

Toyota Industries Report 2021

Year ended March 31, 2021



TOYOTA INDUSTRIES CORPORATION

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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 God, and remember to be grateful at all times.



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.

Basic Philosophy

[Respect for the Law]

Toyota Industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

[Respect for Others]

Toyota Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those regions and countries.

[Respect for the Natural Environment]

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

[Respect for Customers]

Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

[Respect for Employees]

Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that employees and the Company can realize their full potential.

Message from the Chairman 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 2021 (ended March 31, 2021), the global economy contracted sharply due to the spread of COVID-19. However, the economy has begun to recover moderately thanks to such factors as the improvement of the Chinese economy and underlying economic policies in respective countries.

We continued to carry out profit improvement activities and proactively expanded sales by capturing business opportunities presented by market recoveries. As a result, although sales and profits declined from the previous fiscal year, both outperformed our full-year forecast.

Toyota Industries determined the year-end cash dividend to be ¥80.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥150.0 as planned. 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, changes are occurring at a dizzying speed in various aspects, such as the transformation of people's daily lives prompted by greater use of online communications as well as the gaining momentum for realizing a carbon neutral society. In this climate, we aim for further growth by promoting innovative technology and product development by proactively embracing digital technologies and open innovation. At the same time, we will aim to further

enhance corporate value by adhering to such basics as safety, health, quality and compliance as well 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.

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

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

July 2021


Tetsuro Toyoda
Chairman


Akira Onishi
President

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Editorial policy	In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the <i>Annual Report</i> and <i>Social and Environmental Report</i> have been combined into the <i>Toyota Industries Report</i> from the fiscal year ended March 31, 2008. In addition to the Toyota Industries Group's management policies, the report provides easy-to-understand information regarding its business, corporate governance, social and environmental activities over the past year as well as its future direction.
Period covered by the report	This report focuses on activities carried out in fiscal 2021 (April 1, 2020 to March 31, 2021), but also includes some information outside this period.
Organizations covered in the report	Toyota Industries Corporation and its consolidated subsidiaries
Reference guidelines	<ul style="list-style-type: none">Global Reporting Initiative (GRI) StandardISO 26000Japan's Ministry of the Environment Environmental Accounting Guidelines (2005 Version)Japan's Ministry of the Environment Environmental Reporting Guidelines (2018 Version)International Integrated Reporting Framework by International Integrated Reporting Council (IIRC)


Toyoda Industries Report 2021 PDF


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Read the QR code using a smartphone to view related websites.

* Requires Internet connection

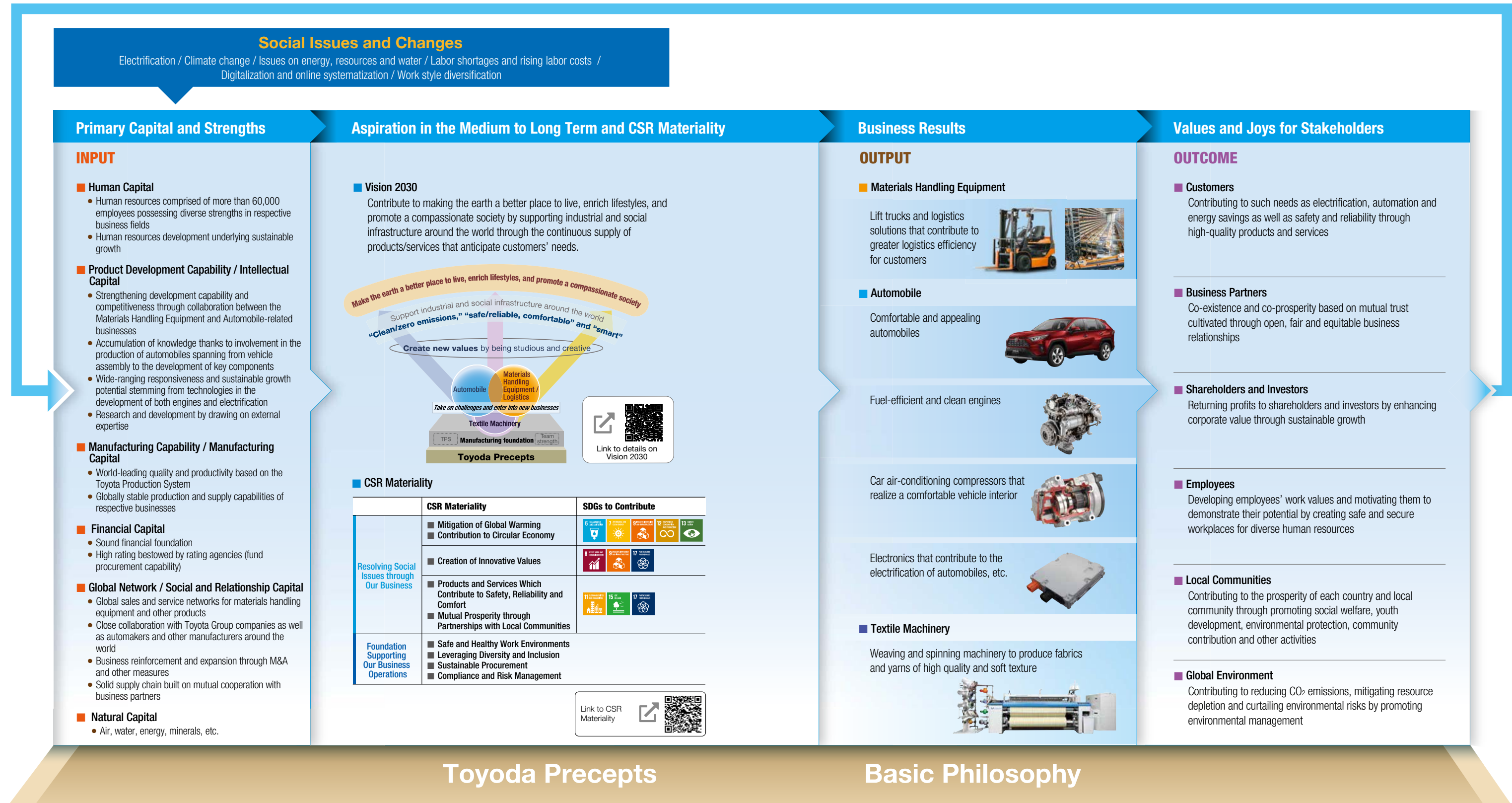
Cautionary Statement with Respect to Forward-Looking Statements

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

The fiscal year ended March 31, 2021 is referred to as fiscal 2021 and other fiscal years are referred to in a corresponding manner.

Value Creation Process

Based on our basic philosophy, we aim to contribute to making the earth a better place to live, enrich lifestyles and promote a compassionate society by directly facing the changes and challenges surrounding society and by engaging in value creation through making the most of the core assets and strengths we have accumulated to date in promoting our diverse businesses.



Contributing to SDGs through Business Activities

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.

Link to details



Contributing to SDGs through Business Activities

Process to Determine CSR Materiality

Identification of Issues Relevant to Toyota Industries

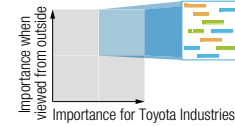
Identifying, among various social issues, the ones relevant to our business activities based on the United Nations' 17 Sustainable Development Goals (SDGs) and 169 targets as well as guidelines

[Items we refer to]
1) 17 SDGs and 169 targets
2) Important ESG items

Assessment of Importance

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

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



Validation of Adequacy

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

Approval by Top Management

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

CSR Materiality	Contribution to Vision 2030 (Aspiration)	Action Policies	Action Targets and Activities	Targets	(FY to achieve)	Results for FY2021	Page number	Targets for FY2022
Resolving Social Issues through Our Business • Mitigation of Global Warming • Contribution to Circular Economy SDGs to Contribute 	Clean/zero emissions: Mitigating global warming and achieving a circular economy through such initiatives as reducing CO ₂ emissions and waste in our business activities and expanding the lineup of environmentally friendly products in our efforts to contribute to maintaining and improving the global environment over the long run	• Reducing CO ₂ emissions from production activities • Reducing CO ₂ emissions from production-related logistics • Reducing CO ₂ emissions through product and technology development • Effective resource utilization in production activities • Implementing initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	• Reduce production-derived CO ₂ emissions Total emissions	-25%* (vs FY14 level)	(2026)	-28%	P. 66-67	—
			• Adopt renewable energy sources Introduction rate	15%	(2026)	6%	P. 66-67	—
			• Reduce logistics-derived CO ₂ emissions Emission volume per unit of production (non-consolidated)	-11% (vs FY14 level)	(2026)	-8%	P. 66-67	—
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 values	• Promoting development of new technologies that create new values • Improving core technologies and utilizing the new knowledge of business partners to enter into peripheral fields of existing businesses while developing and offering technologies and products in new business fields	• Develop technologies that contribute to an even greater level of energy efficiency			—	P. 66-67	—
			• Reduce waste generation volume Emission volume per unit of production (non-consolidated)	-12% (vs FY14 level)	(2026)	-22%	P. 67-68	—
			• Promote water conservation activities corresponding to the water situations in each country and region			—	P. 68	—
Products and Services Which Contribute to Safety, Reliability and Comfort • Mutual Prosperity through Partnerships with Local Communities SDGs to Contribute 	Safe/reliable, comfortable: Contributing to creating a compassionate society by offering products and services that anticipate the needs of customers and various stakeholders and that are safe, reliable and comfortable to use while fulfilling our responsibilities as a member of society to thrive together	• Enhancing electrification-related products and services that are highly functional, ecologically sound and adaptable as social infrastructure • Offering high-quality and safe products and services and maintaining and improving the structure to realize this goal • Continuously promoting grassroots activities in local communities and thrive together as a member of society	• Ratio of R&D expenses for electrification and automation	Over 70%	(2031)	57.6%	—	Over 60%
			• Expand peripheral fields and new business fields Net sales Develop new technologies and products that contribute to resolving environmental and social issues	Over ¥1trillion	(2031)	—	—	—
			• Develop new technologies and products for logistics automation and expand sales (Materials Handling Equipment) Sales of automation products (growth rate)	Twofold (100%) (vs FY2021)	(2031)	—	—	Up 10%
Safe and Healthy Work Environments • Leveraging Diversity and Inclusion • Sustainable Procurement • Compliance and Risk Management	—	• Fostering safe and healthy workplaces for everyone • Creating the environment for everyone to get a fair share of opportunity to develop and demonstrate their potential • Establishing the foundation to remain a company that is trusted and needed by society	• Expand sales of electrification-related products (all businesses) Ratio of electrification-related products to net sales	Over 70%	(2031)	43%	—	45%
			• Offer highly efficient and energy-saving electric compressors that are excellent in terms of quiet operation and comfort (Automobile Business)			—	P. 35-36	—
			• Offer clean and high-quality fuel cell units and on-board batteries (Automobile and Materials Handling Equipment businesses)			—	—	—
Foundation Supporting Our Business Operations	—	—	• Offer power source-related products, on-board or otherwise, that can also be used as social infrastructure during disasters and other occasions (Automobile Business)			—	P. 37	—
			• Conduct product risk assessment (target products) Implementation rate (non-consolidated)	100%	(2031)	100%	P. 48-49	100%
			• Promote quality education Training participation rate (non-consolidated)	100%	(2031)	100%	P. 49	100%
Foundation Supporting Our Business Operations	—	—	• Promote social contribution activities Expenditure/number of participants			¥840 million/18,224 persons	P. 59	—
			• Contribute to biodiversity conservation of local communities			—	P. 69	—
			• Promote other community contribution activities			—	P. 58-59	—
Foundation Supporting Our Business Operations	—	—	• Eliminate serious accidents Number of serious accidents	0	(2031)	2	P. 56	0
			• Frequency rate of lost workday injuries (non-consolidated)	0.00	(2031)	0.09	P. 56	0.00
			• Utilize diverse human resources Ratio of female managers (non-consolidated)	3.6%	(2031)	1.6%	P. 53-54	—
Foundation Supporting Our Business Operations	—	—	• Ratio of employees with disabilities (non-consolidated)	Over 2.30%	(2031)	2.40%	P. 54	Over 2.30%
			• Maintain sound transactions and strengthen structure throughout the supply chain Implementation rate of CSR checks on target suppliers (non-consolidated)	100%	(2031)	100% (955 companies)	P. 50	100% (950 companies)
			• Eliminate serious compliance violations Number of violations	0	(2031)	0	P. 43	0
Foundation Supporting Our Business Operations	—	—	• Promote risk management activities taking a risk-based approach Improve BCP effectiveness			—	P. 45-46	—
			• Respond to cybersecurity risks Number of serious incidents	0	(2031)	0	P. 45	0

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

Business Overview

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



Materials Handling Equipment

Lift Truck

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



Electric lift truck

Logistics Solutions

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



High-speed storage and picking system



Airport baggage handling system

Automobile

Vehicle

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



RAV4

Engine

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



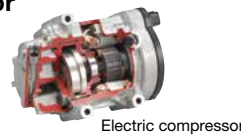
Diesel engine



Gasoline engine for hybrid vehicles

Car Air-Conditioning Compressor

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



Electric compressor



Oxygen-supplying air compressor for fuel cell vehicles

Electronics

The Electronics Business plans, develops and produces a wide variety of electronics products for electrified vehicles such as hybrid vehicles.



DC-DC converter

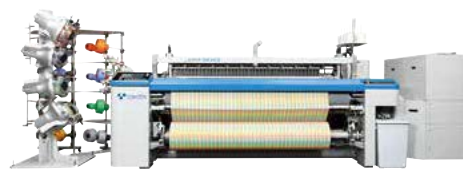


On-board charger

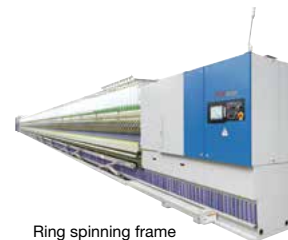
Textile Machinery

Textile Machinery

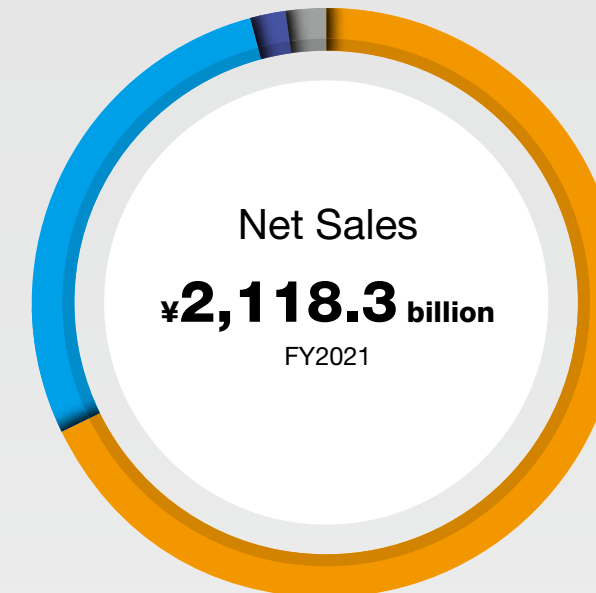
We undertake fully integrated operations from planning, development and production to sales and after-sales services for spinning machines that spin twisted fiber bundles into yarn and weaving machines that weave spun yarn into fabrics. Our air-jet looms have captured the world-leading market share in terms of unit sales*.



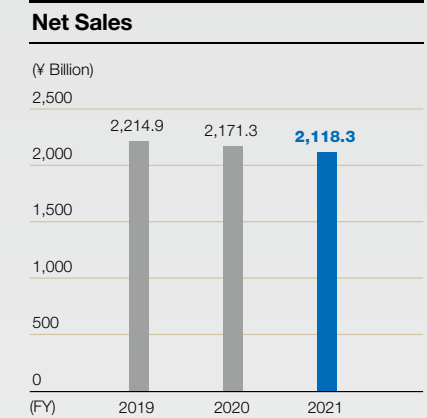
Air-jet loom



Ring spinning frame

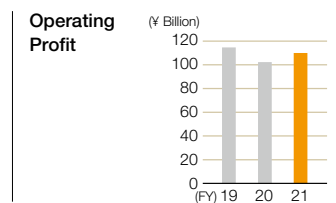
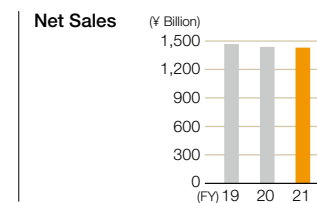


68%	Materials Handling Equipment	¥1,431.4 billion
28%	Automobile	¥591.6 billion
2%	Textile Machinery	¥40.8 billion



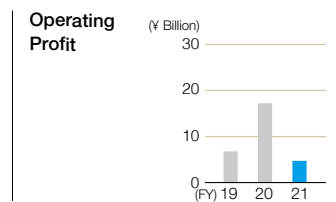
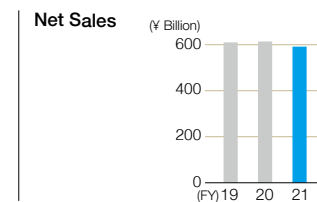
Materials Handling Equipment

The lift truck market grew in China but shrank in other countries and regions, and Toyota Industries' unit sales decreased from the previous fiscal year. Meanwhile, sales of the Logistics Solutions Business increased in step with an expansion of the e-commerce market. As a result, net sales were on par with the previous fiscal year at ¥1,431.4 billion.



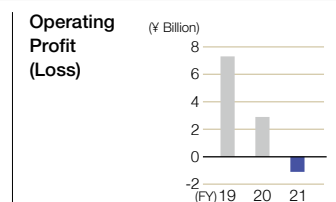
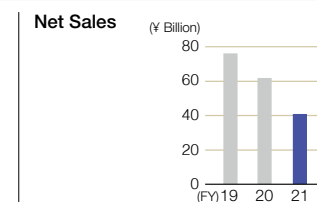
Automobile

The automobile market as a whole contracted despite a recovery trend in China. Amid this climate, although sales of the RAV4 were on par with the previous fiscal year, sales of engines and car air-conditioning compressors decreased. As a result, net sales totaled ¥591.6 billion, down ¥22.2 billion, or 4%.



Textile Machinery

Amid difficult market conditions overall, net sales amounted to ¥40.8 billion, down ¥20.9 billion, or 34%, as a result of decreases in sales of weaving machines and quality measurement instruments for fiber, yarn and fabric.



* Survey by Toyota Industries Corporation

Consolidated Eleven-Year Summary

Toyota Industries Corporation
Years ended March 31



Millions of yen

	International Financial Reporting		Standards (IFRS)			Generally Accepted Accounting Principles in Japan (JGAAP)					
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
For the Year											
Net sales	2,118,302	2,171,355	2,214,946	2,003,973	1,675,148	2,243,220	2,166,661	2,007,856	1,615,244	1,543,352	1,479,839
Operating profit	118,159	128,233	134,684	147,445	127,345	134,712	117,574	107,691	77,098	70,092	68,798
Profit before income taxes*1	184,011	196,288	202,225	209,827	181,986	185,398	170,827	138,133	86,836	80,866	73,911
Profit*2	136,700	145,881	152,748	168,180	131,398	183,036	115,263	91,705	53,119	58,594	47,205
Investments in tangible assets*3	113,361	106,058	113,748	115,458	77,393	75,438	126,395	109,479	89,459	58,404	38,254
Depreciation*3	91,097	90,488	85,639	77,738	73,253	77,366	70,782	64,153	57,954	59,830	62,372
Research and development expenses	88,900	90,560	88,807	77,647	69,524	65,440	47,785	46,326	39,057	32,070	27,788
Per share of common stock (yen):											
Earnings per share*2, *4											
Basic	440.28	469.85	491.97	541.67	420.78	582.58	367.06	292.76	170.36	188.02	151.51
Diluted	—	—	—	—	—	582.57	366.99	292.57	170.35	—	—
Share of equity attributable to owners of the parent	10,422.64	7,854.87	7,986.59	8,223.82	7,125.37	6,481.97	7,500.16	5,640.08	4,719.66	3,662.26	3,300.17
Cash dividends per share	150.00	160.00	155.00	150.00	125.00	120.00	110.00	85.00	55.00	50.00	50.00
At year-end											
Total assets	6,503,986	5,279,653	5,261,174	5,258,500	4,558,212	4,199,196	4,650,896	3,799,010	3,243,779	2,656,984	2,481,452
Share of equity attributable to owners of the parent	3,236,038	2,438,807	2,479,718	2,553,391	2,240,293	2,113,948	2,425,929	1,829,326	1,524,933	1,197,841	1,075,939
Capital stock	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	310,481	310,483	310,485	310,487	310,489	314,226	314,155	313,730	312,207	311,687	311,564
Cash flows											
Net cash provided by operating activities	382,386	313,199	270,306	268,567	239,094	240,169	182,191	155,059	151,299	101,718	153,661
Net cash used in investing activities	(404,164)	(182,598)	(395,000)	(340,324)	(86,925)	(531,561)	(160,769)	(118,483)	(274,210)	(9,403)	(187,574)
Net cash provided by (used in) financing activities	(105,477)	(7,094)	40,467	153,303	789	130,923	(8,918)	6,183	7,050	10,279	(85,728)
Cash and cash equivalents at end of year	238,248	358,144	239,140	323,830	243,685	92,399	248,706	226,406	179,359	296,811	195,566
Indices											
Operating profit ratio (%)	5.6	5.9	6.1	7.4	7.6	6.0	5.4	5.4	4.8	4.5	4.6
EBITDA (millions of yen)*5	326,851	336,415	323,998	313,055	276,193	369,857	248,854	216,175	155,234	161,876	150,481
Return on equity (ROE) (%)*6	4.8	5.9	6.1	7.0	6.1	8.3	5.6	5.7	4.1	5.4	4.5
Return on assets (ROA) (%)*7	2.3	2.8	2.9	3.4	3.0	4.1	2.7	2.6	1.8	2.3	1.9
D/E ratio (%)*8	41.6	54.9	52.3	45.7	43.6	43.7	32.0	39.9	45.4	53.8	56.8
Ratio of share of equity attributable to owners of the parent*9	49.8	46.2	47.1	48.6	49.1	48.5	50.7	46.6	45.4	43.0	41.4
Number of employees (persons)	66,947	66,478	64,641	61,152	52,623	51,458	52,523	49,333	47,412	43,516	40,825

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

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

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2. Contributing Both in Terms of Product Development and Production to the Establishment of a Carbon Neutral Society	
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Top Message

Seeking Further Growth in an
Environment of Lingering Uncertainty
by Building a Robust Corporate
Structure and Regarding Drastic Social
Changes as Growth Opportunities

This section presents Toyota Industries’ efforts
to overcome the COVID-19 pandemic and
achieve further growth.

Akira Onishi President

Top Message

1. Review of Fiscal 2021

In fiscal 2021, COVID-19, which has become a global phenomenon, repeated the cycle of expanding infections and winding down, and this difficult situation is likely to continue around the world with the exception of a few countries. I would like to take this opportunity to extend my condolences to people who have lost their lives to the pandemic and wish for an early recovery of those who are suffering from COVID-19.

Looking back over the past year, Toyota Industries was struck hard by the pandemic and fell into the red in the first quarter but succeeded in getting on a track to recovery in and after the second quarter. I believe this was made possible because we maintained our Group-wide **profit improvement activities** that started from well before the pandemic and worked to resume **business activities on a full-scale** in keeping with a recovery in the market. Observing market trends and the post-COVID-19 world, we need to determine **which initiatives to retain, accelerate or undo and adapt to “new normal” work styles.**



Operational test of a control system conducted remotely at Vanderlande



Providing work instructions to overseas servicing staff remotely from Japan in the Textile Machinery Business

2. Medium-Term Growth Scenario

In order to achieve growth over the medium term, it is essential to keep our eyes on changes in the market and make sure to seize growth opportunities.

Specifically, we regard two **growth fields** as having great potential. One is the **Materials Handling Equipment Business encompassing logistics solutions** to respond to changes in lifestyles, including more widespread use of e-commerce, and labor shortages. The other is **responding to electrification** in the automobile and other sectors. In these two growth fields, we will accurately capture changes in customer needs, leverage our strengths and turn them into business opportunities. The following highlights our major efforts in this regard.

Efforts in the Materials Handling Equipment Business

An increase in logistics volume is likely to continue with an expected post-pandemic **recovery of the world economy and an expansion of e-commerce**. In the logistics industry, **labor shortages and a rise in labor costs** are driving an increase in needs for mechanization and automation of logistics operations. These trends are expected to accelerate further, as new lifestyles and **social distancing** practices will become more prevalent as a result of COVID-19.

