

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

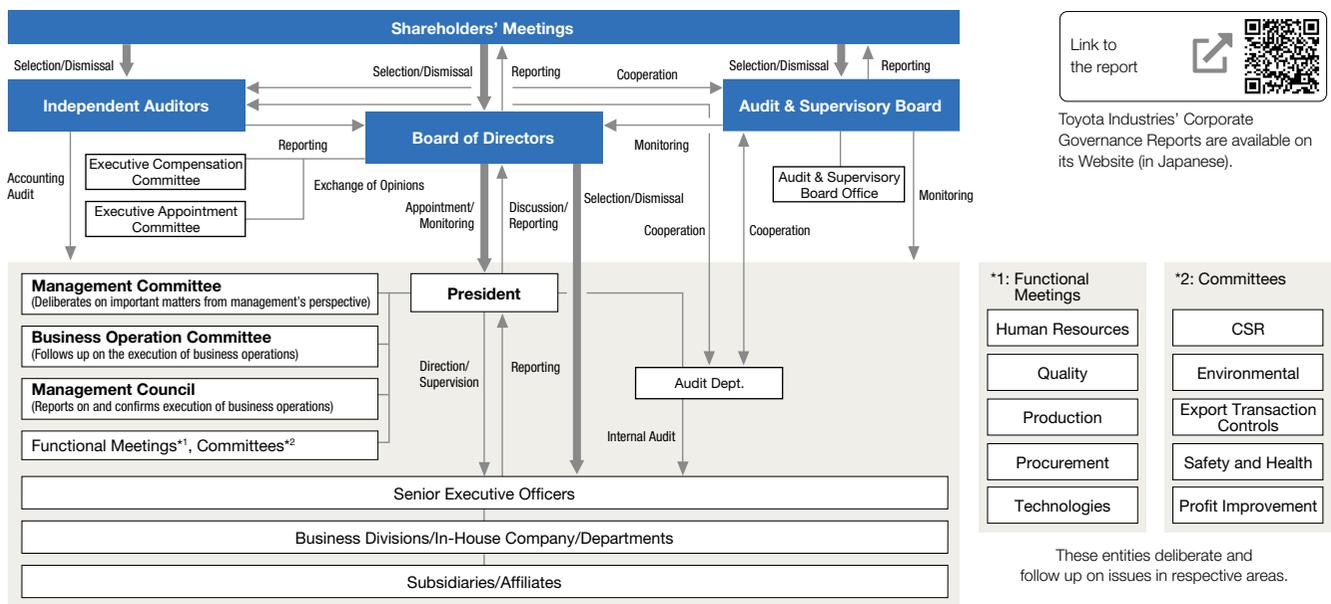
Toyota Industries regards the most important managerial task is to earn trust broadly from society and enhance our corporate value on a stable, long-term basis. We aim to do this task based on our Basic Philosophy and earnestly fulfilling our social responsibilities. Our basic focus is on contributing 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)

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

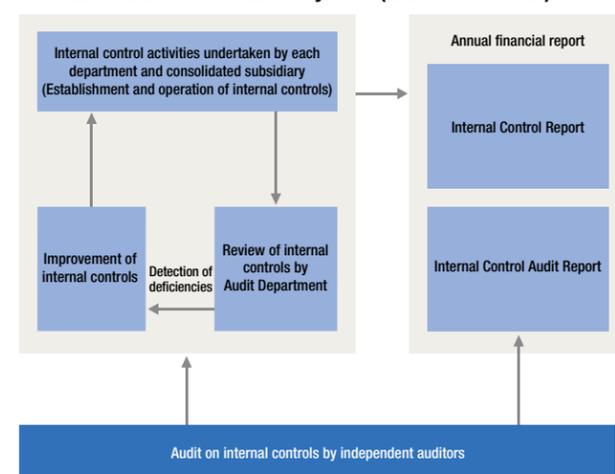
While respecting management policies of individual investee companies, we determine how we exercise our voting rights by checking each item on the agenda from the perspectives of medium- to long-term enhancement of corporate value, policy concerning shareholder returns, corporate governance and social 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

