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 2022 (ended March 31, 2022), economic activities resumed thanks to the progress on COVID-19 vaccinations worldwide, which in turn prompted the global economy to recover, while the spread of COVID-19 infections shows no signs of subsiding. The momentum of the recovery is waning, however, due to semiconductor shortages, shipping delays caused by container shortages and the adverse effects of the conflict between Russia and Ukraine that began near the end of fiscal 2022. Meanwhile, the Japanese economy was also on a recovery trend, albeit belatedly, but its pace is likewise slowing down.

In this operating environment, Toyota Industries undertook efforts to ensure customer trust through placing a priority on quality. We also strived to expand sales by responding flexibly to market trends. As a result, we posted increases in both net sales and profits.

Toyota Industries determined the year-end cash dividend to be ¥90.0, an increase of ¥10.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥170.0, an increase of ¥20.0. The same as last fiscal year, we decided to pay the year-end cash dividend early based on a resolution by the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

Turning to the surrounding business environment, uncertainties abound with regard to the outlook of the global economy. In addition, in the political, economic and technological areas, changes are occurring at a growing pace such as accelerating global efforts to realize a carbon neutral society and advancements in digitalization. In this climate, we aim for further growth by promoting innovative technology and product development by proactively embracing digital technologies and open innovation.

To lay the groundwork for further growth, we will pay more vigilant attention to risks, while at the same time aim to further enhance corporate value by adhering to such basics as safety, health, quality and compliance as well as by strengthening the management platform and building a flexible and robust organization. To support such business development, we will continue our efforts to create an organization and workplace environment that enable diverse human resources to fully demonstrate their individual abilities.

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

July 2022

Toyoda Precepts / Basic Philosophy

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

Toyoda Precepts / Corporate Creed

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

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.

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

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

**Materials Handling Equipment**

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

**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.

**Automobile**

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

**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.

**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.

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

**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.

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Survey by Toyota Industries Corporation
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Cautions 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,” “project,” “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 forward-looking statements are subject to risks and uncertainties and actual results, or developments in circumstances, may differ materially 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 or to include future developments in circumstances 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) exchange rate fluctuations, (8) share price fluctuations, (9) geopolitical considerations, new tax laws, and other risks and uncertainties described in this report and in our other filings with the Securities and Exchange Commission.

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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, 2022. In addition to the Toyota Industries Group’s management policies, the report provides easy-to-understand information regarding its business, environmental initiatives, social activities and corporate governance over the past year as well as its future direction.

Editorial policy
This report focuses on activities carried out in fiscal 2022 (April 1, 2021 to March 31, 2022), 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 (2023 Version)
- Japan’s Ministry of the Environment Environmental Reporting Guidelines (2018 Version)
- International Integrated Reporting Framework by International Integrated Reporting Council (IIRC) [2021 Version]

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Cautionary Statement with Respect to Forward-Looking Statements
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The fiscal year ended March 31, 2022 is referred to as fiscal 2022 and other fiscal years are referred to in a corresponding manner.
In fiscal 2022, the impact of COVID-19 lingered on a broad scale and a series of earthquakes, heavy rains and other natural disasters occurred in Japan. Outside the country, unexpected geopolitical risks emerged. It was also a difficult year for management decision-making. I would like to extend my heartfelt sympathies to everyone who has been affected by the disease and disasters. I wish for the earliest possible restoration of peace to everyday life.

Amid the changes in the circumstances surrounding our business, the rapid progress of digitalization, the trend toward electrified vehicles and the accelerated popularization of e-commerce following lifestyle changes have brought great business opportunities. Accordingly, our businesses have grown significantly, including for electric car air-conditioning compressors and logistics solutions. While raising our sensitivity to risk, we will continue to regard changes in society as an opportunity for growth and aim to achieve corporate growth by undertaking businesses in response to societal needs. We will do so by delivering new value for people’s lives and contributing to reducing environmental impact through the electrification of automobiles and automated and streamlined logistics operations.

Introduction

In fiscal 2022, many countries embarked on the normalization of economic activities despite the lingering impact of COVID-19. The solid automobile and lift truck markets have led to a huge turnaround in each of our businesses from the previous fiscal year, resulting in record-high net sales and operating profit.

The Automobile Business was impacted chiefly by difficulties in the procurement of semiconductors and other components; the resulting revision of automakers’ production plans, which in turn forced us to make operation adjustments; and soaring raw material and energy costs due to supply constraints. Nevertheless, production of the RAV4 proceeded at a high level while engine production was strong, mainly for GD diesel engines mounted on the Innovative International Multipurpose Vehicle (IMV) series of Toyota Motor Corporation (TMC) as well as other vehicles. As for car air-conditioning compressors, unit sales of electric compressors continued to increase beyond expectations amid the accelerated electrification of automobiles following the global trend toward carbon neutrality.

In the Materials Handling Equipment Business, needs for more efficient and automated logistics have been expanding. The upward trend is becoming even more prominent due to an increasing logistics volume arising from global economic development and the expansion of e-commerce as well as COVID-19-induced changes in behavior. Under such circumstances, market needs remained extremely robust for both logistics solutions and lift trucks, leading to record-high net sales.

Amid intensifying changes in the business environment, we believe we were able to achieve solid results as a result of Group-wide efforts to quickly identify what is demanded by society and meet customers’ needs in the respective businesses.
Future Business Direction

With the electrification of vehicles and the increasing need for more efficient logistics expected to continue over the medium term, we regard these factors as opportunities for growth and strive to capitalize on these prospects. Meanwhile, COVID-19 will continue to have an impact on the procurement of parts in fiscal 2023. Since it will be some time before the supply chain returns to normal, we need to take proper action. In addition, we recognize that it is vital to be well prepared for sudden changes and respond to uncertainties such as geopolitical risks and costs of raw materials, energy and logistics, which keep rising or remain high, with a flexible and resilient approach. To realize medium-term growth, we intend to focus especially on the electrification of vehicles and the response to needs for more efficient logistics. The following details our specific initiatives.

Accelerating Electrification of Vehicles
With rising environmental consciousness of consumers and ever more stringent environmental laws and regulations in many countries and regions, a number of countries, mainly developed ones, have announced that they will eventually ban the sale of internal-combustion vehicles that consume fossil fuels. In response to this trend, it is increasingly apparent that automakers are making an ambitious shift toward battery electric vehicles (BEVs) in their electrification strategies.

Expanding Business Opportunities Capturing the Trend toward Electrification
The trend toward the electrification of vehicles is irreversible, and we will respond to it as a matter of course. In parallel, we will seek to develop more energy-saving engines with lower emissions with a view toward reducing their environmental impact.

In the Car Air-Conditioning Compressor Business, we will continue to reinforce our production capacity in order to firmly respond to growing demand for electric compressors that accompanies the increase of electrified vehicles. In addition, the widening variety of electrified vehicles will lead to the diversification of needs for electric compressors. As a leading company in the industry, we will continue our intensive efforts to develop products to meet many different needs. As a specific example, since BEVs have no engine, they are unable to use waste heat from the engine to heat the interior of the vehicle. To solve this issue, we are striving to make compressors usable for heating purposes as well. Moreover, there are also needs for the cooling of batteries and electronic components to maintain operating efficiency. In this and other ways, the role of electric compressors is expected to keep expanding. We are working tirelessly on the development of technologies to ensure we do not miss such business opportunities.

In July 2021, the Battery Business began mass production of bipolar nickel-metal hydride batteries for hybrid electric vehicles (HEVs) (See “Development of Technologies and Products Contributing to the Resolution of Social Issues” on page 20). Jointly developed with TMC, the battery has been highly acclaimed by industry experts for its bipolar structure, which has been adopted for the first time in the world in an on-board battery, and its superior performance. We are delighted and greatly encouraged by the appreciation for our persistent research and development efforts. Looking forward, we will seek greater productivity while preparing for the launch of the new Ishihama Plant, which is slated to begin mass production within fiscal 2023. In this way, we aim to have the battery fitted in more vehicle models and deliver new value for ever-evolving electrified vehicles.

Future Needs for Engines
For the widespread acceptance of BEVs, the building of recharging infrastructure and the stable supply of electricity are necessary. As such, it will be some time before we see them widely used in emerging countries. In addition, depending on the environment, vehicles must demonstrate powerful driving performance. Therefore, it is expected that a need for diesel and other internal-combustion engines will remain for some time. As electrification continues to progress, it is thought that the development and mass production of HEVs will eventually become a realistic option, but we foresee there will still be some needs for internal-combustion vehicles in the medium term.

Contributing to Electrification through Production of Vehicles and Engines
In the Vehicle Business, a majority of the vehicles produced are electrified ones, such as HEVs and plug-in hybrid electric vehicles (PHEVs). We will contribute to TMC’s electrification efforts through our manufacturing capability that capitalizes on our strengths in safety, environment, quality, cost and delivery (SEQCQ).

In the Engine Business, we will work to develop and produce diesel engines with superior environmental performance to meet the continuously robust demand. We will also respond to increasing demand for electrified vehicles by manufacturing engines for HEVs.
Sustained Expansion of Roles of Lift Trucks and Logistics Solutions

Although e-commerce is expanding across many global commercial transactions at a surprising pace, viewed holistically it is not mainstream yet, accounting for only around 8% of all transactions in Japan*1. In addition to the advancement of information technologies, the convenience to place orders at any time using a computer, smartphone or tablet and to have orders delivered to the desired location is widely appreciated by the public. Consequently, it is believed that the e-commerce market will continue to grow for the foreseeable future.

Increases in logistics volume and small cargo delivery have rendered logistics operations, including sorting systems, becoming more complex and sophisticated. It is also necessary to increase processing capacity. Under these circumstances, our Materials Handling Equipment Business must play a greater role and provide broader and more advanced features through its lift trucks and logistics solutions.

Meeting Demand for More Efficient Logistics by Leveraging Our Strengths

We will continue to meet the needs of our global customers by capitalizing on our well-established strengths. These include our expertise for more efficient logistics that we have nurtured over long years by responding to various needs required at logistics sites as well as our full range of product offerings and responsive after-sales services by highly skilled and experienced service personnel.

In the Lift Truck Business, we have global development, production, sales and service networks mainly in the key markets of Japan, the United States and Europe. We thus believe that we have mostly established the structure to meet the needs for more streamlined logistics. Based on this structure, we will proceed with product development and market releases suited to the needs of different countries and regions.

Amid the ongoing labor shortages and soaring labor costs around the world, there is an increasing need for labor savings and the automation of lift trucks. The automated operation of lift trucks in fixed patterns in limited indoor spaces has already been available for practical use. However, automated operations in outdoor environments have technically been challenging. We will continue research and development to successively resolve issues with a view toward the practical application of the technology.

In the United States, we suspended the shipment of models of some internal-combustion lift trucks in January 2021 and resumed shipment in June 2021. In May 2022, we obtained certification from the authorities for small liquefied petroleum gas (LPG) lift trucks, which are our mainstay internal-combustion lift trucks in the U.S. market, and resumed shipment. We wish to extend sincere apologies to all of our customers who were inconvenienced.

In the Logistics Solutions Business, we will endeavor to firmly capture robust demand in the e-commerce, food and retail sectors to expand business over the medium term. Our logistics solutions are in very high demand in the e-commerce sector and have significantly contributed to our business results.

In the future, we will accelerate efforts to receive orders from other industries. At the same time, we expect a growth in demand for baggage handling systems in anticipation of a post-pandemic recovery in the aviation industry. Vanderlande Industries Holding B.V. has a proven track record of providing solutions based on its independently developed systems and equipment for large projects around the world, mainly in Europe. As for medium-sized projects, although Bastian Solutions LLC and Toyota Material Handling Japan have an advantage in North America and Japan, respectively, we were less established in this area in Europe. To reinforce our European operations, we acquired viastore*2, a Germany-based logistics system integrator, and made it into a subsidiary in July 2022. With the addition of viastore, we believe that we are now fully prepared to fulfill the needs for automated logistics. Our basic strategy for the future is to achieve organic growth. In this regard, we will proactively strengthen our businesses using an M&A approach if we identify any good matches in an area where the Toyota Industries Group is lacking in presence.

*1: Based on the scale of the business-to-consumer (B-to-C) e-commerce market in the Ministry of Economy, Trade and Industry’s FY2020 Economic and Social Report, March 2021

*2: viastore is a Germany-based logistics system integrator with nine bases in eight countries, including Germany, Spain, France, Russia, the Czech Republic, the United States, Mexico and Brazil. Its annual sales for 2021 were approximately ¥16 billion.

Laying Down a Foundation for Business Growth

Society is dramatically changing and unforeseen events may occur. However, if we are well prepared, we may be able to mitigate their impact. We will learn from the past and strengthen our ability to identify potential changes. Accordingly, we will use our extensive knowledge and imagination free from preconceptions to build a foundation for reducing risk.

Creating a Safe and Comfortable Workplace Environment

Under the recognition that nothing is more important than safety, we place priority in the order of safety first, quality second and production third. Taking pride as a leading manufacturer in the industry, we always bear in mind that safety is of the greatest importance. Fully aware of circumstances on site, we will continue to make Group-wide efforts to create workplaces that allow all employees to work with peace of mind.
New Initiative to Promote Company-Wide Digitalization

Promoting Company-wide digitalization themes

- Development and production preparation
- Plants
- Input
- Human resources development (internal education)
- Output

Overall management for promoting digitalization

Promotion of ESG Initiatives

We possess a wide variety of technologies and solutions cultivated in diverse businesses. Using this strength, we have a policy of flexibly and proactively introducing the knowledge of external parties into our activities while placing a focus on in-house development. As I mentioned earlier, in order to create new value we aim to clarify priority areas and targets and make effective capital investment for the advancement and sophistication of our products and services as well as the reinforcement of our production capacity while focusing more on research and development in the domains of electrification and automation.

We will also strive to improve the productivity of the entire Company by introducing advanced digital technologies not only in product and technology development but also for production departments and all other operations. In February 2022, we launched the Company-wide digitalization project. It is not an initiative that individual business divisions separately undertake but a project in which all our executives discuss the cross-divisional direction and apply it throughout the Company. In the future, we will accelerate digital transformation (DX) in the three areas of “plants,” “development and production preparation” and “human resources development.” In addition, we also began a corporate transformation (CX) project with the goal of advancing head office and other functions. We will streamline existing operations and actively leverage the capabilities of subsidiaries to clarify the areas that the Head Office should focus on to raise the added value of our corporate operations in every possible way. Regarding the Company-wide digitalization project and environmental initiatives, we will vary our focus in our allocation of capital with the aim of resolving social issues and making our businesses more competitive.

Further Strengthening Environmental Initiatives from a Medium- to Long-Term Perspective

We have steadily reduced the CO2 emissions from our production activities while increasing sales. We understand that this is a result of sharing best practices among business divisions and making tireless efforts mainly to thoroughly conserve energy. With regard to our goal of halving CO2 emissions by fiscal 2031, it looks likely we will achieve this objective by carrying out a range of actions such as the active utilization of renewable energy. To realize carbon neutrality laid out in our Environmental Vision 2050, we have commenced the development of new technologies to reduce CO2 emissions using hydrogen and other materials.

Use of our products accounts for a large portion of CO2 emissions from the entire product lifecycle. Even though we have long been delivering energy-efficient products in individual businesses, we will leverage our strengths in the operation of both the Materials Handling Equipment and Automobile businesses to further strengthen the electrification of products with a view toward zero CO2 emissions during the entire product lifecycle. Our basic stance is to accurately identify customers’ needs to develop products they truly need and differentiate ourselves through the appeal of our products.

To protect the global environment, we will work together with local communities to further expand our activities for conserving biodiversity, which is just as important as carbon neutrality.

Implementing Fair and Transparent Corporate Governance

While paying attention to changes in society’s awareness regarding corporate ethics and a shift in people’s values, we have been working to establish and operate an effective governance system in its true essence as opposed to mere formalities. These efforts have been well received by outside directors as a sound response. In addition, we are increasing the diversity of our executives using a bottom-up approach. With more and more women playing key roles in diverse job categories in Japan, we remain committed to channeling more efforts to increase diversity.

We regard the cross-shareholdings with TMC and other Toyota Group companies as an indispensable element for the solidarity of the group and the medium- and long-term expansion of business. We will continue to seek sustained growth and return the results of our business activities to our shareholders and investors in the form of stable dividends.

Our ultimate goal is to develop businesses by providing products and services that are helpful to society. To achieve this goal, we will dedicate ourselves to achieving further corporate growth through a three-pronged approach. Specifically, Toyota Industries is placing top priority on safety, creating an environment where individual employees with many different skills and experiences can thrive and demonstrate their capabilities to the fullest; and developing human resources who can play key roles on the global stage.

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

Based on the Toyoda Precepts (corporate creed) and basic philosophy, we aim to engage in value creation through our diverse businesses and continue contributing to society. To this end, we will strive to directly address the changes and challenges surrounding society, make the most of the core assets and strengths we have accumulated to date and achieve our 2030 Vision and CSR material issues.