Under these circumstances, **lift trucks and logistics solutions will play increasingly important roles**. Demand for **lift trucks** is expected to remain strong due to their versatility. Along with expanding sales further, we will aim to contribute to customers throughout **our entire value chain, including**

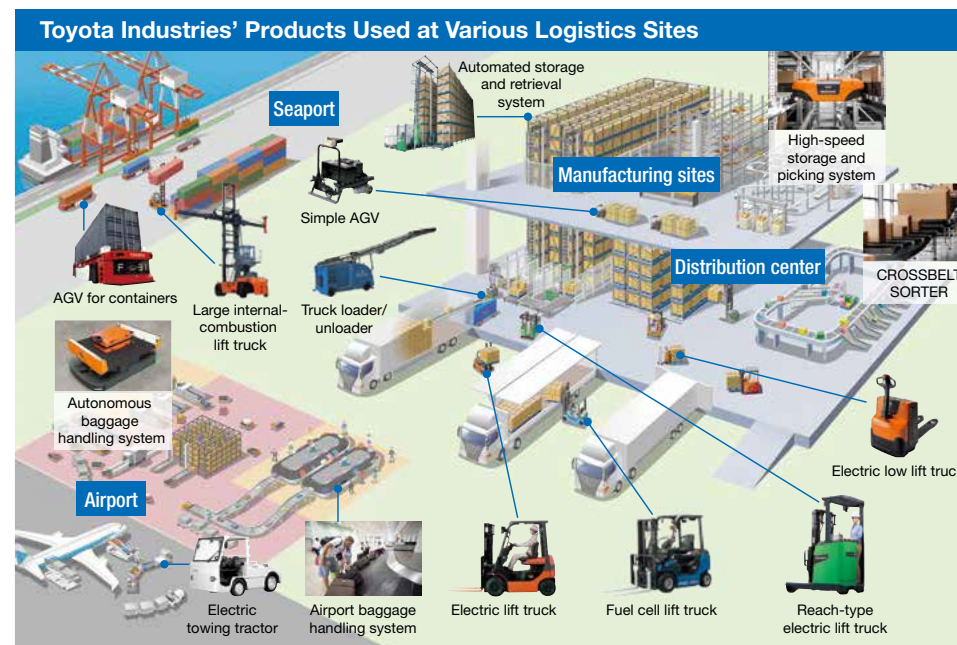
after-sales services. As for a rise in needs for even greater efficiencies in distribution centers, which has been driven by an expansion of e-commerce, three companies in the Logistics Solutions Business, namely Bastian, Vanderlande and Toyota Industries, are collaborating to bolster business. The effort is beginning to bear fruit as evidenced by an increase in new orders in recent years. As one example of this collaboration, a system of Vanderlande has been adopted in a state-of-the-art distribution center established in Japan by a leading international logistics and parcel service operator.

We will make an accurate response to a broad range of customer needs by leveraging a wealth of know-how accumulated in dealing with customers worldwide as the top player in the lift truck market as well as synergies with logistics solutions.

In the Lift Truck Business, there has been a delay in acquiring certification from the environmental authority in the United States for engines to be fitted in certain models of internal-combustion lift trucks manufactured at a plant in the country (as of June 30, 2021). In 2021, we suspended their shipment and production in January and June, respectively. We offer our sincere apologies for the inconvenience and concern we have caused to our stakeholders. We are making our utmost efforts to resume shipment, including providing relevant information to the authority, and appreciate your understanding regarding the matter.

Responding to Electrification

In the future, electrification is expected to gain momentum in a variety of fields due to the enforcement of more stringent fuel efficiency regulations and growing energy-saving awareness among customers. Amid this environment, Toyota Industries will make maximum use of our technologies in the materials handling equipment and automobile-related fields and increase our competitive edge by encouraging collaboration among these fields.



A system of Vanderlande introduced in Japan

● Electrification of Materials Handling Equipment (Lift Trucks and Others)

Electrification of lift trucks started much earlier than automobiles, and more than 70% of our annual lift truck sales are already electric. These lift trucks are used mainly in distribution warehouses and food manufacturing factories as they emit no exhaust gas and are quiet to operate. We are working to increase the appeal of our products by developing motors, controllers and other key components internally. We will also augment the development of high value-added products. One such product is a lift truck equipped with lithium-ion batteries that enable continuous operation thanks to a shorter charging time. Another is a fuel cell lift truck with excellent environmental performance, not emitting CO₂ or NO_x while in operation. Through these efforts, we aim to remain a leader in the market with the electrification of materials handling equipment.

● Car Electrification

With the progress of car electrification, electric vehicles have become a frequent topic of conversation in our society. However, from a global perspective, we expect demand for various types of electrified vehicles to increase, not just for battery electric vehicles (BEVs) but also for hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs) and fuel cell electric vehicles (FCEVs), depending on the market characteristics in each region and usage by customers. We will respond to car electrification by providing products, which can be adopted in a broad range of electrified vehicles, in the fields of car air-conditioning compressors and electronic components.

For example, in the field of car air-conditioning compressors, we are expanding sales of electric compressors to automakers across the world. With the emerging need to cool batteries, we see great growth potential in this field, including components for drive systems.

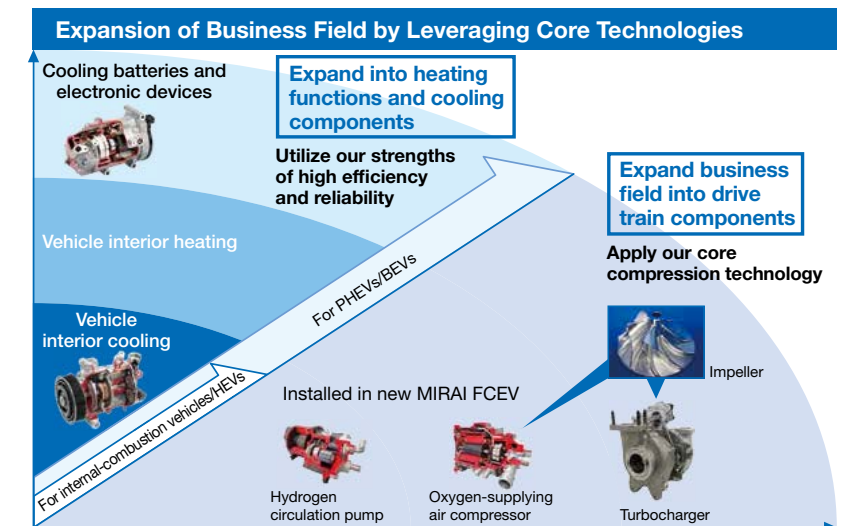
In the electronics field, there has been a rise in demand from the perspective of social infrastructure for AC inverters as an emergency power source. Combined with the RAV4 PHV's system to feed power externally, we seek to increase their use in evacuation shelters and similar locations. For on-board batteries, we have accumulated a variety of knowledge through many years of research and development. This is a fiercely competitive sector, but we will turn it into another growth pillar, following materials handling equipment and car air-conditioning compressors, by offering batteries with unique characteristics and a high competitive edge.



Lift truck equipped with lithium-ion batteries



Fuel cell lift truck



Disaster prevention drill using AC inverter's external power feeding system

3. Future Direction of Management

Changes in the External Environment

Even though there are many views on the [post-pandemic society](#), [no one knows for sure](#) what it will be like. However, we have already witnessed several changes in how we live and work.

The transformation of society and lifestyles is expected to continue into the future, and changes that relate to our businesses include [an increase in online transactions as seen in the further expansion of e-commerce](#). Additionally, [environmental initiatives will be of even greater importance](#) for companies, as green investments are spreading in an unprecedented scope. We also expect [the progress in digitalization](#) will entail changes in the industry structure.

Our Response

In responding to drastic changes, it will be crucial, more than anything else, to [place top priority on safety while thoroughly ensuring quality, compliance and other basic matters](#).

As for [quality](#), we will strive for an even higher level of quality by [utilizing advanced technologies](#) based on digital transformation (DX) on top of our ongoing efforts to maintain and improve quality. For example, we have newly developed AI to predict product defects in the aluminum die-casting process for car air-conditioning compressors and are now exploring its applications in further improving quality and productivity. In the future, we will leverage such digital technologies to transform our operations and business models.

After thoroughly ensuring basic matters such as these, it will be important to proceed with the creation of a [flexible and lean organization](#) in order to capture the aforementioned [changes in society as new growth opportunities](#). We will channel our management resources into focused areas and leverage our own strengths to constantly create [innovative products and services](#).

[Our basic approach](#) to promoting these efforts is to provide products and services that are needed by customers and are helpful to society, as embraced in the [Toyoda Precepts \(corporate creed\)](#). This stance will remain unchanged.

Besides observing laws and regulations, another crucial element in ensuring [corporate governance](#) is that everyone, from top management to individual employees, respects the culture of each region and understands and trusts each other. We need to do [more than just establishing a governance system for the sake of formality, but rather render it actually functional](#) and effective. As such, our continued aim is



Motor housing for an electric compressor
manufactured by aluminum die-casting



Founder Sakichi Toyoda

Toyoda Precepts (Corporate Creed)

Carrying out the spirit of founder Sakichi Toyoda,

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

to operate the system in a manner to further improve the efficiency, fairness and transparency of management. With regard to [our relationships with companies in the Toyota Group](#), we will [continue to reinforce collaboration in various ways to survive the difficult environment](#), since competition is increasingly intensifying in the automobile industry and automobile-related businesses form the core of our *monozukuri* (manufacturing).

[Environmental protection](#) is a [theme of growing importance](#) for manufacturers, including Toyota Industries. We will continue to focus on this area under the Global Environmental Commitment and in accordance with the Environmental Vision 2050 and the newly formulated Seventh Environmental Action Plan. (See pages 64–65.) In the “Responding to Electrification” section of this message, I have explained about electrification in the lift truck, car air-conditioning compressor and electronics product sectors. However, [our environment-friendly products, such as electrified or fuel-efficient products, actually cover every sector of our businesses](#). As examples, in the Vehicle Business, [more than half of the RAV4](#) manufactured by Toyota Industries [are HEVs and PHEVs](#). In the Engine Business, we also [manufacture gasoline engines for HEVs](#). Our textile machinery products, which form our founding business, are renowned for their energy-saving performance. In the future as well, we will continue to fulfill our role as a manufacturer in protecting the global environment. (See Special Feature 2 “Contributing Both in Terms of Product Development and Production to the Establishment of a Carbon Neutral Society” on pages 22–25 for our environment-friendly products.)

4. In Conclusion

Since we were founded in 1926 to manufacture and sell an automatic loom invented by founder Sakichi Toyoda, we have attained [sustainable growth by adapting our business portfolio](#) to changes in society and customer needs and accordingly extending our reach in the automobile-related and materials handling equipment fields. The idea underpinning our growth [basically aligns with the environmental, social and governance \(ESG\) concept and the United Nations’ Sustainable Development Goals \(SDGs\)](#) in that we seek to [respond to social issues from a long-term perspective](#).

To date, we have endeavored to develop a variety of competitive products and accumulate technologies and know-how. We have also built relationships of trust with our stakeholders, including business partners and customers, as we engage with them from a long-term perspective. [Capitalizing on these tangible and intangible assets, we intend to strengthen business even further](#) in order to attain [growth over the medium to long term](#).

Environmental Vision 2050 under the Global Environmental Commitment

- (1) Establishing a carbon neutral society
- (2) Establishing a recycling-based society
- (3) Reducing environmental risk and establishing a society in harmony with nature
- (4) Promoting environmental management



RAV4 PHEV

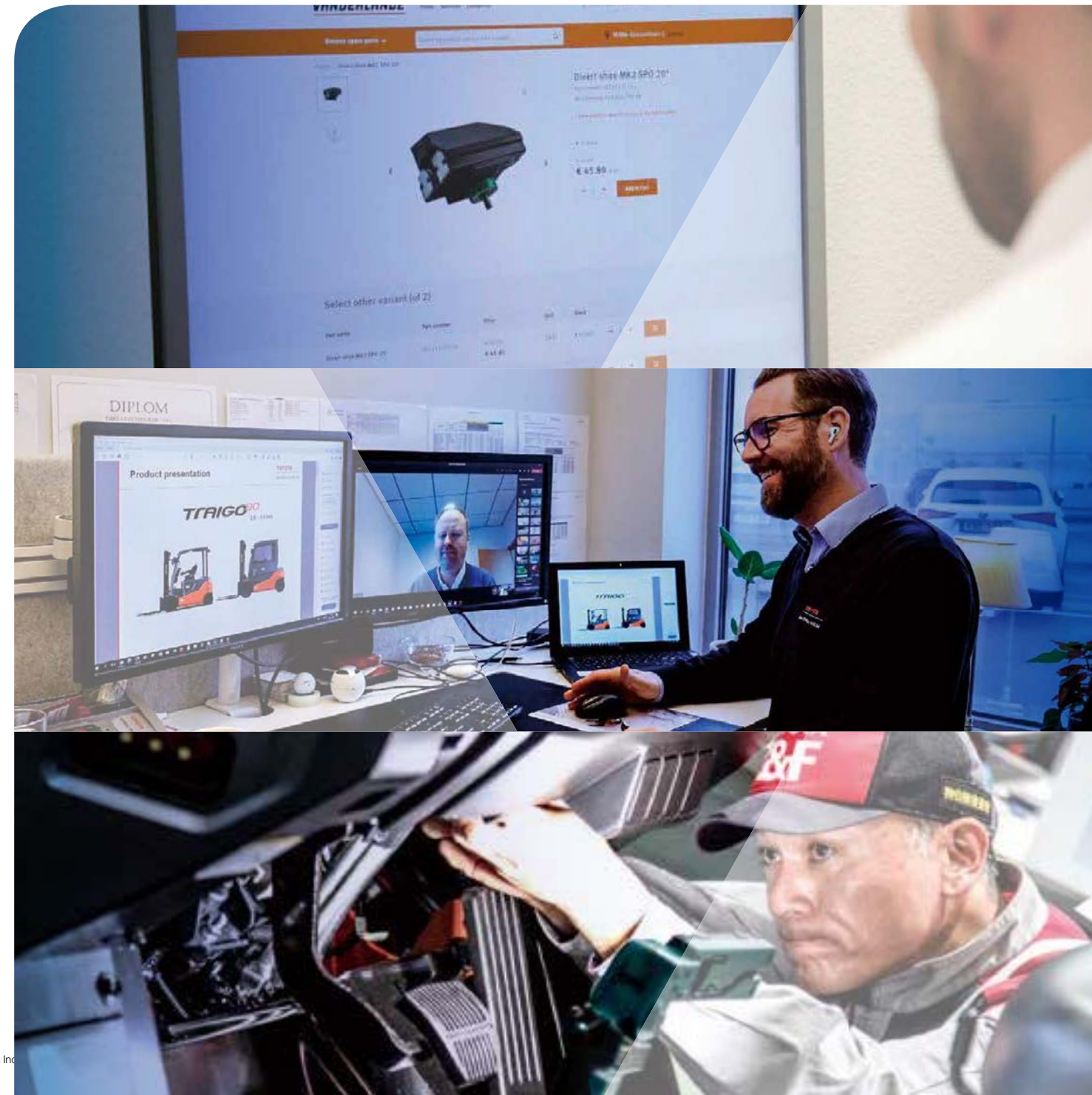


Gasoline engine for HEVs

Taking the Initiative for Growth – 1

Contributing to Logistics Efficiencies of Customers by Providing Support throughout the Logistics Lifecycle

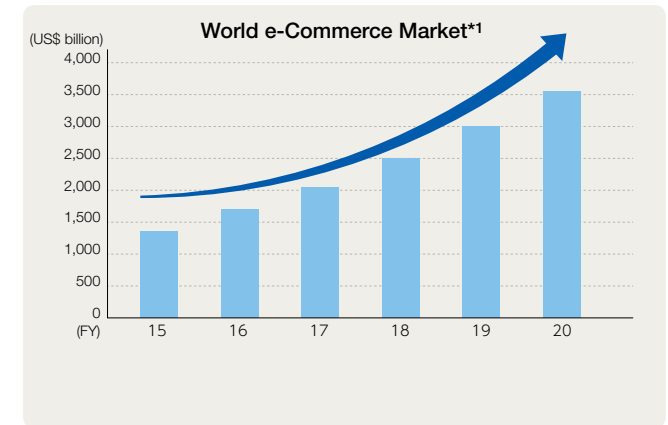
The needs for automation and labor saving in logistics operations are growing, driven mainly by a higher logistics volume on the back of an expanding world economy and a growth in e-commerce transactions as well as by the spread of COVID-19. Toyota Industries' Materials Handling Equipment Business provides support throughout the value chain encompassing from the sales of lift trucks and other materials handling equipment to the provision of after-sales services. Leveraging the comprehensive strengths of engaging in the Lift Truck Business and Logistics Solutions Business, we are striving to assist customers in attaining greater logistics efficiencies.



Importance of Logistics and Market Growth Potential

In acting as a lubricant for economic activities, logistics have come to play an important role in our daily lives.

Recently, logistics volume has been progressively increasing year after year marked by a rising global population and expanding economies. With the growth of the e-commerce market, the trend toward a higher logistics volume is expected to continue for the foreseeable future. In addition, a labor shortage in developed countries and a surge in labor costs mainly in emerging countries have converged to drive a further increase in needs for greater logistics efficiencies.



Offering Support throughout the Logistics Lifecycle

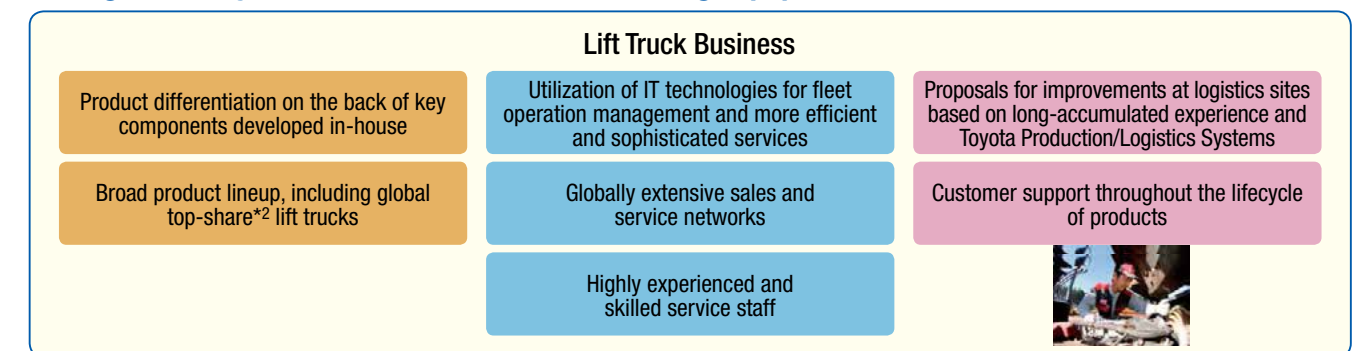
It is important to conduct proper maintenance on materials handling equipment and systems and keep them in optimum operating condition to maximize the efficiency of logistics sites. Toyota Industries has in place a structure that customers can rely on by establishing extensive sales and service networks throughout the world and assigning highly skilled staff.

Moreover, we leverage the know-how nurtured by responding to various needs required at global logistics sites and propose the most advantageous solutions for logistics improvements for each and every customer.

In the future as well, we are committed to contributing to better logistics efficiencies by offering support to customers throughout the logistics lifecycle extending from after-sales services to fleet management and preventive maintenance utilizing IT technologies, lift truck leasing, consulting for logistics improvements and other logistics solutions.



Strengths of Toyota Industries' Materials Handling Equipment Business



The following pages introduce case examples in which we leveraged these strengths to successfully contribute to greater logistics efficiencies of customers.

*2: Survey by Toyota Industries Corporation

Case
Example
1Providing a Stable and Efficient Logistics Environment
through Extensive After-Sales Services

One of Toyota Material Handling Japan's (TMHJ) strengths lies in its ability to render solid support to customers' logistics environments through comprehensive after-sales services provided by highly experienced and skilled service staff. Offering full maintenance services, including preventive maintenance, contributes to avoiding unexpected breakdowns and realizing customers' stable and efficient logistics operations.



Sobu Logistics Corporation

Sobu Logistics Corporation is responsible for logistics operations in Japan for the Kikkoman Group, which manufactures and sells condiments and processed foods. The company is consigned to provide comprehensive logistics operations, from receiving orders to purchasing products, of Kikkoman Corporation and Kikkoman Foods, Inc.

Entrusted with Lift Truck Management

One of the strengths of Sobu Logistics Corporation is to operate six distribution center warehouses and 40 truck terminals that enable products to be delivered on the following day of orders placed.

Lift trucks play a critical role of delivering products to customers in the optimum condition on time. At the Noda Delivery Center, where an average of 1,200 tons of Kikkoman products are shipped every day, approximately 40 lift trucks are in use for loading/unloading operations. Including lift trucks used at other distribution center warehouses, Sobu Logistics possesses more than 100 lift trucks. With numerous lift trucks in operation, the company had been faced with lift truck management issues such as

arranging for repairs in times of unexpected breakdowns, incurring high maintenance costs and keeping track of the number of lift trucks required at any given time.

TMHJ conducted a multifaceted study on operating hours, traffic lines and other aspects of Sobu Logistics' lift trucks and proposed an optimum logistics environment, which resulted in Sobu Logistics entrusting TMHJ with the management of all their lift trucks. Providing full maintenance services, including preventive maintenance, has contributed to decreasing unexpected breakdowns of lift trucks and reducing or leveling out maintenance and management costs. This has made it unnecessary to retain backup lift trucks, thereby reducing the total number of vehicles.

[Customer's Voice]

In our business, we tend to place an extra load on our lift trucks, but we find Toyota lift trucks very reliable. TMHJ service staff quickly arrive when we need them, make proposals for an appropriate model and the number of lift trucks corresponding to changes in our operating situation and make recommendations for the proper timing of truck replacements. In these and other ways, we are extremely satisfied with TMHJ's swift response.



Mr. Hiroshi Tobe
President
Sobu Logistics Corporation

Case
Example
2

Utilizing Telematics Functions to Increase Safety and Reduce Costs

Improvements in information and communication technology have advanced the use of the Internet of Things (IoT) in society. As such, the role of telematics technologies in the fleet management of lift trucks has become increasingly important. Toyota Material Handling Europe's (TMHE) Toyota I_Site fleet management system harnesses cutting-edge technologies and the know-how cultivated through various improvement activities to make it possible to comprehend the operating status of lift trucks in real time and establish a safe and reliable logistics environment.



Danske Fragtmænd

Danske Fragtmænd is Denmark's largest logistics operator boasting more than a 100-year history. With more than 40,000 business customers, the company offers high-quality logistics services including next-day deliveries anywhere in the country.

Responding to Stringent Safety
Requirements and Offering Support to
Customers

With an ever-increasing package volume for delivery, Danske Fragtmænd is striving to ensure the safety of its lift truck operators. Approximately 40 lift trucks are in operation within a limited space at their warehouse in Taulov, and the company wanted to reduce impacts between lift trucks and racks or loads, or collisions between lift trucks. To resolve this issue, TMHE made a proposal to utilize Toyota I_Site to raise safety awareness among lift truck operators and reduce accidents.

Should an accident occur, the fleet management system makes it possible to identify the date and the pattern of

the impact as well as which lift truck was involved and the driver. The system also evaluates each operator's operation from safety and environmental aspects, such as hard braking, sudden acceleration and other reckless driving practices as well as the fuel consumption status, thereby contributing to increasing the safety awareness of operators. In addition, Toyota I_Site helps the company to reduce management costs by understanding the operational status of each lift truck in detail in real time, which in turn enables the optimization of the number of lift trucks needed for its logistics operations.

[I_Site Manager's Voice]

The customer has been greatly benefiting from the introduction of Toyota I_Site. When an accident has occurred, the customer can easily identify which lift truck and which operator was involved, allowing them to quickly make appropriate responses. Such incidents are also recorded in the system, which makes it easier to instruct operators to practice safe driving.



Mr. Søren Vester
I_Site Manager
Toyota Material Handling Denmark



Taking the Initiative for Growth – 2

Contributing Both in Terms of Product Development and Production to the Establishment of a Carbon Neutral Society



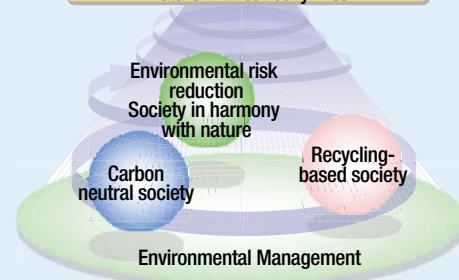
Toshihiko Shimizu
Senior Executive Officer
Head of the Production Engineering Development Center, Die Engineering Center, Quality Control Dept. and Plant Engineering & Environment Dept., Production Headquarters
(As of March 31, 2021)

Environmental Vision 2050

As one tenet under our Basic Philosophy, Toyota Industries works to contribute to making the earth a better place to live and enriching lifestyles and also strives to offer products and services that are clean, safe and of high quality. Accordingly, we have established the Global Environmental Commitment, a specific environmental action guideline, and have been sharing and implementing it throughout the Toyota Industries Group.

We recognize that contributing to the establishment of a carbon neutral society is an important issue under the commitment. As such, we have been promoting initiatives in various fields, such as electrification, weight reduction, energy savings and adoption of renewable energy sources in seeking to realize a zero CO₂ emissions society in 2050.

