedlings using these pots.



Environmental education to children provided in cooperation with an NPO

■ TMHMF's Initiative for the Conservation of Biodiversity

Toyota Material Handling Manufacturing France SAS (TMHMF), a subsidiary manufacturing materials handling equipment in France, has been conducting activities to contribute to the conservation of biodiversity.

In September 2019, TMHMF set up an eco-farm and started raising Ouessant, an endangered sheep breed. The farm is protecting the rare breed while saving energy for operating mowing machines by letting the sheep graze on the grass. The farm also provides a petting zone for employees, which has served to raise their awareness of biodiversity and increase communication among them.

As another effort to conserve biodiversity, TMHMF held a photo contest on the theme of biodiversity in June 2019.



Ouessant, an endangered sheep breed



Photo contest on the theme of biodiversity

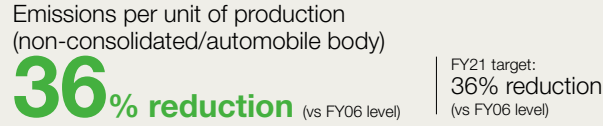
Our Approach (Substances of Concern)

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 reduce emissions of volatile organic compounds (VOC), which are causal substances of photochemical oxidants that generate smog.

Summary | VOC Emissions (Production Activities)

FY2020 Results



Under the Sixth Plan, we set a target of reducing emission volume per unit of production for VOC from the automobile body painting process by 36% from the fiscal 2006 level and have been striving to reduce VOC emissions. In fiscal 2020, we continued our efforts to increase the recovery rate and enhance the maintenance and management of thinner. Consequently, we were able to cut down emission volume per unit of production in fiscal 2020 by 36%.

Environmental Management

Toyota Industries proactively engages in initiatives to reduce environmental risk and discloses various environmental information.

■ Status of Compliance with Environmental Laws

With an eye to minimizing environmental risks to local communities, the Toyota Industries Group is striving to prevent violations of environment-related laws. Such initiatives include taking measures against the recurrence of potentially serious near-accidents that may result in legal violations and performing environmental risk inspections at its plants.

In fiscal 2020, there was one case of violation of air-related laws at one of our consolidated subsidiaries outside Japan. We have thoroughly implemented necessary countermeasures and shared relevant information within Toyota Industries and with other Group companies to prevent a similar incidence throughout the Group.

■ Soil and Groundwater Pollution Countermeasures

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

■ Conducting Environmental Risk Inspections at Consolidated Subsidiaries in Japan

In addition to our own production bases, we are promoting activities to reduce environmental risks at our manufacturing subsidiaries in Japan.

We again conducted *genchi genbutsu* (go and see for yourself) environmental risk inspections at such subsidiaries in fiscal 2020 to check facilities on their premises, the boundaries of their premises, discharge outlets and waste storage sites and confirmed that they were managed well.

We will continue to monitor the status of their responses to the identified issues and conduct risk inspections at our subsidiaries on an ongoing basis.

■ Responding to More Stringent Environmental Regulations in China

Toyota Industries' production bases in China manufacture various products, including materials handling equipment, car air-conditioning compressors and foundry parts.

In recent years, China has been making frequent revisions to its environmental laws on air and water quality, tightening regulations with each revision. We regard a violation of these environmental laws as a business continuity risk to the Toyota Industries Group, as it may entail the suspension of production or other penalties, which in turn will directly lead to a disruption of our supply chain and damage our brand image.

In order to ensure compliance with environmental laws at our bases in China, in September 2019 we started reinforcing environmental management and support in the country, with Toyota Industries Management (China) Co., Ltd. (TIMC) taking the lead.

Specific efforts include providing updates on revisions to environmental laws, checking the status of compliance at each base and providing support for improvement. We will also promote mutual improvement by sharing information and encouraging communication among the bases.

In December 2019, we held an environmental liaison meeting of the Toyota Industries Group's bases in China at Toyota Industry (Kunshan) Co., Ltd. (TIK). During the meeting, environmental officers from these bases and Toyota Industries shared the Group's environmental action policy in China, gave briefings on the latest updates on the country's legal trends and exchanged views. As part of this meeting, an on-site inspection was also conducted at TIK.

We will continue to carry out appropriate environmental management and support so as to ensure compliance with environmental laws and reduce any business continuity risk at our bases in China.