Aspiration in the Medium to Long Term and CSR Materiality

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.

CSR Materiality

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Business Results

Materials Handling Equipment
Lift trucks and logistics solutions that contribute to greater logistics efficiency for customers.

Automobile
Comfortable and appealing automobiles
Fuel-efficient and clean engines

Car air-conditioning compressors that contribute to the electrification of automobiles, etc.

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

Values and Joys for Stakeholders

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

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

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

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

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

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

Basic Philosophy
Toyoda Precepts
Six Capitals Supporting Growth

Since our founding in 1926, we have engaged in and developed our diverse businesses based on our desire to contribute to society. Building on the six capitals we have accumulated to date, we strive to achieve sustained growth by flexibly responding to a drastically changing society.

### Human Capital

**Diverse Human Resources Committed to Creating and Delivering Products and Services That Contribute to Society**

- Human resources comprised of more than 70,000 employees possessing diverse strengths in respective business fields
- Certified as a Health and Productivity Management Organization (White 500) for five consecutive years
- Systems and training programs to help individual employees to demonstrate their abilities to the fullest regardless of age or gender
- Lifting Group-wide capabilities to the next level through global exchanges across businesses and functions

### Social and Relationship Capital

**Extensive Sales and Service Networks Together with Relationships of Trust with Various Stakeholders**

- Global sales and service networks mainly for materials handling equipment
- Close collaboration with Toyota Group companies as well as major automakers and other manufacturers around the world
- Business reinforcement and expansion through M&A and other measures
- Solid supply chain built on mutual cooperation with business partners
- Rate of performing a sustainability check on applicable suppliers (non-consolidated): 100%
- Proactive dialogue with shareholders, investors and members of local communities

### Intellectual Capital

**Technology, Expertise and Know-How Related to Automobiles and Materials Handling Equipment**

- Strengthening development capability and competitiveness through collaboration between the Materials Handling Equipment and Automobile-related businesses
- Accumulation of knowledge thanks to involvement in the production of automobiles spanning from vehicle assembly to the development of key components
- Wide-ranging responsiveness and sustainable growth potential stemming from technologies in the development of both automation and electrification
- Research and development by also drawing on external expertise
- Research and development expenses: ¥94.4 billion (62.3% of which are for automation and electrification)

### Natural Capital

**Group-Wide Initiatives Aimed at Reducing Environmental Impact and Realizing a Carbon Neutral Society**

- Business activities to realize clean/zero emissions in terms of production and products
- Reduction of CO2 emissions (global): −24%*
- Renewable energy introduction rate (global): 11%
- Reduction of logistics-derived CO2 emissions per unit of production (non-consolidated): −10%*
- Reduction of waste generation volume (non-consolidated): −17%*

* Fiscal 2014 as the base year

### Manufacturing Capital

**Production Structure and Investments in Tangible Assets to Deliver Quality Products to Customers around the World**

- Superb quality and productivity based on the Toyota Production System
- Globally stable production and supply structures of respective businesses
- Production bases in Japan: 10 bases
- Production bases outside Japan: 23 bases
- Investments in tangible assets (consolidated): ¥134.8 billion

### Financial Capital

**Solid Financial Foundation Underpinning Sustained Business Expansion**

- Share of equity attributable to owners of the parent: ¥3,928.5 billion
- Net cash provided by operating activities: ¥321.0 billion
- Equity ratio: 51.5%
- Return on equity: 5.0%

* Actual results for fiscal 2022

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Toyota Industries Report 2022

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Initiatives to Resolve Social Issues and Improve Corporate Value

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

**Mitigation of Global Warming**
- Contribution to Circular Economy
- SDGs to Contribute
  - Decarbon emissions
    - Mitigating global warming and achieving a circular economy through such initiatives as reducing CO2 emissions and waste in our business activities and expanding the lineup of environmentally friendly products in our efforts to contribute to maintaining and improving the global environment over the long run

**Creation of Innovative Values**
- SDGs to Contribute
  - Creation of innovative value, smart: Contributing to achieving a “smart” society and more enriched lifestyles by resolving social issues through technological advancement and innovation that create new value

**Products and Services Which Contribute to Safety, Reliability and Comfort**
- Mutual Prosperity through Partnerships with Local Communities
- SDGs to Contribute
  - Safe/handy, comfortable: Contributing to creating a compassionate society by offering products and services that anticipate the needs of customers and various stakeholders and that are safe, reliable and comfortable to use while fulfilling our responsibilities as a member of society to thrive together

**Safe and Healthy Work Environments**
- Leveraging Diversity and Inclusion
- Sustainable Procurement
- Compliance and Risk Management
- SDGs to Contribute
  - Building safe and healthy workplaces for everyone
    - Creating the environment for everyone to get a fair share of opportunity to develop and demonstrate their potential
    - Establishing the foundation to remain a company that is trusted and needed by society

**Value Creation**
- Identifying, among various social issues, the areas relevant to our business activities based on the United Nations 17 Sustainable Development Goals (SDGs) and TSB targets as well as guidelines
  - Top Message: Promotion of ESG Initiatives
  - Corporate and ESG Initiatives
  - Initiatives for Growth
  - Initiatives to Resolve Social Issues and Improve Corporate Value

**Process to Determine CSR Materiality**
- Identifying the 17 SDGs and 169 targets
- Conducting interviews with various stakeholders to select those having higher degrees of importance

**Value Creation**
- Improving Corporate Value

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

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

**Approval by ESG Management**
- Seeking approval of the CSR Committee chaired by the president and confirming our top management base on the validation results

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*As a more ambitious target, we are aiming for a 50% reduction by fiscal 2031 from the fiscal 2014 level.*
Development of Technologies and Products Contributing to the Resolution of Social Issues

Seeking Further Growth by Evolving and Enhancing Electrified Products We Have Developed Ahead of the Times

In order for car electrification to evolve further, various related devices, including batteries, motors, inverters, converters, car air-conditioning compressors and charging stands as part of social infrastructure, must follow suit. Toyota Industries’ products offer not only excellent motor power, driving performance and a comfortable vehicle interior but also greater utility in recreational activities and during disasters. While achieving many accomplishments in these fields, we have also made a foray into new fields. As a key player in the era of electrification, as well as toward establishing a decarbonized society and realizing carbon neutrality, we will accelerate the development and release of electrified products that help reduce CO2 emissions, thereby contributing to making the earth a better place to live, enrich lifestyles and promote a compassionate society.

Toyota Industries’ Roles in the Accelerated Move toward Electrification

Amid the accelerated global move toward the realization of a carbon-neutral society, sales of various types of electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs), have been growing, with the ratio in total automobile sales expected to increase sharply in the future. The following highlights our products that underpin the rapidly changing era of car electrification and businesses that contribute to the accelerated move toward electrification.

Expanding Lineup of Electrification-Related Products

The new Aqua released by Toyota Motor Corporation (TMC) in July 2021 is equipped with a number of Toyota Industries’ electrification-related products that include not only a newly developed bipolar nickel-metal hydride battery but also an electric compressor, DC-AC inverter and DC-DC converter. We have also developed and have been manufacturing products for FCEVs and charging stands, which play an important role as part of social infrastructure. Leveraging our technologies cultivated in these fields to date, we will develop new products and contribute to the expansion of the electrified vehicle markets.

Toyota Industries’ Products Underpinning the New Aqua

![Electrolyte](image1)

**Feature 1**
- Wider electrical path and lower resistance within the battery, allowing the flow of larger currents
- Simple structure with less parts, which make a battery more compact
- More compact and higher output

**Development of the On-Board Battery Business**

In developing the bipolar nickel-metal hydride battery, Toyota Industries has made thorough efforts to raise the level of its products based on the technologies it has cultivated to date, namely battery material synthesis technology, simulation technology for examining materials and structures and analysis technology. These efforts have led to the successful development of the battery. Going ahead, we will work on the five elements of safety, long life, high quality, good products at lower prices and high performance, endeavor to ensure stable battery supply and expand our lineup of batteries to suit various vehicle models. We also plan to establish a new production line in fiscal 2023 at the Ishihama Plant, which is located adjacent to the Higashioha Plant.

**Offering Electronics Products Responding to Social Needs**

Toyota Industries develops and manufactures electronics products not just for HEVs but also for a wide variety of electrified vehicles. These products, including DC-DC converters and on-board chargers and charging stands for PHEVs and BEVs, respond to the broad needs related to electrified vehicles of TMC and other automakers around the world.

Three Fields Contributing to the Evolution of Electrified Vehicles

- **Development and Commercialization of On-Board Batteries**
  Toyota Industries worked together with TMC and developed the HEV-use bipolar nickel-metal hydride battery fitted in the Aqua. Due to its bipolar structure, which has been adopted for the first time in the world in an on-board battery, the new product has achieved approximately twice the output of the conventional battery equipped in the previous-generation Aqua. It has realized unprecedented battery performance, offering both smooth acceleration from low speed and greater fuel efficiency through a longer driving range in the EV drive mode.

<table>
<thead>
<tr>
<th>World’s First Use* of the Bipolar Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feature 1</td>
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<tr>
<td>Feature 2</td>
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<tr>
<td>Feature 3</td>
</tr>
</tbody>
</table>

  ![Bipolar battery](image2)

  **Development of Technologies and Products Contributing to the Resolution of Social Issues**

  TOOLTIP

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  ![Bipolar battery](image3)

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DC-AC Inverter
Converting direct current (DC) from an on-board battery to 100 V alternating current (AC).

Development of a New Unit Integrating an On-Board Charger and DC-DC Converter
For the new bZ4X BEV released by TOYOTA in April 2022, Toyota Industries has developed a new compact, lightweight unit that integrates an on-board charger and DC-DC converter.

<Key Features>
- By integrating these two devices essential for a BEV, the new unit is made 23% smaller in size and 17% lighter in weight versus separately mounting the two.
- Easier vehicle mounting has also contributed to providing more interior space as well as lowering the center of gravity of the dedicated BEV platform adopted for the first time in the D2 series.

Power electronics technologies underpinning the functionality of electrified vehicles, such as the flexible conversion, control and efficient use of electric energy, will become increasingly important. Toyota Industries will remain committed to developing power electronics technologies that enable smaller size, lighter weight and higher efficiency while continuing to provide this two-in-one unit and other car electronics products to support the wider use of electrified vehicles.

DC-AC Inverters Drawing Attention as a Power Source
In recent years, there has been a growing public attention to the use of high-capacity batteries of the Acura and other electrified vehicles as a power source. The 1,500 W type DC-AC inverter, 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.

Various electric appliances (up to a total of 1,500 W) can be used anywhere.

The use of a car as a power source will become more widespread as the number of electrified vehicles fitted with a DC-AC inverter will increase in the future.

Electric Compressor Market Expanding Globally
Greater importance has been placed on car air conditioner-related products that help to ensure a comfortable vehicle interior, including our electric compressor fitted in the Acura. In order to satisfy the diversifying needs of automakers, Toyota Industries’ Compressor Division has developed and delivered technologies and products that respond to diversifying customer needs for higher efficiency for longer driving range, quiet operation required in an environment in which an engine is not started and less vibration. For BEVs, which will draw further attention in the future, we provide solutions to improve compressors’ noise insulation prevention performance, extend their runtime and scope of use for heat pump air-conditioning systems and respond to the need for cooling batteries and peripheral electronic devices.

In this way, we offer a broad range of products not just for HEVs but also for PHEVs, BEVs and FCEVs, thereby enabling us to readily respond to customer needs in line with the growth of these electrified vehicle markets.

Actual Sales and Sales Targets of Electric Compressors
Orders for electric compressors for HEVs are accounted for a large portion of total orders. In recent years, we have been receiving more orders for electric compressors for PHEVs and BEVs, and their sales have been showing a sharp increase in total unit sales. Toyota Industries has set a target to sell more than 10 million electric compressors in fiscal 2026. It has already become apparent that we can achieve the target even earlier than planned because our electric compressors have been adopted in TMC’s all-electric models and sales have expanded to other automakers in and outside Japan. For production, we currently manufacture electric compressors in Japan and China in view of production efficiency. We do, however, have a plan to manufacture these compressors in North America and Europe to respond to a rise in demand, as manufacturing and supplying products closer to customers will lead to greater competitiveness.

High-Capacity Electric Compressor
As a BEV is fitted with a battery and many electronic devices, its temperature tends to rise when operating under high output or recharging at high speed, causing a drop in performance or a shorter life. To address this issue, Toyota Industries has developed a high-capacity electric compressor that can be used for both cooling/heating a vehicle’s interior and cooling its battery. We will work to increase the number of models fitted with the compressor, and by developing more compressors in the same series, will satisfy customer needs that may arise with the more widespread use of BEVs.

Notional Cross-Section View of a BEV
Air-conditioning system

The high-efficient, high-capacity electric compressor is capable of both cooling the interior of a BEV and helping to cool its battery and other devices.

<Key Features>
- A higher speed achieved while keeping a capacity increase at 20%, leading to a 40% better cooling performance than existing products
- Revamping of the compressor structure resulting in a life more than twice as long as existing products
- Achieving very quiet operation suited for electrified vehicles

"Technical Features"
- Improved rotational balance to allow quiet operation at high-speed rotation
- As a measure to increase the compressor’s life, higher bearing reliability in particular serving to realize a life more than twice as long as existing products
Promotion of ESG Initiatives

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 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

Strenghts
• An extensive logistics-related product lineup both for lift trucks (internal-combustion type, electric type, fall-offs, etc.) and logistics solutions products (automated storage and retrieval systems, automatic guided vehicles (AGVs), systems, automated lift trucks, etc.)
• High technological capabilities, including those linked to environment 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 logistics-related product lineup both for lift trucks and logistics solutions products (automated storage and retrieval systems, automatic guided vehicle (AGV) systems, automated lift trucks, etc.)

Opportunities
• An expansion of global logistics volume in line with an increase in the world population and economic growth
• Growing need for products with high fuel efficiency and low environmental impact that contributes to carbon neutrality
• Rising need for higher logistics efficiencies prompted mainly by a growth in e-commerce transactions as well as soaring labor costs and labor shortages
• Growing need for automation and labor saving driven by the emerging need for contactless operations due to COVID-19
• Increased recognition that logistics is an essential business

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

Business Overview in Fiscal 2022

The lift truck market in 2021 expanded significantly due to the reactionary rebound in demand from the effects of COVID-19 and exceeded sales of 2 million units for the first time. Amid this business climate, Toyota Industries engaged in sales and after-sales services corresponding to respective markets. As a result, unit sales of lift trucks for fiscal 2022 were up 32,000 units, or 13%, to a total of 282,000 units from the previous fiscal year. In addition, the need for logistics automation and labor saving is rising in step with an expansion of the e-commerce market. Capitalizing on this development, we have sought to further strengthen our business through collaboration with our subsidiaries engaging in logistics solutions operations in Europe and the United States. Net sales in fiscal 2022 increased ¥508.0 billion, or 25%, from the previous fiscal year to ¥1,789.4 billion.

Financial Information

Toyota Material Handling Group

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 optimal logistics solutions based on its comprehensive strengths to respond to their specific and ever-changing needs on a global scale.

Under the TMHG management structure, we engage in the Lift Truck Business under the TOYOTA, BT, RAYMOND, CEH and Tailift brands. Mutual utilization of the development and sales strengths of these brands strengthen Toyota Industries’ global logistics business.

We basically carry out product development in three regions, namely, Japan, North America and Europe. Based on this structure, we develop and manufacture products in each region, which are matched to the specific local needs and characteristics, and ensure quick product delivery to customers. At the same time, we seek greater product appeal by conducting in-house development and production of such key components as engines and motors, which greatly influence the performance of lift trucks. 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 line. We are also promoting the development of autonomous driving technology as a response to growing needs for greater logistics efficiencies mainly driven by labor shortages.

In addition to supplying high-quality products, we consider our strength to be able to support customers throughout our entire value chain that encompasses from providing after-sales services through our extensive networks to offering sales financing operations. On the sales front, we are offering products and logistics improvement solutions optimally matched to individual customers’ logistics sites. Simultaneously, we are responding to needs for fleet management that optimizes the operation of multiple lift trucks for customers conducting business globally. In terms of services, we assign experienced and highly skilled 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 flexibly respond to customers’ diverse needs. Additionally, since in fiscal 2018, TMHG began to use thezeichnung (TMHG) in China, we are promoting the development of autonomous driving technology as a response to growing needs for greater logistics efficiencies mainly driven by labor shortages.