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



Notional Diagram of Global Environmental Commitment

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

Review of the Sixth Environmental Action Plan – Establishing a Carbon Neutral Society –

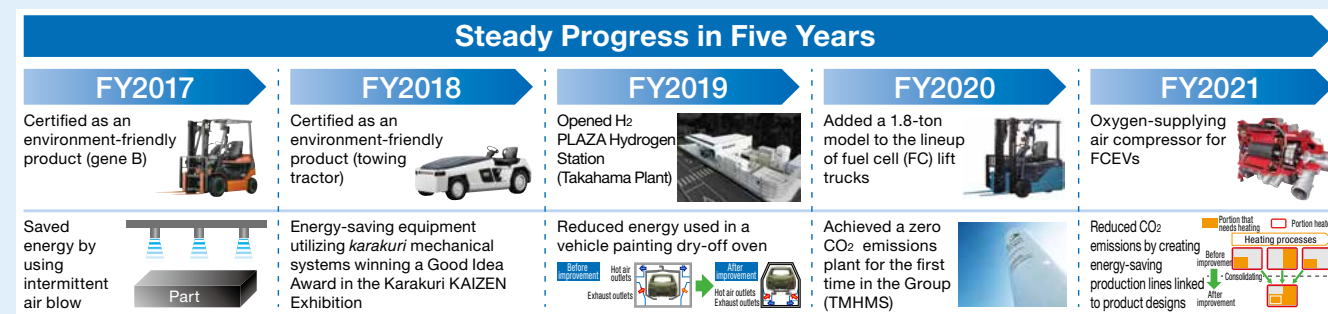
Positioning the establishment of a carbon neutral society as our most crucial environmental issue, Toyota Industries has been carrying out production activities with a constant focus on saving energy. At the same time, we have accelerated the development of more environment-friendly products.

Under the Sixth Environmental Action Plan, a five-year plan implemented from fiscal 2017 to fiscal 2021, our two primary action policies were to “develop products and technologies possessing the utmost level of environmental performance” and “develop and introduce production engineering technologies with lower CO₂ emissions and utilize clean energy.” We have steadily undertaken tasks defined for each policy and successfully achieved respective targets. Please see pages 62–63 for details.

Approach of the Seventh Environmental Action Plan – Establishing a Carbon Neutral Society –

We have formulated a next plan, the Seventh Environmental Action Plan covering five years from fiscal 2022 to fiscal 2026.

With regard to products, we will emphasize reduction of CO₂ emissions as early as from the technology development stage while further pursuing better energy-saving performance, lighter weight and development of technologies responding to electrification. In terms of production, while making all-out efforts to save energy, we will define a global target of total CO₂ emissions and work toward the target so that we can curb emissions as we expand business. In addition, we will actively adopt renewable energy sources on a global basis by setting a target introduction rate. Please see pages 64–65 for details.



Reducing CO₂ Emissions in Product Development

Toyota Industries develops products with excellent environmental performance by sharing and encouraging the evolution of technologies and know-how of each business, mainly the Materials Handling Equipment Business and the automobile-related businesses.

This section highlights our efforts related to electrification, which is key to developing products that can reduce CO₂ emissions.



Automobile-Related Businesses

We develop and manufacture devices for a range of electrified vehicles, from hybrid electric vehicles (HEVs) to fuel cell electric vehicles (FCEVs), and enjoy the world's top share*1 in the car air-conditioning compressor and electronics fields.

*1: Survey by Toyota Industries Corporation

Car Air-Conditioning Compressor

■ Providing Products with Excellent Energy-Saving Performance



Tomoji Tarutani
General Manager, Engineering Dept., Compressor Division
(As of March 31, 2021)

Sales of various electrified vehicles, including HEVs, plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and FCEVs, are increasing in line with the growing need for car electrification.

Car air-conditioning compressors mounted on these electrified vehicles also need to be electric, and the most important aspect of their performance is electric efficiency, which is directly linked to the cruising range.

Besides requiring the same level of precision processing and assembly technologies used for conventional compressors for internal-combustion vehicles, electric compressors need another important technology to ensure compatibility with newly added electronic components. Taking advantage of our strengths in these technologies, we have successfully achieved high electric efficiency performance.

Since being adopted in the Prius of Toyota Motor Corporation (TMC), we have been providing compressors for various electrified vehicles of automakers in and outside Japan for about 20 years, accumulating a pool of related technologies and know-how along the way. Additionally, as BEVs face a problem of lower electric efficiency when a heater is turned on, we have developed a compressor for heat pump air conditioning systems to help improve electric efficiency while heating.



ESB20 electric compressor

■ Compressors Also Used for Cooling Key Components

In recent years, following car electrification and widespread use of autonomous driving technology, there has been a growing need to cool electronic devices, batteries and other key heat-emitting components. In response, we have developed a large-capacity model used not only for vehicle interior air conditioning but also for cooling those key components. As products in this field relate to the driving performance of automobiles, we believe that the reliability of our products will serve as an even greater strength of Toyota Industries.

■ Utilizing Compression Technologies to Provide Drive System Components

For FCEVs, which are a type of electrified vehicle that generates electricity through a chemical reaction of hydrogen and oxygen, we have applied compression technology of car air-conditioning compressors and developed such products as an oxygen-supplying air compressor, which efficiently compresses and supplies oxygen. The product is already fitted in the MIRAI.

By leveraging our elemental technologies, we intend to increase our role in the fields that relate to the driving functionality of FCEVs, which are said to be the “ultimate eco-car.”

Products Utilizing Compression Technologies



Oxygen-supplying air compressor

Hydrogen circulation pump

Electronics

Further Improving Environmental Performance of Power Source Devices and Helping to Promote Electrification in Each Business



Takashi Kubooka
General Manager, Engineering
Dept., Electronics Division
(As of March 31, 2021)

In the field of car electronics, we develop and manufacture on-board power source devices, including DC-DC converters, on-board chargers and AC inverters, and charging stands by utilizing power electronics as the core technology. By selling these products to automakers, mainly TMC, we are working to contribute to the widespread use of electrified vehicles.

The progress in car electrification and automation has raised

expectations for more diverse power source devices with higher performance (higher efficiency as well as size and weight reduction). Accordingly, we will pursue even higher environmental performance and expand the scope of our development efforts to power source system products. Moreover, we are seeking to improve environmental performance by applying the technology and know-how accumulated in the development of power source devices to our other products, such as materials handling equipment and textile machinery. Our plan is to increase our contribution to the establishment of a carbon neutral society by promoting electrification in each business field, including car electronics.



Materials Handling Equipment Business

Toyota industries offers a wide range of industrial vehicles such as towing tractors, low lift trucks, automatic guided vehicles (AGV) and lift trucks, which have the global top market share*2. Since releasing our electric lift trucks to the market in the 1970s, many products have been electrified, and we are working to strengthen the competitiveness of our products through in-house production of key components such as motors, inverters and electronic control units (ECU).

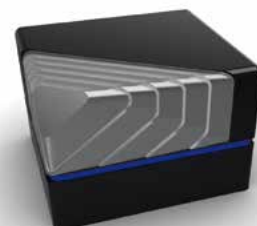
*2: Survey by Toyota Industries Corporation



Haruhiko Otsuka
General Manager, Engineering Dept.,
Toyota Material Handling Japan
(As of March 31, 2021)

Offering Trucks Equipped with Lithium-Ion Batteries or Fuel Cells

In addition to the conventional electric lift truck, in 2016 we launched a lithium-ion battery installation type that significantly shortens the battery charging time. The truck does not require the replacement of heavy batteries, which can reduce the burden on the operator.



Compact FC module

In the same year, an FC lift truck was released. The FC system installed in this product was developed for realizing the features of the lift truck, utilizing the fuel cell used in the MIRAI developed by TMC. In February 2021, we developed a new general-purpose small fuel cell

module. This module packages FC system components for the generation of electricity and achieves high power generation efficiency. It's also relatively easy to install in various existing engine-powered products. In the future, we aim to supply the module as a stationary power generator to plants and commercial facilities and install it in industrial vehicles and buses.

Efforts to Increase the Percentage of Electrification of Large Models

The electrification rate of the entire lift truck market has already exceeded 60%, but the electrification of large models has not progressed much due to the lack of power compared with internal-combustion models. Toyota Industries will utilize its key component technology cultivated in electronics as well as truck control technology to advance the development of high-output and high-voltage components and improve the electrification of large models.

Lead-Acid Battery Type

Equipped with an internally developed high-efficiency motor, etc.

Lower energy cost resulting from longer uptime



Lithium-Ion Battery Type

Much shorter charging time

Less burden of battery replacement

Equipped with T_Site telematics as standard for easier fleet management



Fuel Cell Type

No CO₂ emissions while in operation

Excellent environmental performance

Enhanced convenience of completing fuel charging in three minutes



Reducing CO₂ Emissions in Production Activities

The two pillars of Toyota Industries' efforts to reduce CO₂ emissions in its production activities are promoting thorough energy savings and utilizing renewable energy. The following shows examples among such efforts in this area.

Promoting Thorough Energy Savings

In implementing thorough energy savings, we are making proactive, Company-wide efforts to "develop and introduce production engineering technologies with lower CO₂ emissions" and "fully implement improvement activities on a daily basis." For the former, the Nagakusa Plant, a vehicle assembly plant in Aichi Prefecture, undertook an improvement project with a focus on minimizing the amount of heat used in a painting dry-off oven and suppressing heat dissipation, thus successfully achieving lower energy loss and a subsequent, drastic reduction in CO₂ emissions. The project won the 2019 Minister of Economy, Trade and Industry Award in the Industrial Field, which is the highest award in the Energy Conservation Grand Prize program (Energy Saving Projects Category) run by the Energy Conservation Center, Japan.



2019 Energy
Conservation Grand
Prize

Utilizing Renewable Energy

As part of an effort to utilize renewable energy, we are proactively introducing clean energy.

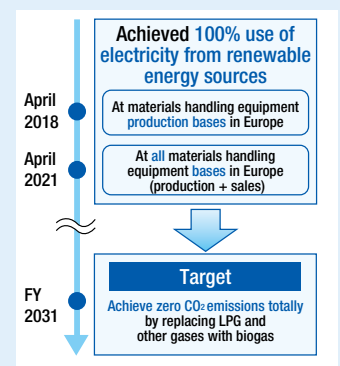
Toyota Material Handling Europe AB (TMHE), a subsidiary serving as the regional headquarters of the materials handling equipment business in Europe, has formulated a two-pronged policy aimed at zero energy *muda* (waste) and zero carbon emissions by fiscal 2031. As an interim target, TMHE has worked to increase the ratio of electricity from renewable

energy sources to 100% at all of its bases by fiscal 2021.

To achieve this target, TMHE has selected the one that best matches each base from among three options: power contracts for renewable energy power generation, renewable energy certificates and in-house power generation. As a result, all of its five production bases and all 28 non-production companies achieved the interim target in fiscal 2019 and in April 2021, respectively. TMHE became the first company in the materials handling equipment industry to achieve 100% use of electricity from renewable energy sources at all bases in Europe.

In 2019, Toyota Material Handling Manufacturing Sweden AB (TMHMS), a TMHE Group company, went a step beyond using electricity from renewable energy and introduced biogas in place of liquefied petroleum gas (LPG), thereby becoming the first zero CO₂ emissions plant in the Toyota Industries Group.

TMHE is undertaking activities to switch all energy sources used at business sites to renewable energy by 2030.



Summary

As highlighted in this section, Toyota Industries is aggressively working to reduce CO₂ emissions both in terms of products and production toward the establishment of a carbon neutral society. As a result of such efforts, we were selected for the A List, the highest rating, for three consecutive years in a survey conducted on climate change by CDP*3, a U.K.-based international environmental NGO.

As for products, we expect that more stringent environmental regulations in various countries and growing energy-saving consciousness among customers will further accelerate the electrification of cars and materials handling equipment in the future. Amid this environment, we will holistically leverage our broad range of technologies accumulated in the automobile-related businesses and Materials Handling Equipment Business to further reinforce our development efforts geared toward electrification.

In terms of production, we have announced our target to reduce CO₂ emissions by 25% in fiscal 2026 from the fiscal 2014 level in becoming carbon neutral (zero CO₂ emissions) in 2050. Actually, however, we are aiming for an even more ambitious target of achieving a 50% reduction by fiscal 2031 from the fiscal 2014 level. We recognize that

thorough improvement of our energy use efficiency and effective introduction of renewable energy will be crucial in achieving this target. Specifically, we will need to minimize and utilize exhaust heat from foundry and other processes, which form a distinctive part of our business. In promoting the utilization of renewable energy, we will extend the regionally unique effort first undertaken by our bases in Europe to the entire Group while defining new targets. Simultaneously, we will take up a challenge of spurring innovation in manufacturing to achieve carbon neutrality. The challenge will include introducing production engineering technologies that have undergone repeated discussions on CO₂ reduction from the product design stage. Further endeavors will also entail proactively carrying out demonstration and introduction of new carbon neutral technologies, such as the use of hydrogen and capturing of CO₂ at plants, for establishing a CO₂ circulation system at a model plant.

We will continue to make proactive efforts to reduce CO₂ emissions both in terms of products and production and contribute to the creation of a carbon neutral society.



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

Business Activities

Materials Handling Equipment ————— P. 26-31

Automobile (Vehicle / Engine / Car Air-Conditioning Compressor / Electronics) ——— P. 32-37

Textile Machinery ————— P. 38

Materials Handling Equipment

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



Medium-Term Direction of Business

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

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

Business Characteristics

Strengths

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

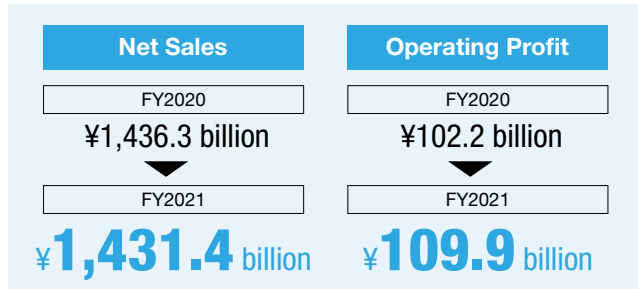
*1: Survey by Toyota Industries Corporation

Opportunities

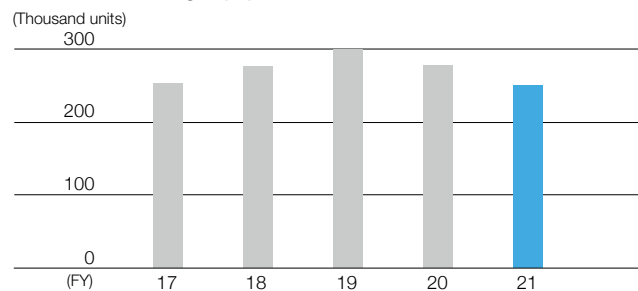
- An expansion of global logistics volume in line with an increase in the world population and economic growth
- Growing need for electric lift trucks and products with high fuel efficiency and low environmental impact following enforcement of more stringent environmental regulations around the world
- 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
- Weaker sales due to intensifying competition
- Change in business environment triggered by an expanding market of low- to mid-priced lift trucks
- Suspension of production caused by supply chain disruptions
- Weaker demand for internal-combustion lift trucks resulting from more stringent environmental regulations
- Emergence of next-generation robotics products as an alternative to lift trucks



Materials Handling Equipment Sales



Business Overview in Fiscal 2021

The lift truck market in 2020 turned downward except for China, where sales continued to increase. Amid this operating climate, Toyota Industries engaged in sales and after-sales service activities matched to respective markets. However, unit sales of lift trucks for fiscal 2021 were down 28,000 units, or 10%, to a total of 250,000 units from the previous fiscal year. Meanwhile, as the need for higher logistics efficiencies in warehouses is getting stronger, underpinned by an expansion of the e-commerce market, Toyota Industries made efforts for reinforcement of the Logistics Solutions Business through collaboration with subsidiaries in the United States and Europe. Net sales in fiscal 2021 were roughly on par with the previous fiscal year at ¥1,431.4 billion.

Business Structure

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

Toyota Material Handling Group (TMHG)

Toyota Industries assists customers worldwide in attaining greater logistics efficiencies as a market leader in the materials handling equipment and logistics fields by delivering optimal logistics solutions based on its comprehensive strengths to respond to their specific and ever-changing needs on a global scale.

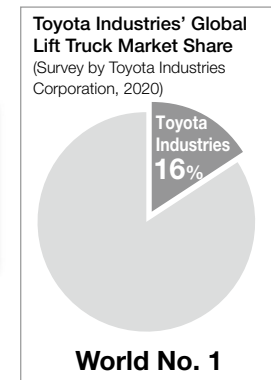
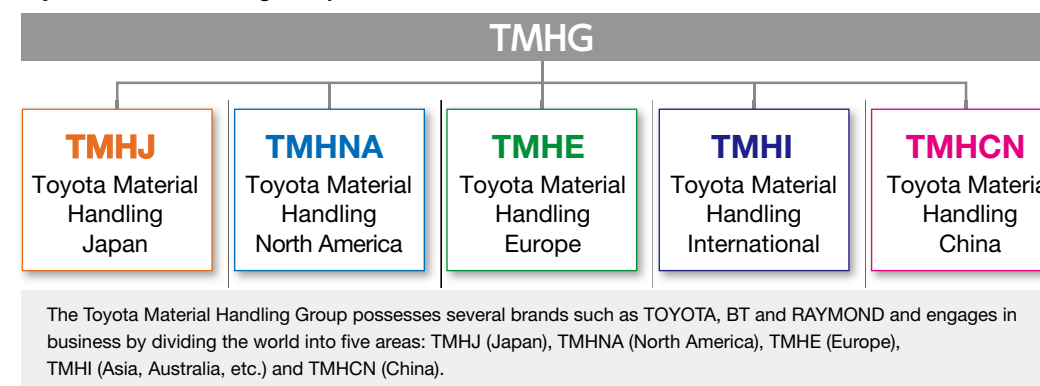
Under the TMHG management structure, we engage in the Lift Truck Business under the TOYOTA, BT, RAYMOND, CESAB and Tailift brands. Mutually utilizing the development and sales strengths of each brand, TMHG is promoting business globally.

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

which greatly influence the performance of lift trucks. In response to the enforcement of stricter environmental regulations and growing eco-consciousness worldwide, we are improving the energy-saving performance and enhancing our electric lift truck lineup. We are also promoting 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, including those for fund procurement, in the area of equipment sales. Additionally, TMHG is collaborating with TALG to create synergies between the lift trucks and logistics solutions fields in development and other domains.

Toyota Material Handling Group



Main Products



Toyota Advanced Logistics Group (TALG)

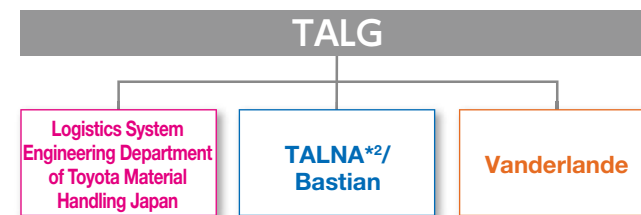
With accelerated expansion of the e-commerce market due in part to the growing need for contactless operations as a result of COVID-19, the need for logistics automation has been on the rise across the world. This has entailed increases in the number and size of distribution centers, which in turn have 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 accumulated to date.

Under the TALG management structure, the Logistics System Engineering Department 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.

Toyota Advanced Logistics Group



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

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

Main Products and Systems



Business Activities in Fiscal 2021

Despite dropping sharply due to COVID-19, the world's lift truck market grew overall in 2020 as evidenced by a recovery trend after bottoming out in the first quarter in China and in the second quarter elsewhere. Over the full year, the market expanded considerably year on year in China, but shrank slightly from the previous year's level in Japan, North America, Europe and other emerging countries. Amid this environment, we worked to enhance the product appeal of our mainstay lift trucks and expand sales. We also strove to offer reliable after-sales services, enhance responsiveness to large-order customers and provide solutions 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.

With regard to engines to be fitted in the 2021 models of some internal-combustion lift trucks sold in North America, we have not been able to obtain the country's legally mandated engine certification (as of June 30, 2021). Consequently, we suspended the shipment of these models (gasoline/LPG type) in January 2021 and their production in

June 2021. We will work for early resolution of the issue and endeavor to receive certification by continuing to provide relevant information to the U.S. environmental authority.

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 as TALG such as promoting collaborative efforts in the planning and development fields. In April 2021, we established a new company, T-Hive B.V., in the Netherlands to develop a seamless control system for Toyota Industries' autonomous vehicles and systems, such as automated guided forklifts (AGF), automated guided vehicles (AGV) and autonomous mobile robots (AMR).

Meanwhile, Aichi Corporation, which possesses the top brand*3 in the field of aerial work platforms in Japan, made efforts to expand sales in the electricity and communications fields, while the market of special-purpose vehicles declined steeply due to restrained capital investment in the leasing industry. As a result, Aichi posted sales of ¥59.3 billion, or ¥0.9 billion, or 2%, over the previous fiscal year.

*3: Survey by Aichi Corporation



Aichi Corporation's aerial work platform

Activities of TMHG

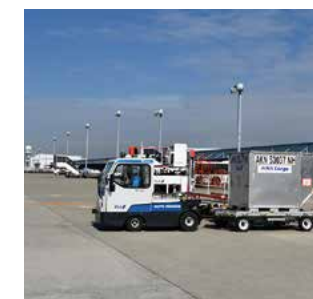
Japanese Market

In 2020, while an expansion of the e-commerce market pushed up the demand for lift trucks, customers postponed their capital investment projects due to COVID-19, and the Japanese lift truck market declined overall. Unit sales of Toyota Industries' lift trucks were on par with the previous fiscal year at 45,000 units in fiscal 2021, but still maintained the top position*4 in calendar 2020 for the 55th consecutive year.

The diversification of customer needs, heightened on the back of 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 operations. As a response, in April 2020 we added a safe operation assistance function, which had been available as an option, to our mainstay GENEIO-series internal-combustion lift trucks and gene B-series electric lift trucks as a standard feature. Through a synergistic effect with the System of Active Safety (SAS)*5, a proprietary safety system fitted in our main lift truck models since 1998, we will further help reduce accidents caused by lift trucks.

Needs are also growing for the automation of materials handling equipment to increase the efficiency of logistics operations and make them contactless. In cooperation with All Nippon Airways Co., Ltd., we have carried out a test trial of our autonomous towing tractors to carry baggage at Kyushu-Saga International Airport. The test trial has been a first*6 in Japan to take place in actual airport operations.



Autonomous towing tractor

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

*5: A safety system that helps to prevent the overturning of a lift truck and load spilling. It includes a function to ensure stability while rotating (swing-lock control of rear wheels) and a function to automatically control the angle of the mast when lifting cargo high up (mast tilt control).

*6: This test trial of baggage transportation in actual airport operations was the first of its kind conducted in Japan after the application of the Japanese government's guidelines for autonomous operations within an airport.

North American Market

With a year-on-year decline in the North American lift truck market in 2020, Toyota Industries posted combined unit sales of the TOYOTA and RAYMOND brands of 80,000 units, down 13% from the previous fiscal year, but still remained the market share leader*7 in 2020. Meanwhile,

parts sales and orders for after-sales services remained strong.

In 2020, Toyota celebrated 30 years of manufacturing in the United States, with cumulative total production surpassing 700,000 units. Along with enhancing the product offering with the release of new electric lift trucks and a high-capacity internal-combustion lift truck, Toyota proactively enhanced optional features that are based on ergonomics and serve to increase operability and reliability. In response to the growing need to automate intralogistics, Toyota launched AGFs fitted with the latest navigation system using Light Detection and Ranging (LiDAR) technology. Additionally, efforts related to the After Sales Service Evaluation and Certification (ASEC) program designed to increase the competitiveness of dealers and an initiative to improve operational efficiency in a systematic manner have proceeded steadily and produced positive results.

Raymond has also been active in releasing new products and enhancing functionality to satisfy various customer needs. The product lineup has been enhanced with the release of an electric low lift truck with battery management functionality and an automated lift truck for intralogistics, which boasts improved telematics functionality and utilizes a vision-guided technology of a partner company. Raymond has also started sales of a battery management system using next-generation lithium-ion batteries that have shorter charging time and are more compact and highly functional than conventional lead-acid batteries. Paired with the iWAREHOUSE fleet management system, it will increase the productivity of logistics sites, optimize battery usage and simplify maintenance work, thereby allowing cost reductions throughout the lift truck lifecycle.

We have established a program to provide funding to university research projects with the aim of facilitating the development of next-generation technologies in the materials handling equipment industry. In 2020, we strengthened our collaboration with two universities for respective research projects.

We will continue to leverage the strengths of each brand and reinforce technological development by utilizing automation, telematics and other advanced technologies. In addition, through closer collaboration with the Logistics Solutions Business, we will accurately respond to customers' needs for greater logistics efficiencies.

*7: Survey by Crist Information & Research, LLC, 2020



New AGF



Next-generation lithium-ion battery

■ European Market

Following the previous year, sales in the European lift truck market continued to decrease in 2020. Toyota Industries posted unit sales of 77,000 units in fiscal 2021, down 18% from the previous fiscal year. Conversely, orders for after-sales services and sales of parts remained steady.

In Europe, increases in logistics volume and small cargo delivery as well as a requirement for a shorter delivery time have pushed up the need for increasing the efficiency of logistics operations, mainly those of lift trucks, at distribution centers. As a response, Toyota Industries offers the I_Site fleet management system that connects more than 150,000 lift trucks to a network. Besides lift trucks' operational status, the system collects various information, such as data on impact detection and battery consumption. By analyzing the information and sharing the results with customers, the system not only achieves better lift truck operation and lower costs but also helps to increase safety awareness.