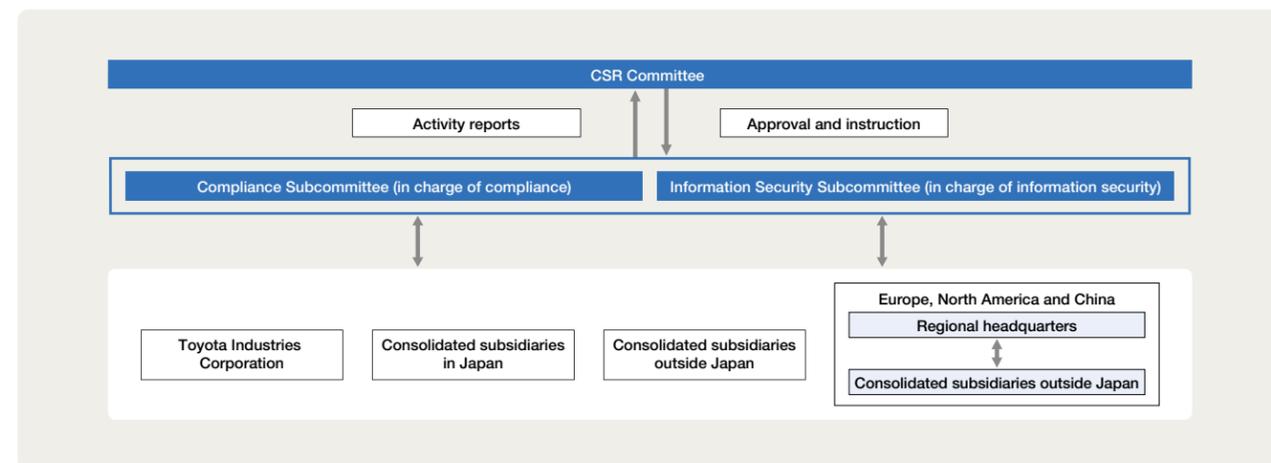
Business divisions and other departments at the Head Office develop and promote annual action policies that integrate measures to prevent and control risks related to quality, safety, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed 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

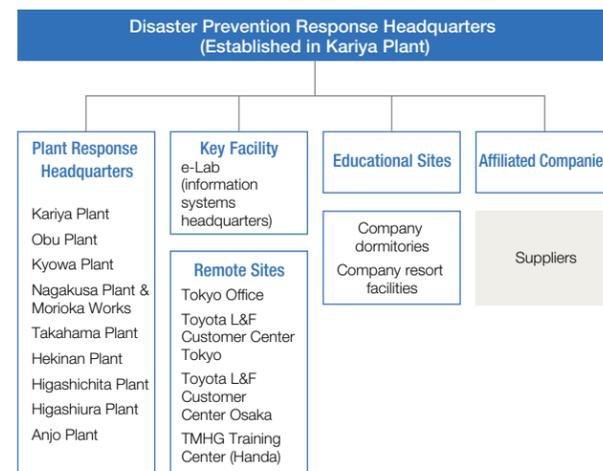
a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest possible recovery, we are making Company-wide efforts in three relevant areas, specifically, “precautionary, pre-disaster 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.



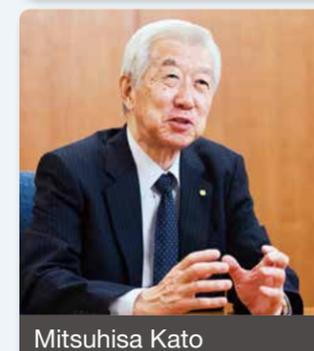
Kenichiro Yamanishi

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 interesting 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 Stakeholders

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.

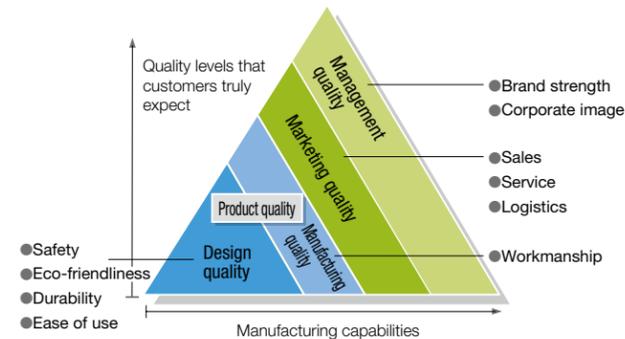
Basic Perspective on Quality

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.