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Corporate and Financial Information

Net Sales Operating Profit

<table>
<thead>
<tr>
<th>FY2022</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,789.4 billion</td>
<td>¥1,431.4 billion</td>
</tr>
<tr>
<td>¥113.6 billion</td>
<td>¥109.9 billion</td>
</tr>
</tbody>
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Materials Handling Equipment Sales

<table>
<thead>
<tr>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Thousand units)</td>
<td></td>
</tr>
<tr>
<td>300</td>
<td></td>
</tr>
<tr>
<td>200</td>
<td></td>
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<tr>
<td>100</td>
<td></td>
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<tr>
<td>0</td>
<td>18</td>
</tr>
</tbody>
</table>

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

With accelerated expansion of the e-commerce market, the need for logistics automation has been on the rise across the world. This has entailed increases in the number and size of distribution centers, which in turn have necessitated solutions for more advanced logistics issues.

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

Under the TALG management structure, the Logistics Solution Division of Toyota Material Handling Japan, 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.

Business Activities in Fiscal 2022

In 2021, global demand recovered significantly due to the reopening of economic activities in respective countries, which led to record high unit sales in the lift truck market. Amid this environment, we worked to enhance the product appeal of our mainstay lift trucks and expand sales. We also strive to offer after-sales services, enhance responsiveness to large-order customers and provide solutions for logistics issues through the introduction of optimally packaged systems.

In the field of lift trucks, we made efforts to increase our product lineup in each region and promoted the development of autonomous driving technology internally and with external organizations. We also worked to reinforce our IT-based services, enhance safety and augment our competitiveness in the environmental field mainly through electrification in order to ensure a more accurate response to individual customers.

In the logistics solutions field, we have been fostering cooperation in sales activities by mutually supplying equipment and systems while encouraging each TALG company to leverage its strengths to bolster business. We have also been accelerating coordinated activities such as promoting collaborative efforts by TMHG and TALG in the planning and development fields. T-Hive B.V., a company newly established in the Netherlands in April 2021, develops a seamless control system encompassing all autonomous vehicles within the Toyota Industries Group, such as automated guided forklifts (AGFVs), automated guided vehicles (AGVs) and autonomous mobile robots (AMRs).

Meanwhile, Achi Corporation, which possesses the top brand10 in the field of aerial work platforms in Japan, saw a recovery in renewal demand in the electric power industry. However, cautious investment targeting construction demand in the leasing industry resulted in sales of ¥56.5 billion, down ¥2.7 billion, or 5%, from the previous fiscal year.

10: Survey by Achi Corporation

TALG

Logistics Solution
Division of
Toyota Material
Handling Japan

TALNA*2

Bastian

Vanderlande

Toyota Advanced Logistics Group (TALG) 

Business Activities

Value Creation

initiatives for Growth

Promotion of ESG Initiatives

Corporate and Financial Information

Toyota Advanced Logistics Group

Activities of TMHG

Japanese Market

In 2021, the environment surrounding the Japanese lift truck market continued to be difficult due mainly to intermittent declarations of a state of emergency caused by COVID-19, resulting in only a slight increase in sales from the previous year. Unit sales of Toyota Industries’ lift trucks increased 4% from the previous fiscal year to 47,000 units, and maintained the top position11 in calendar 2021 for the 56th consecutive year.

The diversification of customer needs, heightened on the back of changes such as an expansion of the e-commerce market, labor shortages and growing safety and environmental consciousness among companies, has further accelerated amid the COVID-19 pandemic. As the leading manufacturer of materials handling equipment, Toyota Industries has been proactively promoting the development and release of new products that lead to resolving issues facing customers.

As with the automobile industry, where development has been proceeding for cars equipped with advanced safety technologies, the logistics industry is facing a growing need for more widespread use of lift trucks equipped with functions to support safe and secure operations. In August 2021, we released SEnS+ (Sense Plus), the industry’s first operator assist system that detects workers behind lift trucks. It distinguishes between pedestrians and objects from among the obstacles behind lift trucks and automatically controls the traveling speed and prevents the truck from moving backwards.

Together with our autonomous towing tractor, SEnS+ was awarded the 2021 Good Design Award for its ingenuity in distinguishing and recognizing pedestrians from objects and giving different warnings. In addition, the autonomous towing tractor was selected as one of the Good Design Best 100, which is awarded to the designs that draw particular attention of the judges as exceptional designs considered to create and inspire the future from among the recipients of the Good Design Award.

In October 2021, we launched the new 3TE25 electric towing tractor as an environmentally conscious materials handling equipment. The aviation industry, which is a major user of towing tractors, has been making efforts to reduce CO2 emissions. We aim to contribute to carbon neutrality at airports and other facilities by satisfying the replacement needs for electrification of towing tractors.

North American Market

The North American lift truck market in 2021 outperformed the previous year thanks to growing demand from the e-commerce sector and a recovery in the retail sector. Although we suspended the shipment of certain internal combustion products due to the COVID-19 pandemic, we recorded solid sales of electric lift trucks and other products. In fiscal 2022, the combined unit sales of the TOYOTA and RAYMOND brands decreased by 5% from the previous year to 78,000 units.

In 2021, Toyota aggressively launched new electric lift trucks in response to growing market needs for electrification. In addition, to meet the rising need for logistics automation on the back of labor shortages, we released an automated guided vehicle (AGV) to be customized according to customer needs and requires no large-scale building modifications.

Raymond is also actively expanding its product offerings and services to meet various customer needs. For example, Raymond enhanced sales of compact and highly functional lithium-ion batteries that reduce the charging time compared with conventional lead-acid batteries and contribute to the improvement of cost productivity. Raymond is also contributing to the further improvement of customer safety by releasing an electric low lift truck equipped with a telemetry function and launching a service to support driving in dangerous areas by linking the telemetry function with the real-time location system.

Looking ahead, we will continue to leverage the strengths of each brand and reinforce technological development to meet electrification needs. In addition, through closer collaboration with the Logistics Solutions Business, we will accurately respond to customers’ needs for logistics automation. At the same time, we will strive to expand the lineup of products with excellent environmental performance, while responding to the accelerating trend toward carbon neutrality by utilizing the latest technologies.
European Market

The European lift truck market in 2021 grew year on year thanks to a recovery from a downturn due to the COVID-19 pandemic. Toyota Industries posted unit sales of 90,000 units in fiscal 2022, up 20% from the previous fiscal year compared to the pre-COVID-19 level. In addition to equipment sales, orders for after-sales services and parts remained steady.

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

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

We will continue to expand our product lineup with excellent environmental performance, while responding to the accelerating trend toward carbon neutrality.

ALOMA and Chinese Markets

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

The ALOMA and Chinese markets in 2021 expanded significantly due to the resumption of economic activities that were temporarily restricted in many countries following the rapid spread of COVID-19 infections. Both the ALOMA and Chinese markets recorded the largest ever expansion, growing 156% and 128% year on year, respectively.

Under such circumstances, we are working to expand the introduction of lithium-ion batteries and release compact electric stackers to meet the needs for electrified equipment whose demand is expected to increase in step with heightened environmental awareness.

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

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

In the field of after-sales services, we have established a structure to provide swift and more efficient after-sales services by centrally and digitally managing information on lift trucks owned by customers and their history of repairs. We are putting in place a structure to offer extensive after-sales services by establishing a system to certify dealers’ after-sales service facilities and offering programs to train service staff so that customers can use our products with an increased sense of reassurance.

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

Activities of TALG

Logistics Solution Division of Toyota Material Handling Japan

The spread of COVID-19 infections has had an impact on the logistics industry. It brought about a further increase in small cargo deliveries arising from the rapid growth of the e-commerce market, an emerging need for non-contact, non-face-to-face work operations (logistics essential business). In addition, the imminent shortage of truck drivers will present a serious issue as the work style reform-related law goes into effect in 2024 in Japan, which further increases expectations for automation and greater efficiency through logistics solutions.

Amid such changes in the environment, the number of large-scale projects to introduce the latest equipment from Vanderlande is steadily growing, and 2021 saw orders for e-commerce logistics solutions related to e-commerce projects. The enhanced logistics solutions provide significant labor savings by automating the storage, sorting and picking processes of goods packaged in a diverse variety of styles. We will continue to contribute to the greater efficiency of logistics with the aim of approaching customers in a wide range of sectors suitable for the introduction of this system.

Moreover, there is an urgent need for better efficiency and labor saving at relay centers (logistics nodes) to counter the serious shortage of truck drivers. As such, we have participated in the demonstration projects 4) promoted by Japan’s Ministry of Economy, Trade and Industry and have been developing automated guided forktrucks (AGFs).

Looking ahead, we will continue to participate in various demonstration projects. At the same time, we will strive to provide new logistics solutions quickly and in a timely manner by utilizing digital transformation (DX) technologies such as Digital Twin, which creates a virtual environment on a computer to enable running a variety of simulations, in order to achieve more efficient development.

4) Partnered with NDT Logistics Japan Co., Ltd and participated in the 2021 RAID Demonstration Project to Improve Transportation and Delivery Efficiency through Visualization, Mixed Loading and Automation to work on a feasibility test on automatic truck handling.

Vanderlande

Vanderlande, offering logistics solutions globally, has received many orders from leading companies in various business categories for their projects to establish distribution centers, capturing growing needs prompted by COVID-19 for more advanced logistics in the e-commerce, retail and parcel services sectors. For the warehouse logistics and parcel/postal services businesses, Vanderlande has been accelerating system development and integration. It received record-breaking orders in fiscal 2022 thanks to the acquisition of repeat orders for large-scale projects.

Capitalizing on its strengths in technology development, Bastian has been promoting collaboration with other companies in the Toyota Industries Group. For example, Bastian has received, jointly with Vanderlande, orders for multiple projects of leading e-commerce operators and internal software programs to the Logistics Solutions Division of TMHU. In North America, Bastian has also been accelerating its offering of logistics solutions to lift truck users by reinforcing collaboration with dealers of the TOYOTA and RAYMOND brands.

Bastian

Bastian, mainly operating in the North American market, has been responding to the logistics automation needs of customers in a broad range of fields, including the manufacturing, retail and e-commerce sectors, and receiving an increasing number of orders.

Based on a wealth of know-how accumulated in past projects, Bastian is well recognized by customers for its capabilities for system development and integration. It received record-breaking orders in fiscal 2022 thanks to the acquisition of repeat orders for large-scale projects.

In the airport business, the market has been anemic due to a significant drop in the number of passengers. To get ready to receive orders when demand recovers, Vanderlande has been focusing on providing better services to strengthen long-standing relationships of trust with existing customers.

Vanderlande is also promoting collaboration to further augment relationships with other companies within the Toyota Industries Group, working together with the Logistics Solution Division of TMHU and Bastian to introduce its systems into the markets in Japan and North America, respectively.
Automobile

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

Business Characteristics

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

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

**Risks**
- Shrinking of the automobile market caused by economic slowdown
- Customers becoming less willing to buy fuel-efficient products following less stringent environmental regulations
- Drop in product competitiveness due to the year-on-year rise in costs for logistics and raw materials
- Suspension of production caused by supply chain disruptions

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**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 2022**

In fiscal 2022, sales of the RAV4 decreased both in and outside Japan. As a result, unit sales declined by 15,000 units, or 5%, to 308,000 units. Net sales decreased by ¥4.9 billion, or 6% year on year, to ¥83.4 billion.

- Nagakusa Plant Supporting Development and Production of RAV4 Global Strategic Vehicle
  Toyota Industries produces the RAV4, a global strategic vehicle sold by Toyota Motor Corporation (TMC) in more than 180 countries and regions, including North America, Europe and Asia. Starting from June 2020, we started producing the PHEV models in addition to internal-combustion and HEV models. More than 60% of the production volume now accounts for HEVs and PHEVs.
  Our Nagakusa Plant in Aichi Prefecture is involved not only in assembly of the RAV4, but also in the design of the vehicle’s upper body, as well as the development of exterior, interior and color design. The plant also has strengths in manufacturing capabilities and is working to enhance product quality and productivity through continuous kaizen (improvements). We will continue to strengthen our vehicle planning and development capabilities to meet the expectations of our customers while ensuring vehicle quality.

- Partially Remodelling RAV4 and RAV4 PHV and Commencing Production at the Nagakusa Plant
  In December 2021, we partially upgraded the RAV4 and RAV4 PHV to enhance product appeal. Externally, we made design changes to the headlamps, aluminum wheels and other parts for a more solid and dynamic style. Moreover, a hybrid specification (E-Four) has been added to the RAV4 ADVENTURE model, which symbolizes the off-road image of the vehicle, and a new solid grayish blue paint color is now available for a sporty and powerful impression.

- Presenting a RAV4 Concept Model at Tokyo Auto Salon 2022
  Under the mantra “Make even better SUVs” to see a smile of joy of our customers, we are working with TMC to make the RAV4 more attractive. Based on the professional concept model RAV4 5D ADVENTURE exhibited in 2021 under the theme of mountain rescue, in 2022 we mainly improved indoor equipment. Focusing on the time-sensitive nature of mountain rescue missions, we have made it possible to flexibly arrange the interior space of the vehicle, such as an expandable storage function for loading items (Maximum Base*2) and a seat arrangement function for loading a stretcher carrying a rescued person, which garnered the attention of professionals from the police and fire departments. We intend to utilize the outcome of these activities in future development of the RAV4.

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*1: Survey by Toyota Industries Corporation

*2: A loading function that enables an efficient storage arrangement and quick retrieval of rescue equipment

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Toyota Industries Report 2022
Medium-Term Direction of Business

With environmental awareness rising worldwide each year, there is an unprecedented demand for vehicles that are more fuel efficient and emit cleaner exhaust gas. Despite this background, diesel engines, which boast a high level of durability and superb running performance, remain in strong demand to support lives in certain regions and applications.

Under such circumstances, we will continue to uphold our vision to create an engine that benefits people, society and the environment, pursue the development of cleaner engines and deliver them to people who depend on the power of engines in their daily lives.

In fiscal 2022, TMC’s diesel engine business was transferred to Toyota Industries. By comprehensively taking charge of the processes from development to production, we intend to accelerate the development of new technologies and products for the era of carbon neutrality and conscientiously respond to a wide variety of customer needs.

Business Overview in Fiscal 2022

Unit sales in fiscal 2022 totaled 804,000 units, an increase of 39,000 units, or 5%, from the previous fiscal year due mainly to a growth in sales of GD diesel engines. As a result, net sales increased by ¥127.7 billion, or 91% year on year, to ¥267.6 billion.

Engine

Medium-Term Direction of Business

There are diverse needs mainly in emerging countries for diesel engines, which have high fuel efficiency and excellent torque at a low speed, as a power unit suited for SUVs and such commercial vehicles as pickup trucks.

Our mainstream products are in-line 4-cylinder GD diesel engines and V-type 6-cylinder F33A diesel engines that we began production in June 2021.

Compliant with fuel efficiency and emissions regulations in various regions and countries, the GD diesel engine has been introduced in more than 150 countries around the world, mainly in Asia and Latin America, and fitted in nine vehicle models, including TMC’s Innovative International Multipurpose Vehicle (IMV) series targeting emerging countries and the HiAce.

When a view to the era of carbon neutrality, the F33A diesel engine has been downsized from the previous 8 cylinders to 6 cylinders to reduce mass, while the twin turbo developed in-house realizes high levels of environmental performance, quiet operation and output. As proof of our technological prowess highly recognized by a wide range of people, Toyota Industries received the Technology Development Award at the 72nd Society of Automotive Engineers of Japan Award. With a view to the era of carbon neutrality, the F33A diesel engine has been downsized from the previous 8 cylinders to 6 cylinders to reduce mass, while the twin turbo developed in-house realizes high levels of environmental performance, quiet operation and output. As proof of our technological prowess highly recognized by a wide range of people, Toyota Industries received the Technology Development Award at the 72nd Society of Automotive Engineers of Japan Award.

Business Activities

Engines for Industry 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 manufacturers of GHPs*,1 CHPs*,2 generators and construction machinery. They offer downsized displacement compared with conventional models with equivalent output, resulting in higher fuel efficiency, cleaner emissions and a reduction in size.

Car Air-Conditioning Compressor

Medium-Term Direction of Business

In the future society in which the significant advancement in car electrification and autonomous technology is expected, we aim to leverage our core compression technology and become an innovative component supplier.

We will further enhance our capability to develop products that offer excellent fuel efficiency, quieter operation, easier vehicle mounting, compactness and light weight. 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 2022

In fiscal 2022, unit sales of car air-conditioning compressors increased 1.24 million units, or 5%, from the previous fiscal year to 28.75 million units mainly to higher sales in North America. Net sales were up ¥35.7 billion, or 18% year on year, to ¥356.1 billion.

Environment Surrounding the Automobile Market

Even though the car air-conditioning compressor market is currently sluggish due to parts supply shortages at automakers, we expect continued growth over the medium term on the back of expanding automobile sales and an increase in the number of vehicles fitted with an air conditioner. As new developments in the automobile market, especially for electric vehicles, by 2035 all automobiles sold in China must be electricized*3 and sales of internal-combustion vehicles, including HEVs and PHEVs, will be banned in Europe. In light of such tightening regulations and expanding needs in various countries and regions, automakers are aggressively releasing new models, and unit sales of electrified vehicles are expected to increase significantly in the future.