Notional image of Toyota I_Site

In terms of products, we are enhancing the lineup of models equipped with lithium-ion batteries. We are adding these models to low lift trucks and counterbalanced lift trucks in order to meet the diversifying needs of customers. Among internal-combustion lift trucks, a model fitted with our internally developed engine that satisfies the latest EU regulations is highly recognized in the market.



New electric low lift truck

Going forward, we will work to enhance the lineup of models offering excellent environmental performance. At the same time, to help customers achieve higher logistics efficiencies we will respond to the needs for connected and automated lift trucks, which are expected to grow further in the future, by utilizing the latest technologies.

■ ALOMA*⁸ and Chinese Markets

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

The environment surrounding materials handling equipment in the ALOMA and Chinese markets underwent an unprecedented change in 2020. These markets temporarily turned downward from the previous year due to the rapid spread of COVID-19, but many ALOMA markets already began to recover in the latter half, showing a 96% year-on-year growth over the full term. Similarly, the Chinese market was quick to indicate a dramatic recovery and grew sharply by 137% over the previous year. The diversification of market needs has also accelerated further in the ALOMA and Chinese markets, as seen in strong environmental consciousness among more customers and a growing awareness of logistics costs. Against this backdrop, we have been making various efforts, such as initiating sales of Enelore, a new lithium-ion battery replaceable with lead-acid batteries used in our electrified lift trucks, releasing small electric hand pallet trucks in more countries and promoting the used lift truck business.



New Enelore lithium-ion battery

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

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

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

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

Activities of TALG

■ Logistics System Engineering Department of Toyota Material Handling Japan

A sharp growth of the e-commerce market in recent years has increased inquiries and orders for large distribution centers. In response, we are striving to provide logistics solutions that cover the entire logistics process, encompassing the systems and equipment of Vanderlande and Bastian.

Logistics automation, in particular, has drawn much attention since a need for contactless operations grew in step with the spread of COVID-19.

In 2020, we put an automated lift truck to practical use in a freezer warehouse for the first time in Japan and launched a feasibility test jointly with Nichirei Logistics Group Inc. Additionally, we have conducted a feasibility test with TRUSCO Nakayama Corporation on the AiR-T autonomous intelligent mobile robot that assists picking operations in distribution centers. At the Aichi Robot Showcase, a project of Aichi Prefecture to promote the implementation of service robots in society, we made proposals on the use of the AiR-T in an office building and at a coffee shop.

In dealing with diversifying customer needs, we have taken a stake in +Automation Inc., a startup company providing a warehouse robotics system subscription service. Through this arrangement, we have been examining new sales methods and have reinforced the lineup of sorting robots used in distribution centers.

■ 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 has increased its capabilities for large system development and integration, thereby successfully



Automated lift truck operating in a freezer warehouse



AiR-T



t-SORT sorting robot

receiving orders for a number of large projects in fiscal 2021.

Capitalizing on its strengths in software and other technology development, Bastian has been promoting collaboration with other companies in the Toyota Industries Group. For example, Bastian has received, jointly with Vanderlande, an order for a project of a leading e-commerce operator in North America and started to provide software programs to the Logistics System Engineering Department of TMHJ. 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.

■ 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 respectively optimized for operations of industry's top companies and focused business categories.

In the airport business, amid difficult operating conditions Vanderlande obtained orders for systems for new terminals from existing airport customers as well as long-term servicing contracts based on its long-standing relationships of trust.

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



System operating in an e-commerce distribution center



High-speed sorting system used in the e-commerce and apparel sectors



Airport baggage handling system

Automobile

In the fields ranging from vehicle to engines, car air-conditioning compressors and electronics, 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)

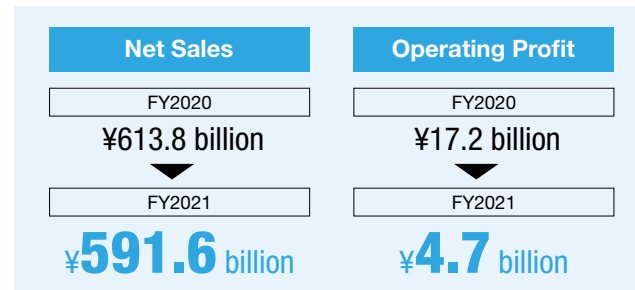
Opportunities

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

Risks

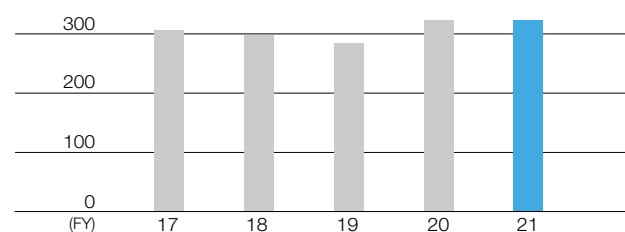
- Shrinking of the automobile market caused by economic slowdown
- Customers becoming less willing to buy fuel-efficient products following less stringent environmental regulations
- A drop in product competitiveness due to the yen's appreciation or a rise in raw material costs
- Suspension of production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

*1: Survey by Toyota Industries Corporation



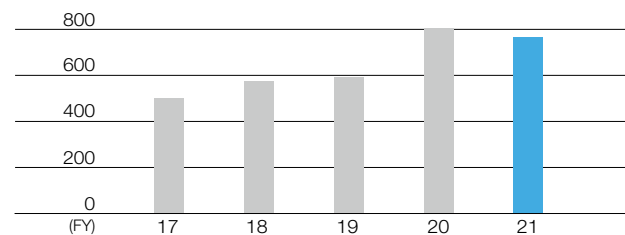
Vehicle Sales

(Thousand units)



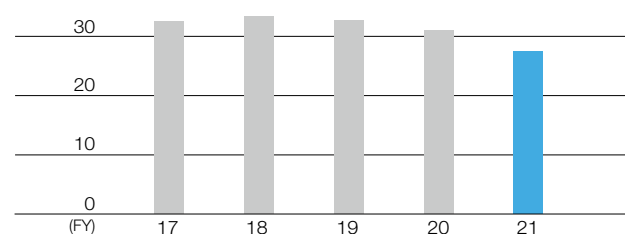
Engine Sales

(Thousand units)



Compressor Sales

(Million units)



Vehicle

Medium-Term Direction of Business

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

Business Overview in Fiscal 2021

In fiscal 2021, sales of the RAV4 posted an increase in Japan, which was offset by a decline in sales elsewhere. As a result, unit sales remained on par with the previous fiscal year at 323,000 units. Net sales decreased by ¥1.6 billion, or 2% year on year, to ¥88.3 billion.

Nagakusa Plant to Initiate Production of a PHEV Model Added to the RAV4 Lineup

For the RAV4, which became the first Toyota vehicle in a decade to receive the Car of the Year Japan 2019-2020 award, a PHEV version was added to the lineup in June 2020, and Toyota Industries' Nagakusa Plant initiated production of the new model. The RAV4 PHV is equipped with a high-capacity, high-output lithium-ion battery, which achieves a driving range of 95 km in the EV mode. The model also realizes powerful acceleration and boasts greater fuel efficiency, thus offering superior environmental performance. Moreover, a system to feed power externally, useful during disasters and for outdoor activities, is a standard feature of the RAV4 PHV.

The Nagakusa Plant is the only plant in Japan to manufacture the RAV4 PHEV. As such, we will continue to help promote car electrification in the future.



RAV4 PHV

HARRIER Designed and Developed by Toyota Industries Selected as Good Design Best 100

The new HARRIER released by TMC in June 2020 was included in the 2020 Good Design Best 100 under the Good Design Award program, receiving high recognition for its exterior and interior designs that are both dynamic and sophisticated, bringing every detail together at a high quality level.

In addition to the design of the vehicle's upper body, Toyota Industries also developed its outer shape and interior.

In order to continue meeting customers' expectations, we will work to strengthen our vehicle planning and development capabilities and ensure quality.



HARRIER selected as Good Design Best 100

Presenting a RAV4 Concept Model at Tokyo Auto Salon 2021

We have been engaging in activities to turn the RAV4, for which Toyota Industries carries out from development to production, into an even more exciting and appealing SUV. As part of these activities, we presented the RAV4 5D*2-ADVENTURE at Tokyo Auto Salon 2021. It is a concept model exclusively created for mountain rescue operations based on a survey on professional-use vehicles running in a harsh environment. In order to reach a destination reliably and safely to start a rescue operation, the model is built from a professional viewpoint and incorporates various equipment and functions to enable driving in mountain areas under rough weather. We intend to utilize the outcome of these activities in future development of the RAV4.

*2: Features five action patterns ("dimensions") of rescue team members, enabled by the vehicle's unique equipment and functions.



RAV4 5D-ADVENTURE

Engine

Medium-Term Direction of Business

In line with the adoption of the Paris Agreement, an international framework to address climate change issues in 2020 and beyond as well as the announcement by some countries to accelerate efforts toward carbon neutrality, there is a growing demand for engines with even greater fuel efficiencies and cleaner emissions. Amid this environment, we aim to contribute to a reduction of CO₂ emissions by meticulously meeting customer needs for diverse engine systems and developing new, globally top-level technologies and products that also respond to car electrification.

Business Overview in Fiscal 2021

Unit sales in fiscal 2021 totaled 765,000 units, a decrease of 42,000 units, or 5%, from the previous fiscal year due to declines in sales of GD diesel engines and M20A gasoline engines. Thanks to an increase in sales of foundry parts, however, net sales increased by ¥1.4 billion, or 1% year on year, to ¥139.9 billion.

Engines for Automobiles

■ Diesel Engines

Needs for powertrains are becoming diverse depending on the region. The requirement is also growing 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. Toyota Industries' diesel engines are mounted in a variety of vehicles, including the Toyota Land Cruiser series, the world's renowned full-fledged four-wheel drive (4WD) model, and TMC's Innovative International Multipurpose Vehicle (IMV) series targeting emerging countries. Their high performance and reliability have gained strong market recognition. Currently, our mainstay products are in-line 4-cylinder GD diesel engines and V-type 8-cylinder VD diesel engines. The GD diesel engine is equipped with a turbocharger that provides significantly better performance through the adoption of new technologies, such as a ball bearing-type system.

As a global engine supplier, we will continue to undertake entire operation from development to production and supply diesel engines that can win the heart of customers worldwide.



High-output GD diesel engine and new turbocharger

■ Gasoline Engines

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

In April 2021, we also started production of a turbocharger for gasoline engines mainly fitted in the Lexus RX and Crown. We are working to steadily increase the

number of models equipped with this turbocharger. We will further improve the quality and productivity of our gasoline engines and turbochargers used in these engines and contribute to the creation of "ever-better cars" by TMC.

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



2.5-liter A25A engine for HEVs

Turbocharger for gasoline engines

Engines for Industrial Fields

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

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

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



Toyota 1ZS diesel engine and turbocharger

TOPIC

Participating in a Verification Test on Engines for River Drainage Pumps

In April 2021, Toyota Industries was selected as an engine manufacturer for a project to develop, introduce and utilize mass product drainage pumps, for which the Ministry of Land, Infrastructure, Transport and Tourism publicly solicited participants. The project aims to demonstrate a new system to operate river drainage pumps, which uses multiple diesel engines of mass-produced vehicles instead of a conventional, dedicated large diesel engine. Toyota Industries' 1GD diesel engine has been approved for the project.

Car Air-Conditioning Compressor

Medium-Term Direction of Business

In the Car Air-Conditioning Compressor Business, we leverage our core compression technology and have become an innovative component supplier amid an expected advancement in car electrification and autonomous technology.

We will further enhance our capability to develop products that offer excellent fuel efficiency, quieter operation, compactness and light weight. At the same time, 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 2021

In fiscal 2021, unit sales of car air-conditioning compressors decreased 3.52 million units, or 11%, from the previous fiscal year to 27.51 million units due mainly to lower sales in North America and Europe. Net sales were down ¥26.6 billion, or 8%, from the previous fiscal year to ¥301.6 billion.

Development Efforts Centered around Fuel Efficiency and Car Electrification

Even though growth in the car air-conditioning compressor market is currently slowing down due to the stagnating automobile market, 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. Unit sales of electrified vehicles, in particular, are expected to grow significantly for the foreseeable future as automakers aggressively roll out new models to accommodate stricter fuel efficiency regulations in respective countries and expanding customer needs. Amid this environment, we will further reinforce product development for not only compressors for internal-combustion vehicles, which are still mainstay products as of now, but also compressors for electrified vehicles, for which we anticipate stronger demand.

■ More Compressors with High Fuel Efficiency to Receive Off-Cycle Credits

More stringent fuel efficiency standards have been enforced across the world, pushing the need for higher fuel efficiency both for internal-combustion vehicles and electrified vehicles. In the United States, our SES series for internal-combustion vehicles became the industry's first compressor to be approved under the country's off-cycle credits program. The program gives off-cycle credits to technologies that can effectively improve fuel efficiency. Since receiving the first*6 accreditation, we have acquired credits for our compressors for electrified vehicles as well, and the number of models equipped with these compressors has been growing.

■ Strengths of Toyota Industries' Electric Compressors

CSR Material Issue

Since launching the world's first*6 mass production of electric compressors in 2003, our products have been used in HEVs, PHEVs, BEVs and FCEVs of Toyota, Ford, Daimler, Honda, Nissan and other automobile brands. We have been undertaking efforts to further increase the appeal of these compressors based on our technology and know-how accumulated through the development of a broad range of models. Among various electrified vehicles, BEVs in particular are facing the growing need for higher electric efficiency while a heater is turned on as well as for cooling heat-emitting key components, such as batteries. In response, we have been developing and manufacturing high-capacity types by leveraging our strengths represented by high efficiency and reliability.

In addition to enhancing product appeal, we plan to further reinforce our capability to support automakers, for example, by proposing solutions to issues related to an automobile as a whole, and ultimately expand sales.

*6: Survey by Toyota Industries Corporation

	Our Strengths in Electric Type	Our Initiatives
Common to all electric compressors	Broad product lineup	Applicable to a variety of vehicle models from compact to luxury cars
	Higher efficiency in power consumption / Lower noise / Less vibration	Design with our patented technology while ensuring product quality and performance in mass production by leveraging precise machining/assembly technology
	Support capability to automakers	Proposal of problem solutions to automakers
Electric compressors for BEVs	Prevention of radio disturbance on home electrical appliances while charging BEVs	Improvement of inverter performance achieving lower electromagnetic noise
	Improving electric efficiency while a heater is turned on	Development of high-efficiency compressors for heat pump air conditioning system
	Cooling such devices as batteries	Expanding our business field to driving components with reliability

■ Utilizing Compression Technology to Extend Our Role into the Field of Core Components for Drive Systems

CSR Material Issue

Going a step beyond the cooling functionality of car air-conditioning compressors, we have utilized our compression technology accumulated to date to develop and manufacture air compressors, which take in and compress air to efficiently supply the oxygen necessary to generate power, as well as hydrogen circulation pumps. We aim to play a role in realizing a hydrogen-based society by contributing to an improvement in the performance of FCEVs through the development of these components.

TOPIC

The new MIRAI FCEV released by TMC in December 2020 uses an air compressor and hydrogen circulation pump newly developed by Toyota Industries. The air compressor is the world's first*⁷ mass-produced product to adopt a centrifugal method using a movable roller-type traction drive unit. Not only does the product achieve a 24% compression efficiency improvement, 35% weight reduction and 45% size reduction compared with the previous model but it also contributes to the higher output of the new MIRAI. The hydrogen circulation pump adopted a new seal structure that offers better corrosion resistance. This makes it possible to change the material used for the pump from stainless steel to aluminum, thereby realizing a 41% weight reduction.

*⁷: Survey by Toyota Industries Corporation



Oxygen-supplying air compressor

Hydrogen circulation pump

Production-Related Strengths Underpinning Quality and Performance

High-precision machining and assembly technologies are essential in realizing 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*⁸. 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.

*⁸: Regulation in China mandating automakers to produce a certain percentage of BEVs and other new energy vehicles

Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2021)



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

*⁹: Survey by Toyota Industries Corporation

Electronics

Medium-Term Direction of Business

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

Business Overview in Fiscal 2021

Net sales of electronics products expanded, primarily supported by sales of on-board chargers for PHEVs and BEVs.

Contributing to Car Electrification

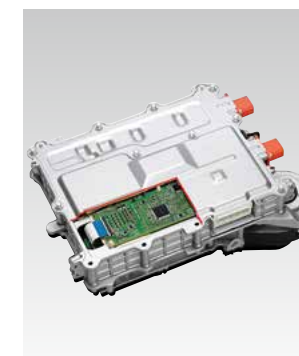
Toyota Industries develops and manufactures on-board power source devices, including DC-DC converters, on-board chargers and AC inverters, and charging stands. We sell these products mainly to TMC and other automakers across the world.

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*¹⁰, we have reduced the product volume 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.



DC-DC converter



On-board charger

In addition, we have been contributing to car electrification also in terms of infrastructure by developing public charging stands for PHEVs and BEVs.

*¹⁰: Survey by Toyota Industries Corporation



Charging stand for PHEVs and BEVs

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

CSR Material Issue

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 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 July 2020, we conducted a disaster prevention drill using the power source functionality of an AC inverter, which is fitted in the RAV4 PHV manufactured at the Nagakusa Plant. During the drill, we used the AC inverter to power multiple electric appliances simultaneously, such as a radio, TV, notebook PC, smartphone charger, lighting device, electric fan, refrigerator, heater and hot-water pot, and verified its usefulness as a power source.



Disaster prevention drill using AC inverter's power source functionality

Textile Machinery

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



* Survey by Toyota Industries Corporation

Business Characteristics

Strengths

- Broad product lineup both in the spinning and weaving machinery fields
- World-leading market share* in unit sales of air-jet looms
- Global, well-developed service network
- Ability to develop products that excel in reliability, energy-saving performance and versatility

Opportunities

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

Risks

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

Medium-Term Direction of Business

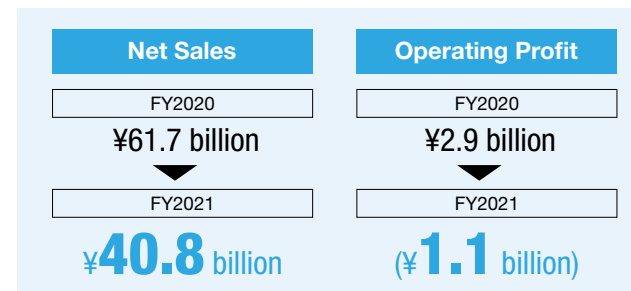
With growing environmental consciousness worldwide, needs are expected to increase further for textile machinery offering superior environmental performance. Toyota Industries' products are highly acclaimed by customers for their excellent reliability and productivity as well as energy-saving performance.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

Business Overview in Fiscal 2021

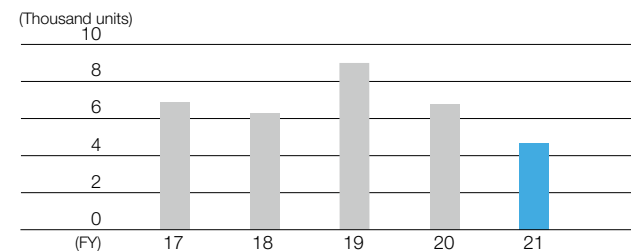
On the whole, the environment surrounding the textile machinery market continued to be difficult. Unit sales of air-jet looms decreased 2,100 units, or 31% year on year, to 4,700 units. Combined with a decrease in sales of quality measurement instruments for fiber, yarn and fabric, net sales were down ¥20.9 billion, or 34%, from the previous fiscal year to ¥40.8 billion.

Growing Needs for Air-Jet Looms

Toyota Industries' air-jet looms are adopted by customers in China, India and many other countries. Produced fabrics are used broadly for towels, shirts and other clothing purposes



Air-Jet Loom Sales



as well as in industrial products such as vehicle airbags. Recently, the need has been on the rise for fabrics such as woven glass fiber for use in smartphone substrates, and it is anticipated that applications for air-jet looms will expand further.

MOSAIC Yarn Spinning Device Receiving an Award at the National Commendation for Invention

Our MOSAIC yarn spinning device, offered as an option to the RX300 high-speed ring spinning frame, received the Minister of Economy, Trade and Industry Award at the 2020 National Commendation for Invention. The award recognized the device's ability to flexibly change the mixing ratio of two different types of roving materials in one yarn and to completely switch over between the two types, such as by chopping and reconnecting the roving materials. The resulting MOSAIC yarns enable unconventional, diverse fabric designs, helping to create a new market in the textile industry, mainly in the apparel field.

Yarn made using the MOSAIC yarn spinning device



A complete switchover between two colors (types) is possible with varying thickness.

The gradation of two colors (types) is possible via a gradual switchover.

<Reference: Normal yarn>

Consistent thickness and twisting



Product sample made with MOSAIC yarn

Promotion of ESG Initiatives

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

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Corporate Governance

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

Corporate Governance Structure

Basic Perspective on Corporate Governance

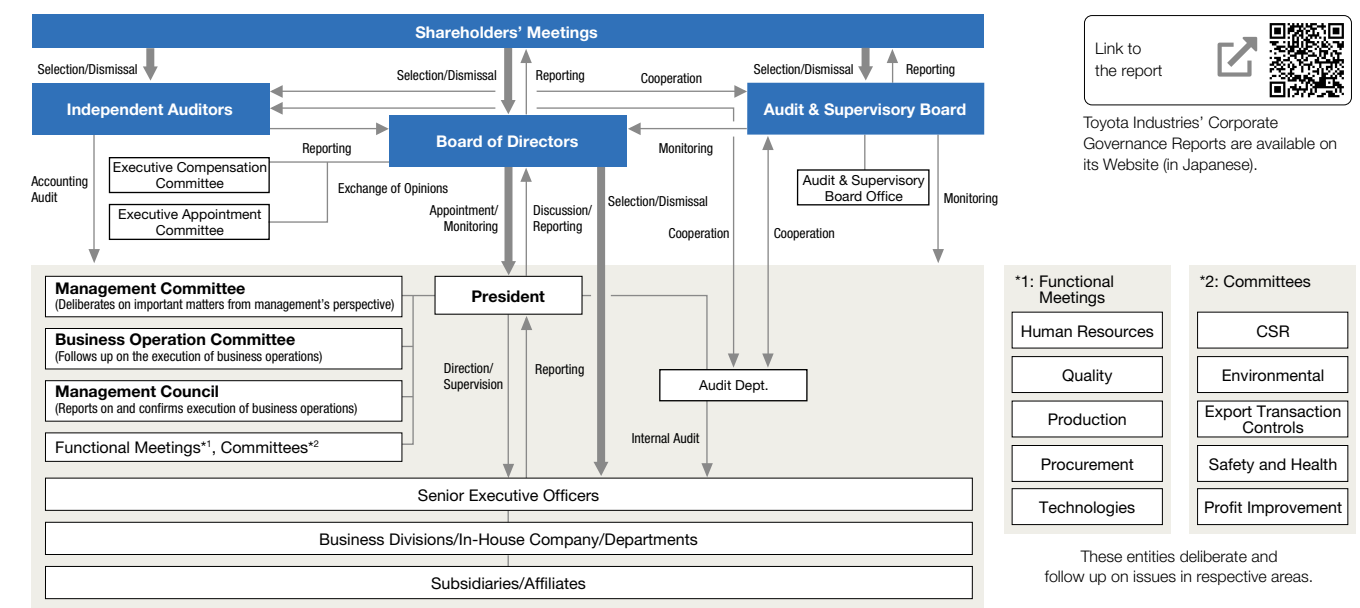
Toyota Industries regards the most important managerial task is to earn trust broadly from society and enhance our corporate value on a stable, long-term basis. We aim to do this task based on our Basic Philosophy and earnestly fulfilling our social responsibilities. Our basic focus is on contributing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

Accordingly, we strive to enhance our corporate governance in order to maintain and improve management efficiency, fairness and transparency. For example, we have established a structure to quickly and flexibly respond to

changes in the business environment and have been working to augment management oversight and ensure the timely disclosure of information.

More specifically, the following basic policies drive our initiatives.

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



(As of June 10, 2021)



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

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

Implementation Structure

Toyota Industries convenes monthly meetings of the Board of Directors to resolve important management matters and monitor the execution of duties by directors. We appoint outside directors who have a wealth of experience and knowledge concerning business management. They attend meetings of the Board of Directors and give opinions and ask questions as deemed necessary based on their individual, wide-ranging experience and insights related to the management of globally operating companies and *monozukuri* (manufacturing). Through this supervisory function of outside directors, we ensure the legality and validity of the Board's decisions as well as directors' execution of duties from an objective perspective. The Management Committee, which is composed of directors at the executive vice president level and above as well as senior executive officers and other executives, deliberates on a variety of issues concerning important management matters such as our corporate vision, management policies, medium-term business strategies and major investments.

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

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

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

■ Policies for Selection (and Dismissal) of Senior Management and Appointment of Director Candidates
We carry out comprehensive evaluations from the viewpoint of placing the right persons in the right positions. We seek a balance between making sound and quick decisions, managing risk appropriately and monitoring execution of business operations and covering a specific function or business division of Toyota Industries.

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

fields and the diversity of perspectives on corporate management.