On-site inspection conducted as part of the liaison meeting in China

■ Partnering with WIPO GREEN

We became a partner of WIPO GREEN, a marketplace to spur innovation and diffusion of green technology. The platform is run by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations, to support global efforts to achieve the Sustainable Development Goals (SDGs).

As a WIPO GREEN partner, we have registered in the database patents for our plastic glazing (PG) that contributes to higher fuel efficiency through the reduction of vehicle weight, carbon fiber reinforced plastic (CFRP) and solar heat collection tube used in the generation of renewable energy.

We will continue to move ahead with our efforts related to environmental products and technologies and contribute to the realization of a sustainable society.



■ Leveraging IT to Augment Environmental Management

With the dual aims of improving environmental performance associated with business activities and fulfilling our information disclosure responsibility, the Toyota Industries Group has been collecting environmental data of Toyota Industries and its consolidated subsidiaries in and outside Japan. In fiscal 2020, we introduced an environmental data aggregation system to raise the efficiency of data collection and the accuracy of the collected data. We call the system by the nickname **RISE** (**R**eporting system for **I**mprovement in **S**ustainability **E**ngagement). The name embraces our aspiration to contribute to a sustainable society and reinforce our environmental response.

The use of RISE to centrally manage the environmental data of Group companies has enabled us to accurately identify the environmental impact and trends in the entire Toyota Industries Group. The promotion of information sharing throughout the Group has also led to more active,

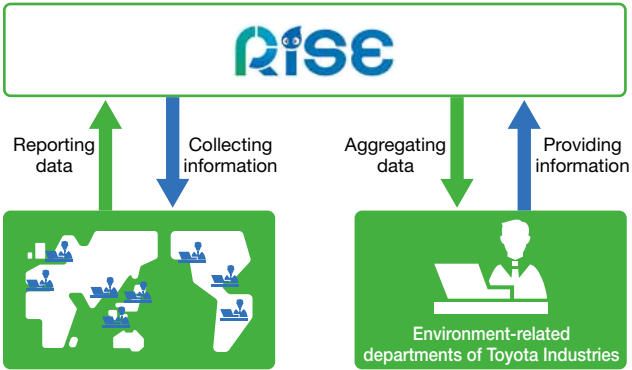


Briefing session for consolidated subsidiaries

autonomous activities of each company.

We will augment our environmental management by extending the scope of RISE and further solidifying our supply chain network.

■ Environmental Data Aggregation System



■ 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 generation volume, water consumption and wastewater discharge.

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

Details of verification and the verification statement of the third party organization are available at our Website.



Link to details and verification statement.

■ External Evaluations of Toyota Industries' Environmental Activities

External Environmental Evaluations

Toyota Industries fosters environmental communication with our stakeholders through proactive disclosure of environmental information.

Since fiscal 2015, we have been participating in the Ministry of the Environment's project for the establishment of a framework for disclosure of environmental information and examining the ideal way to disclose our environmental information. We will continue to upgrade our method of disclosure and contents to be disclosed.

■ List of External Environmental Evaluations

Evaluation organizations	Fiscal 2020
CDP climate change	A
CDP water security	A ⁺

Selected as an A-List Company in CDP Survey on Climate Change for Two Consecutive Years



Toyota Industries was selected for the A List for two consecutive years in a survey conducted by CDP on climate change as a company making especially outstanding efforts to reduce greenhouse gas emissions and mitigate climate change. The Toyota Industries Group defined its aspirations in 2050 in March 2016, and based on these aspirations, formulated the Sixth Environmental Action Plan, a five-year plan for the period from fiscal 2017 to fiscal 2021. Our proactive activities under the plan, particularly the tandem efforts to develop products with high environmental performance and reduce CO₂ emissions from production activities, have resulted in the selection.

We will continue to tackle climate change as one of our important tasks and contribute to the realization of a sustainable society through our global environmental conservation activities.

External Environmental Awards

Toyota Industries' environmental activities to date have been highly acclaimed by external organizations.

Won a Minister of Economy, Trade and Industry Award in the 2019 Energy Conservation Grand Prize

A project of the Nagakusa Plant in Aichi Prefecture to save energy in the drying process of vehicle painting won a Minister of Economy, Trade and Industry (METI) Award in the Industrial Field, which is the highest level award in the 2019 Energy Conservation Grand Prize program (Best Practice Category) run by the Energy Conservation Center, Japan. This award program recognizes outstanding energy-saving products and energy-saving efforts of business operators or business sites. It was the first METI Award Toyota Industries has received under the program.