*1 Short for gas heat pump; air conditioner driven by a gas engine
*2 Short for combined heat and power; co-generation system
*3 Development policy and method for vehicle emission based on a module platform
*4 Announced by the Chinese Society of Automotive Engineers
Outlook for Electrified Vehicle Market
Demand for electrified vehicles is expanding dramatically due to heightened environmental awareness and more stringent regulations on internal-combustion vehicles around the world. In step with this development, demand for electric compressors is expected to exceed the demand for compressors for internal-combustion vehicles in fiscal 2031.

Responding to New Needs for Electrified Vehicles
As needs for electric compressors diversify in step with the growth in electrified vehicles, there have been new challenges for BEVs, in particular, as vehicles. In response to such new, diversified customer needs, we are rolling out new products by utilizing our product development capabilities cultivated to date. Electric compressors for BEVs are currently used for cooling the battery during quick charging and heating the interior (heat pump). As such, we have been not only enhancing the lineup of large-capacity and high-voltage products to accommodate an expansion in applications, but also increasing product competitiveness in terms of reliability and efficiency.

Meeting the Needs for Large Capacity
In order to provide a deterioration in battery performance and shortened life during high-power operation and quick charging of vehicles, we have newly developed and started production of large-capacity compressors capable of cooling the interior of the vehicle as well as the battery.

Meeting the Needs for Longer Life, Higher Reliability and Greater Efficiency
As it has become necessary to secure a heat source that substitutes for the exhaust heat of the engine, there is a need to operate the compressor even when heating the vehicle interior. We are improving the reliability of electric compressors to accommodate extended operating hours for heat pump air conditioning and a growing range of use. In addition to enhancing such product appeal, we plan to further strengthen support for automakers and expand sales by making proposals for solving issues concerning the entire vehicle along with taking other initiatives.

Production-Related Strengths Underpinning Quality and Performance
High-precision machining and assembly technologies are essential in reaping high quality and the superior performance of products. Toyota Industries realizes high-speed and high-precision machining by leveraging its know-how accumulated through responding to the stringent demands of automakers worldwide and by developing devices from processing machines to associated cutting tools in-house.

Establishing Stronger Global Production and Supply Structures
In step with the move toward more stringent fuel efficiency regulations and car electrification, the car air-conditioning compressor market is expected to witness fluctuations in demand for compressors both for internal-combustion vehicles and electrified vehicles. In response, we are building a production structure less vulnerable to changes in production volume through such measures as automating our plants to save labor, designing mixed lines that enable the production of a wide variety of products and creating a framework to increase production capacities in a phased manner. Meanwhile, we expect the rapid spread of electrified vehicles in China driven by the country’s new energy vehicles (NEV) regulation. Accordingly, we will make sure to capture booming demand by promoting the local production of electric compressors. We have already initiated local production at TD Automotive Compressor Kunshan Co., Ltd. (TACK) in March 2020 and at Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) in June 2021. Currently, we are engaging in production in Japan and China from the viewpoint of production efficiency. Believing that producing and supplying products close to our customers will lead to improving our competitiveness, however, we are considering local production in Europe and the United States depending on future orders.

Electronic Devices and Other Products

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 offers not only on-board power source devices, but also charging stands and products to feed electricity externally that are conducive to improving social infrastructure. Moreover, the Battery Division, which was newly established in fiscal 2022, will contribute to the widespread use of electrified vehicles through the development and production of on-board batteries.

Business Overview in Fiscal 2022
In addition to an increase in sales of DC-AC inverters, in particular, full-fledged commencement of production and sales of batteries resulted in an increase in net sales by ¥23.9 billion, or 39%, over the previous fiscal year to ¥85.5 billion.

Contributing to Car Electrification
Toyota Industries develops and manufactures various car electronics products by utilizing power electronics as our core technology and sells these products mainly to TMC and other automakers across the world. As the electrification of automobiles accelerates, we are working to contribute to the widespread use of electrified vehicles by enhancing our product appeal and lineup and establishing a robust production structure.

As products that contribute to the electrification of vehicles, we develop and manufacture on-board power source devices such as DC-DC converters, on-board chargers and DC-AC inverters, as well as charging stands.
A DC-DC converter converts the high voltage of on-board 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, we have reduced the product size and weight.

An on-board charger converts AC voltage from the power grid into DC voltage in vehicles and is necessary for charging PHEVs and BEVs, 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.

Aim expectations for more diverse on-board power source devices with higher performance (higher efficiency as well as size and weight reduction), we will pursue even higher environmental performance and expand the scope of our development efforts to power source system products.

Helping to Increase the Competitiveness of Our Electrified Products

We will leverage our technology and know-how cultivated in the development of vehicle power source devices to engage in the development of electronic components in other businesses as well, such as materials handling equipment and textile machinery, and to increase the appeal of our products. Through these efforts, we intend to spur greater synergistic effects among our businesses in moving ahead with electrification.

Use of an Electrified Vehicle as a Power Source during a Disaster

In recent years, there has been a growing public attention to the use of high-capacity batteries of electrified vehicles as a power source. The 1.5-kW type DC-AC inverter, 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.

In September 2021, we conducted a demonstration test for work in the field and in vehicle trolley in an emergency situation to see whether further utilization of the power source function of the 1.5-kW type DC-AC inverter was feasible. Throughout the day, we used PCs and home appliances with the power sourced from the vehicle alone and checked the operating status of the vehicle and DC-AC inverter, including the amount of power used and the frequency of engine operation. Toyota Industries will independently conduct these tests to gauge the usability and psychological stress from the standpoint of the user and promote product development that will lead to the more widespread use of electrified vehicles.

Developing Batteries Conducive to the Spread of Electrified Vehicles

Bipolar nickel-metal hydride battery

Toyota Industries has newly established the Battery Division and commenced production of bipolar nickel-metal hydride batteries for TMC’s new Aqua at our Kyowa Plant. We have commercialized the battery by establishing a proprietary development method based on our technological strengths cultivated to date, including battery material synthesis technology, simulation technology for examining materials and structures and analysis technology. Looking ahead, we plan to expand the battery lineup to accommodate more vehicle models. To this end, the new Ishihama Plant is being constructed in Higashiura-cho in Chita-gun, Aichi Prefecture, and a new construction line is slated to become operational in fiscal 2023. While promoting various initiatives toward carbon neutrality, we intend to contribute to the more widespread popularity of TMC’s electrified vehicles by developing and supplying batteries that provide new value to electrified vehicles.

CSR Material Issue

Promotion of ESG Initiatives

Value Creation Initiatives for Growth

Corporate and Financial Information

Textile Machinery

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

Medium-Term Direction of Business

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

Business Characteristics

Strengths

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

Opportunities

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

Risks

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

Business Overview in Fiscal 2022

The market was strong in Asia, including China, which is our primary market. Unit sales of air-jet looms increased 2,600 units, or 55%, from the previous fiscal year to 7,300 units. In addition, an increase in quality measurement instruments for fiber, yarn and fabric pushed up net sales by ¥28.4 billion, or 69% year on year, to ¥69.2 billion.

Growing Needs for Air-Jet Looms

Fabrics woven by Toyota Industries’ air-jet looms are widely used not only for clothing such as shirts and pants, but also for curtains and other interior items as well as industrial products such as airbags and base fabrics for electronic substrates. Especially in the field of glass fiber fabrics such as electronic substrate material, our air-jet looms are used to weave precision fabrics with a thickness of several microns to a few dozen microns in order to achieve both miniaturization and thinning of smartphones and supercomputers. Recently, the loom has been highly acclaimed as a machine capable of stably producing high-quality fabrics in cutting-edge fields that require even higher precision and quality, such as servers for 5G communication.

Complete Renewal of Simultaneous Doffer for Roving Frames

Even in emerging countries where the spinning industry is thriving, rising labor costs have raised the need for labor savings. In response, Toyota Industries has completely renewed the roving frame by incorporating the simultaneous doffer that automatically replaces full bobbins with empty bobbins (“doffing”) into the main body of the roving frame. The built-in doffing system has simplified the operation, with added benefits of about 40% shorter doffing time and roughly 37% smaller machine base area for space savings.

We will continue to work on the development of products that reflect the needs of the spinning industry requiring labor savings and higher efficiency.
Promoting Environmental Management

We have been undertaking activities globally in accordance with the Seventh Environmental Action Plan.

- Environmental Impacts of Business Activities

  With a view to promoting activities efficiently toward the reduction of environmental impact, Toyota Industries strives to identify an accurate overall picture of resource and energy consumption and associated environmental impact throughout the product lifecycle, from planning, development and design to disposal. In the environmental impact flow, inputs include electricity and other forms of energy, water, paper used in the office, raw materials for products and various chemical substances used in manufacturing processes as well as fuel for transportation vehicles used in the logistics stage. They affect the environment by depleting natural resources. Outputs, including wastewater, exhaust and waste generated in manufacturing processes and CO2 emissions from the use of energy and fuel, affect the environment in various ways. In order to reduce these environmental impacts, we have been promoting environmental activities by setting clear targets while implementing thorough management in our day-to-day operations. Please visit Toyota Industries’ website for environmental performance data.

- Environmental Vision 2050 and Environmental Action Plans

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

- Environmental Management Structure

  Previously, we had operated an environmental management system (EMS) independently at each plant. While continuing to utilize these systems, in fiscal 2008 we set up a Company-wide integrated EMS with the president at the top to further promote environmental management and quickly reflect top management’s decisions on business operations. On the basis of this environmentally management structure, which is aligned with our business management structure, we have been reinforcing our environmental governance and promoting a further reduction of environmental impact resulting from product development and production activities.

- Environmental Vision 2050

  Toyota Industries Group will dedicate concerted efforts to realizing a prosperous society in harmony with nature. As one tenet under our Basic Philosophy, Toyota Industries works towards creating a prosperous society through responsible corporate activity and social contribution.

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

  Our four main action themes are establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management. In fiscal 2022, we showed steady progress across the board in reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management.

- Seventh Environmental Action Plan

  Toward the realization of our Environmental Vision 2050, we have formulated another five-year plan, the Seventh Environmental Action Plan, for the period from fiscal 2022 to fiscal 2026, and have been promoting activities accordingly. The seventh plan has defined action policies, specific actions and targets for each of the four action themes specified in the Global Environmental Commitment, namely establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management. In fiscal 2022, we showed steady progress across the board toward achieving respective targets for fiscal 2026. Please visit Toyota Industries’ website for details of its Seventh Environmental Action Plan.
Environmental Audits

Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third-party institute. In fiscal 2022, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details throughout our plants. Meanwhile, we 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.

Acquisition of ISO Certification

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

Environmental Education

Toyota Industries has clarified the environment-related knowledge and skills required for each job category and position and accordingly built environmental education programs. These include grade-based education, introductory courses for environmental management and environmental audits as well as education on environmentally friendly products. In addition to these programs, we have been working to raise employees’ environmental awareness through such efforts as featuring environment-related articles in our internal newsletters and posting environmental wall newspapers in-house, which convey environment-related information in people’s daily lives.

Verification by a Third Party

Toyota Industries obtains third party verification in order to increase the credibility of its data on energy-derived CO₂ emissions, waste volume, water withdrawal and wastewater discharge. We will continue to utilize this third party verification in making continuous improvements in our environmental activities and disclose data to our stakeholders in a more transparent manner.

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 accidents that may result in legal violations and performing environmental risk inspections at its plants. In fiscal 2022, there were two cases of violation of air pollution-related laws at our consolidated subsidiaries outside Japan. We have carried out appropriate action to counter each as per the instructions of the authorities and thoroughly implemented measures to prevent recurrence.

Soil and Groundwater Pollution Countermeasures

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

Conducting Environmental Risk Assessment at Production Bases Outside Japan

In recent years, certain regions that host some of our production subsidiaries have been making frequent revisions to their environmental laws such as on air and water quality, tightening regulations with each revision. We regard 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.

To ensure compliance with local environmental laws, in fiscal 2022 we conducted environmental risk assessment on our production subsidiaries outside Japan in two steps. Firstly, we evaluated the legal and other local characteristics of each region and the business characteristics specific to each subsidiary, such as its facilities and responsible manufacturing processes, and identified bases having many potential risks. Then, we surveyed these bases for their risk perception and risk management structure to assess the probability of risk occurrence. As a result of the assessment, we confirmed that no base requires immediate action in this regard.

While continuing to perform risk assessment on a periodic basis, we will provide support to bases as necessary and reinforce risk reduction activities throughout the Toyota Industries Group.

Environmental Evaluations by a Third Party

Receiving a Leadership Level of A- in CDP® Surveys

Toyota Industries received a leadership level of A- in surveys conducted by CDP on climate change and water security. The evaluation is given to companies making outstanding efforts to reduce greenhouse gas emissions, mitigate climate change, conserve water resources and disclose relevant information.

Winning the Energy Conservation Center, Japan Chairman’s Award

A project of the Anjo Plant in Aichi Prefecture to create an energy-saving production line by developing a product and its manufacturing processes in a synchronized manner won the Energy Conservation Center, Japan (ECCJ) Chairman’s Award at the 2021 Energy Conservation Grand Prize (Best Practice Category) sponsored by ECCJ.

This award program recognizes outstanding energy-saving products and energy-saving efforts of business operators or business sites. In developing a boost converter for plug-in hybrid electric vehicles, the project team designed manufacturing processes concurrently in the product design stage, and by doing so, drastically reduced the number of heating processes consuming a large quantity of energy. The team also adopted a highly efficient heating method as a thorough effort to save energy. The project was regarded highly for its success in achieving a 72% reduction in CO₂ emissions from the product’s manufacturing processes (compared with the initial plan).

TACI Opening the Eco Education Centre

PT. TD Automotive Compressor Indonesia (TACI), a production subsidiary in Indonesia, opened the Eco Education Centre in Karangnghatia Village located about 15 km from its base. In addition to serving as a venue to provide environment-related education to local residents, it plays a central role in the community’s environmental activities, serving as a center for reforestation, medical plants for home use and fish farming as well as installing composters to turn household food waste into compost.

The center is also working to promote environmental protection activities that can be done at home. As one such activity, the center teaches residents how to make an “eco enzyme.” It is a natural enzyme solution produced through alcoholic fermentation of kitchen waste, such as vegetable and fruit scraps and used tea leaves, with the addition of carbohydrates. By work of microorganisms and enzymes, the resulting liquid is said to have purification and deodorizing effects.
Contributing to a Carbon Neutral Society

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

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.

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

[Responding to Risks and Opportunities Resulting from Climate Change]

We conducted scenario analysis with the aim of enhancing our information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1. We conducted scenario analysis and disclosed information on “governance,” “strategy,” “risk management” and “metrics and targets,” as recommended by the TCFD.

Supporting the TCFD Recommendations and Disclosing Information Based on the Recommendations

In December 2019, Toyota Industries declared support for the TCFD and its recommendations. Recognizing that climate change-related risks and opportunities represent an important management issue, we have been undertaking activities as one of our CSR material issues. In November 2021, we conducted scenario analysis and disclosed information on “governance,” “strategy,” “risk management” and “metrics and targets,” as recommended by the TCFD.

Governance

We discuss important matters related to our response to climate change at committees placed under the Board of Directors. Specifically, we have the Management Committee that discusses Toyota Industries’ management vision, which also covers climate change, and medium-term business strategies; the CSR Committee that deliberates on specific matters; and the Environmental Committee. The latter two committees, both chaired by the president, discuss and follow up on matters that are important in promoting environmental management. For CO₂ emissions and other key management metrics in relation to climate change, they discuss topics concerning the development of medium- to long-term targets, management of their progress and investment for energy-saving purposes.

Strategy

In order to identify how risks and opportunities resulting from climate change affect Toyota Industries, we conducted scenario analysis*2 in our mainstay materials handling equipment-related businesses, using a below 2°C scenario with exposure to transition risks and a 4°C scenario with exposure to physical risks. As time frames of these scenarios, we selected 2030 and 2050 as milestones, which represent the final year of our current medium-term management plan and long-term environmental vision, respectively.

In the scenario analysis, we identified risks and opportunities having significant impact on the aforementioned businesses, adopted them as targets of our efforts to tackle CSR material issues and incorporated them into our business strategies. These include a risk of lower sales resulting from tighter regulations implemented to curb climate change and an opportunity for increased sales due to a rise in demand for products with excellent environmental performance.

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

*2: Conducted by using as a reference the Representative Concentration Pathway (RCP) scenarios (RCP2.6 and 8.5) included in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC); and the Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS) modeled in the International Energy Agency’s World Energy Outlook.