■ Method of Determination

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

Appointment of Independent Members of Management

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

Determination of Compensation for Directors and Audit & Supervisory Board Members

■ Matters Related to Policy for Determining Individual Compensation for Directors

- **Basic Perspective**
 - We ensure fairness and transparency.
 - We emphasize incentives for achieving better business performance and sustainable growth, link compensation with the business performance of Toyota Industries and reflect individual duties and performance.
- **Compensation Structure**
 - Compensation for directors consists of fixed compensation (basic compensation) and bonuses (compensation linked to business performance).
 - A bonus is further divided into a portion linked to a single fiscal year indicator and a portion linked to medium-term indicators. However, bonuses for outside directors do not include the portion linked to medium-term indicators.
- **Method of Determining Individual Compensation**
 - We have established the Executive Compensation Committee comprising four members, namely Toyota Industries' chairman, president and two independent outside directors.
 - To ensure the Committee's objectivity and transparency, we have a rule that independent outside directors make up a half or more of the total number of its members.
 - The Executive Compensation Committee deliberates on a policy for determining individual compensation for directors, proposed compensation for each director and important matters related to compensation.
 - The Board of Directors votes on the policy based on the results of deliberations made at the Executive Compensation Committee.
 - From the standpoint of determining directors' individual compensation amounts flexibly and swiftly, the Board of Directors delegates the related decision-making authority to the president (or to the chairman).
 - The president (or the chairman) determines the directors' individual compensation amounts based on the policy

and the results of deliberations made at the Executive Compensation Committee.

● Policy for Determining Fixed Compensation, Bonuses and Their Ratio

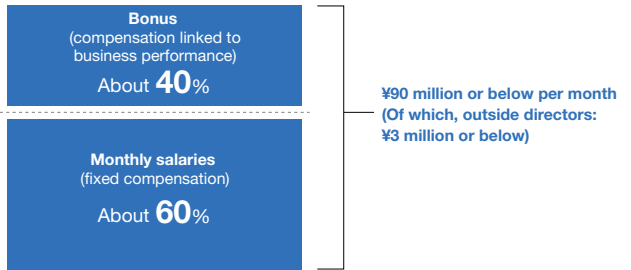
— Fixed Compensation —

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

— Bonuses —

- We pay a bonus at a certain time after the end of the General Shareholders' Meeting in each fiscal year.
- For the portion linked to a single fiscal year indicator, we use consolidated operating profit as the indicator and calculate the amount of bonuses for each rank based on the amount of consolidated operating profit for the previous fiscal year.
- For the portion linked to medium-term indicators, we evaluate such management indicators as operating profit ratio of the past three fiscal years and calculate the amount of bonuses for each rank based on the evaluation results.
- We have selected the said indicators because we have determined that they appropriately align with the basic perspective of our policy for determining individual compensation for directors.
- In determining the amount of bonuses, we give consideration to dividends, employees' and other companies' bonus levels, past records of bonus

Breakdown of Executives' Compensation



Compensation for Directors and Audit & Supervisory Board Members

Executive category	Total compensation (¥ million)	Monthly salaries (fixed compensation)	Bonuses (Compensation linked to business performance)	No. of applicable executives
Director (Of which, outside director)	546 (52)	346 (36)	200 (16)	10 (3)
Audit & supervisory board member (Of which, outside audit & supervisory board member)	106 (27)	106 (27)	— (—)	5 (2)
Total	653	453	200	15

Notes:
1. The figures include one director and one audit & supervisory board member who resigned at the closing of the 142nd General Shareholders' Meeting held on June 9, 2020.
2. Bonuses show the amounts approved by resolution of the 143rd General Shareholders' Meeting held on June 10, 2021.

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 Audit & Supervisory Board Members

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

Effectiveness of the Board of Directors and Its Evaluation

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

■ Evaluation

- (1) Opportunities are provided to share information and hold discussions about management issues and other matters.
- (2) Appropriate decision-making and management oversight are ensured by holding several discussions on important matters prior to the resolution and by reporting and following up on the progress after the resolution of these important matters. The Board successfully draws opinions and advice from outside directors and audit & supervisory board members based on their experiences in their respective companies and individual perspectives.
- (3) The atmosphere is open, encouraging directors to freely make comments and engage in lively discussion.
- (4) Meeting materials are simple and clear, and explanations are right to the point.

■ Suggestions for Further Improvement of the Effectiveness

- (1) Regarding major investments and other important projects, more opportunities should be provided to report the progress of each.
- (2) To further invigorate the Board's discussion, more opportunities should be provided to directly listen to the

Meetings of the Board of Directors and Relevant Committees

Meeting body	No. of meetings held per year	Average attendance rate
Board of Directors	10	98% (Directors and audit & supervisory board members)
Executive Compensation Committee	1	100% (All committee members)
Executive Appointment Committee	1	100% (All committee members)
Audit & Supervisory Board	12	100% (Audit & supervisory board members)

voice of each site, including subsidiaries outside Japan.

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

Audit & Supervisory Board System

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

The four members attend meetings of the Board of Directors and provide their opinions as appropriate. The full-time members also attend other important meetings to receive reports on the execution of duties by directors and other responsible persons. They also carry out such activities as on-site audits at the Head Office, major business sites and subsidiaries as necessary and collaborate with independent auditors and the Audit Department for overall audits.

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

Initiatives for Enhancing Corporate Governance

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

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 associated benefits and risks are commensurate with capital cost. More specifically, we conduct verification by using both quantitative information, which is based on comparison of total shareholder return and weighted average capital cost as well as return on equity (ROE) of each investee company, and qualitative information, such as the transaction status and the outlook of future business relationships.

Exercise of Voting Rights

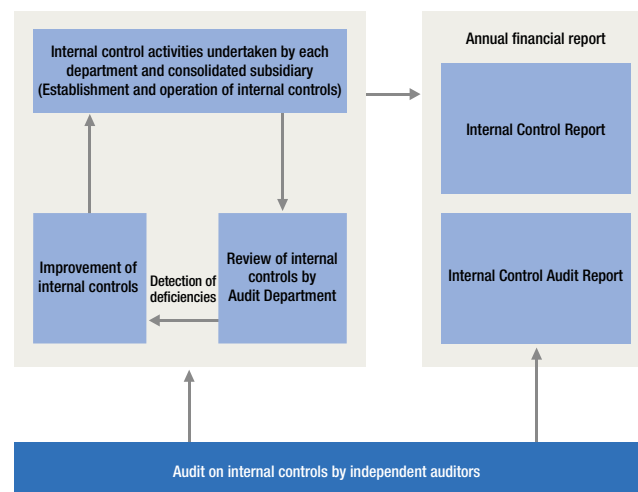
While respecting management policies of individual investee companies, we determine how we exercise our voting rights by checking each item on the agenda from the perspectives of medium- to long-term enhancement of corporate value, policy concerning shareholder returns, corporate governance and social 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 2021 were effective, and accordingly, submitted an Internal Control Report in June 2021. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.

Internal Control Assessment System (Based on J-SOX)



Compliance

Basic Perspective

We believe that compliance means both adhering to laws and regulations as well as ethics and social norms. As such, it is

vital to promote compliance throughout the Toyota Industries Group under the leadership of top management.

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

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

Example Topics of e-Learning Materials

Compliance; Antitrust laws; Prevention of bribery; Human rights; Various types of harassment; Safety behavior; Occupational accidents; Mental health; Environmental protection; Management of confidential information; Traffic safety; Product liability; Accounting process

■ Execution rate of Employee Code of Conduct enlightenment activities by Toyota Industries and consolidated subsidiaries outside Japan: 100%; Execution rate of Employee Code of Conduct enlightenment activities by consolidated subsidiaries in Japan: 75% (Unable to achieve 100% due to the impact of COVID-19)

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 (external helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters without being exposed to negative consequences. In fiscal 2021, we received 62 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate action regarding each case. Our responses have been reviewed and judged appropriate by external lawyers.

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

Activities in the Toyota Industries Group

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








Compliance Officer Conference in China

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 2021, compliance officers from eight bases in China attended the Compliance Officer Conference held online. They shared information about compliance activities of each company and updates to relevant laws to learn how to thoroughly implement basic points of compliance and improve response capabilities. After the conference, these bases have been conducting activities in a mutually coordinated manner.

Main Compliance Officers

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

Information Security

Basic Perspective

We recognize that the personal information of customers, employees and business partners as well as information concerning our technologies and sales activities are assets that need to be protected. Accordingly, with the aim of safeguarding our information assets and strengthening their management, we have formulated the Basic Policies for Information Security.

Basic Policies for Information Security

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

Implementation Structure

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

of Toyota Industries.

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

*1: Head of each department

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

Information Security Management

Information Security Monitoring and Incident Response

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

CSR Material Issue

Number of serious incidents occurred: 0

Providing Education on Information Security

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

Preventing Leakage of Confidential Information

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

preventing malware penetration and data leakage caused by cyberattacks.

Conducting Information Security Audits

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

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

Risk Management

Basic Perspective

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

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

Implementation Structure

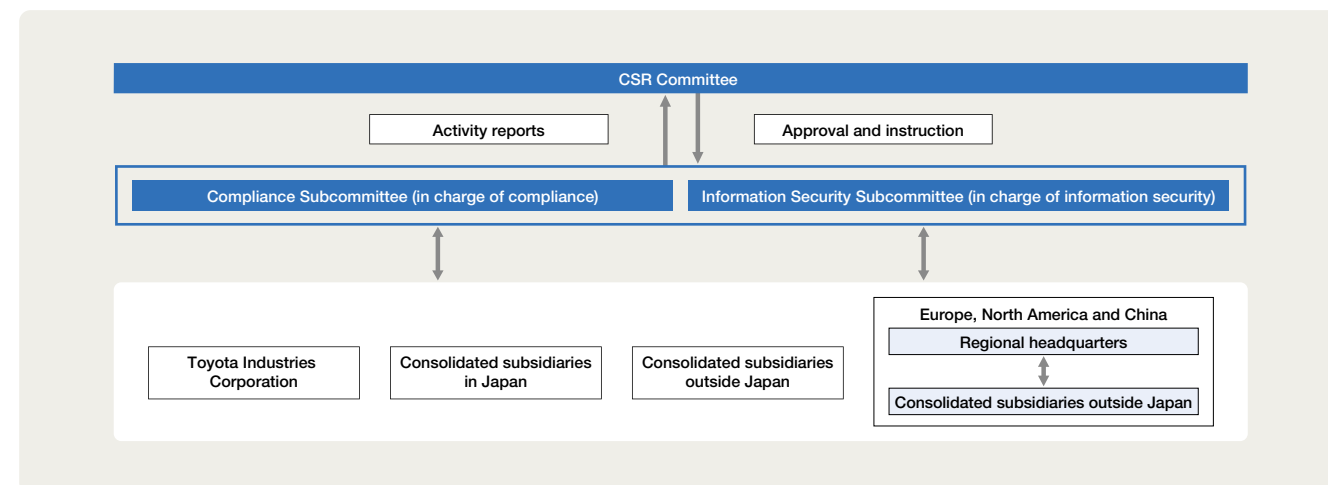
Business divisions and other departments at the Head Office develop and promote annual action policies that integrate measures to prevent and control risks related to quality, safety, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed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

We have also formulated the Risk Response Manual, which defines our initial response to an emergency. This manual lays out basic rules to be followed when a risk becomes evident. The aim is to ensure quick reporting to top management, perform an accurate assessment of the impact on society and business activities and minimize damage through appropriate actions. As a countermeasure to the ongoing COVID-19 pandemic, we are making an appropriate response based on this manual. The content of the manual is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

Response to Possible Major Earthquake

We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated

Organization for Promoting Compliance and Information Security under the CSR Committee



Primary Activity Examples

Activities in fiscal 2021

- Enhancing security services for consolidated subsidiaries in and outside Japan
- Facilitating tools (measures) to support actions against leakage of confidential information
- Publishing information security newsletters
- More advanced e-mail security training (targeted attacks via e-mail on specific departments and after-action education; four times a year/person)
- Performing a more stringent check on information devices brought into the plant premises from outside
- Providing information security education to on-site plant workers
- Providing incident response training
- Reinforcing a system of collaboration with consolidated subsidiaries and with dealers in and outside Japan
- Operating a system on a trial basis that automatically detects unauthorized removal of information off the premises

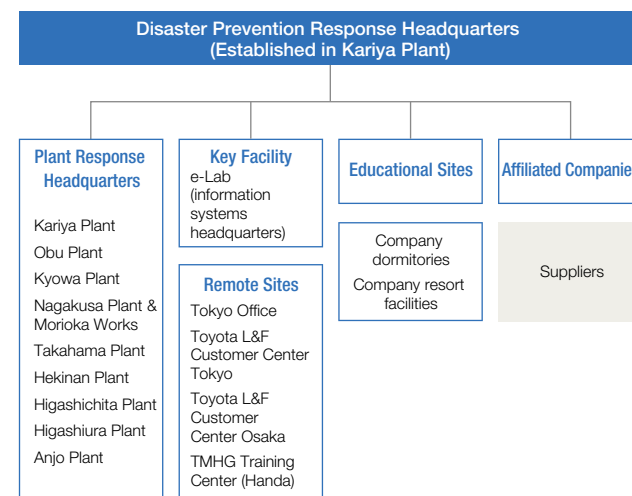
a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest possible recovery, we are making Company-wide efforts in three relevant areas, specifically, “precautionary, pre-disaster mitigation,” “initial response to be followed immediately after the disaster” and “restoration of production.”

Disaster Prevention Structure

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

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

Disaster Prevention Structure



Promoting Disaster Prevention at Home and Related Enlightenment Activities

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

Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

■ 1. Training at Disaster Prevention Response Headquarters

As one important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response, we conduct training in which employees collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries. In fiscal 2021, we canceled comprehensive training to



Aggregating information within the Company

prevent COVID-19. Instead, we conducted training by function, such as aggregating information within Toyota Industries. As an effort to reinforce our disaster prevention structure, we also conducted a drill for plant security staff to use IT tools to distribute information, assuming a nighttime earthquake.

■ 2. Initial Response Training at Plant Response Headquarters

In fiscal 2021, as with the Disaster Prevention Response Headquarters, we avoided large-group training as much as possible and conducted training for the Plant Response Headquarters in small groups and by role to confirm the action of each member. Specifically, the members aggregated damage information and distributed information using a simple wireless device. 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 genbutsu* (go and see for yourself) training on a periodic basis. Through the training, we are identifying problems and making improvements to step up our efforts to ensure quick restoration activities.

b) System Restoration Drill

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

■ 4. Training for Identifying Disaster Damage

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

Future Activities

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

Messages from Outside Directors

(As of March 31, 2021)



Shuzo Sumi

Two business pillars of Toyota Industries are the automobile-related businesses and the lift truck/logistics solutions businesses, and the Company has globally strengthened areas in these businesses as required to adapt to changes in society or needs, such as the move toward electrification and automation. In the logistics solutions field, in particular, the Company has extended the scope of its business by utilizing M&As as well. While M&As represent one effective means of accelerating corporate growth, achieving more fruitful results requires respecting each other's corporate culture, understanding individual strengths and weaknesses and sharing a common goal. Toyota Industries recognizes this point and has been successfully making steady progress in this regard. Going forward, the task for the future will be to aim for the maximization of the outcomes.

Recently, environmental initiatives have gained significance on a global scale, as seen in efforts toward carbon neutrality. Toyota Industries has already been working to develop environment-conscious products and improve production processes. It is crucial that the Company moves forward in this regard, bearing in mind to contribute to society from stakeholders' perspectives.

In order to render corporate governance fully functional, a company has to do more than just setting up a governance posture at a superficial level. What is important is to hold thorough discussions at meetings of the Board of Directors or other similar occasions where a managerial decision is made. The Company's Board has an open atmosphere that makes it easy to bring up a difficult subject, and I hope this corporate culture will be passed on into the future. I myself intend to contribute to management through vigorous discussion based on my own experience.



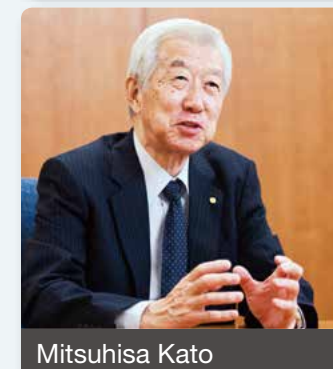
Kenichiro Yamanishi

Toyota Industries and Mitsubishi Electric Corporation, for which I serve as Executive Corporate Adviser, share a characteristic in that both run diverse businesses on a global scale. Having various business divisions might cause employees in each division to solely focus on their own business and not be concerned about growth in other fields.

In Toyota Industries, however, there is an atmosphere that encourages friendly competition and deeper collaboration, as seen in its annual *Aozora Ichiba* event, which is a venue for business divisions, affiliated companies and business partners to present and share best practices mainly in the development and production fields. The same atmosphere is felt in the lively exchange of opinions at the Board meetings. Internal newsletters effectively convey the Company's open culture as well. It takes a long time to build such a culture, and I hope that its value will be shared and fostered even more throughout the entire Toyota Industries Group.

Logistics solutions represent one of the important fields in order for Toyota Industries to grow over the medium term. The Company has been strengthening this business amid growing logistics needs driven by the expanding e-commerce in recent years. Going forward, I hope that Toyota Industries will further clarify its vision, maximize synergies, make sure to capture market growth and translate these efforts into its growth.

Although in a different industry, I have long engaged in the manufacturing sector. Based on my successes and failures in the past, I would like to carry out more in-depth discussions about the medium- to long-term direction Toyota Industries should take from the standpoint of an outside director and contribute to its sustainable growth.



Mitsuhsa Kato

Toyota Industries' Basic Philosophy is based on a concept to provide products that are needed by society. Textile machinery, which constituted its founding business, was developed for the very purpose of helping society. Not being content with the success of textile machinery, the Company has leveraged its technology and know-how and expanded its business domains into automobiles, materials handling equipment and logistics solutions, thereby creating a well-balanced business portfolio. Putting it differently, Toyota Industries, which started out as a manufacturer of a mechanical product, has adapted to the changing times and moved forward with electrification and automation while keeping and improving its strengths in manufacturing, such as safety and quality. This comprehensive capability is another strength of the Company.

Even though the trends in society and needed technologies may change, the foundation of manufacturing will continue to remain important. What underpins it, to state the obvious, is people. In pursuing business growth in the future, I hope that Toyota Industries will also turn its eyes to outside the Company and navigate through difficult challenges by accepting human resources from and reinforcing exchange with other companies both in and outside the Toyota Group.

Toyota Industries is a global operator of various businesses. As such, discussion will be more invigorating if the Company provides opportunities for its subsidiaries outside Japan to directly report on local situations at the Board meetings. In the rapidly changing world situations and needed technologies, I place my expectation on Toyota Industries to leverage diverse perspectives in management, make swift and accurate response to changes and continue to grow further.

Relationship with Our Stakeholders

Relationship with Our Customers ————— P. 48–49

Relationship with Our Business Partners ————— P. 50–51

Relationship with Our Shareholders and Investors ——— P. 51

Relationship with Our Associates ————— P. 52–57

Relationship with Our Local Communities ————— P. 58–59

Relationship with Our Customers

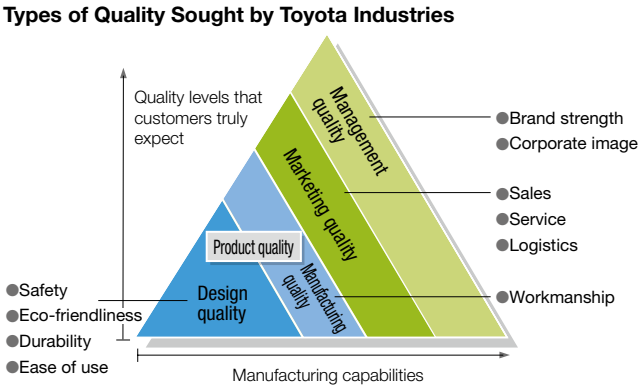
Regarding quality as one of its material issues, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

Basic Perspective on Quality

Quality Vision

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

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



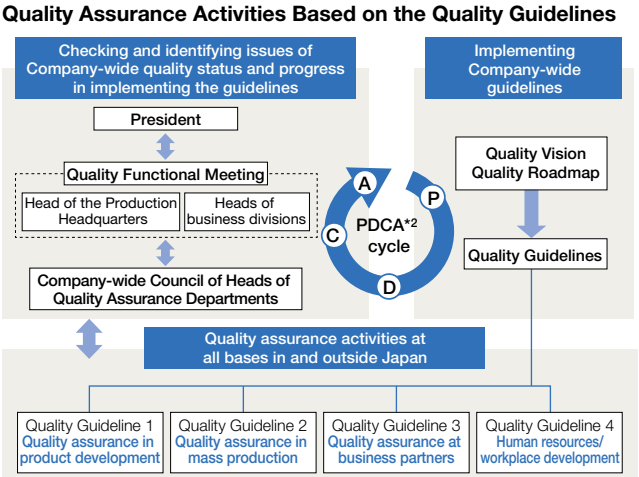
Toyota Industries strives to maintain and improve the total quality of our corporate activities, which encompasses not only “product quality” but also “marketing quality” and “management quality.” “Product quality” is embodied in the safety, eco-friendliness, durability, ease of use and workmanship of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

Quality Guidelines and Quality Assurance Structure

To achieve the goal of the Quality Vision, we issue the Quality Guidelines, which identify priority quality-related issues to be implemented in each fiscal year, to all production bases in and outside Japan and engage in quality assurance activities accordingly. The implementation status of these guidelines is reviewed by top management at the Quality Functional Meeting chaired by a senior executive officer serving as

the head of the Production Headquarters*1 for identifying additional issues and devising countermeasures. Issues raised are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by the head of the Quality Control Department*1.

*1: As of March 31, 2021



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

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

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

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

■ ISO 9001 certification:

Acquired by 20 out of the 24 production subsidiaries

(as of July 2020)

Risk Assessment for Product Safety

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

We are also making Company-wide efforts 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.

CSR Material Issue

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

Major Initiatives

Preventing Occurrence and Recurrence of Defects

If a defect is found in a product after its launch, the Quality Assurance Department of the responsible business division takes the lead in making a swift response to eliminate the concerns of customers 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.

1. Quality Audit

In each annual quality audit, we determine priority areas, conduct *genchi genbutsu* (go and see for yourself) inspections to confirm the improvement status of the previously identified deficiencies and provide quality education on items that should be reinforced in order to cultivate a deeper understanding of *kaizen* (improvement). In fiscal 2021, since on-site visits were not possible, we performed audits remotely.

2. Nurturing Internal Auditors

To foster voluntary quality improvement efforts of business partners, we are promoting efforts for business partners satisfying our criteria to nurture 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. We have also been promoting quality control (QC) circle activities and creative proposals to establish a vibrant workplace along with promoting the development of human resources who can take a scientific approach to quality assurance by using statistical quality control (SQC) techniques and big data analysis.

1. QC Circle Activities

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

Our production bases outside Japan are also proactive in promoting QC circle activities. We assist them in undertaking independent activities by nurturing and certifying QC circle trainers at each base. Even though the COVID-19 pandemic that started in 2020 affected QC circle activities of all bases outside Japan, these trainers have devised creative solutions to maintain their initiatives. As for the Global QC Circle Convention held every year in Japan as a venue for presenting activity results, we switched to a video session in fiscal 2021 and shared the accomplishments of all bases.



QC circle meeting held outside due to COVID-19 pandemic (Indonesia)

With regard to employees’ creative ideas, we received nine awards in fiscal 2021 in the Creativity category in the Commendation for Science and Technology by Japan’s Minister of Education, Culture, Sports, Science and Technology.

2. Nurturing Human Resources Who Can Take a Scientific Approach

As part of our basic education on quality management, we teach the basics of SQC and big data analysis.

Under this initiative, we have been working to increase the practical application of big data analysis. Specifically, in addition to nurturing core human resources through problem solving in the workplace, we have held the TICO SQC Convention for 37 years to share best practices of each business division and hone collective skills. In fiscal 2021, this session was held online in response to COVID-19.



TICO SQC Convention (held online)

CSR Material Issue

■ Rate of receiving quality education and training (non-consolidated): 100%

(Number of employees receiving basic education on quality management: 178)

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 resources development, disaster prevention activities for a possible major earthquake and other disasters and more efficient purchasing.

Procurement Policies

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

Fair and Equitable Business Transactions Based on an Open Door Policy

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

Co-Existence and Co-Prosperity Based on Mutual Trust Cultivated through Regular Dialogue

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

Reducing Environmental Impact through Environmentally Preferable Purchasing

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

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



Environmentally Preferable Purchasing Guidelines

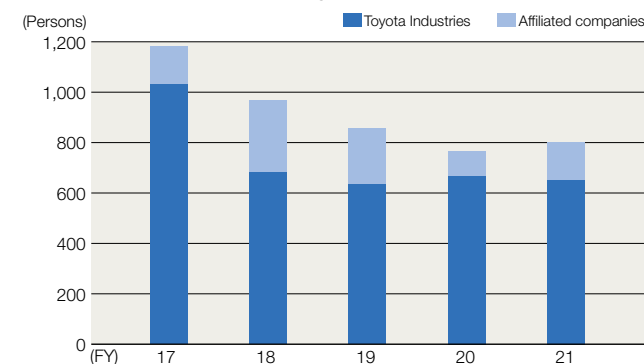
Major Initiatives

Human Resources Development

We proactively provide education to enhance procurement knowledge. In fiscal 2021, we provided education mainly on Japan's Subcontracting Law to personnel in charge of procurement at Toyota Industries and affiliated companies by using a web conference system for greater efficiency and for preventing the spread of COVID-19.