Types of Quality Sought by Toyota Industries



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.

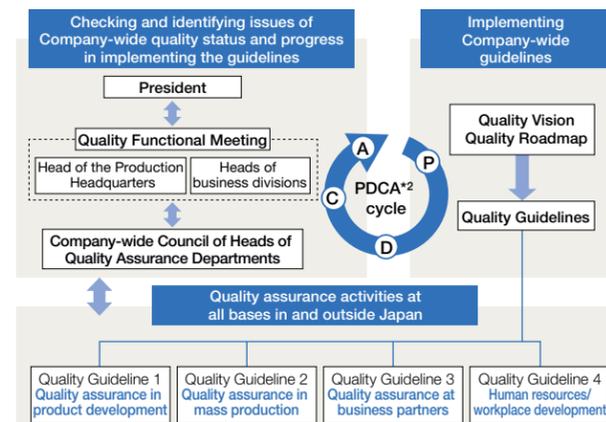
Quality Guidelines and Quality Assurance Structure

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

Quality Assurance Activities Based on the Quality Guidelines



*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.

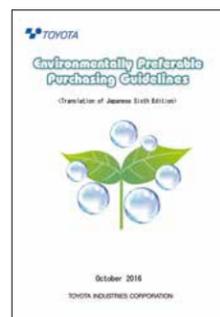
Co-Existence and Co-Prosperity Based on Mutual Trust Cultivated through Regular Dialogue

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

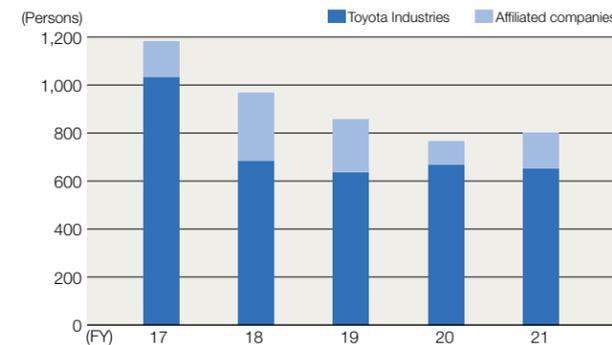
Major Initiatives

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.

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.

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

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).



142nd General Shareholders' Meeting

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

		Implementation
		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 intranet Female associate exchange meetings Holding 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 leave Introducing a leave system to allow parental care of children with illnesses 	<ul style="list-style-type: none"> Introducing a shorter work-hour system for childcare Establishing on-site day care center Introducing a "welcome-back" system 	<ul style="list-style-type: none"> Introducing a work-at-home system Introducing a financial aid system for day care costs Introducing a system of leave for fertility treatment Installing delivery lockers

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.

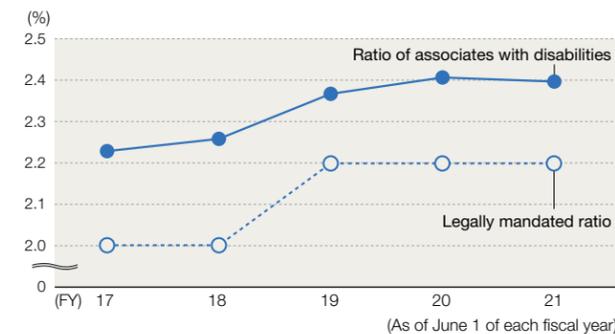
3. Employment of Persons with Disabilities

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.