State of Society Facing Toyota Industries in Each Scenario

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<td>Below 2°C scenario</td>
<td><em>Increase in logistics and transportation volume; decarbonization of logistics site</em></td>
<td><em>Increase in procurement costs for materials and parts due to price shift of carbon tax</em></td>
<td><em>Slower impact than the state of society under the below 2°C scenario</em></td>
</tr>
<tr>
<td>4°C scenario</td>
<td><em>Rise in demand for electric and fuel cell trucks</em></td>
<td><em>Decline in sales due to lower demand for internal combustion-engine vehicles as a result of new regulations and tighter existing regulations to mitigate climate change</em></td>
<td><em>Continued rise in temperature</em></td>
</tr>
</tbody>
</table>

Risk Management

We have clearly defined our response to climate change-related risks as one of our CSR material issues, namely “Prevention of global warming,” and have been managing these risks under the Company-wide risk management framework. The progress is being monitored on a periodic basis by the CSR Committee and Environmental Committee, both led by the president.

Metrics and Targets

For mitigating climate change risks and expanding associated opportunities, Toyota Industries has been promoting activities concerning its CSR material issues by defining action targets, specific actions and medium- to long-term targets in terms of products and production.

Financial Impact Assessment through Scenario Analysis

<table>
<thead>
<tr>
<th>Risks</th>
<th>Climate-related risks and opportunities and anticipated impacts</th>
<th>Response to risks and opportunities</th>
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<tr>
<td>Transition risks (Below 2°C)</td>
<td>Market</td>
<td><em>Increase in operating costs due to introduction of carbon tax</em></td>
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<td></td>
<td>Policy and legal</td>
<td><em>Increase in procurement costs for materials and parts due to price shift of carbon tax</em></td>
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<td></td>
<td>regulations</td>
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<td>Market risk</td>
<td><em>Decline in sales due to lower demand for internal combustion-engine vehicles as a result of new regulations and tighter existing regulations to mitigate climate change</em></td>
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<td>Physical risks (4°C)</td>
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<td>Regulatory risk</td>
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<td></td>
<td>Opportunity</td>
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Response to Risks and Opportunities

<table>
<thead>
<tr>
<th>Response to risks and opportunities</th>
<th>Metrics</th>
<th>Targets (FY2031)</th>
</tr>
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<tbody>
<tr>
<td>Production</td>
<td><em>Reduce CO₂ related to production facilities</em></td>
<td>CO₂ emission reduction rate (from fiscal 2014 level)</td>
</tr>
<tr>
<td>Product</td>
<td><em>Promote the adoption of renewable energy</em></td>
<td><em>Develop new technologies and products for logistics automation and expand sales</em></td>
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<td></td>
<td><em>Demonstrative introduction of hydrogen facilities</em></td>
<td>Ratio of R&amp;D expenses for electricity and automation</td>
</tr>
<tr>
<td></td>
<td><em>Contribute to hydrogen supply chain establishment</em></td>
<td>Sales of automated products (growth rate)</td>
</tr>
</tbody>
</table>

Information disclosure

*Enhance information disclosure and strengthen communication* | Global standard GRI calculations | Obtain third-party certification | -- |
Promotion of ESG Initiatives

Initiatives for Growth

AB (TMHE), a consolidated subsidiary overseeing the materials handling equipment business in Europe, achieved 100% renewable energy for a portion of electricity used for production in January 2022. Overseas, Toyota Material Handling Europe (TMHE) and other subsidiaries have also been promoting renewable energy initiatives.
Establishing a Recycling-Based Society

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

Water Resources: Our Approach

Water is the basis of all life on the Earth and is an irreplaceable and valuable resource. Every year, however, we have been witnessing the increasingly severe impacts of droughts, floods and other natural disasters resulting from climate change as well as shortages in drinking water and agricultural water caused by the growth in the world’s population.

Many of the processes of Toyota Industries use water for washing and painting products, and we regard the water supply crunch caused by climate change and population growth as a significant risk to our business activities. Accordingly, we have set a goal of minimizing the environmental impact on water resources and have been monitoring water input and output in each country and region and promoting the recycling of water and reduction of water withdrawal.

Conducting Water Risk Assessment

Toyota Industries assesses risks related to water resources (“water risks”) at each production base. The process involves geographical assessment using the WWF Water Risk Filter, an internationally used water risk assessment tool. We then assess potential water risks in each country and region using various information, including laws and regulations applicable to each base and production processes undertaken. For bases judged having high water risks, we further conduct a comprehensive water risk assessment. The assessment results for fiscal 2022 revealed no high risks for any of our bases.

Waste: Our Approach

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

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

Case Example: Initiative to Reduce Waste by Recycling Waste from On-Board Battery Production Processes

The Kyowa Plant, an on-board battery production base in Aichi Prefecture, has been promoting initiatives to recycle waste. The plant has received wastewater from production processes of on-board batteries contains many suspended substances, which are concentrated and precipitated in a specialized wastewater treatment facility. The resulting sludge is then dehydrated to reduce its volume. As an in-house survey revealed that the dewatered sludge contains much nickel, the plant started exercising the possibility of recycling the rare metal. After checking the nickel content in the dewatered sludge and discussing the matter with a recycling operator, it was determined that the sludge satisfies the recyclable content rate for nickel, and the recycling of the dewatered sludge, which had been discarded, has become possible.

In addition to the dewatered sludge, the production processes also discharge industrial waste consisting of various types of plastics, such as plastic chips and residues of materials used in products. The plant noticed that some of these plastics are of high quality and suited for recycling, and after a review, found that plastics discharged from each process could be sorted by material. The plant now sorts its waste containing various plastics, which had been discarded collectively, and has a recycling operator to recover some of the plastics for recycling.

Reducing Environmental Risk and Establishing a Society in Harmony with Nature

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

Substances of Concern: Our Approach

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

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

Initiative to Reduce VOC Emissions in China

Under the Seventh Environmental Action Plan, we have been working to minimize the use and emissions of VOC and other substances of concern. To reduce VOC emissions, Toyota Industry (Kunshan) Co., Ltd. (TIK), a production subsidiary in China, has developed new paint jointly with a local paint manufacturer and adopted it in the entire painting process*1 of lift trucks. The introduction of the paint to the entire process was the first case*2 in China, and the company has successfully reduced its VOC emissions by 31% from the previous level.

This initiative was made possible through collaboration with the environmental management departments within the Head Office. From the standpoint of recycling waste, we will continue to fulfill our duties every day so that we can contribute to the realization of our Environmental Vision 2050.

Toyota Industries will continue ongoing efforts to reduce waste generation at the source. Moreover, as highlighted in this initiative, we will also continue to explore possible ways to circulate resources while looking at the current state of waste from a new perspective.

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Toyota Industries will continue ongoing efforts to reduce waste generation at the source. Moreover, as highlighted in this initiative, we will also continue to explore possible ways to circulate resources while looking at the current state of waste from a new perspective.
Environmental Initiatives

Conservation of Biodiversity: Our Approach

CSR Material Issue

Deforestation is now proceeding in various parts of the world, causing the fragmentation of the habitats of living organisms. In order for humans to live in harmony with nature, it is essential to protect nature in each region. In our Environmental Vision 2050, we set a goal of generating a positive impact on biodiversity and have been conducting various business activities while continuously paying attention to their influence on the natural environment. We have also formulated the biodiversity policy and 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.

Activities at Toyota Industries’ Biotope

Supporting “LoveGreenDay2021”

In 2021, we offered our biotope developed in Aichi Prefecture in 2012 for the “LoveGreenDay2021,” an event to open corporate green zones to the public. The event is hosted by the NPO Japan Ecologist Association of Support as a project of our collaboration partner, the Chita Peninsula Ecological Network Council. Toyota Industries participated in the event in the ninth time since it was first held in 2012.

On the day of the event, 19 local children and their families visited our biotope. The children joyfully exclaimed that they found many living organisms, including dragonfly larvae. Their parents provided various comments, some stating that they now understand a biotope serves as a stepping stone connecting habitats of living organisms.

Conducting Surveys of Living Organisms Jointly with Students

On the site of our biotope, we have been conducting surveys of living organisms since fiscal 2018 jointly with students under the Project Linking Life with One Another. In fiscal 2022, due in part to the ongoing COVID-19 pandemic, we conducted a total of three surveys in spring, summer and fall by coordinating the timing and limiting the number of participants. Even though the biotope is located in an urban area, we observed lesser emperor dragonflies, white-eye birds and other living organisms during the fiscal 2022 surveys. The biotope is thus contributing to the conservation of the local ecosystem as a water place that connects habitats of various living organisms.

We will conduct the survey on a continuous basis, and based on the survey results, update our biotope by examining measures jointly with the students to make it habitable for many more living organisms.

Creating an Animal Path to Improve Natural Habitats of Living Organisms

Recently, we have found that foxes are living in the wooded area surrounding the Higashichita Plant, a compressor parts production base in Aichi Prefecture. But because there is not a large enough habitat, some were fatally involved in traffic accidents on the nearby roads. To provide a safe passage between those wooded areas, in March 2018 Toyota Industries created an animal path within the plant premises. Later, we installed sensor-equipped cameras to check the inhabiting status of foxes on an ongoing basis and spotted a fox on the animal path for the first time in October 2018. Since then, we have caught sight of foxes carrying prey and confirmed that the path has become part of their habitat. We will continue to monitor the inhabiting environment and implement additional measures as necessary to create a better environment.

Creation of “Birdpia” by the Higashichita Plant: Joint Initiative of Toyota Group Companies to Protect Endangered Bird Species

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 Kinura Bay to its original state by protecting endangered bird species in its coastal area. To date, a small pond of about 100 m² has been created to provide a “birdpia,” 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. The plant has also been facilitating an understanding of the conservation of biodiversity internally, and its employees have joined activities to maintain the birdpia, such as removing tall goldenrod and other non-native weeds.

During the bird monitoring surveys conducted so far, the plant has confirmed that the birdpia has been visited by about 50 species of birds, including eastern marsh harrier designated as a threatened species. Sensor-equipped cameras installed near the pond have caught other birds and grebes, both a near threatened species, drinking water from the pond and taking bath in it. In addition to birds, the pond has been used as a water space by mammals, such as Japanese raccoons and foxes, as many paw marks of these animals have been found around the pond.

Participating in the Multi Stakeholder Forum on Biodiversity and SDGs in Aichi

We collaborate in an initiative of the Aichi prefectural government to promote the development of ecological networks within the prefecture for the realization of biodiversity-conscious local communities. In March 2022, we participated in the prefecture’s Multi Stakeholder Forum on Biodiversity and SDGs in Aichi through a poster exhibition. The exhibition presented our activities to establish a link with the local natural environment, which have been jointly conducted with diverse organizations, including the local government, companies and NPOs. Also in keeping with the United Nations’ Sustainable Development Goals (SDGs), we will continue to promote the conservation of biodiversity, which forms the basis of our economy and society, through joint activities and opinion exchange with diverse generations. By doing so, we will carry out activities that will lead to the establishment of a sustainable society.

"Urara" Joining the Team of Toyota Industries’ Mascot Characters

To deepen employees’ interest in biodiversity, we held an internal event to name a new mascot character based on a fox using our animal path. Among more than 100 entries, the name “Urara” was selected through the employee voting. The three employees who became “godparents” of the character showed an understanding of the purpose of creating the animal path and commented: “The name is easy to remember even for small children.”

"Hopefully, it will be a beloved character rooted in the local community for many years to come” and “I’m grateful for getting involved in an environmental activity.”

Creating Toyota Industries’ Instagram Account on Biodiversity

In December 2021, we created an Instagram account, “Tsu Na Gu (Link),” to present Toyota Industries’ activities to conserve biodiversity. Under the motto “Linking nature, linking people and linking to the future,” we provide an overview of our conservation activities and videos of living organisms caught by cameras installed at fixed points within areas where we work to protect biodiversity. We also post snapshots of green zone observation events that invite local children.
Relationship with Our Customers

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

### Basic Perspective on Quality

**Quality Vision**

Each and every member of the Toyota Industries Group makes sure to build in quality with ownership. Lately, we have initiated the development of our own workplaces and positions to supply appealing products/services that exceed the expectations of customers around the world with safety and reliability.

**Types of Quality Sought by Toyota Industries**

- Product quality
- Manufacturing capabilities
- Manufacturing efficiency
- Customer focus
- Corporate image
- Brand strength
- Workmanship
- Corporate image

**Quality Assurance Activities Based on the Quality Guidelines**

1. ISO 9001 certification: Acquired by 33 out of the 40 production subsidiaries in and outside Japan, including Toyota Industries Corporation (as of July 2021)

**CSR Material Issues**

- ISO 9001 certification: Acquired by 33 out of the 40 production subsidiaries in and outside Japan, including Toyota Industries Corporation (as of July 2021)

**Risk Assessment for Product Safety**

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

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

**Strategic Material Issues**

1. Rate of performing risk assessment on applicable products (non-consolidated): 100%

**Major Initiatives**

### Preventing Occurrence and Recurrence of Defects

Toyota Industries, in a product development process that starts with the establishment of the Quality Assurance Department of the responsible business division takes the lead in making a swift response to eliminate the concerns of customers quickly and implementing measures to ensure non-recurrence of the same defect. In particular, a defect causing considerable inconvenience to customers is recorded as a critical quality issue and reported to the president. At the same time, we have in place a system to follow through on customer response as well as measures to prevent recurrence. Accordingly, we examine and identify the cause by going back to its development process. We implement countermeasures both from the process and technological aspects and revise our new product development process as necessary. Through these measures, we strive to thoroughly avoid the recurrence of the defect in subsequent models. Additionally, we make efforts to prevent the occurrence of defects in all products we develop and manufacture in the future by taking measures throughout Toyota Industries.

### Providing Support to 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.

#### Quality Audit

In each annual quality audit, we conduct gengen genbutsu (go and see for yourself) inspections to confirm each business partner’s quality control status, provide support and quality education for items that should be reinforced and cultivate a deeper understanding of kaizen (improvement).

In fiscal 2022, we continued to undertake audit activities in a hybrid manner, utilizing both the conventional gengen genbutsu inspections and remote inspections via a mobile camera.

#### Nurturing and Certifying Internal Auditors at Business Partners

To foster voluntary quality improvement efforts of business partners, we are maintaining and promoting activities for business partners satisfying our criteria to nurture and certify their own internal auditors and autonomously improve their quality assurance systems. 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 developing human resources who think, learn and act on their own.

### QC Circle Activities

We encourage all employees to participate in quality control (QC) circle activities. We have garnered many awards, as we presented the results of our activities at QC circle conventions across Japan. For example, in fiscal 2022 we received an encouragement award under the QC Circle Kaoru Ishikawa Award program for the first time in two years (for the eighth time in total). The award is given to QC circles for their distinctive activities and contribution to widespread, more productive, and better QC circle activities.

Our production bases outside Japan also are proactive in promoting QC circle activities. We assist them in undertaking independent activities by nurturing and certifying QC circle leaders at each base. Even though the COVID-19 pandemic affected QC circle activities of all bases outside Japan as early as 2021, these circles have devised creative solutions, such as holding meetings outside, using a web conferencing system and conducting activities in smaller groups, to promote and maintain their initiatives. As for the Global QC Circle Convention held outside Japan as a venue for presenting activity results, we again held a virtual session this time in fiscal 2021 and shared the accomplishments of all bases.

All employees are striving for kaizen in their day-to-day operations through creative ideas. With regard to such ideas, we received six awards in fiscal 2022 in the Creativity category in the Commendation for Science and Technology by Japan’s Ministry of Education, Culture, Sports, Science and Technology. These awards are given to those who have used ingenuity in an excellent way and contributed to technology improvement.

#### Nurturing Human Resources Who Can Take a Scientific Approach

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

We have held the TOQI SQC Convention for 38 years to share best practices of each business division and hone collective skills. In fiscal 2022 as well, this session was held online in response to COVID-19.

**CSR Material Issues**

1. Rate of eligible employees receiving training to promote quality education (non-consolidated): 99%
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 fair trade, environmentally preferable purchasing, human resource development, safety and health activities and more reinforced and efficient purchasing that consider various risks.

Basic Perspective

Quality Vision
- Fair and equitable business transactions based on open door policy
- Co-existence and co-prosperity based on mutual trust
- Reducing environmental impact through environmentally preferable purchasing
- Localization of business for good corporate citizenship
- Legal compliance

Fair and Equitable Business Transactions Based on an Open Door Policy
We provide open and fair, equitable opportunities to all potential suppliers. We comprehensively evaluate our suppliers 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 and equitable business transactions.

Co-Existence and Co-Prosperity Based on Mutual Trust
We strive to realize co-existence and co-prosperity with our suppliers based on mutual trust. Every year, we hold procurement policy meetings and workshops for managers of major suppliers to facilitate mutual understanding and cooperation. In addition, we conduct regular audits of our major suppliers and provide such programs as quality control and technical skills training conducted mainly by internally nurtured auditors; guidance directed toward Kaizen at their production sites; and safety and health education throughout the year.

Reducing Environmental Impact through Environmentally Preferable Purchasing
We procure parts, raw materials and equipment from suppliers that give sufficient consideration to the environment.