We also thoroughly inform personnel in charge of procurement about our response to the Japanese government's initiatives and guidelines aimed at ensuring fair subcontracts.

Participants of Subcontracting Law-Related Seminars



Procurement Risk Management

1. CSR-Related Efforts in the Supply Chain

Once a year, we distribute to our business partners the CSR Guidelines for Business Partners, which describe our requirements related to CSR activities, and ask them to perform a self-inspection using a checklist. By doing so, we are striving to maintain sound transactions and augment a related structure throughout the supply chain.

CSR Material Issue

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



Toyota Industries' CSR Guidelines for Business Partners are available on its Website (in Japanese).



CSR Guidelines for Business Partners

Response to Conflict Minerals

As one initiative for respecting human rights, we stipulate our Procurement Policies for Mineral Resource and Raw Materials in the CSR Guideline for Business Partners. Based on these policies, we conduct a periodic check to confirm that Toyota Industries and its business partners do not use conflict minerals that have concerns for the funding of armed groups or for the abuse of human rights, such as child labor, forced labor and mining under poor working conditions.

Establishing a Hotline for Business Partners

In fiscal 2017, we set up a hotline for our business partners to report and inquire about possible compliance violations in Toyota Industries' procurement activities to ensure early detection and the prevention of problems.

2. Business Continuity Management (BCM)

In further promoting BCM, we are making concerted efforts with business partners to reduce associated risks by implementing specific measures. In fiscal 2021, to deal with frequent natural disasters in recent years, we extended the scope of our IT system-based damage assessment from earthquakes to other natural disasters. As part of our supply chain risk assessment related to floods, we have identified business partners with flood risk by using hazard maps. 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.

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 raise management transparency and increase an understanding of the Toyota Industries Group so that we obtain an appropriate company valuation in stock markets. Our investor relations (IR) activities are supervised by an executive in charge of the Corporate Planning Department. We also strive to engage in proactive dialogue with shareholders and investors by establishing a dedicated department.

Major Initiatives

We implemented various safety protocols for our 142nd General Shareholders' Meeting held on June 9, 2020, 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



142nd General Shareholders' Meeting

means. All resolutions were passed at the meeting.

For institutional investors and analysts, we held financial results briefings by management, while the Investor Relations Office conducted individual interviews via telephone and the Internet. At these opportunities, we engaged in dialogue on our future direction and other topics, which pertained mainly to initiatives carried out by each business under the pandemic as well as logistics solutions, for which we have been striving for business reinforcement, and efforts concerning electrification in the fields of automobiles and materials handling equipment.

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 them in our 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 2021, Toyota Industries decreased annual cash dividends by ¥10.0 from the previous fiscal year and paid annual cash dividends per share of ¥150.0 (interim cash dividend per share of ¥70.0 and year-end cash dividend per share of ¥80.0).

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 concept 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 supervisors 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 those in their daily 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. They 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 their abilities 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.



Interview between a supervisor and subordinate

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 introductory training for new employees, rank-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.



Training for newly appointed Senior staff (SS)

Rank-Based Training/Grades

	Office associates	Production associates	
Managers	Training for newly promoted managers grade 3		Managers
Senior staff (SS)	TICO Business Practices training III		Chief experts (CX)
	Training for newly promoted SS	Training for newly promoted CX	
Middle staff (MS)	TICO Business Practices training II		Senior experts (SX)
	Training for newly promoted MS	Training for newly promoted SX	
Junior staff (JS)		Training for newly promoted EX	Experts (EX)
	TICO Business Practices training I	Production associate training III	
Clerical staff (CS)	Induction training	Production associate training II	General associates
		Induction training	

Supporting Active Roles and Work Styles of Diverse Human Resources

1. Supporting Work-Life Balance

We have been carrying out activities so that associates who are balancing work and family can work with higher motivation and pursue career development. Such activities

mainly focus on enhancing systems to support a work-life balance and facilitating an understanding for maintaining a work-life balance.

The enhancement of systems to support a work-life balance includes an on-site day care center; a return-to-work (“welcome-back”) system, which allows associates who have left work to care for children and family members or to accompany their spouse for a job transfer to get reinstated under certain preconditions; a shorter work-hour system for childcare; and a leave system and loan system for fertility treatment. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind. As 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 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.

2. Promoting Active Roles of Female Associates

CSR Material Issue

We aspire to let individual associates to 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 for the

Action Plan for More Active Roles for Female Associates

		FY2016 – FY2022
Changing mindsets among managerial staff and across all associates	(1) Launch, message from president	➡
	(2) Awareness seminar for managerial staff	➡
	(3) Follow-up on individual development plans	(Ongoing)
	(4) Getting spouses involved in pre-maternity leave seminars	➡
	(5) Lectures by male role models	➡
	(6) Promoting further engagement of male associates in childcare	➡
Career support for female associates	(1) Sending associates overseas for training at an early stage in their careers	(Ongoing)
	(2) Career training and interviews for female assistant managers	➡
	(3) Role model exchange meetings	➡
	(4) Early return-to-work support (pre-maternity leave seminars)	➡
	(5) Early return-to-work support (financial aid system for day care costs)	➡
Promoting flexible working practices	(1) Expanding work-at-home options	➡
	(2) Establishing satellite offices	➡
	(3) Installing refrigerated delivery lockers	➡
Promoting more active roles of female production associates	(1) Launch	➡
	(2) Seminar for supervisors on nurturing female subordinates	➡
	(3) Work style seminar for female associates	➡

Initiatives for Promoting Active Roles of Female Associates

	Phase 1 Establishing and enhancing work-life balance support systems to instill related practices	Phase 2 Cultivating a culture to encourage more active roles	Phase 3 Undertaking initiatives to promote even greater roles
	2002 —	2008 —	2015 — 2019 —
Promoting active roles		Cultivating a culture <ul style="list-style-type: none">Opening a diversity-related page on the intranetFemale associate exchange meetingsHolding lectures	Project to promote more active roles for female office associates Working group for promoting active roles of female production associates
Supporting work-life balance	Enhancing support systems <ul style="list-style-type: none">Extending the period of childcare leaveIntroducing a leave system to allow parental care of children with illnessesIntroducing a shorter work-hour system for childcareIntroducing a work-at-home systemInstalling delivery lockersIntroducing a financial aid system for day care costsIntroducing a system of leave for fertility treatment		

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 1,400 managers who directly engage in the mentoring and development of associates. Starting from fiscal 2020, we have been conducting enlightenment activities to foster an understanding of the environment in which associates, both male and female, having limited working hours due to nursing care or childcare are working. We have also worked to raise awareness of human resources development that takes into account their life events.

In order to create an environment to allow associates who are balancing work and 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 started in December 2017 for associates and their spouses to think about a way of working after returning to work; and a financial aid system for day care costs adopted

TOPIC

Promoting More Active Roles of Female Production Associates

We aspire that all associates engaging in production operations fully work and take active roles until an older age. In order for female associates to do so, we need to overcome issues of gender-related differences in physical strength and frame as well as the challenges of working during pregnancy, after giving birth and while raising children. As a means of doing so, we formed a Female Working Group and Job Level Working Group in fiscal 2020. These groups have been working to review current issues, identify countermeasures and formulate an action plan for the next and following fiscal years. In fiscal 2021, we held a work style seminar for female associates, during which female production associates explored experiences and work styles necessary to continue thriving in their own way and created a plan themselves. We also held a seminar for supervisors on nurturing female subordinates, giving them an opportunity to think about how best to support their subordinates.



Work style seminar for female production associates

in April 2018 for associates working while taking care of infants younger than one year old.

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

Looking ahead, we will continue to make efforts to improve workplaces to offer females a wider range of jobs and higher quality of work and maintain initiatives started in fiscal 2020 to promote active roles of female associates in production operations. We will also support the creation of a better working environment to enable all associates working under time constraints to fulfill their individual potential.

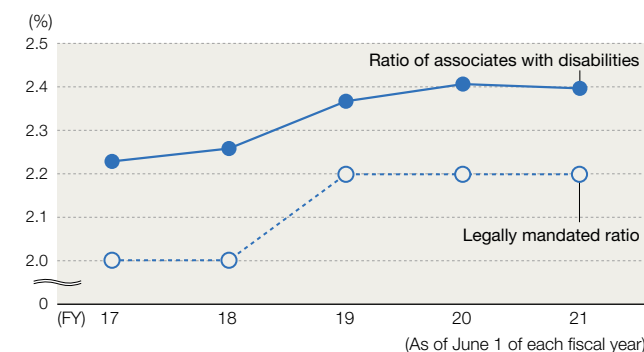
3. Employment of Persons with Disabilities

We respect the idea of people with and without disabilities working together and sharing life and work values. Under this basic policy, we continue to employ persons with disabilities every year. They are assigned to a variety of sections and work with other members to perform their designated tasks.

CSR Material Issue

Ratio of associates with disabilities: 2.40%
(non-consolidated)

Ratio of associates with disabilities (non-consolidated) and legally mandated ratio



4. 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.

Recent efforts include setting up standard procedures for the handling of heavy objects and a work environment that makes it easier for older associates to work, and improvement in



Process improvement using the work posture analysis system

processes in production lines with the development of a work analysis system that evaluates work posture using videos. In addition, we hold “Seminars for an Active Life” for associates reaching the age of 50 and 55 to give them an opportunity to envision life and work for the next 10 years.

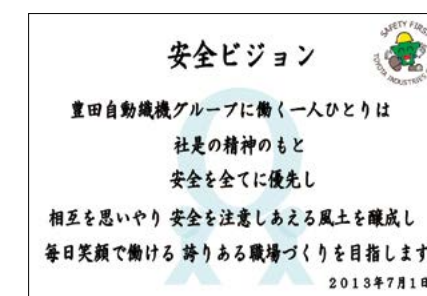
Efforts Related to Respect for Human Rights

Toyota Industries believes it essential to ensure that we do not infringe human rights of all of our stakeholders involved in business activities, including associates. It is equally important to take appropriate measures to rectify the infringement and fulfill our responsibility if human rights are negatively impacted in our business activities.

In respecting human rights, it is crucial that every associate has a correct understanding of these rights. As such, we undertake human rights enlightenment activities through new employee education and rank-based training. We also recognize that non-Japanese associates working in Japan are more susceptible to human rights-related troubles due to language barriers as well as different living and working environments in Japan and their home countries. To protect such associates, we conduct human rights due diligence concerning their employment on our consolidated subsidiaries in Japan.

Basic Perspective on Safety

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



Safety Vision

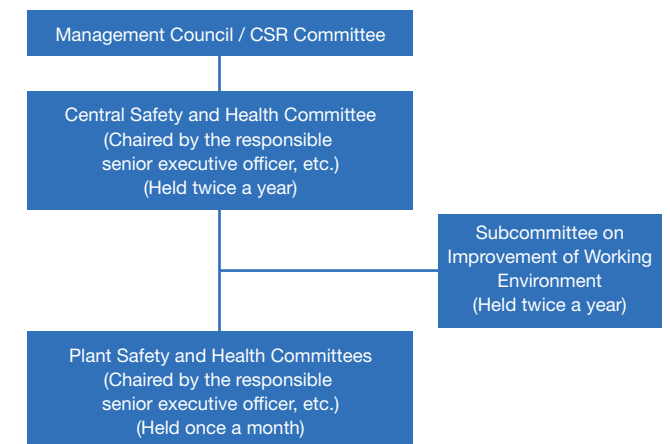
Each and every associate in the Toyota Industries Group, guided by the spirit of our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas and focuses on mutual courtesy and safety as well as realizing workplaces where associates work each day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

Structure for Promoting Safety and Health

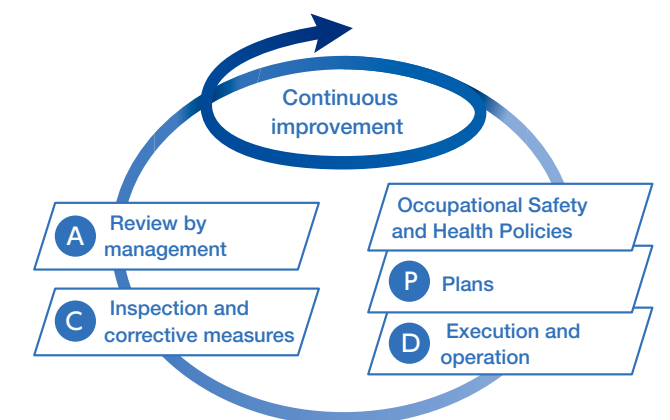
Under our basic policy of placing a top priority on safety, we have been striving to eliminate industrial accidents and occupational disorders. As part of such efforts, we have established the necessary committees, including the Central Safety and Health Committee and Plant Safety and Health Committees.

Occupational Safety and Health Management System

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



Improvement Flow of Safety and Health Activities

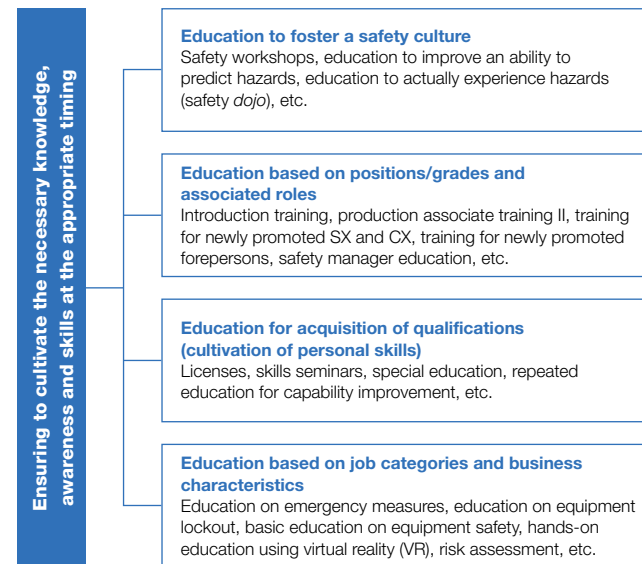


Major Safety-Related Initiatives

Thorough Safety and Health Education

In order to cultivate knowledge, awareness and the skills necessary to prevent industrial accidents and occupational

disorders, Toyota Industries proactively provides safety and health education, including education designed to foster a safety culture, education required by law, rank-based education and job-category-based education.



Safety and Health Activities for Business Partners

As part of activities to prevent accidents (fires and explosions) and industrial accidents involving business partners on the premises of Toyota Industries, we have established the Safety and Health Council with subcontractors located on our premises to jointly create a comfortable working environment by sharing information on accidents and disease 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.

Efforts against Serious Accidents

CSR Material Issue

In 2019, a serious accident occurred at a Toyota Industries plant during the product quality assurance process due to the defective structure of equipment. We subsequently made efforts to identify deficiencies and undertaken measures to prevent recurrence. In fiscal 2021, we continued to concentrate on the implementation of physical measures. As an example, in May 2020 we introduced a mechanism to always cut off power when an operator accesses a machine while disabling its safety device.

In addition, we have built a system to definitively prevent serious accidents when installing or retrofitting equipment, which includes visualization of stop control and safety feature

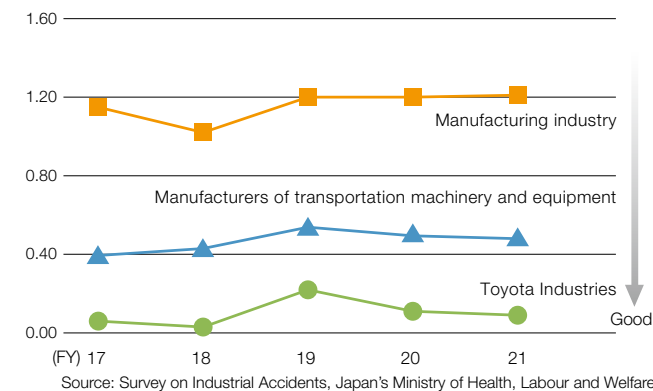
checks by inspectors possessing the required skills, as an effort to improve the safety assurance of equipment.

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 to always shut down a machine when something is wrong and take fundamental measures to remove the root cause.



Educating inspectors

Frequency Rate of Lost Workday Injuries (Non-Consolidated)



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 risks of health problems associated with aging and greater stress. Through these efforts, we help associates to work and take active roles over the long term.

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.



Walking event

In fiscal 2020, we started providing such information as physical fitness propensity scores and countermeasures, how physically fitted for work, assessment of physical fitness age and recommended exercises to increase motivation for promoting physical fitness.

For preventing and ameliorating symptoms of metabolic syndrome, we provide health promotion guidance to associates at the age of 39 or younger in addition to specific health guidance required by the Japanese government. By doing so, we encourage associates to improve lifestyle habits early on.

Major Health Promotion Activities in Fiscal 2021

Stop smoking awareness event	▶ No Smoking Days: Half-day no smoking (for 10 days)
Walking events	▶ Held jointly with health insurance association twice a year in spring and fall (761 participants)
Early detection	▶ Providing financial aid for various examinations (used by 914 associates)

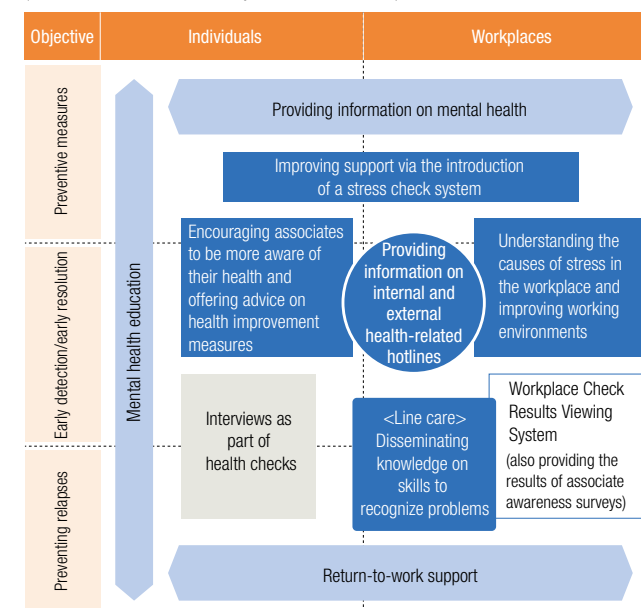
Mental Health Support

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.

In fiscal 2021, we put particular emphasis on line care and encouraged supervisors to use check sheets and check cards to develop skills to recognize the sign of a problem of subordinates who report directly. Through this effort, we

Improving Mental Health Support Systems

(Introduced a Stress Check System in Fiscal 2017)



have worked to instill a culture that will lead to increased awareness and action. Under the stress check system introduced in fiscal 2017, we again conducted a check on all associates in fiscal 2021 and fed back the check results to all participants and workplaces with suggestions for improvement. We also set up an individual interview with a doctor for those wishing to do so and provided improvement support as necessary to individual workplaces. As a means to feed back the results to workplaces, we operate an IT-based Workplace Check Results Viewing System that allows the users to perform a precise search of results and tips for improvement.

TOPIC

Included in White 500 for Four Consecutive Years

For its efforts related to the health of associates, for the fourth consecutive year Toyota Industries was recognized in the large enterprise category of the 2021 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.



Major Activity Indicators

Activity indicator	FY2019	FY2020	FY2021
Participants of age-based health education*	2,470 persons	2,357 persons	—
Rate of undergoing a stress check	99%	99%	99%

* Temporarily suspended from March 2020 for preventing the spread of COVID-19

Response to COVID-19

In accordance with the Risk Response Manual, which has been formulated to prepare for an emergency, Toyota Industries has established a COVID-19 Response Headquarters and has been collaborating with health centers and other public agencies to counter the pandemic. We have developed and distributed a response manual specifying procedures to follow when infection occurs in a workplace. Our basic COVID-19 protocols also include checking body temperature every morning, frequent hand washing and avoiding the 3Cs (closed spaces, crowded places and close-contact settings) as well as working from home. We will continue to collect relevant information and implement measures corresponding to the latest developments regarding the infection status.

Relationship with Our Local Communities

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



Basic Perspective

Carrying on the founding spirit of “contributing to society through *monozukuri* (manufacturing),” each and every employee of Toyota Industries proactively engages in social contribution activities as a dedicated member of society. With an emphasis on the areas of social welfare, youth development, environmental protection and community contribution, we not only provide cooperation and support through personnel, facilities, funds and know-how but also strive to closely connect with participants.

Implementation Structure

We have established the Social Contribution Group within the General Administration Department in the Corporate Headquarters. Through this group, we plan and execute various programs in aforementioned areas; undertake enlightenment activities to raise employees’ awareness; provide logistics support to volunteer activities of individual employees as well as employees’ voluntary organizations formed at each job level; and promote communication with local communities.

We established a volunteer support center called “Heartful Club” in 2008, which has been used as a base for our social contribution activities, such as collaborating with NPOs and holding meetings with local residents.

Major Initiatives

Enlightenment Activities

We promote a range of programs 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 programs include donating one item per one person to help welfare facilities to hold a charity bazaar; local cleanup activity conducted as part of training for new employees; 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.

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



Company-wide cleanup activity

Communicating with Local Communities

We hold an annual local community meeting for the purpose of sharing and resolving various issues in each community.

This meeting is attended by local community representatives and responsible persons of Toyota Industries in the general administration, environment and other relevant departments. Depending on the theme of the meeting, representatives from the local government also join. Participants exchange opinions not only on our business activities and associated environmental risks but also on local events and activities for crime/disaster prevention and traffic safety.



Local community meeting

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities
Social welfare	Events to interact with persons with disabilities*2 • “Walk Rally (orienteeing),” harvest festival, festival Support for welfare facilities • Support for charity bazaars at facilities by providing goods • Volunteer work for facility cleanup/repair/pruning/weeding • Support for sales of products from facilities for persons with disabilities by providing opportunities to set up stalls • Volunteer listening activities at elderly care facilities*2 Supporting measures against COVID-19 (worldwide) (P. 59)
Youth development	Support for Youth Invention Clubs*2 • <i>Monozukuri</i> workshops for elementary school children during summer vacations • Holding handmade kite-flying competitions • Running craft corners at local events Providing <i>monozukuri</i> lessons at school Holding Mini Concerts at elementary schools*2 Holding Manufacturing Day event online (U.S.A.) (P. 59)
Environmental protection	Initiatives for forest conservation • Tree-thinning activities for conservation of prefecture-owned forests • Producing and donating benches that made effective use of thinned wood Providing “Aim for the 21st Century-Style <i>Monozukuri</i>” environmental education program for elementary school students (P. 59)
Community contribution	Participation in local traditional event (Mando Festival)*2 Road cleanup activities in areas around plants Activities to raise awareness for traffic safety Crime prevention patrols Drill on feeding power to an evacuation shelter (P. 59)
Other	Holding charity concert*2 Support for international NGO through volunteer activities to collect spoiled postcards and others Periodic blood donation drives

(Activities without country designation were conducted in Japan.)
*2: Canceled in fiscal 2021 as a measure to prevent the spread of COVID-19

Activity Examples of the Toyota Industries Group

Worldwide Supporting Measures against COVID-19

Social welfare

- Manufacturing and donating face shields
- Donating protective equipment to medical facilities, local governments and other organizations
- Lending and donating trucks and other transportation equipment
- Donating food
- Making monetary donations to NPOs and various funds



Manufacturing and donating face shields



Donating transportation equipment



Donating protective equipment to medical facilities, local governments and other organizations

U.S.A. Holding Manufacturing Day Event Online

The Raymond Corporation

Youth development

The Raymond Corporation, a subsidiary manufacturing and selling warehouse trucks, holds a Manufacturing Day event every October for local high school students to learn about manufacturing operations. In fiscal 2021, the event was held online and attended by more than 2,000 students. They gained a deeper understanding of the manufacturing industry through a virtual plant tour and interactive quizzes.

Japan Providing “Aim for the 21st Century-Style *Monozukuri*” Environmental Education Program for Elementary School Students

Environmental protection

The Higashiura Plant in Aichi Prefecture hosted the “Aim for the 21st Century-Style *Monozukuri*,” an environmental education program for fifth graders living in Higashiura-cho. The program was designed to spark an interest in *monozukuri* and raise safety and environmental awareness among children. For this 12th event, we invited 63 students from Ikuji Public Elementary School in Higashiura-cho. They learned about our ingenuity in production operations and our safety and environmental efforts through fun activities, including an experiment to turn wastewater into clean water, walking on the plant’s animal path*3 and quizzes.