Members of the Production Engineering Department in the Vehicle Division

Raymond Winning a Green Supply Chain Award

In December 2019, The Raymond Corporation, a subsidiary manufacturing materials handling equipment in North America, received a Green Supply Chain Award from *Supply & Demand Chain Executive* magazine. The award recognizes companies making sustainability a core part of their corporate strategy and carrying out environmental activities. Raymond received the award for its efforts to save energy by visualizing energy consumption and automatically shutting down air conditioners when not needed, as well as efforts to reduce water consumption, reuse water and recycle packaging materials.

Raymond will proceed with process improvements throughout its business activities toward the realization of a sustainable society.



TOPIC

EcoVadis* TMHE Group Receiving the Highest "Platinum" Rating

Toyota Material Handling Europe AB (TMHE), a consolidated subsidiary overseeing the materials handling equipment business in Europe, received the highest "Platinum" rating from EcoVadis in its corporate sustainability survey. The rating corresponds to the top 1% group of the companies that have been evaluated.

The TMHE Group has formulated an energy policy to achieve zero energy *muda* and has been engaging in activities based on high sustainability targets. The Group has been making outstanding progress, with one of its manufacturing companies achieving a zero CO₂ emissions plant in 2019. (See Special Feature on the Environment on pages 56–57 for details.) The rating was given in recognition of such excellent performance and transparency in information disclosure. TMHE will continue to undertake business activities and provide products and services in a sustainability-conscious manner.

* An international organization that evaluates the sustainability of supply chain companies



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

(As of June 30, 2020)

Directors

Chairman Tetsuro Toyoda 	Apr. 1970 Joined Toyota Motor Sales Co., Ltd. Feb. 1991 Vice President of Toyota Motor Sales, U.S.A., Inc. Jun. 1991 Director of Toyota Industries Corporation Jun. 1997 Managing Director Jun. 1999 Senior Managing Director Jun. 2002 Executive Vice President Jun. 2005 President Jun. 2013 Chairman (current)	President 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 (current)
Executive Vice President Kazue Sasaki 	Apr. 1977 Joined Toyota Industries Corporation Jun. 2003 Director Jun. 2006 Managing Officer Jun. 2008 Senior Managing Officer Jun. 2010 Director Jun. 2011 Senior Managing Director Jun. 2013 Executive Vice President (current)	Executive Vice President Takuo Sasaki 	Apr. 1980 Joined Toyota Motor Co., Ltd. Jun. 2009 Managing Officer of Toyota Motor Corporation (TMC) Jun. 2011 President of Toyota Financial Services Corporation Jun. 2011 Advisor of TMC Apr. 2013 Managing Officer of TMC Apr. 2015 Advisor of Toyota Industries Corporation Jun. 2015 Senior Managing Director Jun. 2016 Director and Senior Managing Officer Jun. 2018 Executive Vice President (current)
Director Yojiro Mizuno 	Apr. 1983 Joined Toyota Industries Corporation Jun. 2010 Managing Officer Jun. 2016 Senior Managing Officer Jun. 2018 Director and Senior Managing Officer Jun. 2019 Director and Senior Executive Officer (current)	Director Yuji Ishizaki 	Apr. 1980 Joined Toyota Industries Corporation Jun. 2012 Managing Officer Jun. 2016 Senior Managing Officer Jun. 2018 Director and Senior Managing Officer Jun. 2019 Director and Senior Executive Officer (current)
Outside Director (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 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	Outside Director (Independent) Kenichiro Yamanishi 	Apr. 1975 Joined Mitsubishi Electric Corporation (Mitsubishi Electric) Apr. 2006 Executive Officer of Mitsubishi Electric Apr. 2008 Senior Executive Officer of Mitsubishi Electric Apr. 2010 Representative Executive Officer and President & CEO of Mitsubishi Electric Jun. 2010 Director, Representative Executive Officer and President & CEO of Mitsubishi Electric Apr. 2014 Chairman of Mitsubishi Electric Jun. 2015 Director of Toyota Industries Corporation (current) Apr. 2018 Director and Executive Corporate Adviser of Mitsubishi Electric Jun. 2018 Executive Corporate Adviser of Mitsubishi Electric (current)
Outside Director Mitsuhiro Kato 	Apr. 1975 Joined Toyota Motor Co., Ltd. Jun. 2004 Managing Officer of Toyota Motor Corporation (TMC) Jun. 2006 President of Toyota Technocraft Co., Ltd. Jun. 2006 Advisor of TMC Jun. 2007 Retired as Advisor of TMC Jun. 2010 Retired as President of Toyota Technocraft Jun. 2010 Senior Managing Director of TMC Jun. 2011 Senior Managing Officer of TMC Jun. 2012 Executive Vice President of TMC Jun. 2015 Director of Toyota Industries Corporation (current) Apr. 2016 Chairman of Toyota Central R&D Labs., Inc. Apr. 2017 Director of TMC Jun. 2017 Senior Advisor of TMC Jun. 2018 Retired as Senior Advisor of TMC Jun. 2020 Retired as Chairman of Toyota Central R&D Labs. Jun. 2020 Advisor of Toyota Central R&D Labs. (current)		

Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Member Shinya Furukawa 	Apr. 1977 Joined Toyota Motor Sales Co., Ltd. Jun. 2005 Director of Toyota Industries Corporation Jun. 2006 Managing Officer Jun. 2008 Senior Managing Officer Jun. 2010 Senior Managing Director Jun. 2015 Executive Vice President Jun. 2018 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)
Outside Audit & Supervisory Board Member (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 Jun. 2010 General Manager of Corporate Planning & Strategy Div. and General Manager of Affiliated Business Planning & Development Dept. Jun. 2015 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)	Outside Audit & Supervisory Board Member (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 (current)

Senior Executive Officers

Yojiro Mizuno* 	Yuji Ishizaki* 	Masahiro Kawaguchi 	Koichi Ito 
Masanori Shirahama 	Toshihiko Shimizu 	Yasushi Kawai 	Brett Wood 
Hiroshi Matsumoto 	Kota Otoshi 	Kazunari Masuoka 	

* Concurrently serving as directors

Executive Officers

Hiroaki Kayukawa Hisashi Ichijo Kenichi Onishi Yoichiro Yamazaki Haruhiko Kimata	Toru Inagawa Nobutomo Yasui Hiroshi Fukagawa Keitaro Hara Hiroshi Kobayashi	Norio Wakabayashi Shunji Sugimoto Norio Otake Shinya Mizutani Ken Suito	Hiroaki Matsuda Hisanori Miyajima Hiroya Akatsuka Sotaro Kumazawa Takehiko Oishi
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Web



Link to the list of bases.

Major Bases (Production, Regional Headquarters, etc.) (As of June 30, 2020)

Europe



20 Toyota Material Handling Europe AB

President & CEO **Ernesto Domínguez**
Mjölby, Sweden

Business activities: European headquarters for materials handling equipment production and sales

Establishment: 1946



21 Toyota Material Handling Manufacturing Sweden AB

Managing Director **Kristian Björkman**
Mjölby, Sweden

Business activities: Production of materials handling equipment

Establishment: 1946



22 Toyota Material Handling Manufacturing Italy S.p.A.

Managing Director **Giorgio Polonio**
Bologna, Italy

Business activities: Production of materials handling equipment

Establishment: 1942



23 Toyota Material Handling Manufacturing France SAS

Managing Director **Philippe Mahé**
Ancenis, France

Business activities: Production of materials handling equipment

Establishment: 1995



24 Vanderlande Industries Holding B.V.

President & CEO **Remo Brunschwiler**
Veghel, The Netherlands

Business activities: Provision of logistics solutions

Establishment: 1949



25 TD Deutsche Klimakompressor GmbH

President **Kazushige Murao**
Bernsdorf, Germany

Business activities: Production of compressors

Establishment: 1998



26 Uster Technologies AG

CEO **Thomas Nasiou**
Uster, Switzerland

Business activities: Production, sales and after-sales services of quality measurement instruments for fiber, yarn and fabric

Establishment: 1875

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: Electronic equipment, automotive press dies, production facilities, engine parts

Start of operations: 1953

4 Nagakusa Plant

Obu-shi, Aichi

Main products: Vehicles

Start of operations: 1967

5 Takahama Plant

Takahama-shi, Aichi

Main products: Materials handling equipment, materials handling systems

Start of operations: 1970

6 Hekinan Plant

Hekinan-shi, Aichi

Main products: Diesel engines, gasoline engines

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

Start of operations: 2007



10 Aichi Corporation

President **Toshiya Yamagishi**
Ageo-shi, Saitama

Business activities: Production, sales and after-sales services of aerial work platforms

Establishment: 1962

The Americas



11 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



12 Toyota Material Handling, Inc.

President & CEO **Jeff Rufener**
Columbus, Indiana, U.S.A.