The seventh edition of our Environmentally Preferable Purchasing Guidelines contains our Environmental Vision 2050, including the establishment of a carbon neutral society. Accordingly, we have been strengthening environmental management so as to promote environmental protection activities in our entire supply chain. Efforts include giving consideration to the entire product lifecycle as early as in the development stage.

Major Initiatives

Human Resources Development
We promote provision of information in charge of procurement at Toyota Industries and affiliated companies with education to enhance procurement knowledge. In fiscal 2022, we provided education mainly on Japan’s Subcontracting Law as well as topics related to sustainability such as human rights and the environment. We also thoroughly inform personnel in charge of procurement about our response to the Japanese government’s initiatives and guidelines aimed at ensuring fair subcontracting.

Procurement Risk Management

Sustainability-Related Efforts in the Supply Chain

Safety and Health Activities
We visit the sites of our major suppliers in person to conduct a pencil-genbotsu (safety and health inspection). We also hold sessions to explain our Occupational Safety and Health Policies. Based on the analysis of accidents that occurred in the previous fiscal year and information on legal revisions, we promote safety and health activities for the next fiscal year for the prevention of similar accidents through these sessions.

With a view to seeking zero accidents (fires and explosions), industrial accidents and disorders on the premises of Toyota Industries, we have established the Safety and Health Council with subcontractors located on our premises. We jointly create a comfortable working environment by sharing information on accidents and disorder prevention activities of Toyota Industries. Using past accident cases as a reference, we periodically share various information, including matters that should be observed to prevent similar accidents, with subcontractors of outsourced work. We also request their cooperation to perform risk assessment in the construction work planning stage to identify associated risks. In addition, we encourage them to always discuss in advance a safe work method with the departments of Toyota Industries planning a construction project.

The declaration clarifies that we make corporate and focused efforts to realize co-existence and co-prosperity with our entire supply chain, start new forms of collaboration regardless of a company size and corporate group affiliations, and observe the preferred trade practices between a parent business operator and its subcontractors (included in the business promotion criteria of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises).

In 2016, we set up a hotline for our suppliers to report and inquire about possible compliance issues. (See Respect for Human Rights on page 68 for details.)

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

Business Continuity Management
In further promoting BCM, we are making concerted efforts with suppliers to reduce associated risks by implementing specific measures. In fiscal 2022, to deal with frequent natural disasters in recent years, we rebuilt a system to identify disaster-induced damage on suppliers. Previously, we had conducted an impact survey on suppliers by concurrently using multiple systems required by each customer. In place of these systems, we adopted a new, unified system, which has enabled us to perform the impact survey in a more efficient and timely manner.

Moreover, in order to recover quickly and maintain production, we have reinforced our flood control measures at each base while at the same time accumulating inventories and examining ways to decentralize suppliers and production bases.

Toyota Industries Report 2022
Relationship with Our Shareholders and Investors

We aim to obtain an appropriate company valuation in stock markets through timely, appropriate and fair information disclosure as well as proactive dialogue with shareholders and investors.

Basic Perspective and Implementation Structure
Toyota Industries continually carries out timely, appropriate and fair information disclosure for shareholders and investors. In this way, we ensure management transparency and increase an understanding of the Toyota Industries Group so that we obtain an appropriate company valuation in stock markets. Our investor relations (IR) activities are supervised by an executive in charge of the Corporate Planning Department. We also strive to engage in proactive dialogue with shareholders and investors by establishing a dedicated department.

Major Initiatives
As in the previous fiscal year, we implemented various safety protocols for our 143rd General Shareholders’ Meeting held on June 10, 2021, including reducing the number of available seats, to prevent the spread of COVID-19 and ensure the safety of our shareholders. With regard to the exercise of voting rights, we encouraged shareholders to use the Internet and other online means. All resolutions were passed at the meeting.

For institutional investors and analysts, we held financial results briefings by management, where the Investor Relations Office conducted individual interviews via telephone and the Internet. At these opportunities, we engaged in dialogue on our future direction and other topics, which pertained mainly to an increase in demand for lift trucks and logistics solutions on the back of the growing needs for more efficient logistics operations and an impact of the progress in car electrification on our automobile-related businesses.

For individual investors, we held web-based company information sessions and successfully promoted a deeper understanding of Toyota Industries’ characteristics and strengths among many investors.

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

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 2022, Toyota Industries increased annual cash dividends by ¥20.0 from the previous fiscal year and paid annual cash dividends per share of ¥170.0 (interim cash dividend per share of ¥80.0 and year-end cash dividend per share of ¥90.0).

We have been carrying out activities so that associates who are balancing work and family can work with higher motivation and understanding for maintaining a work-life balance.

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Supporting Active Roles and Work Styles of Diverse Human Resources
Toyota Industries recognizes that to achieve sustainable corporate growth associates’ personal growth and improved skills are essential and constitute the most important factor in work motivation. Recognizing that on-the-job training (OJT) through daily work forms the basis of our human resources development, we hold a biannual supervisor-subordinate interview to discuss various matters, including a challenge of achieving the subordinate’s further growth. To complement OJT, we also provide induction training for new associates, grade-based training for associates being promoted to a higher position and specialized education to cultivate expertise, abilities and skills necessary for carrying out work tasks. We are working to reinforce human resources development by providing a variety of training programs that lead to practical use in the workplace.

Supporting Active Roles and Work Styles of Diverse Human Resources

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

The enhancement of systems to support a work-life balance includes a day care center; a return-to-work (“welcome-back”) system, which allows associates who have left work to care for children and family members; a job transfer system; and the insurance system for a job transfer to get reinstated under certain preconditions; a shorter work-hour system for childcare; and a leave system, which allows associates to take time to care for their spouse and family members or to accompany their spouse as needed. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind. As a means to facilitate an understanding for maintaining a work-life balance, we distribute the Handbook for Balancing Work with Nursing Care to associates above a certain age to help them gain knowledge of the support systems available to them.

Relationship with Our Associates

We undertake initiatives to enable associates to work safely and with peace of mind as well as to exercise their diverse potentials and play active roles.

Basic Concept of Human Resources Management and Labor Management
Under the spirit of “Respect for People,” Toyota Industries undertakes a range of initiatives based on a relationship of mutual trust and mutual responsibility between the Company and associates. Our basic perspective in this area is to develop and leverage the capabilities of associates and the organization to the fullest by promoting the creation of a highly motivated team.

Major Initiatives
Building Interpersonal Relationships
Toyota Industries believes it important to build good relationships between superiors and subordinates as well as among associates through sufficient communication. Accordingly, we are facilitating communication in the workplace through various measures. Examples include the promotion of active communication between supervisors and subordinates as well as a mentorship system in which more experienced associates take care of younger associates, giving advice about their worries, including their personal lives.

We are also promoting informal, non-business communication to cultivate a sense of unity in the workplace and throughout Toyota Industries via various events. These events, some of which are currently suspended due to COVID-19, include social gatherings organized by each workplace as well as sports days, summer festivals and Ekiden long-distance relay races held jointly by some Toyota Industries Group companies as annual activities. Through these efforts, we are creating a workplace where each associate can thrive.

Increasing Associate Satisfaction
Toyota Industries focuses on creating a workplace that enables individual associates to demonstrate to the fullest and find their work rewarding and meaningful. While our basic stance is to solve difficulties faced by associates and their grievances about the workplace through communication between supervisors and subordinates, we also listen to voices of associates through Company-wide morale surveys. In addition, we strive to improve working environments by holding comprehensive labor-management discussions on associates’ suggestions gathered by our workers’ union. As we believe ensuring stable livelihoods for associates is another important matter, we are enhancing our welfare program to realize more enriching and fulfilling lives.

Human Resources Development
Toyota Industries recognizes that to achieve sustainable corporate growth associates’ personal growth and improved skills are essential and constitute the most important factor in work motivation. Recognizing that on-the-job training (OJT) through daily work forms the basis of our human resources development, we hold a biannual supervisor-subordinate interview to discuss various matters, including a challenge of achieving the subordinate’s further growth. To complement OJT, we also provide induction training for new associates, grade-based training for associates being promoted to a higher position and specialized education to cultivate expertise, abilities and skills necessary for carrying out work tasks. We are working to reinforce human resources development by providing a variety of training programs that lead to practical use in the workplace.

Supporting Active Roles and Work Styles of Diverse Human Resources

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

The enhancement of systems to support a work-life balance includes a day care center; a return-to-work (“welcome-back”) system, which allows associates who have left work to care for children and family members; a job transfer system; and the insurance system for a job transfer to get reinstated under certain preconditions; a shorter work-hour system for childcare; and a leave system, which allows associates to take time to care for their spouse and family members or to accompany their spouse as needed. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind. As a means to facilitate an understanding for maintaining a work-life balance, we distribute the Handbook for Balancing Work with Nursing Care to associates above a certain age to help them gain knowledge of the support systems available to them.

Promotion of ESG Initiatives

Value Creation Initiatives for Growth

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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

We aspire to let individual associates thrive in their assigned work and role regardless of gender. Accordingly, we have augmented our efforts to promote greater roles of female associates.

In 2015, we set up a project to promote more active roles for female associates in office work and engineering positions, 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 of the development of a Company-wide action plan in clarifying the initiatives for this project. Under the plan, we are moving ahead with efforts to promote even greater roles of female associates. Since fiscal 2017, we have held a seminar for a cumulative total of more than 1,500 managers who directly engage in the mentoring and development of associates.

Starting from fiscal 2020, we have been conducting enlightenment activities, such as encouraging associates to participate in pre-maternity leave seminars, to foster an understanding of the environment in which associates, both male and female, are working under time constraints due to nursing care or childcare. We have also worked to raise awareness of human resources development that takes into account their life events. These activities have also resulted in a rise in the rate of male associates taking childcare leave. In order to create an environment to allow associates who are balancing work and childcare 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, to foster an understanding of the environment in which associates, both male and female, are directly engaged in the mentoring and development of associates. Starting from fiscal 2020, we have been conducting enlightenment activities, such as encouraging associates to participate in pre-maternity leave seminars, to foster an understanding of the environment in which associates, both male and female, are working under time constraints due to nursing care or childcare. We have also worked to raise awareness of human resources development that takes into account their life events. These activities have also resulted in a rise in the rate of male associates taking childcare leave. In order to create an environment to allow associates who are balancing work and childcare 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, to foster an understanding of the environment in which associates, both male and female, are directly engaged in the mentoring and development of associates.

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. Efforts include setting up standards for the handling of heavy objects and a work environment that makes it easier for older associates to work, and improvement in processes in production lines with the development of a work analysis system that automatically evaluates the physical load of each work posture using digital technology and videos. In addition, we hold seminars for them. Creating a Work Environment for Older Associates

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**Major Safety-Related Initiatives**

Prevention of Accidents and Disorders through Safety and Health Education

In order to maximize associates' awareness and the skills necessary to prevent accidents and disorders, Toyota Industries proactively provides safety and health education, including education designed to foster a safety culture and education required by law in addition to grade-based education and job-category-based education. Through these efforts, we are promoting the development of human resources and workplaces that places the highest priority on safety.

- **Education to foster a safety culture:** Workshops, education to improve an ability to predict hazards, education to actually experience hazards (safety drills), etc.
- **Education based on job positions/grades and associated risks:** Induction training, production associate training II, training for newly promoted DX and DX, training for newly promoted specialists, safety manager education, etc.
- **Education for acquisition of qualifications (cultivation of personal skills):** Licenses, skills seminars, special education, repeated education for capability improvement, etc.
- **Education based on job categories and business characteristics:** Education on emergency measures, education on equipment lockout, basic education on equipment safety, hands-on safety education using virtual reality (VR), risk assessment, etc.

**Preventing Occurrence and Recurrence of Industrial Disease**

Since the occurrence of a serious accident in 2019, we have been undertaking safety and health activities to eliminate accidents and disorders. These activities, however, have not yet led to the total elimination of accidents involving a finger or other body part getting caught between the moving parts of equipment, resulting from failure to shut it down properly in an emergency.

In order not to repeat similar accidents, we have incorporated into our new and existing equipment a mechanism to cut off power without fail when an operator accesses a machine while disabling its safety device. We have also rebuilt our equipment safety assurance system as an effort to upgrade our physical and administrative measures. The system includes visualization of which parts of the equipment are shut down and the control category under which it is operating as well as safety feature checks by equipment safety inspectors possessing the required skills.

Moreover, to further make efforts toward zero accidents and disorders, we believe that it is also important to prevent accidents caused by unsafe behavior of operators themselves, including taking a shortcut or omitting a step in a particular work process and downplaying risks. In the future, we will quantitatively assess tendencies of individuals’ behavioral characteristics, namely Kiken horse (risk perception) and Kiker kankosei (risk-taking attitude), through ‘KIK’ mapping, and build a system to alter such unsafe behavior and assign the right person to the right position based on the assessment result. Through such efforts, we will endeavor to prevent accidents and disorders caused by human factors as well. We will continue to work toward the development of safe workplaces and safety-oriented human resources based on an approach of the Toyota Production System (TPS), which is always shutting off a machine when something is wrong and taking fundamental measures to remove the root cause.

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**Major Health-Related Initiatives**

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 problems related to aging and greater stress. To enable associates to work at active roles over the long term, we will support associates toward the cultivation of an autonomous health-oriented culture in which associates care about their own health and take action voluntarily and willingly.

**Prevention of Lifestyle Diseases**

As a collaborative initiative of Toyota Industries, its workers’ union and health insurance association, we conduct periodic age-based health education for all associates (every five years, from the age of 30). To provide motivation for better health, we feed back to associates the results of an annual health checkup along with advice to improve lifestyle habits. In fiscal 2020, we started providing such information as physical fitness test results and countermeasures of equipment and physical fitness assessment per associate. The data reflects the progress of health promotion activities and will help us to improve the health status of associates in the future.

**Mental Health Support**

As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line-care education to prevent new cases of mental health problems and 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.

As for activities for early detection, we put particular emphasis on line care by associates’ immediate supervisors. We have been encouraging them using awareness check sheets to recognize the signs of a problem of their subordinates early. Coupled with an effort to strengthen the collaboration between each workplace and the departments responsible for health promotion, these activities have resulted in an increase in cases where a problem is detected early and still in the mild stage. Additionally, we have been conducting an annual stress check on all associates since fiscal 2017. We feed back the check results to all participants and provide suggestions for improvement while setting up an individual interview with a doctor for those wishing to do so and providing improvement support as necessary to individual workplaces.

For its efforts related to the health of associates, for the fifth consecutive year Toyota Industries was recognized in the large enterprise category of the 2022 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.
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 operate.

Basic Perspective

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

Implementation Structure

We have established the Social Contribution Group within the General Administration Department in the Head Office. Each plant and Group company of Toyota Industries around the world collaborates with each other and promotes social contribution activities matched to the local characteristics and needs. Using our volunteer support center called “Heartful” as a base of our social contribution activities, we also cooperate with NPOs and interact with local community members.

Major Initiatives

Enlightenment Activities

We provide a range of activities for employees of Toyota Industries and its Group companies so as to increase their interest in social issues and cultivate a mindset to always think about what they can do to address these issues. Such activities include donating one item per one person to help welfare facilities to hold a charity bazaar; social welfare and environmental protection activities of employee associations*1; and providing information on volunteer activities via the intranet. In this way, we provide various opportunities and venues to participate in social contribution activities.

Dialogue with Local Communities

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

Major Social Contribution Activities of Toyota Industries and Group Companies

<table>
<thead>
<tr>
<th>Theme</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social welfare</td>
<td>Providing monozukuri workshops (Japan)</td>
</tr>
<tr>
<td>Youth development</td>
<td>Tree planting activities to curb global warming (worldwide)</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>Building a local community space (U.S.A.)</td>
</tr>
</tbody>
</table>

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

Activity Examples of the Toyota Industries Group

**Japan**

- **Utilizing Monozukuri Capabilities to Create Devices to Prevent COVID-19 Infection**
  - In response to a request from a local hospital, we created four partitions designed to prevent droplet infection in its pediatric department after working with the hospital and repeating trial and error for about three months. Our employee associations also created hand sanitizer dispenser stands as a voluntary activity and donated them to 18 welfare facilities and 12 nursery schools located near our plants. Their user-friendly designs were well received by healthcare professionals and facility operators.

**Worldwide**

- **Tree Planting Activities across the World**
  - Toyota Industries and its Group companies are engaging in tree planting activities to curb global warming.
    - Donated 9,590 trees to the NPO Trees for All (Vanderlande Industries Holding B.V.)
    - Concluded a sponsor agreement with the Asociatia Padurea Copiilor (Romania) for forest restoration covering 5,000 m² of land (Toyota Material Handling Romania s.r.l.)
    - Gave out saplings to employees and held tree planting events (seven substations in the United States, Europe, China and Asia)
    - Planted mangroves in cooperation with University of Technology Yogakarta (PT. TD Automotive Compressor Indonesia – TACI)

**U.S.A.**

- **Opening a Local Community Space**
  - Toyota Material Handling, Inc. (TMH)

TMH, which engages in the manufacture and sales of materials handling equipment, allows its employees to spend a part of their working hours for volunteer activities and encourages each of them, as a member of society, to share and resolve various issues in the local community. TMH opened a local community space on its premises for use as a base for volunteer activities, a food bank and donations. Employees are using the space to exchange information and interact with members of the local community and external organizations.