*3: Safe passage created solely for foxes and other small animals



Experiment to turn wastewater into clean water

Japan Drill on Feeding Power to an Evacuation Shelter

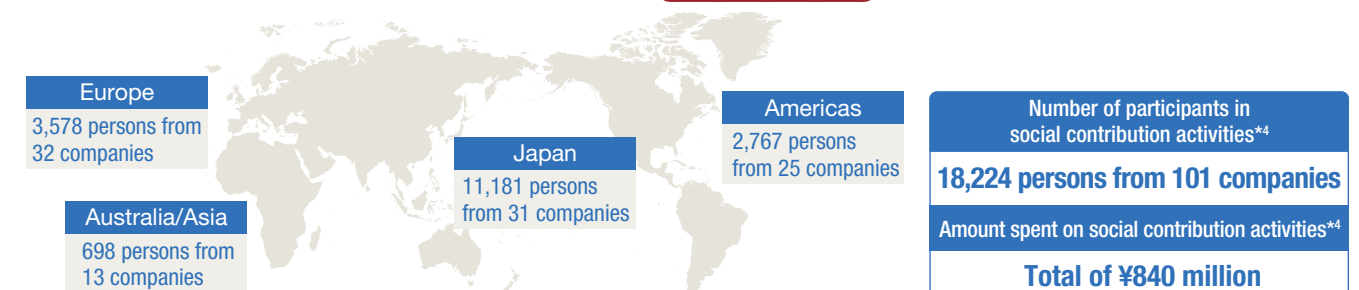
Community contribution

Toyota Industries has concluded a disaster prevention agreement with six cities and towns where our plants are located. At the Obu Plant in Aichi Prefecture, we conduct power-feeding drills to set up a system to ensure a stable power supply to an evacuation shelter on its premises when external power supply is disrupted. In fiscal 2021, we conducted a drill to supply high-output power to the plant’s gymnasium, which will serve as an evacuation shelter during a disaster for local residents and people unable to return home, by connecting Company-owned hybrid vehicles and electric lift trucks to AC couplers developed in-house.



Power-feeding drill using Company-owned vehicles and electric lift trucks

■ Status of Social Contribution Activities in Fiscal 2021 CSR Material Issue



*4: On a consolidated basis including Toyota Industries and its major subsidiaries

Environmental Initiatives

Vision for Environmental Activities /	
Structure to Implement Environmental Management	P. 60–61
Sixth / Seventh Environmental Action Plans	P. 62–65
Establishing a Carbon Neutral Society	P. 66–67
Establishing a Recycling-Based Society	P. 67–68
Reducing Environmental Risk and	
Establishing a Society in Harmony with Nature	P. 69
Promoting Environmental Management	P. 70–71

Vision for Environmental Activities

We have achieved the targets of the Sixth Environmental Action Plan and announced the Seventh Environmental Action Plan in fiscal 2022.

Global Environmental Commitment (Environmental Policies)

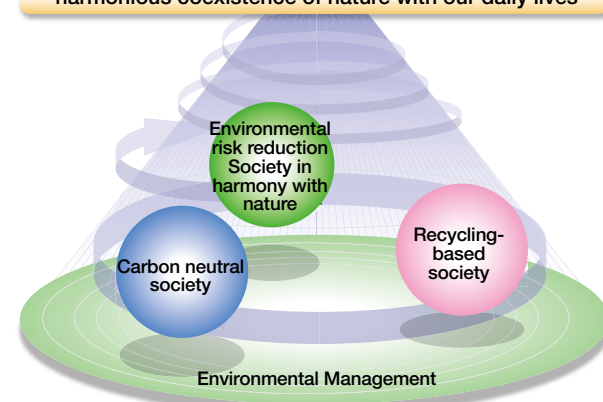
As one tenet under our Basic Philosophy, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe and of high quality. Accordingly, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline, to be shared and implemented throughout the Toyota Industries Group.

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

Link to details



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



Notional Diagram of Global Environmental Commitment

Environmental Vision 2050 and Environmental Action Plans

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

Environmental Vision 2050

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

Achievements of the Targets of the Sixth Environmental Action Plan

Toyota Industries completed its Sixth Environmental Action Plan covering the five years from fiscal 2017 to fiscal 2021.

The plan laid out targets, or action items, related to improvement of environmental performance, such as reducing CO₂ emissions and the volume of waste generation from production activities, and we successfully achieved all designated targets.

As for the conservation of biodiversity, we promoted efforts to expand a habitat for living organisms, including the creation of an animal path. In order to improve eco-conscious brand image, we proactively disclosed relevant information. As a result, we were selected for the A List, a list of the highest-rating companies, in a survey conducted by CDP* on climate change and water security. (See Summary of the Sixth Environmental Action Plan on pages 62–63 for details.)

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

Formulation of the Seventh Environmental Action Plan

Toward the realization of our Environmental Vision 2050, we have formulated another five-year plan, the Seventh Environmental Action Plan. The plan incorporates more ambitious targets for the four action themes specified in the Global Environmental Commitment, including a new target on the introduction of renewable energy. Going ahead, the Toyota Industries Group will work as one team and commit itself to achieving these targets. (See the Seventh Environmental Action Plan on pages 64–65 for details.)

Structure to Implement Environmental Management

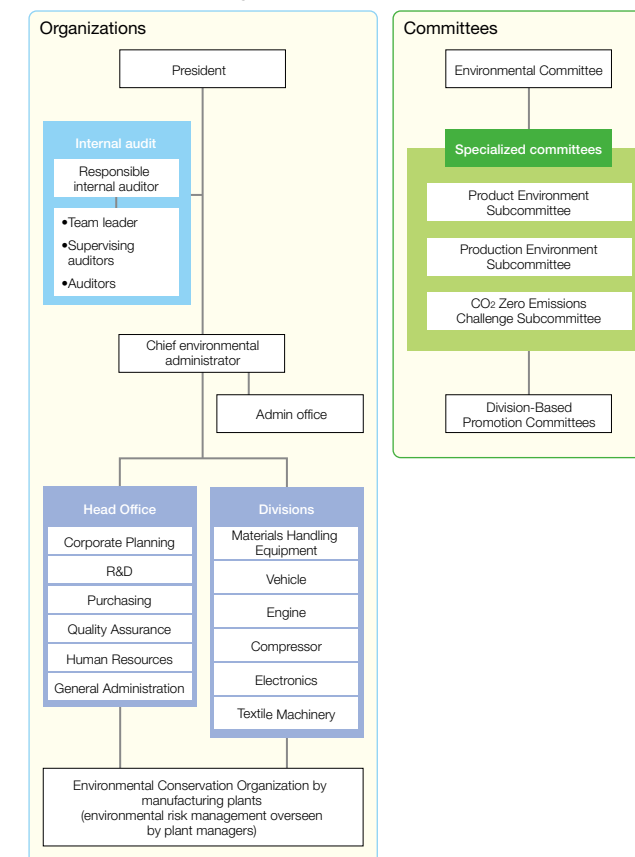
Positioning environmental initiatives as one of its most crucial management issues, Toyota Industries is enhancing its environmentally oriented corporate management on a global basis through the promotion of consolidated environmental management.

Promotion of Environmental Management System

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

As in the previous fiscal year, in fiscal 2021 we conducted introductory educational courses to foster the knowledge needed for environmental management and an introductory educational course for environmental audits to cultivate knowledge and techniques of internal audits. As department heads and other personnel in managerial positions proactively attended these courses, we were able to promote the enhancement of environmental management and the development of internal auditors.

Environmental Management Structure



Environmental Audits

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

In an external audit, a third-party institute comprehensively examines environmental initiatives, relevant procedures and accomplishments of departments within the Head Office and business divisions. The results of each audit are reported to the president, and by sharing both positive and negative points throughout Toyota Industries, we work to further improve our environmental initiatives. In fiscal 2021, the external review identified no non-conformance issues. The review, however, pointed out some matters at one plant that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details with other plants.

In fiscal 2021, COVID-19 made it difficult to conduct an internal audit per the usual procedure. In order to promote our environmental initiatives even during the pandemic, we made particular efforts to conduct an audit in a more efficient manner compared with previous years. Specifically, we narrowed down the target of the audit to three points having significant influence on Company-wide EMS activities, namely the environmental management status of the EMS administrative office of each business division; status of legal compliance at plants; and on-site environmental management status of the Power Office. Along with raising audit efficiencies, we tried to conduct the audit in a way to link the results to a further improvement in the environmental response of each business division by forming audit teams mainly by members of each business divisions' environmental administrative office, who are well-versed in environmental audits. As focused areas of audits, we selected environmental policy management and on-site environmental management and confirmed how environmental management and other policies have taken root, as well as implemented this procedure Company-wide and checked if there are any environmental risks.

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.

Link to details



Summary of the Sixth Environmental Action Plan

We have achieved all targets laid out in the action plan covering the period from fiscal 2017 to fiscal 2021.

With an eye to building a sustainable society which enables the harmonious coexistence of nature with our daily lives, we formulated the Sixth Environmental Action Plan for the period from fiscal 2017 to fiscal 2021 and promoted

activities according to the plan. Under the leadership of the president, we worked in unison and successfully achieved all targets.

■ Production Related

Establishing a Carbon Neutral Society						
Action Policies/Specific Actions		FY2021 Achievements				FY2021 Targets
Reduce CO ₂ emissions from production activities		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Develop and introduce production engineering technologies with lower CO ₂ emissions •Reduce CO ₂ emissions by fully implementing improvement activities on a daily basis •Develop innovative CO ₂ reduction technologies that utilize clean energy •Manage greenhouse gases other than CO ₂		CO ₂ emissions	Non-consolidated	Total emissions	2006	−16%
			Global	Emission volume per unit of production*1	2006	−29%
			Non-consolidated			−32%
Reduce CO ₂ emissions from production-related logistics		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency		CO ₂ emissions from logistics	Non-consolidated	Emission volume per unit of production	2007	−33%
						Targets
						−10%
						−26%
						−30%
						−28%

Establishing a Recycling-Based Society						
Action Policies/Specific Actions		FY2021 Achievements				FY2021 Targets
Promote measures against resource depletion by recycling waste		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures •Promote internal reuse		Waste volume	Japan consolidated	Waste volume per unit of production	2006	−45%
			Non-consolidated			−45%
						−27%
Promote effective resource utilization in production activities		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Reduce use of packaging materials •Monitor water input and output in each country/region and develop and promote appropriate measures						−29%
						Targets
						−27%
						−29%

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

■ Product Related

Sixth Environmental Action Plan Targets			
Action Policies		Specific Actions	FY2021 Achievements
Establishing a Carbon Neutral Society	Reduce CO ₂ emissions through product and technology development	•Develop technologies that contribute to an even greater level of energy efficiency •Develop products and technologies that respond to electrification •Develop technologies to enable weight reduction •Reduce energy loss •Develop technologies for the realization of a hydrogen-based society	•Developed improved variable-displacement type compressor •Developed electric compressor for mild hybrid vehicles •Developed new vehicle •Reduced air consumption of air-jet looms •Developed next-generation air compressor
		•Reduce use of resources through longer product life •Reduce use of resources through standardization, modularization and reduction of components •Reduce use of resources through development of technologies to enable weight reduction and downsizing •Promote reuse of components and resources	•Developed new DC-DC converter •Developed new engine •Developed new AC inverter •Promoted use of recycled materials
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions Manage chemical substances contained in products	•Develop engines that meet future regulations	•Satisfied Euro 6d and Japan's 2018 regulations
		•Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances	•Supported business partners in Japan for establishing a chemical substance management system •Conducted survey on chemical substances contained in products

■ Others

Sixth Environmental Action Plan Targets			
Action Policies		Specific Actions	FY2021 Achievements
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Augment activities related to protection of biodiversity	•Share the biodiversity guidelines across all Toyota Group companies and contribute to the expansion of a habitat for living organisms •Formulate and promote plans to link activities and connect green zones by undertaking activities for conservation of biodiversity throughout the Toyota Industries Group, including at consolidated subsidiaries in and outside Japan	•Participated in All Toyota Green Wave Project •Conducted biodiversity conservation activities within Toyota Industries premises
		•Build a global environmental management system and promote related activities to: Comply with environment-related laws in each country and region Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring Enhance risk communication with relevant organizations and local residents Achieve the highest-level environmental performance in each country and region •Enforce strategic environmental management that integrates environmental activities and business activities	•Promoted mitigation activities •Underwent legal compliance audit on environment-related laws at a site in China
Promoting Environmental Management	Enhance education and enlightenment activities	•Extend the scope of Toyota Industries' enlightenment activities to consolidated subsidiaries in and outside Japan •Give back to society the outcomes of enlightenment activities	•Held various events during Environment Strengthening Month •Provided education on environmental management
	Promote environmental activities in collaboration with business partners	•Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines	•Held online briefing sessions for business partners in Japan •Held an environment-related liaison meeting of bases in China
	Improve eco-conscious brand image	•Pursue higher brand image through proactive information disclosure of information on environmental activities	•CDP climate change: ranked A (on a performance band of A to F) •CDP water security: ranked A (on a performance band of A to F) •Received SDGs Environmental Award under Logistics Grand Prize program •Selected as "Good Practices" under Aichi and Nagoya Biodiversity Best Practice program (Biotope at the East of Obu Station and animal path within Higashiura Plant)

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

*2: Volatile Organic Compounds

*3: Substances of Very High Concern

Link to the action plan



Seventh Environmental Action Plan

We have formulated another five-year action plan for the period from fiscal 2022 to fiscal 2026.

We have formulated the Seventh Environmental Action Plan, a five-year plan for the period from fiscal 2022 to fiscal 2026. In the plan, we have set targets for each of the four action themes specified in the Global Environmental Commitment, namely, 1) establishing a carbon neutral

society; 2) establishing a recycling-based society; 3) reducing environmental risk and establishing a society in harmony with nature; and 4) promoting environmental management. We will undertake initiatives toward achieving our Environmental Vision 2050.

Production Related

Establishing a Carbon Neutral Society						
Action Policies/Specific Actions		Seventh Environmental Action Plan				
		Subject	Scope	Control Items	Base Year (FY)	Targets
Reduce CO ₂ emissions from production activities	<ul style="list-style-type: none">•Develop and introduce production engineering technologies with lower CO₂ emissions•Fully implement improvement activities on a daily basis•Proactively introduce clean energy	CO ₂ emissions	Global	Total emissions	2014	-25%*1
		Renewable energy	Global	Introduction rate	—	15%
Reduce CO ₂ emissions from production-related logistics	<ul style="list-style-type: none">•Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency	CO ₂ emissions from logistics	Non-consolidated	Emission volume per unit of production*2	2014	-11%

Establishing a Recycling-Based Society

Action Policies/Specific Actions

Promote effective resource utilization in production activities

- Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures
- Promote water conservation activities corresponding to the water situations in each country and region
- Reduce use of packaging materials

Seventh Environmental Action Plan

Subject	Scope	Control Items	Base Year (FY)	Targets
Waste volume	Non-consolidated	Waste volume per unit of production	2014	-12%

Product Related

Seventh Environmental Action Plan Targets		
Action Policies		Specific Actions
Establishing a Carbon Neutral Society	Reduce CO ₂ emissions through product and technology development	<ul style="list-style-type: none">Develop technologies that contribute to an even greater level of energy efficiencyDevelop products and technologies that respond to electrificationDevelop technologies to enable weight reductionReduce energy lossDevelop technologies for the realization of a hydrogen-based society
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	<ul style="list-style-type: none">Reduce use of resources through longer product lifeReduce use of resources through standardization, modularization and reduction of componentsReduce use of resources through development of technologies to enable weight reduction and downsizingPromote reuse and recycling of components and resources
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions	<ul style="list-style-type: none">Develop engines that meet future regulations
	Manage chemical substances contained in products	<ul style="list-style-type: none">Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances

Others

Seventh Environmental Action Plan Targets		
Action Policies		Specific Actions
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Further reduce emissions of substances of concern from production activities	<ul style="list-style-type: none">Minimize the use of substances of concern such as VOC*4 by promoting efficient production activities
	Augment activities related to protection of biodiversity	<ul style="list-style-type: none">Contribute to conservation of biodiversity in local communities based on the individual characteristics of Toyota Industries' plantsPromote activities that involve local parties and experts, and instill awareness among employees
Promoting Environmental Management	Augment and promote consolidated environmental management	<ul style="list-style-type: none">Comply with environment-related laws in each country and regionPrevent environmental irregularities by strengthening risk reduction activitiesAchieve the highest-level environmental performance in each country and region
	Enhance education and enlightenment activities	<ul style="list-style-type: none">Increase knowledge/awareness and promote voluntary actions toward achieving the Global Environmental Commitment
	Promote environmental activities in collaboration with business partners	<ul style="list-style-type: none">Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines
	Improve eco-conscious brand image	<ul style="list-style-type: none">Pursue higher brand image through proactive disclosure of information on environmental activities

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

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

*3: Substances of Very High Concern

*4: Volatile Organic Compounds

Link to the action plan



Establishing a Carbon Neutral Society

We have been working to reduce CO₂ emissions in our business activities on a global scale and at the same time accelerate our efforts to develop more environment-friendly products.

CSR Material Issue

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.

For the ultimate goal of establishing a carbon neutral society as stated in our Global Environment Commitment, we set a goal of establishing a zero CO₂ emissions society on a global basis in our Environmental Vision 2050 and have been making efforts to reduce greenhouse gas (GHG) emissions throughout our entire supply chain.

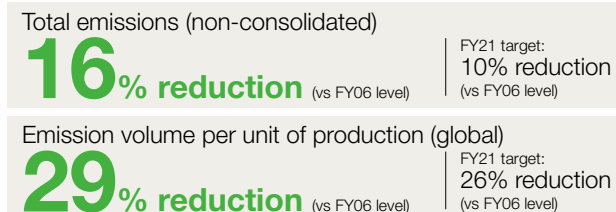
In the area of product development, we have been promoting the development of technologies related to environmentally friendly products in various fields, including electrification. In production activities, promoting thorough energy savings and utilizing renewable energy and hydrogen are the two pillars of our activities. As specific efforts, we will adopt solar and other renewable energy sources and effectively utilize clean energy, such as hydrogen, while thoroughly eliminating wasteful use of energy in production processes and increasing the efficient use of energy.



Progress in Efforts to Establish a Carbon Neutral Society

Summary | CO₂ Emissions (Production Activities)

FY2021 Results



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

Case Example Reducing CO₂ Emissions by Creating Energy-Saving Production Lines Linked to Product Design

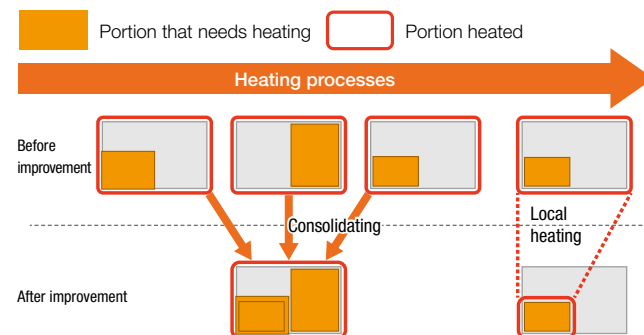
The Anjo Plant in Aichi Prefecture develops and manufactures electronic devices and charging equipment for electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). In the Electronics Division, which is responsible for the production of these products, the design department and production engineering department collaborate closely to develop commercialization technologies, which cover every aspect from new product development to process design, and mass production technologies in a synchronized manner. While doing so, they work to improve both the excellence level of products and environmental performance during the production stage.

At the Anjo Plant, production processes account for about 40% of its electricity consumption, roughly 60% of which is being used in thermal processes. Based on the Electronics Division’s roadmap to reduce the plant’s CO₂ emissions by 2050, the plant has set a target to cut its electricity consumption by 70% and incorporated the dual aims of reducing the number of heating processes and increasing their efficiency into the said synchronized development efforts. As a result, the plant successfully created energy-saving production lines linked to product design in fiscal 2021.

As a specific improvement example, the plant first figured out temperature conditions common to three out of the four heating processes. Moving the assembly of low heat-resistance components after the heating process further enabled the consolidation of these three processes into one. For the remaining one process, the plant adopted a local heating method, which requires less space than conventional equipment and has high energy efficiency as it can quickly heat up a workpiece. This led to higher efficiency and a reduction of energy consumption to one-fifth of the previous volume.

These activities also enabled the plant to reduce its annual CO₂ emissions by about 90 tons.

Consolidating Heating Processes and Introducing a Local Heating Method



Case Example Efforts of an Overseas Base toward Realizing a Zero CO₂ Emissions Society

Vanderlande, a subsidiary engaging in the logistics solutions business in the Netherlands, has signed The Climate Pledge, a commitment to address climate change. The aim is to achieve a net-zero carbon footprint by 2040, 10 years earlier than the Paris Agreement’s 2050 target. Based on this pledge, the company will disclose its CO₂ emissions on a

regular basis and promote its carbon neutral strategy.

The company is actively engaged in the development of equipment and systems that contribute to the reduction of CO₂ emissions by its customers, and in carbon offsetting through such activities as tree planting. Furthermore, the company is promoting activities to build a carbon neutral society, as it plans to install 2,600 solar panels at its head office building by the end of 2021.

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.

CSR Material Issue

Our Approach (Waste)

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

We set a goal of minimizing the use of resources in our 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.



Progress in Efforts to Establish a Recycling-Based Society

Summary | Waste Volume (Production Activities)

FY2021 Results



Under the Sixth Plan, we worked toward achieving the fiscal 2021 targets of reducing waste volume per unit of

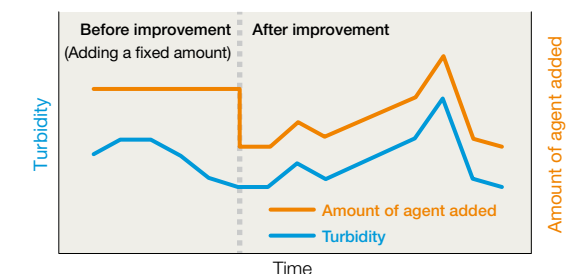
production compared with the fiscal 2006 level by 29% on a non-consolidated basis and by 27% for Toyota Industries and its consolidated subsidiaries in Japan. Both targets were achieved successfully.

Case Example Initiative to Reduce Sludge Volume

The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has been carrying out an initiative to reduce the sludge generation volume. Sludge, making up the largest portion of the plant’s waste, is generated when flocculating suspended substances contained in wastewater from the vehicle painting process. The plant treating wastewater from the electrodeposited painting process, in particular, generates about 432 tons of sludge every year. Agents are used to flocculate suspended substances, and the sludge generation volume varies depending on which agent to use. The agent in use at the facility was found to produce more sludge than others. Adding a fixed amount of the agent to wastewater regardless of its content of suspended substances was another cause for extra sludge generation. To counter the situation, the plant undertook improvement activities with a focus on the types and amount of agents used for flocculating.

After repeated tests, the plant selected and switched to an agent that produces less sludge. The plant also installed a sensor to keep the addition of the agent to a minimum according to the quality of wastewater. Through these improvements, the plant was able to reduce its annual sludge volume by about 122 tons.

Installing a Sensor to Control the Amount of Agent Added



Case Example Efforts for Reducing the Use of Plastics

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

Yantai Shougang TD Automotive Compressor Co., Ltd. (YST), a subsidiary manufacturing car air-conditioning compressors in China, has been striving to reduce the use of plastic bags by giving out reusable shopping bags to employees and encouraging them to use these bags.

Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM), a subsidiary manufacturing materials handling equipment in Brazil, carried out activities to raise employees' awareness of environmental degradation caused by plastics by encouraging them to use reusable shopping bags as well as their own water bottles. As part of these activities, TMHM held a "My Bags and My Bottles" photo contest, asking employees to post photos of themselves and their families using reusable bags and personal water bottles. Through these activities, TMHM promoted the action of individuals to reduce the use of plastics.



Reusable shopping bags handed out to employees (YST)



"My Bags and My Bottles" photo contest (TMHM)

CSR Material Issue

Our Approach (Water Resources)

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

Case Example Initiative for Raising Awareness of Water Resources

At the suggestion of employees, TD Deutsche Klimakompressor GmbH (TDDK), a subsidiary manufacturing car air-conditioning compressors in Germany, supported a program to promote health and environmental awareness among students at a local elementary school. Specifically, TDDK took part in funding the donation of a drinking fountain to help students appreciate the value, use and health benefits of drinking water.

With the support of the parent-teacher association (PTA) and TDDK, students drew a picture of a memorial tree behind the donated water fountain, and it became an opportunity for them to increase their water awareness.



Water fountain installed with the support of TDDK

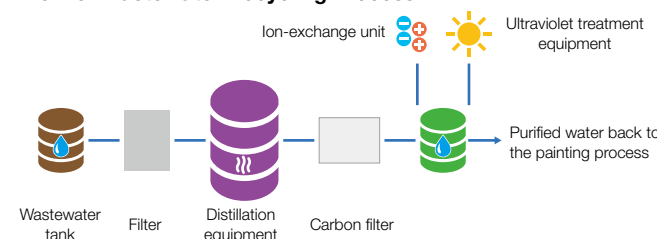
Case Example Initiative for Reducing Wastewater Discharge through Water Recycling

Each production base of Toyota Industries has been making various efforts to promote the recycling of water and reduction of water withdrawal with the aim of conserving the Earth's water resources.

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has been proactively recycling water. Conventionally, wash water drained from the painting process had been treated at a wastewater treatment plant and then discharged to the public sewerage system. Since TMHMS upgraded this flow in 2010, they started to distill wastewater by distillation equipment within the plant in a closed loop, use a carbon filter to remove contaminants and salt content and prevent growth of bacteria through ultraviolet treatment. This has enabled the plant to purify and reuse wastewater and consequently cut its wastewater discharge by about 90%.