Business activities: Production and sales of materials handling equipment

Establishment: 2020



13 The Raymond Corporation

CEO **Mike Field**
Greene, New York, U.S.A.

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

Establishment: 1922



19 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



14 Toyota Advanced Logistics North America, Inc.

President & CEO **Mike Romano**
Indianapolis, Indiana, U.S.A.

Business activities: U.S. headquarters for logistics solutions

Establishment: 2017



15 Bastian Solutions, LLC

CEO **Mike Romano**
Indianapolis, Indiana, U.S.A.

Business activities: Integration of logistic systems

Establishment: 1952



16 Toyota Industries Commercial Finance, Inc.

President & CEO **Mark Taggart**
Dallas, Texas, U.S.A.

Business activities: Sales financing for materials handling equipment

Establishment: 2014



17 Michigan Automotive Compressor, Inc.

President **Hisashi Kusaba**
Parma, Michigan, U.S.A.

Business activities: Production of compressors

Establishment: 1989



18 TD Automotive Compressor Georgia, LLC

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

Business activities: Production of compressors

Establishment: 2004

Asia



27 Toyota Industries Engine India Private Limited

Managing Director **Yoshimitsu Hayashi**
Bangalore, India

Business activities: Production of diesel engines

Establishment: 2015



28 Kirloskar Toyota Textile Machinery Pvt. Ltd.

Managing Director **Toshihiko Shimizu**
Bangalore, India

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

Establishment: 1995



29 Toyota Industry (Kunshan) Co., Ltd.

President **Keizo Hara**
Kunshan, Jiangsu, China

Business activities: Production of materials handling equipment and automotive parts, etc.

Establishment: 1994



30 TD Automotive Compressor Kunshan Co., Ltd.

President **Akira Fujii**
Kunshan, Jiangsu, China

Business activities: Production of compressors

Establishment: 2005



31 Yantai Shougang TD Automotive Compressor Co., Ltd.

President **Yasushi Watanabe**
Yantai, Shandong, China

Business activities: Production of compressors

Establishment: 2012



32 P.T. TD Automotive Compressor Indonesia

President **Masaya Nakamura**
Bekasi, Indonesia

Business activities: Production of compressors

Establishment: 2011



33 Tailift Material Handling Taiwan Co., Ltd.

CEO **Eric Lin**
Taichung, Taiwan

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

Establishment: 2014



34 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

Investor Information (As of March 31, 2020)

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

15,814

Independent Accountant

PricewaterhouseCoopers Aarata 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

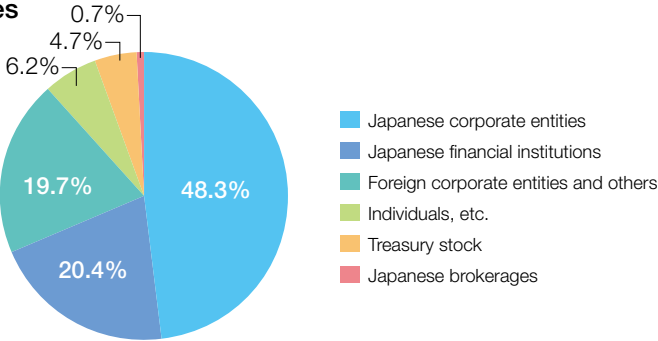
Major Shareholders

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
Towa Real Estate Co., Ltd.	16,291	5.25
Toyota Tsusho Corporation	15,294	4.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,598	4.70
Japan Trustee Services Bank, Ltd. (Trust Account)	11,173	3.60
Nippon Life Insurance Company	6,580	2.12
Aisin Seiki Co., Ltd.	6,578	2.12
Aioi Nissay Dowa Insurance Co., Ltd.	4,903	1.58
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	4,512	1.45
Total	186,180	59.96

Notes: 1. Toyota Industries Corporation also holds 15,357 thousand shares of treasury stock but is excluded from the above list.
2. Shares held for the purpose of trust services of respective financial institutions are as follows:

The Master Trust Bank of Japan, Ltd. (Trust Account)	14,598 (Thousands)
Japan Trustee Services Bank, Ltd. (Trust Account)	11,173 (Thousands)
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	4,512 (Thousands)

Distribution of Shares





TOYOTA INDUSTRIES CORPORATION

2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671, Japan

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