Status of Social Contribution Activities in Fiscal 2022

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of participants in social contribution activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>16 companies</td>
</tr>
<tr>
<td>Europe</td>
<td>50 companies</td>
</tr>
<tr>
<td>Americas</td>
<td>46 companies</td>
</tr>
<tr>
<td>Australia/Asia</td>
<td>825 persons from 18 companies</td>
</tr>
<tr>
<td>Total</td>
<td>21,236 persons from 98 companies</td>
</tr>
</tbody>
</table>

*2: On a consolidated basis including Toyota Industries and its major subsidiaries
Corporate Governance Structure

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

Basic Perspective on Corporate Governance

Toyota Industries regards the most important managerial task is to earn trust broadly from society and enhance our corporate value on a stable, long-term basis. We aim to do this task based on our Basic Philosophy and 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 are 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 relevant senior executive officers, deliberates on a variety of issues concerning important management matters, such as our corporate vision, management policies, medium-term business strategies and major investments, as well as crucial projects in the business environment and have been working to augment management oversight and ensure the timely disclosure of information.

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

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

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

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

Experience and Expertise of Directors and Audit & Supervisory Board Members

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

Appointment of Independent Members of Management

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

Determination of Compensation for Directors and Audit & Supervisory Board Members

Basic Perspective

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

Compensation Structure

• Compensation for directors consists of fixed compensation (basic compensation) and bonuses (compensation linked to business performance).
business performance). A bonus is further divided into a portion linked to a single fiscal year indicator and a portion linked to medium-term indicators.

- However, in order to ensure a higher level of independence, only the fixed compensation is paid to outside directors.

### Method of Determining Individual Compensation

- We have established the Executive Compensation Committee comprising three members, namely Toyota Industries’ president and two independent outside directors.
- To ensure the Committee’s objectivity and transparency, we have a rule that independent outside directors make up a half or more of the total number of its members.

- The Executive Compensation Committee deliberates on a policy for determining individual compensation for directors, proposed compensation for each director and important matters related to compensation.
- The Board of Directors votes on the policy based on the results of deliberations made at the Executive Compensation Committee.

- From the standpoint of determining directors’ individual compensation amounts flexibly and swiftly, the Board of Directors delegates the related decision-making authority to the president (or to the chairman).

- The president (or the chairman) determines the directors’ individual compensation amounts based on the policy and the results of deliberations made at the Executive Compensation Committee.

### Policy for Determining Fixed Compensation, Bonuses and Their Ratio

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

#### <Fixed Compensation>

- We pay a bonus at a certain time after the end of the General Shareholders’ Meeting in each fiscal year.

#### <Bonuses>

- We pay a bonus at a certain time after the end of the General Shareholders’ Meeting in each fiscal year.

- For the portion linked to a single fiscal year indicator, we use consolidated operating profit as the indicator and calculate the amount of bonuses for each rank based on the amount of consolidated operating profit for the previous fiscal year.

- For the portion linked to medium-term indicators, we evaluate such management indicators as operating profit ratio of the past three fiscal years and calculate the amount of bonuses for each rank based on the evaluation results.

- We have selected the said indicators because we have determined that they appropriately align with the basic perspective of our policy for determining individual compensation for directors.

- In determining the amount of bonuses, we give consideration to directors’ duties, employees’ and other companies’ bonus levels, past records of bonus payments and execution of duties and assigned work.

#### <Ratio>

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

### Compensation for Directors and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Executive category</th>
<th>Total compensation</th>
<th>Bonus</th>
<th>Amount of bonuses for each rank (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>3,028</td>
<td>213</td>
<td>About 40%</td>
</tr>
<tr>
<td>Director</td>
<td>3,034</td>
<td>213</td>
<td>About 40%</td>
</tr>
<tr>
<td>Audit &amp; supervisory board member</td>
<td>94</td>
<td>5</td>
<td>About 60%</td>
</tr>
<tr>
<td>Total</td>
<td>6,077</td>
<td>427</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- The figures include two directors and one audit & supervisory board member who resigned at the conclusion of the 164th General Shareholders’ Meeting held on June 10, 2022.
- Bonuses show the amounts approved by resolution of the 164th General Shareholders’ Meeting held on June 10, 2022.
- At the 144th General Shareholders’ Meeting held on June 10, 2020, it was determined that the compensation for directors is to be changed from monthly to annual and the compensation is to be within ¥10 million per year.
- At the 159th General Shareholders’ Meeting held on June 10, 2010, it was determined that the compensation for directors is to be no more than ¥30 million.
- At the 159th General Shareholders’ Meeting held on June 10, 2010, it was determined that the compensation for directors is to be no more than ¥15 million per year.

### Cross-Shareholdings

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

- **Verifying Appropriateness of Cross-Shareholdings**
  Each year, the Board of Directors verifies if the purpose of cross-shareholdings is appropriate and if it is consistent with our corporate value and risk management policies. Cross-shareholdings are reviewed on a regular basis including at each of the Board’s regular meetings.

- **Exercise of Voting Rights**
  While reporting management policies of individual investee companies, we determine how we exercise our voting rights by checking each item on the agenda from the perspectives of medium- to long-term enhancement of corporate value, policy concerning shareholder returns, corporate governance and social responsibility.
Internal Control System

In accordance with the Companies Act, in May 2006 Toyota Industries’ Board of Directors adopted the Basic Policies for the Establishment of an Internal Control System (Basic Policies) to ensure compliance, risk management as well as the effectiveness and efficiency of business operations by incorporating these policies into each business segment’s annual policies and day-to-day routine management. 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 2022 were effective, and accordingly, submitted an Internal Control Report in June 2022. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.

Sustainability Policy

Implementation Structure

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

The committee deliberates and makes decisions on the Group-wide issues concerning sustainability and risk, including the CSR material issues (CSR Materiality). These issues are also, as deemed necessary, reported to and deliberated on by the Board of Directors. Each division and Group company incorporates these decisions into their specific activities and carries them out.

Respect for Human Rights

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

Formulation of the Human Rights Policy
Toyota Industries formulated the Toyota Industries Group Human Rights Policy (“Human Rights Policy”) in September 2021 under the belief that we should step up our ongoing human rights initiatives. To achieve these, by considering the opinions and information provided by external experts and other parties, the Human Rights Policy was formulated after discussions and approval by the CSR Committee led by the president. It is positioned as the highest-level policy related to human rights within the Toyota Industries Group.

Implementation Structure
Toyota Industries recognizes that the Group’s corporate activities, from research and development to procurement and provision of products and services, may directly or indirectly impact human rights. To respond to various human rights issues, we have established the Human Rights Task Team, which is led by the Human Resources Department and consists of the executive officers and senior executive officers of each business division and related senior executive officers/executive officers.

Major Initiatives
Human Rights Due Diligence
We conduct human rights due diligence to specify, prevent and mitigate negative impact on human rights caused by the Toyota Industries Group’s corporate activities. The Human Rights Promotion Team also identifies and evaluates specific human rights issues to which we should give priority.

We have specified priority issues relevant to our corporate activities from among various human rights issues by referencing the handbooks of Japan’s Ministry of Justice and the Japan Federation of Economic Organizations (Keidanren), as well as check items defined by external rating agencies and by giving consideration to issues unique to Toyota Industries. Then, we have assessed the importance of the identified issues from both internal and external viewpoints and started implementing initiatives for two priority issues, namely immigrant labor and raw material procurement.
Initiative on Immigrant Labor (Forced Labor of Non-Japanese Workers)

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

**Policies and Approaches to Responsible Mineral Sourcing**

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

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

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

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

**Efforts for Correction and Remediation**

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

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

**CSR Material Issue**
Number of serious compliance violations in the Toyota Industries Group: 0

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

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees. It covers such topics as prevention of bribery, corruption and profit sharing, conformance to antitrust laws, respect for human rights, safety and health as well as environmental conservation. Accordingly, we have been working to instill the Code through group training and other
Promotion of ESG Initiatives

Corporate and Financial Information

<table>
<thead>
<tr>
<th>Main Compliance Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
</tr>
<tr>
<td>Toyota Material Handling Europe AB</td>
</tr>
<tr>
<td>Andreas Lunth</td>
</tr>
<tr>
<td><strong>United States</strong></td>
</tr>
<tr>
<td>Toyota Industries North America, Inc.</td>
</tr>
<tr>
<td>Kim Parker</td>
</tr>
<tr>
<td><strong>China</strong></td>
</tr>
<tr>
<td>Toyota Industries Management (China) Co., Ltd.</td>
</tr>
<tr>
<td>Zhu Lingling</td>
</tr>
<tr>
<td><strong>Thailand</strong></td>
</tr>
<tr>
<td>BT Midsford Co., Ltd.</td>
</tr>
<tr>
<td>Krisanu Sereetchansak</td>
</tr>
<tr>
<td><strong>Vanderlande Group</strong></td>
</tr>
<tr>
<td>Vanderlande Industries Holding B.V.</td>
</tr>
<tr>
<td>Carl Messinaickers</td>
</tr>
</tbody>
</table>

Corporate Governance

**Top Message**

**Promotion of ESG Initiatives**

Value Creation

Initiatives for Growth

**Corporate and Financial Information**

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means. Consolidated subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures and have been implementing Company-wide awareness-raising and educational activities once a year. In addition, we have created and disseminated e-learning materials on 49 topics and compliance mini quizzes on 47 topics (as of March 2022) in order to cultivate a deeper understanding of compliance among employees of Toyota Industries and our consolidated subsidiaries in Japan and to create an environment in which employees learn about compliance on their own.

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

- **Efforts for Prevention of Bribery and Corruption**

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

- **Efforts for Ensuring Compliance with Antitrust Laws and Competition Laws**

As for antitrust laws, we operate a system to conduct a check and review before and after employees of Toyota Industries contact competitors and have been cultivating awareness among employees for not acting in a manner that may possibly constitute a violation of antitrust laws. Moreover, we have designated a particular month as “Antitrust Law Compliance Month” since fiscal 2016 to carry out enlightenment activities at relevant departments. Consolidated subsidiaries in and outside Japan have also been working to educate and raise awareness of employees for preventing violations of antitrust laws and competition laws, such as forming cartels, in accordance with local laws and regulations.

- **Early Detection and Prevention of Issues via Whistle-Blower System**

The Toyota Industries Group has in place a whistle-blower system to report and seek consultation on compliance-related issues. In Japan as well as key countries in North America, Europe, Asia, Oceania and South America, we operate a compliance hotline (internal helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters with a sense of security and without being exposed to negative consequences. In fiscal 2022, we received 63 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate action regarding each case. Our responses have been reviewed and judged appropriate by external lawyers.

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

- **Compliance Awareness Survey**

Toyota Industries periodically conducts an employee compliance awareness survey to check how compliance activities have been taken among employees and how well they know about the Code of Conduct and whistle-blower system. By identifying the actual status and adding improvements, we have been working to make our compliance structure more effective. In the most recent awareness survey, we confirmed that the degree of recognition of both the Code and whistle-blower system was more than 95%.

Maintaining a high level, we will continue to make efforts for further improvement.

- **Activities in the Toyota Industries Group**

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

In fiscal 2022, top managers and compliance officers from 10 bases in Asia/Oceania attended the Compliance Conference held online. They shared information about compliance activities of each company and held a group discussion on the prevention of compliance violations with the aim of strengthening each company’s commitment to compliance activities.

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

- 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 management, we have formulated the Basic Policies for Information Security.

Implementation Structure

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

For consolidated subsidiaries around the world, we have created and disseminated e-learning materials on 49 topics and compliance mini quizzes on 47 topics. 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.

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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

#### Conducting Information Security Audits

We have implemented 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)**1**, we bimonthly inspect the implementation status of information security on a continuous basis.

Conducting Information Security Audits

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 have strengthened activities to identify priority risks from among risks concerning Toyota Industries as a whole and to counter emerging risks spanning multiple functions. At the same time, functional departments at the Head Office such as those responsible for safety, quality and the environment formulate rules and regulations and create manuals from a Group-wide perspective, encompassing consolidated subsidiaries. By confirming and following up on the progress through operational audits and workplace inspections, they provide support for raising the level of risk management, including the ability to respond to the identified priority risks, at each business division and consolidated subsidiary.

We have also formulated the Risk Response Manual, which defines basic rules for risk management activities under normal circumstances and for our initial response to an emergency when a risk becomes evident. The aim is to ensure quick reporting to top management, perform an accurate assessment of the impact on society and business activities and minimize damage through appropriate actions. As a countermeasure to the ongoing COVID-19 pandemic, we have made an appropriate response based on this manual by taking such measures as establishing a response headquarters. 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, 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.

---

**Table:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing security services for consolidated subsidiaries in and outside Japan</td>
<td></td>
</tr>
<tr>
<td>Providing threat information (vulnerability information) related to information security to consolidated subsidiaries in and outside Japan</td>
<td></td>
</tr>
<tr>
<td>More advanced e-mail security training (targeted attacks via e-mail on specific departments and after-action education; four times a year/person)</td>
<td></td>
</tr>
<tr>
<td>Providing information security education to on-site plant workers</td>
<td></td>
</tr>
<tr>
<td>Establishing a security management structure for products</td>
<td></td>
</tr>
<tr>
<td>Operating a system on a trial basis that automatically detects unauthorized removal of information off the premises</td>
<td></td>
</tr>
<tr>
<td>Publishing information security newsletters</td>
<td></td>
</tr>
</tbody>
</table>
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
   One important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response is to collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate those decisions throughout Toyota Industries. In fiscal 2022, we conducted training remotely, assuming a nighttime or holiday situation in which it is difficult for the response headquarters staff to assemble in person. The remote training traced a series of actions, from setting up the Disaster Prevention Response Headquarters to gathering damage information from our plants and disseminating the information within the headquarters, and confirmed that we are capable of sharing information regardless of time and place.

2. Initial Response Training at Plant Response Headquarters
   In fiscal 2022, we canceled group training involving all members of the Plant Response Headquarters to prevent COVID-19 and conducted training in small groups and by role to confirm the action of each member. Specifically, the members aggregated damage information and transported and provided first aid to injured persons. 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.

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 gengobutsu (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 suppliers in order to familiarize them with the use of IT tools to quickly identify the damage status during a disaster.

Future Activities

In the face of frequent wind and water-related disasters and earthquakes in recent years, we believe it is important to be prepared to make a smooth initial response and maintain the function of the Disaster Prevention Response Headquarters no matter when or how much we sustain damage from a disaster. Based on this belief, we will continue our ongoing efforts to increase the effectiveness of our disaster prevention scheme.

Toyota Industries’ Activities Related to Intellectual Properties

Basic Perspective

One tenant of the Toyota Precepts, which serves as our corporate creed, states “Always be studious and creative, striving to stay ahead of the times.” Under this tenant, Toyota Industries encourages inventions and leverages them in its business strategies. In addition, we proactively acquire and utilize rights on intellectual properties as they are an important management resource.

Implementation Structure and the Number of Patent Applications

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

At our internal Invention Review Meeting between the technical department and IP department of each business division and other occasions, we identify and encourage inventions that pay attention to certain technological domains. At the same time, we operate a system to survey risks of infringing other companies’ intellectual properties, report the survey results to a meeting of the Review and Approval Committee for Research and Development held during each development phase and have the responsible executives review and approve each development project. We also make joint efforts with consolidated subsidiaries in and outside Japan possessing the development function to build an asset pool of intellectual properties and avoid risks of infringement as the entire Toyota Industries Group.

Under this implementation structure, we filed some 900 patent applications in fiscal 2022, including those related to electrification and automated operation of lift trucks. As of March 31, 2022, Toyota Industries holds about 6,500 patents.

Utilizing Our Patents to Help Resolve Environmental Issues

As an effort toward the resolution of SDG-related social issues, which have been defined as its CSR material issues, Toyota Industries has become a partner of WIPO GREEN*1 and is listing 208 of its patents in the organization’s database. The effort is expected to result in the development of new products that use technologies owned by Toyota Industries and will help resolve environmental issues.

External Evaluations of Patents Held by Toyota Industries

Toyota Industries has been proactively applying for the National Commandation for Invention sponsored by the Japan Institute of Invention and Innovation and has received higher-ranking awards, including the Minister of Economy, Trade and Industry Award. Being active in applying for this and other external award programs is an effort to make our excellent technologies known broadly to the public and increase “inventive” motivation of employees who work at the forefront of our development activities.