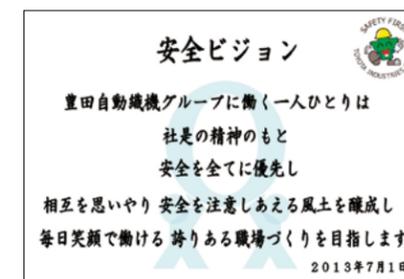
Efforts Related to Respect for Human Rights

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 Toyota 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

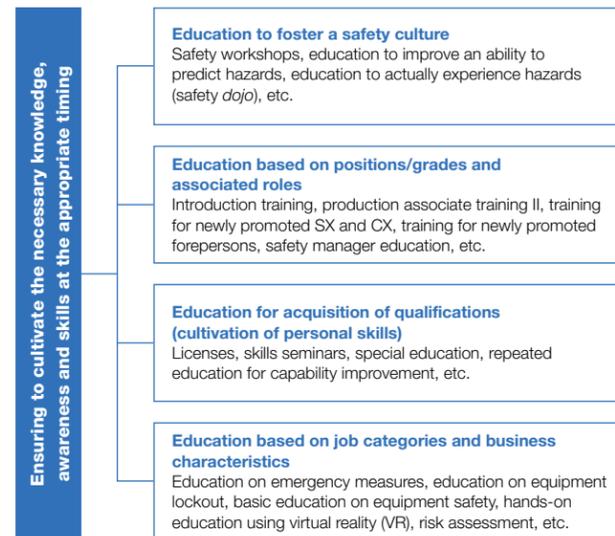


Major Safety-Related Initiatives

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.

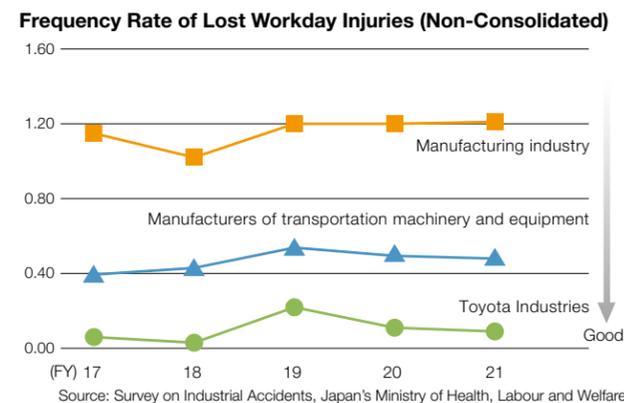


checks by inspectors possessing the required skills, as an effort to improve the safety assurance of equipment.



Educating inspectors

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.



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

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)

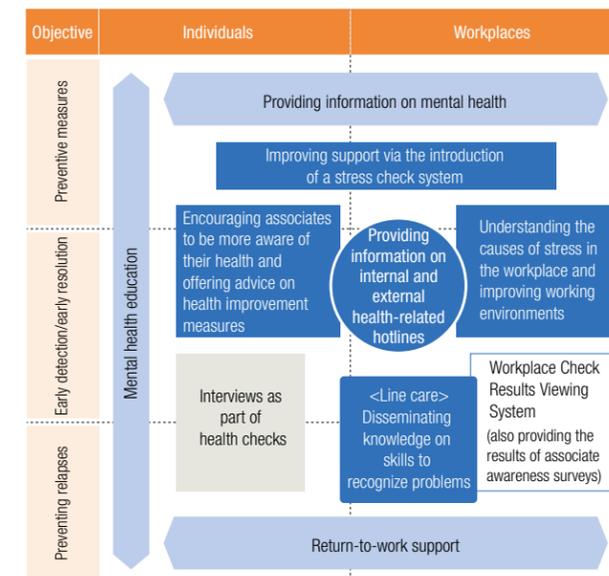
Mental Health Support

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 (orientteering),” 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

In view of the global spread of COVID-19, Toyota Industries and its Group companies across the world have been conducting social contribution activities corresponding to the needs of each region where we do business.

- 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.