While recognizing the importance of water, we will continue to promote water conservation activities matched to the individual situations of each plant.

Flow of Wastewater Recycling Process



Reducing Environmental Risk and Establishing a Society in Harmony with Nature

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

CSR Material Issue

Our Approach (Conservation of Biodiversity)

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

In our 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.



Case Example Bases in China Conducting a Unified Activity toward a Society in Harmony with Nature

As an effort toward contributing to a society in harmony with nature, the Toyota Industries Group's bases in China conducted a unified activity called "China TICO Group Cleanup Day" in fiscal 2021. In support of the World Cleanup Day event that takes place every September, our bases in China conduct a cleanup activity to coincide with the event and unite their individual efforts into one activity to contribute to the conservation of ecosystems and the establishment of a society in harmony with nature. The event held in fiscal 2021 was joined by five companies, namely Toyota Industry (Kunshan) Co., Ltd. (TIK), TD Automotive Compressor Kunshan Co., Ltd. (TACK), YST, Global Power Co. Ltd. (Tailift) and Zhejiang Aichi Industrial Machinery Co., Ltd. We will increase the number of participating bases in fiscal 2022 and further enhance our activities for the conservation of ecosystems.



Cleanup activity on China TICO Group Cleanup Day (TACK)

Case Example

Creating an Animal Path to Improve Natural Habitats of Living Organisms

As part of efforts to conserve biodiversity, Toyota Industries collaborates in an initiative of the Aichi prefectural government to promote the development of ecological networks. In fiscal 2012, we joined the Chita Peninsula Ecological Network Council and have since been carrying out activities linked to the local natural environment while working with concerned parties, including local governments, companies, NPOs, expert bodies and students.

In March 2018, we implemented an initiative at the Higashiura Plant in Aichi Prefecture to expand the habitat of foxes in collaboration with the Council. Recently, we have found that foxes are living in the wooded area surrounding the plant. But because there is not a large enough habitat, some were fatally involved in traffic accidents on the neighboring roads. To provide a safe passage between these wooded areas, Toyota Industries created an animal path within the plant premises. Later, we installed sensor-equipped cameras and have been checking the inhabiting status of foxes on an ongoing basis. Since observing a fox on the animal path for the first time in October 2018, we have been seeing foxes almost every month, and in June 2020, observed a family of foxes using the path. We will continue to monitor the inhabiting status of foxes and implement additional measures as necessary to create a better environment.



Fox pups using the animal path

CSR Material Issue

Our Approach (Substances of Concern)

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

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



Progress in Efforts (Substances of Concern)

Summary | VOC Emissions (Production Activities)

FY2021 Results

Emissions per unit of production (non-consolidated/automobile body)	FY21 target: 36% reduction (vs FY06 level)
36% reduction (vs FY06 level)	

Under the Sixth Plan, we set a target of reducing emission volume per unit of production for VOC from the automobile body painting process by 36% from the fiscal 2006 level and worked to reduce VOC emissions. In fiscal 2021, we continued our efforts to increase the recovery rate and enhance the maintenance and management of thinner. Consequently, we were able to cut down emission volume per unit of production in fiscal 2021 by 36%.

for disclosure of environmental information and examining better ways to disclose our environmental information.

Selected as an A-List Company, Receiving the Highest Rating in CDP Surveys

Toyota Industries was selected for the A List in surveys conducted by CDP on climate change and water security as a company making especially outstanding efforts to reduce greenhouse gas emissions, mitigate climate change and conserve water resources. Toyota Industries was selected as an A-List company for climate change for three consecutive years since 2018 and for water security for the second time following 2018.



External Environmental Awards

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

Received the SDGs Environmental Award under the Logistics Grand Prize Program

Toyota Industries received the SDGs Environmental Award, a special award given under the 37th Logistics Grand Prize program hosted by the Japan Institute of Logistics Systems. The program recognizes companies showing outstanding achievements in the area of logistics promotion. The SDGs Environmental Award is given to excellent initiatives that contribute to a reduction of environmental impact and are also helpful for other companies.



Members of the Production Control Department

TMHMS Winning a Biogas Award 2020

In December 2020, Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, received a Biogas Award 2020 from Biogas Öst Ideell Förening. This award is given

to individuals, companies and organizations significantly contributing to the advancement of biogas. TMHMS was recognized for its efforts to reduce environmental impact throughout its entire business activities, such as achieving zero plant CO₂ emissions through the use of biogas and introducing biogas trucks for transportation between TMHMS plants and between TMHMS and its business partners.

TMHMS will continue to make a high level of contribution toward the realization of a carbon neutral society.

TOPIC

TMHE Group Receiving the Highest “Platinum” Rating of EcoVadis*1 for Two Consecutive Years

Toyota Material Handling Europe AB (TMHE), a consolidated subsidiary overseeing the materials handling equipment business in Europe, received the highest “Platinum” rating from EcoVadis in its corporate sustainability survey. The rating corresponds to the top 1% group of the 70,000 companies that have been evaluated. The rating was given in recognition of excellent performance and transparency in information disclosure.

The TMHE Group has formulated an energy policy to achieve zero energy *muda* and has been engaging in activities based on high sustainability targets. As a specific, outstanding accomplishment, all TMHE Group companies achieved 100% use of electricity from renewable energy sources in April 2021. TMHE will continue to undertake business activities and provide products and services in a sustainability-conscious manner.



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

Promoting Environmental Management

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

Status of Compliance with Environmental Laws

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

In fiscal 2021, there was one case of violation of water quality-related laws at one of our consolidated subsidiaries in Japan. We have taken appropriate action and thoroughly implemented preventive measures. We have also shared relevant information about the case along with its preventive measures within Toyota Industries and with other Group companies to prevent a similar incidence throughout the Group.

Soil and Groundwater Pollution Countermeasures

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

the country, with Toyota Industries Management (China) Co., Ltd. (TIMC) taking the lead. Specific efforts include providing updates on revisions to environment-related laws, checking the status of compliance at each base and providing support for improvement. We will also promote mutual improvement by sharing information and encouraging communication among the bases.

In September 2020, TIK underwent a third-party legal compliance audit. Measures have been taken against issues pointed out in the audit, and common issues have been shared among our bases in China to prevent a similar incidence.

In October 2020, we held a safety and environmental liaison meeting of the Toyota Industries Group's bases in China. During the meeting, environmental officers from these bases and Toyota Industries shared the Group's environmental action policy in China, gave briefings on the country's legal trends and exchanged views.

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



Legal compliance audit at a base in China

Verification by a Third Party

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



External Environmental Evaluations

Toyota Industries fosters environmental communication with our stakeholders through proactive disclosure of environmental information. We have been participating in the Ministry of the Environment's project for the establishment of a framework

Environmental Impact Flow

INPUT	■ Energy [consolidated]	
	Energy consumption	15,938 TJ*2
	Electricity	1,355,962 MWh
	City gas	83,037 km³N
	LPG	3,882 t
	Petroleum products	3,141 kl
	Coal products	5,968 t
	LNG	1,570 t
	■ Raw Materials [consolidated]	
	Raw material consumption	730,270 t
■ Water [consolidated]		
	Water withdrawal	4,548 km³
	■ Chemical Substances [non-consolidated]	
PRTR law*3 designated substances	1,002 t	

Environmental Impact Flow
R&D/Design
Procurement
Production
Transportation/Sales
Usage
Recovery/Recycling

OUTPUT	■ Into the Air [consolidated]	
	CO2 emissions	824,841 t-CO2
	Greenhouse gases other than CO2	2,400 t-CO2
	CO2 emissions from logistics	14,904 t-CO2
	SOx (Sulfur oxides)	252 kg
	NOx (Nitrogen oxides)	160 t
	VOC (Volatile organic compounds)	1,276 t
	■ Chemical Substances [non-consolidated]	
	Emissions/transfers of PRTR law designated substances	355 t
	■ Waste [consolidated]	
Waste volume	108,670 t	
■ Into Waterways (consolidated)		
Water pollutants	27 t	
Discharge of treated wastewater	2,252 km³	

*2: Terajoule is a unit used to measure heat. 1 TJ = 10¹² joules





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

Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers (As of June 30, 2021)













Directors

<div>Chairman</div> <div>Tetsuro Toyoda</div> <div></div>	<div>Apr. 1970</div> <div>Feb. 1991</div> <div>Jun. 1991</div> <div>Jun. 1997</div> <div>Jun. 1999</div> <div>Jun. 2002</div> <div>Jun. 2005</div> <div>Jun. 2013</div>	<div>Joined Toyota Motor Sales Co., Ltd.</div> <div>Vice President of Toyota Motor Sales, U.S.A., Inc.</div> <div>Director of Toyota Industries Corporation</div> <div>Managing Director</div> <div>Senior Managing Director</div> <div>Executive Vice President</div> <div>President</div> <div>Chairman (current)</div>	<div>President</div> <div>Akira Onishi</div> <div></div>	<div>Apr. 1981</div> <div>Jun. 2005</div> <div>Jun. 2006</div> <div>Jun. 2008</div> <div>Jun. 2010</div> <div>Jun. 2013</div>	<div>Joined Toyota Industries Corporation</div> <div>Director</div> <div>Managing Officer</div> <div>Senior Managing Officer</div> <div>Senior Managing Director</div> <div>President (current)</div>
<div>Executive Vice President</div> <div>Takuo Sasaki</div> <div></div>	<div>Apr. 1980</div> <div>Jun. 2009</div> <div>Jun. 2011</div> <div>Jun. 2011</div> <div>Apr. 2013</div> <div>Apr. 2015</div> <div>Jun. 2015</div> <div>Jun. 2016</div> <div>Jun. 2018</div>	<div>Joined Toyota Motor Co., Ltd.</div> <div>Managing Officer of Toyota Motor Corporation (TMC)</div> <div>President of Toyota Financial Services Corporation</div> <div>Advisor of TMC</div> <div>Managing Officer of TMC</div> <div>Advisor of Toyota Industries Corporation</div> <div>Senior Managing Director</div> <div>Director and Senior Managing Officer</div> <div>Executive Vice President (current)</div>	<div>Executive Vice President</div> <div>Yojiro Mizuno</div> <div></div>	<div>Apr. 1983</div> <div>Jun. 2010</div> <div>Jun. 2016</div> <div>Jun. 2018</div> <div>Jun. 2019</div> <div>Jun. 2021</div>	<div>Joined Toyota Industries Corporation</div> <div>Managing Officer</div> <div>Senior Managing Officer</div> <div>Director and Senior Managing Officer</div> <div>Director and Senior Executive Officer</div> <div>Executive Vice President (current)</div>
<div>Director</div> <div>Yuji Ishizaki</div> <div></div>	<div>Apr. 1980</div> <div>Jun. 2012</div> <div>Jun. 2016</div> <div>Jun. 2018</div> <div>Jun. 2019</div>	<div>Joined Toyota Industries Corporation</div> <div>Managing Officer</div> <div>Senior Managing Officer</div> <div>Director and Senior Managing Officer</div> <div>Director and Senior Executive Officer (current)</div>			
<div>Outside Director (Independent)</div> <div>Shuzo Sumi</div> <div></div>	<div>Apr. 1970</div> <div>Jun. 2000</div> <div>Jun. 2002</div> <div>Oct. 2004</div> <div>Jun. 2005</div> <div>Jun. 2007</div> <div>Jun. 2007</div> <div>Jun. 2013</div> <div>Jun. 2013</div> <div>Jun. 2014</div> <div>Apr. 2016</div> <div>Jun. 2019</div>	<div>Joined The Tokio Marine & Fire Insurance Co., Ltd. (Tokio Marine)</div> <div>Director and Chief Representative in London of Tokio Marine</div> <div>Managing Director of Tokio Marine</div> <div>Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokio Marine & Nichido)</div> <div>Senior Managing Director of Tokio Marine & Nichido</div> <div>President and Chief Executive Officer of Tokio Marine & Nichido</div> <div>President and Chief Executive Officer of Tokio Marine Holdings, Inc. (Tokio Marine Holdings)</div> <div>Chairman of the Board of Tokio Marine & Nichido</div> <div>Chairman of the Board of Tokio Marine Holdings</div> <div>Director of Toyota Industries Corporation (current)</div> <div>Counselor of Tokio Marine & Nichido (current)</div> <div>Retired as Chairman of the Board of Tokio Marine Holdings</div>	<div>Outside Director (Independent)</div> <div>Kenichiro Yamanishi</div> <div></div>	<div>Apr. 1975</div> <div>Apr. 2006</div> <div>Apr. 2008</div> <div>Apr. 2010</div> <div>Jun. 2010</div> <div>Apr. 2014</div> <div>Jun. 2015</div> <div>Apr. 2018</div> <div>Jun. 2018</div>	<div>Joined Mitsubishi Electric Corporation (Mitsubishi Electric)</div> <div>Executive Officer of Mitsubishi Electric</div> <div>Senior Executive Officer of Mitsubishi Electric</div> <div>Representative Executive Officer and President & CEO of Mitsubishi Electric</div> <div>Director, Representative Executive Officer and President & CEO of Mitsubishi Electric</div> <div>Chairman of Mitsubishi Electric</div> <div>Director of Toyota Industries Corporation (current)</div> <div>Director and Executive Corporate Adviser of Mitsubishi Electric</div> <div>Executive Corporate Adviser of Mitsubishi Electric (current)</div>
<div>Outside Director</div> <div>Masahiko Maeda</div> <div></div>	<div>Apr. 1994</div> <div>Jan. 2018</div> <div>Jan. 2019</div> <div>Jan. 2019</div> <div>Jan. 2019</div> <div>Jun. 2021</div>	<div>Joined Toyota Motor Corporation (TMC)</div> <div>Managing Officer of TMC</div> <div>Operating Officer of TMC (current)</div> <div>Chairman and President of Toyota Daihatsu Engineering & Manufacturing Co., Ltd.</div> <div>Chairman of P.T. Toyota Motor Manufacturing Indonesia</div> <div>Director of Toyota Industries Corporation (current)</div>			

Audit & Supervisory Board Members

<div>Full-Time Audit & Supervisory Board Member</div> <div>Toru Inagawa</div> <div></div>	<div>Apr. 1982</div> <div>Jun. 2008</div> <div>Jan. 2009</div> <div>Jan. 2013</div> <div>Jun. 2014</div> <div>Jun. 2016</div> <div>Jun. 2019</div> <div>Jun. 2021</div>	<div>Joined Toyota Industries Corporation</div> <div>General Manager of TMHG Planning Dept.</div> <div>General Manager of Corporate Planning Dept. of TMHG, Toyota Material Handling Company</div> <div>General Manager of TMHG Management Dept., Toyota Material Handling Company</div> <div>Managing Officer</div> <div>Senior Managing Officer</div> <div>Executive Officer</div> <div>Audit & Supervisory Board Member (current)</div>	<div>Full-Time Audit & Supervisory Board Member</div> <div>Toru Watanabe</div> <div></div>	<div>Apr. 1983</div> <div>Jun. 2016</div> <div>Jan. 2017</div> <div>Jun. 2020</div>	<div>Joined Toyota Industries Corporation</div> <div>General Manager of Accounting & Finance Dept.</div> <div>Project General Manager of Accounting & Finance Dept.</div> <div>Audit & Supervisory Board Member (current)</div>
<div>Outside Audit & Supervisory Board Member (Independent)</div> <div>Akihisa Mizuno</div> <div></div>	<div>Apr. 1978</div> <div>Jun. 2008</div> <div>Jun. 2009</div> <div>Jun. 2010</div> <div>Jun. 2015</div> <div>Jun. 2016</div> <div>Apr. 2020</div> <div>Jun. 2020</div>	<div>Joined Chubu Electric Power Co., Inc. (Chubu Electric Power)</div> <div>Director, Senior Managing Executive Officer and General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power</div> <div>Representative Director and Executive Vice President of Chubu Electric Power</div> <div>General Manager of Corporate Planning & Strategy Div. and General Manager of Affiliated Business Planning & Development Dept.</div> <div>President & Director of Chubu Electric Power</div> <div>Chairman of the Board of Directors of Chubu Electric Power</div> <div>Audit & Supervisory Board Member of Toyota Industries Corporation (current)</div> <div>Director & Advisor of Chubu Electric Power</div> <div>Advisor of Chubu Electric Power (current)</div>	<div>Outside Audit & Supervisory Board Member (Independent)</div> <div>Masanao Tomozoe</div> <div></div>	<div>Apr. 1977</div> <div>Jun. 2005</div> <div>Apr. 2011</div> <div>Apr. 2011</div> <div>Jun. 2012</div> <div>May 2015</div> <div>Jun. 2015</div> <div>Jun. 2019</div> <div>Jun. 2019</div>	<div>Joined Toyota Motor Sales Co., Ltd.</div> <div>Managing Officer of Toyota Motor Corporation (TMC)</div> <div>Senior Managing Officer of TMC</div> <div>Senior Vice President of Toyota Motor North America, Inc.</div> <div>President and Representative Director of Toyota Motor Sales & Marketing Corporation</div> <div>Advisor of Central Japan International Airport Company, Limited</div> <div>President and CEO of Central Japan International Airport</div> <div>Audit & Supervisory Board Member of Toyota Industries Corporation (current)</div> <div>Advisor of Central Japan International Airport</div>

Senior Executive Officers

<div>Yuji Ishizaki*</div> <div></div>	<div>Masahiro Kawaguchi</div> <div></div>	<div>Koichi Ito</div> <div></div>	<div>Hiroshi Matsumoto</div> <div></div>	<div>Kazunari Masuoka</div> <div></div>
<div>Toshihiko Shimizu</div> <div></div>	<div>Yasushi Kawai</div> <div></div>	<div>Brett Wood</div> <div></div>	<div>Hiroaki Kayukawa</div> <div></div>	<div>Norio Wakabayashi</div> <div></div>
<div>Hiroaki Matsuda</div> <div></div>	<div>Hisashi Ichijo</div> <div></div>			

* Concurrently serving as directors

Executive Officers

<div>Nobutomo Yasui</div> <div>Hiroshi Fukagawa</div> <div>Keitaro Hara</div> <div>Hiroshi Kobayashi</div> <div>Tomoji Tarutani</div>	<div>Shunji Sugimoto</div> <div>Norio Otake</div> <div>Shinya Mizutani</div> <div>Ken Suito</div>	<div>Hisanori Miyajima</div> <div>Hiroya Akatsuka</div> <div>Sotaro Kumazawa</div> <div>Takehiko Oishi</div>	<div>Kenichi Onishi</div> <div>Yoichiro Yamazaki</div> <div>Haruhiko Kimata</div> <div>Shigeru Sawaki</div>
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Major Bases

(Production, Regional Headquarters, etc.) (As of June 30, 2021)

Link to the
list of bases.



Europe



21 Toyota Material
Handling Europe AB

President & CEO **Ernesto Domínguez**
Mjölby, Sweden
Business activities: European headquarters
for materials handling equipment production
and sales
Establishment: 1946



22 Toyota Material Handling
Manufacturing Sweden AB

Managing Director **Kristian Björkman**
Mjölby, Sweden
Business activities: Production of
materials handling equipment
Establishment: 1946



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

Managing Director **Kristian Björkman**
Bologna, Italy
Business activities: Production of
materials handling equipment
Establishment: 1942



24 Toyota Material Handling
Manufacturing France SAS

Managing Director **Philippe Mahé**
Ancenis, France
Business activities: Production of
materials handling equipment
Establishment: 1995



25 Vanderlande
Industries Holding B.V.

President & CEO **Remo Brunschwiler**
Veghel, The Netherlands
Business activities: Provision of logistics
solutions
Establishment: 1949



26 TD Deutsche
Klimakompressor GmbH

President **Kazushige Murao**
Bernsdorf, Germany
Business activities: Production of
compressors
Establishment: 1998



27 Uster
Technologies AG

CEO **Thomas Nasiou**
Uster, Switzerland
Business activities: Production, sales and
after-sales services of quality measurement
instruments for fiber, yarn and fabric
Establishment: 1875

Japan

1 Kariya Plant

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

2 Obu Plant

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

3 Kyowa Plant

Obu-shi, Aichi
Main products: Automotive press dies,
production facilities
Start of operations: 1953

4 Nagakusa Plant

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

5 Takahama Plant

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

6 Hekinan Plant

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

7 Higashichita Plant

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

8 Higashiura Plant

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

9 Anjo Plant

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



10 Aichi Corporation

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

The Americas



11 Toyota Material Handling
North America, Inc.

President & CEO **Brett Wood**
Columbus, Indiana, U.S.A.
Business activities: U.S. headquarters for
materials handling equipment production
and sales
Establishment: 2010



12 Toyota Material
Handling, Inc.

President & CEO **Jeff Rufener**
Columbus, Indiana, U.S.A.
Business activities: Production and sales
of materials handling equipment
Establishment: 2020



13 The Raymond Corporation

CEO **Mike Field**
Greene, New York, U.S.A.
Business activities: Production, sales and
after-sales services of materials handling
equipment
Establishment: 1922



16 Toyota Industries
Commercial Finance, Inc.

President & CEO **Mark Taggart**
Dallas, Texas, U.S.A.
Business activities: Sales financing for
materials handling equipment
Establishment: 2014



17 Michigan Automotive
Compressor, Inc.

President **Hisashi Kusaba**
Parma, Michigan, U.S.A.
Business activities: Production of
compressors
Establishment: 1989



14 Toyota Advanced Logistics
North America, Inc.

President & CEO **Hitoshi Matsuoka**
Indianapolis, Indiana, U.S.A.
Business activities: U.S. headquarters for
logistics solutions
Establishment: 2017



15 Bastian Solutions, LLC

President **Aaron Jones**
Indianapolis, Indiana, U.S.A.
Business activities: Integration of
logistic systems
Establishment: 1952



18 TD Automotive
Compressor Georgia, LLC

President **Hiroto Ikeno**
Pendergrass, Georgia, U.S.A.
Business activities: Production of
compressors
Establishment: 2004



19 Toyota Industries
Compressor Parts
America, Co.

President **Haruyuki Ito**
Pendergrass, Georgia, U.S.A.
Business activities: Production of
compressor parts and electronics products
Establishment: 2012



20 Toyota Material Handling
Mercosul Indústria e Comércio
de Equipamentos Ltda

President **Hiroshi Kuriyama**
São Paulo, Brazil
Business activities: Production, sales
and after-sales services of materials
handling equipment
Establishment: 2004

Asia



28 Toyota Industries Engine
India Private Limited

Managing Director **Yoshimitsu Hayashi**
Bangalore, India
Business activities: Production of diesel
engines
Establishment: 2015



29 Kirloskar Toyota Textile
Machinery Pvt. Ltd.

Managing Director **Hisahiro Koketsu**
Bangalore, India
Business activities: Production, sales and
after-sales services of textile machinery
Establishment: 1995



30 Toyota Industry (Kunshan)
Co., Ltd.

President **Takehiko Oishi**
Kunshan, Jiangsu, China
Business activities: Production of
materials handling equipment and
automotive parts, etc.
Establishment: 1994



31 TD Automotive Compressor
Kunshan Co., Ltd.

President **Akira Fujii**
Kunshan, Jiangsu, China
Business activities: Production of
compressors
Establishment: 2005



32 Yantai Shougang TD
Automotive Compressor
Co., Ltd.

President **Yasushi Watanabe**
Yantai, Shandong, China
Business activities: Production of
compressors
Establishment: 2012



33 P.T. TD Automotive
Compressor Indonesia

President **Masaya Nakamura**
Bekasi, Indonesia
Business activities: Production of
compressors
Establishment: 2011



34 Tailift Material Handling
Taiwan Co., Ltd.

President **Amy Lin**
Taichung, Taiwan
Business activities: Production, sales and
after-sales services of materials handling
equipment
Establishment: 2014



35 Global Power Co. Ltd.
(Tailift)

President **Amy Lin**
Qingdao, Shandong, China
Business activities: Production, sales and
after-sales services of materials handling
equipment
Establishment: 2000

Investor Information (As of March 31, 2021)

Corporate Head Office

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

Date of Establishment

November 18, 1926

Common Stock

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

Capital Stock

80,462 million yen

Stock Exchange Listings

Tokyo and Nagoya (Ticker Code: 6201)

Number of Shareholders

14,257

Independent Accountant

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

Transfer Agent
Special Account Management Institution

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

Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (Except for Treasury Stock) (%)
Toyota Motor Corporation	76,600	24.67
DENSO Corporation	29,647	9.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,556	5.33
Towa Real Estate Co., Ltd.	16,291	5.25
Toyota Tsusho Corporation	15,294	4.93
Custody Bank of Japan, Ltd. (Trust Account)	10,757	3.46
Nippon Life Insurance Company	6,580	2.12
Aisin Seiki Co., Ltd.	6,578	2.12
Aioi Nissay Dowa Insurance Co., Ltd.	4,903	1.58
Toyota Industries Corporation Employee Ownership Program	3,782	1.22
Total	186,992	60.23

Notes: 1. Toyota Industries Corporation also holds 15,358 thousand shares of treasury stock but is excluded from the above list.
2. Effective on April 1, 2021, Aisin Seiki Co., Ltd. merged Aisin AW Co., Ltd. and changed its company name to AISIN CORPORATION.
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) 16,556 (Thousands)
Custody Bank of Japan, Ltd. (Trust Account) 10,757 (Thousands)

Distribution of Shares