Recent Awards Won by Toyota Industries

<table>
<thead>
<tr>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Commissioner of Japan Patent Office Award</td>
</tr>
<tr>
<td>Patent No. 5353383</td>
</tr>
<tr>
<td>2020 Minister of Economy, Trade and Industry Award</td>
</tr>
<tr>
<td>Patent No. 6156503</td>
</tr>
</tbody>
</table>

*1. A platform established by the World Intellectual Property Organization (WIPO) in 2013. To support global efforts against climate change, it connects major players who can use environment-friendly innovation through its online intellectual property database and network.
Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers
(As of June 30, 2022)

Directors

President Akira Onishi
Apr. 1961 Joined Toyota Industries Corporation
Jun. 2006 Director
Jun. 2008 Managing Officer
Jun. 2010 Senior Managing Officer
Jun. 2013 President (current)

Chairman Tetsuro Toyota
Jun. 1981 Director of Toyota Industries Corporation
Jun. 1987 Managing Director
Jun. 1999 Senior Managing Director
Jun. 2005 Executive Vice President
Jun. 2006 President
Jun. 2013 Chairman (current)

Executive Vice President (Independent) Akira Onishi
Apr. 1978 Joined Toyota Industries Corporation
Jun. 2000 Director and Chief Representative in London of Toyota Industries Report 2022
Jun. 2002 Executive Vice President
Jun. 2006 Managing Officer
Jun. 2010 Senior Managing Officer
Jun. 2013 President (current)

Corporate Governance

Audit & Supervisory Board Members

President Jun. 2022 Director & Advisor of Chubu Electric Power
Apr. 2022 Executive Vice President of TMC

Chairman Jun. 2019 Operating Officer of TMC
Jan. 2019 Chairman of P.T. Toyota Motor Manufacturing Indonesia (Tokio Marine)
Jan. 2019 Operating Officer of TMC
Apr. 1994 Joined Toyota Motor Corporation (TMC)
Jan. 2016 Managing Officer of TMC
Jan. 2019 Chairman of T.I. Toyota Motor Manufacturing Company
Jun. 2021 Director of Toyota Industries Corporation (current)
Feb. 2022 Representative Director of Toyota Material Handling Holdings Inc. (current)
Jun. 2022 Director, Operating Officer and Executive Vice President of TMC (current)

Senior Executive Officers

Masahiro Kawaguchi Koichi Ito Hiroshi Matsumoto Kazanari Masuoka Toshikazu Shinmizu

Executive Officers

Shinya Mizutani Hinya Akatsuka Hiroshi Kobayashi Hiromichi Asao

Top Message Value Creation Initiatives for Growth Corporate and Financial Information

Promotion of ESG Initiatives
## Consolidated Financial and Non-Financial Highlights (FY2022)

### Net Sales
- **¥2,705.1 billion**

### Operating Profit
- **¥159.0 billion** / 5.9%

### Profit before Income Taxes
- **¥246.1 billion**

### Frequency Rate of Last Workday Injuries (Non-Consolidated)
- **0.15%**

### Participants of Subcontracting Law-Related Seminars
- **641 persons**

### CO2 Emissions (Consolidated)
- **791,780 t-CO2**

### Resource Input Volume (Consolidated)
- **726,439 t**

### Water Consumption (Consolidated)
- **4,744 km³**

### Cash Dividends Per Share / Dividend Payout Ratio
- **¥94.4 billion**

### Frequency Rate of Lost Workday Injuries
- **1.7%**

### Ratio of Female Employees in Managerial Positions (Non-Consolidated)
- **2.48%**

### Value Creation

### Promotion of ESG Initiatives

### Top Message

### Financial Information

### Participants of Social Contribution Activities (Consolidated)
- **21,326 persons**

### Participants of Age-Based Health Education
- **1,139 persons**

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

### Research and Development Expenses
- **¥94.4 billion**

### Ratio of Male Employees in Managerial Positions (Non-Consolidated)
- **25%**

### Ratio of Share of Equity Attributable to Owners of the Parent (right)
- **64%**

### Ratio of Share of Equity Attributable to Owners of the Parent / Ratio of Share of Total Assets
- **49.8%**

### Resource Input Volume:

### Operating Profit Ratio:

### Cash Dividends Per Share:

### Depreciation:
- **¥94.1 billion**

### Participants of Social Health Education
- **202,000 persons**

### Total Assets:
- **7,627.1 billion**
- **3,928.5 billion** / 51.5%

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

### ROA:
- **5.9%**

### Note:
- As of June 1 of each fiscal year
**Consolidated Eleven-Year Summary**

<table>
<thead>
<tr>
<th>Toyota IndustriesCorporation</th>
<th>Years ended March 31</th>
<th>Millions of yen</th>
</tr>
</thead>
</table>

### International Financial Reporting Standards (IFRS)

**For the Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales</th>
<th>Operating profit</th>
<th>Profit before income taxes*1</th>
<th>Profit*2</th>
<th>Investments in tangible assets*3</th>
<th>Depreciation*3</th>
<th>Research and development expenses</th>
<th>Per share of common stock (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>2,705,183</td>
<td>159,066</td>
<td>134,867</td>
<td>94,484</td>
<td>134,867</td>
<td>94,484</td>
<td>94,484</td>
<td>580.73</td>
</tr>
<tr>
<td>2021</td>
<td>2,118,302</td>
<td>118,159</td>
<td>91,286</td>
<td>74,982</td>
<td>113,361</td>
<td>77,769</td>
<td>90,459</td>
<td>440.28</td>
</tr>
<tr>
<td>2019</td>
<td>2,214,946</td>
<td>134,684</td>
<td>117,174</td>
<td>65,328</td>
<td>117,174</td>
<td>65,328</td>
<td>90,459</td>
<td>491.97</td>
</tr>
<tr>
<td>2018</td>
<td>2,003,973</td>
<td>147,445</td>
<td>127,345</td>
<td>59,838</td>
<td>127,345</td>
<td>59,838</td>
<td>90,459</td>
<td>541.67</td>
</tr>
<tr>
<td>2017</td>
<td>1,675,148</td>
<td>127,345</td>
<td>117,574</td>
<td>51,576</td>
<td>117,574</td>
<td>51,576</td>
<td>90,459</td>
<td>420.78</td>
</tr>
<tr>
<td>2016</td>
<td>2,243,220</td>
<td>134,712</td>
<td>131,288</td>
<td>46,286</td>
<td>131,288</td>
<td>46,286</td>
<td>90,459</td>
<td>367.06</td>
</tr>
<tr>
<td>2015</td>
<td>2,166,681</td>
<td>117,574</td>
<td>131,288</td>
<td>41,126</td>
<td>117,574</td>
<td>41,126</td>
<td>90,459</td>
<td>292.76</td>
</tr>
<tr>
<td>2014</td>
<td>2,007,856</td>
<td>107,691</td>
<td>107,691</td>
<td>36,594</td>
<td>107,691</td>
<td>36,594</td>
<td>90,459</td>
<td>170.36</td>
</tr>
<tr>
<td>2013</td>
<td>1,615,244</td>
<td>86,896</td>
<td>86,896</td>
<td>30,068</td>
<td>86,896</td>
<td>30,068</td>
<td>90,459</td>
<td>121.06</td>
</tr>
<tr>
<td>2012</td>
<td>1,543,352</td>
<td>70,086</td>
<td>70,086</td>
<td>24,352</td>
<td>70,086</td>
<td>24,352</td>
<td>90,459</td>
<td>100.00</td>
</tr>
</tbody>
</table>

### Financial Information

- **Operating profit ratio (%):**
  - Toyota Industries has adopted IFRS beginning from the end of fiscal 2017.
  - Profit attributable to owners of the parent
  - Investments in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.
  - Earnings per share is computed on the average number of shares.
  - Earnings per share and diluted earnings per share

- **Indices**
  - Operating profit ratio (%): 5.0
  - Return on equity (ROE) (%): 5.0
  - Return on assets (ROA) (%): 2.6
  - D/E ratio (%): 35.4
  - Ratio of share of equity attributable to owners of the parent (%): 51.5
  - Number of employees (persons): 71,784

- **Notes:**
  - 1: The figures prior to fiscal 2017 are ordinary income under JGAAP.
  - 2: Profit attributable to owners of the parent
  - 3: Investments in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.
  - 4: Earnings per share is computed on the average number of shares for each year.
  - 5: Profit before income taxes + Interest expenses – Interest and dividends income + Depreciation and amortization (including assets other than property, plant and equipment)
  - 6: Profit attributable to owners of the parent / Average share of equity attributable to owners of the parent at the beginning and the end of the fiscal year
  - 7: Profit attributable to owners of the parent / Average total assets at the beginning and the end of the fiscal year
  - 8: Income from financing activities
  - 9: (Share of equity attributable to owners of the parent – Subscription rights to shares) / Total assets
  - 10: (Share of equity attributable to owners of the parent – Subscription rights to shares) / Total assets
  - 11: Toyota Industries Corporation has adopted IFRS beginning from the end of fiscal 2017.
  - 12: Operating profit in fiscal 2018 includes a one-time effect of ¥14.3 billion arising from changes in retirement benefit plans.
## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>Assets</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>236,248</td>
<td>247,085</td>
</tr>
<tr>
<td>Time deposits with deposit terms of over three months</td>
<td>353,564</td>
<td>330,074</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>980,270</td>
<td>1,121,491</td>
</tr>
<tr>
<td>Inventories</td>
<td>5,947</td>
<td>12,072</td>
</tr>
<tr>
<td>Income tax receivables</td>
<td>22,630</td>
<td>28,906</td>
</tr>
<tr>
<td>Other current assets</td>
<td>72,658</td>
<td>63,034</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,948,081</td>
<td>2,255,827</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,043,405</td>
<td>1,134,074</td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>363,449</td>
<td>395,882</td>
</tr>
<tr>
<td>Trade receivables and other receivables</td>
<td>3,519</td>
<td>2,334</td>
</tr>
<tr>
<td>Investments accounted for by the equity method</td>
<td>16,812</td>
<td>21,337</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3,051,702</td>
<td>3,734,978</td>
</tr>
<tr>
<td>Net defined benefit assets</td>
<td>33,997</td>
<td>37,408</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>37,615</td>
<td>39,908</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>5,401</td>
<td>5,368</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>4,555,904</td>
<td>5,371,292</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,503,986</td>
<td>7,627,120</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Profit or Loss

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>2,118,302</td>
<td>2,705,183</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(1,627,894)</td>
<td>(2,097,501)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>490,407</td>
<td>607,682</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>(374,648)</td>
<td>(455,165)</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>18,005</td>
<td>20,942</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>(36,205)</td>
<td>(14,391)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>118,159</td>
<td>159,066</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td>73,999</td>
<td>89,941</td>
</tr>
<tr>
<td><strong>Financial expenses</strong></td>
<td>(5,635)</td>
<td>(7,382)</td>
</tr>
<tr>
<td></td>
<td>162</td>
<td>4,397</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong></td>
<td>169,016</td>
<td>240,132</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>89,797</td>
<td>160,306</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>141,435</td>
<td>157,825</td>
</tr>
<tr>
<td><strong>Profit attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>136,700</td>
<td>157,825</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>4,735</td>
<td>0,840</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share—basic (yen)</td>
<td>440.28</td>
<td>580.73</td>
</tr>
<tr>
<td>Earnings per share—diluted (yen)</td>
<td>440.28</td>
<td>580.73</td>
</tr>
</tbody>
</table>

## Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other comprehensive income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items not to be reclassified into profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes in revaluation of FVTOCI financial assets</td>
<td>642,254</td>
<td>485,900</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>12,438</td>
<td>13,943</td>
</tr>
<tr>
<td>Other comprehensive income of affiliates accounted for by the equity method</td>
<td>27</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total items not to be reclassified into profit or loss</strong></td>
<td>654,719</td>
<td>479,043</td>
</tr>
<tr>
<td>Items that can be reclassified into profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation adjustments of foreign operations</td>
<td>57,210</td>
<td>84,300</td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>154</td>
<td>1,206</td>
</tr>
<tr>
<td>Other comprehensive income of affiliates accounted for by the equity method</td>
<td>2,077</td>
<td>4,107</td>
</tr>
<tr>
<td><strong>Total items that can be reclassified into profit or loss</strong></td>
<td>63,447</td>
<td>89,613</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>717,166</td>
<td>568,656</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>854,098</td>
<td>750,823</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Share of equity attributable to owners of the parent</th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock</td>
<td>80,462</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>105,619</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,069,524</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>41,290</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>—</td>
</tr>
<tr>
<td>Total change in share of equity</td>
<td>2,367,209</td>
</tr>
<tr>
<td>Revaluation of PFO2C financial assets</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase of treasury stock</td>
<td>—</td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td>—</td>
</tr>
<tr>
<td>Dividends</td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interest of subsidiaries</td>
<td>—</td>
</tr>
<tr>
<td>Changes in controlling interests as a result of</td>
<td>—</td>
</tr>
<tr>
<td>change in scope of consolidation</td>
<td>—</td>
</tr>
<tr>
<td>Reclassified into retained earnings</td>
<td>—</td>
</tr>
<tr>
<td>Other increases (decreases)</td>
<td>—</td>
</tr>
<tr>
<td>Total transactions with owners</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of April 1, 2020</td>
<td>80,462</td>
</tr>
<tr>
<td>Balance as of March 31, 2021</td>
<td>80,462</td>
</tr>
<tr>
<td>Balance as of March 31, 2022</td>
<td>80,462</td>
</tr>
</tbody>
</table>

### Financial Information

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares of equity attributable to owners of the parent</td>
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<td>—</td>
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<td>—</td>
<td>—</td>
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<tr>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dividends</td>
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<td>—</td>
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<tr>
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</tr>
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<td>80,462</td>
</tr>
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</table>

### Consolidated Statement of Cash Flows

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<tr>
<th>FY2021</th>
<th>FY2022</th>
</tr>
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<tbody>
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</tr>
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</table>
Company and Investor Information

[As of March 31, 2022]

Top Message
Promotion of ESG Initiatives
Value Creation Initiatives for Growth
Corporate and Financial Information

**Corporate Overview**

**Corporate Head Office**

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

**Date of Establishment**
November 18, 1926

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

**Capital Stock**
80,462 million yen

**Company and Investor Information**

**Stock Exchange Listings**
Tokyo and Nagoya (Ticker Code: 6201)

**Number of Shareholders**
15,311

**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**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held (Thousands)</th>
<th>Percentage of Total Shares in Issue (Except for Treasury Stock) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>76,600</td>
<td>24.67</td>
</tr>
<tr>
<td>DENSO Corporation</td>
<td>29,647</td>
<td>9.10</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>28,242</td>
<td>9.10</td>
</tr>
<tr>
<td>Towa Real Estate Co., Ltd.</td>
<td>16,291</td>
<td>5.25</td>
</tr>
<tr>
<td>Toyota Tsusho Corporation</td>
<td>15,294</td>
<td>4.93</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>11,325</td>
<td>3.65</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>8,580</td>
<td>2.72</td>
</tr>
<tr>
<td>AISIN Corporation</td>
<td>5,978</td>
<td>2.02</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance Co., Ltd.</td>
<td>4,903</td>
<td>1.68</td>
</tr>
</tbody>
</table>

**Notes:**
1. Toyota Industries Corporation also holds 15,360 thousand shares of treasury stock but is excluded from the above list.
2. Effective on April 27, 2022, Towa Real Estate Co., Ltd. changed the company name to TOYOTA FUUDOSAN CO., LTD.
3. Shares held for the purpose of trust services of respective financial institutions are as follows:
   - The Master Trust Bank of Japan, Ltd. (Trust Account) 28,242 (Thousands)
   - Custody Bank of Japan, Ltd. (Trust Account) 11,325 (Thousands)

**Distribution of Shares**

- Japanese corporations: 5.5%
- Individuals, etc.: 5.4%
- Japanese investors: 4.7%
- Japanese corporations: 0.6%
- Treasury stock: 20.3%
- Foreign corporate entities and others: 20.7%
- Japanese institutions: 46.1%

**Major Evaluations by Third Parties**

- In December 2021, we received a leadership level of A- in surveys conducted by CDP* on climate change and water security.
  *: An international NGO running a project that requests companies to disclose their strategies against climate change and greenhouse gas emissions data

- In March 2022, we received a Silver Medal from EcoVadis*2 in its corporate sustainability survey.
  *2: An international organization that evaluates the sustainability of companies

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

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

**Common Stock Price and Trading Volume**

- **Stock price of Toyota Industries:**
  - TSE (right) 3,000
  - Nikkei 225 (left) 12,000

- **Trading volume:**
  - Apr. 2017 15,000,000
  - Apr. 2018 20,000,000
  - Apr. 2019 25,000,000
  - Apr. 2020 30,000,000
  - Apr. 2021 35,000,000
  - Apr. 2022 40,000,000