Experiment to turn wastewater into clean water

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

Japan Drill on Feeding Power to an Evacuation Shelter

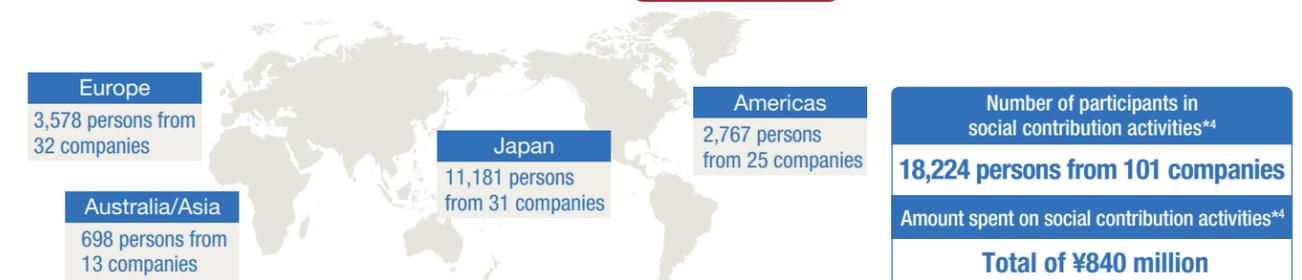
Community contribution

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.

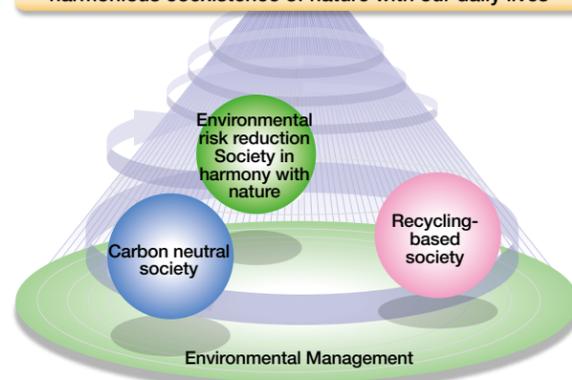
Global Environmental Commitment (Environmental Policies)

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.



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

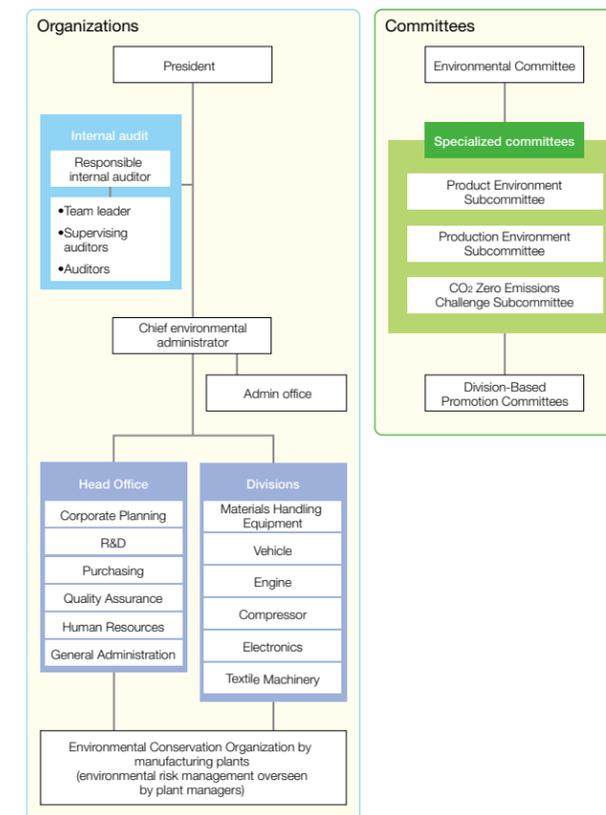
Positioning environmental initiatives as one of its most crucial management issues, Toyota Industries is enhancing its environmentally oriented corporate management on a global basis through the promotion of consolidated environmental management.

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.



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	
	Subject	Scope	Control Items	Base Year (FY)	Achievements	Targets
Reduce CO₂ emissions from production activities •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%	-10%
		Global	Emission volume per unit of production*1	2006	-29%	-26%
	Non-consolidated					
Reduce CO₂ emissions from production-related logistics •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%	-28%

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

Reducing Environmental Risk and Establishing a Society in Harmony with Nature						
Action Policies/Specific Actions		FY2021 Achievements			FY2021 Targets	
	Subject	Scope	Control Items	Base Year (FY)	Achievements	Targets
Further reduce emissions of substances of concern •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)	-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
		Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	•Reduce use of resources through longer product life •Reduce use of resources through standardization, modularization and reduction of components •Reduce use of resources through development of technologies to enable weight reduction and downsizing •Promote reuse of components and resources
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
		Promoting Environmental Management	Augment and promote consolidated environmental management •Build a global environmental management system and promote related activities to: Comply with environment-related laws in each country and region Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring Enhance risk communication with relevant organizations and local residents Achieve the highest-level environmental performance in each country and region •Enforce strategic environmental management that integrates environmental activities and business activities
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 CO₂ emissions from production activities • Develop and introduce production engineering technologies with lower CO ₂ 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 CO₂ emissions from production-related logistics • 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	Seventh Environmental Action Plan
	Subject Scope Control Items Base Year (FY) Targets
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	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	• 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
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	• Reduce use of resources through longer product life • Reduce use of resources through standardization, modularization and reduction of components • Reduce use of resources through development of technologies to enable weight reduction and downsizing • Promote reuse 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	• Develop engines that meet future regulations
	Manage chemical substances contained in products	• 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	• Minimize the use of substances of concern such as VOC*4 by promoting efficient production activities
	Augment activities related to protection of biodiversity	• Contribute to conservation of biodiversity in local communities based on the individual characteristics of Toyota Industries' plants • Promote activities that involve local parties and experts, and instill awareness among employees
Promoting Environmental Management	Augment and promote consolidated environmental management	• Comply with environment-related laws in each country and region • Prevent environmental irregularities by strengthening risk reduction activities • Achieve the highest-level environmental performance in each country and region
	Enhance education and enlightenment activities	• Increase knowledge/awareness and promote voluntary actions toward achieving the Global Environmental Commitment
	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
	Improve eco-conscious brand image	• 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

Total emissions (non-consolidated)
16% reduction (vs FY06 level) | FY21 target: 10% reduction (vs FY06 level)

Emission volume per unit of production (global)
29% reduction (vs FY06 level) | FY21 target: 26% reduction (vs FY06 level)

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

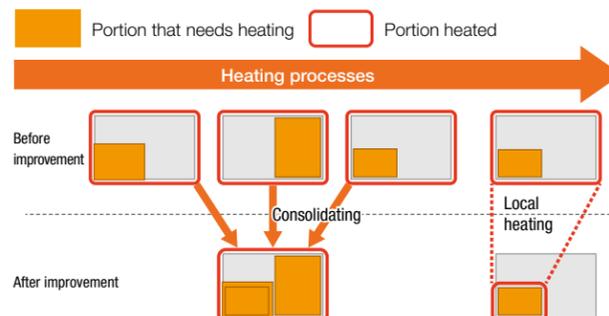
The Anjo Plant in Aichi Prefecture develops and manufactures electronic devices and charging equipment for electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). In the Electronics 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.

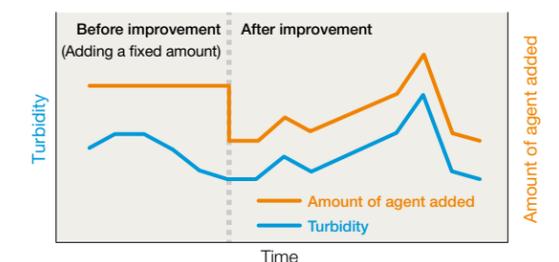
production compared with the fiscal 2006 level by 29% on a non-consolidated basis and by 27% for Toyota Industries and its consolidated subsidiaries in Japan. Both targets were achieved successfully.

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



Progress in Efforts to Establish a Recycling-Based Society

Summary | Waste Volume (Production Activities)

FY2021 Results

Waste volume per unit of production (non-consolidated)
45% reduction (vs FY06 level) | FY21 target: 29% reduction (vs FY06 level)

Waste volume per unit of production (non-consolidated/consolidated subsidiaries in Japan)
45% reduction (vs FY06 level) | FY21 target: 27% reduction (vs FY06 level)

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

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

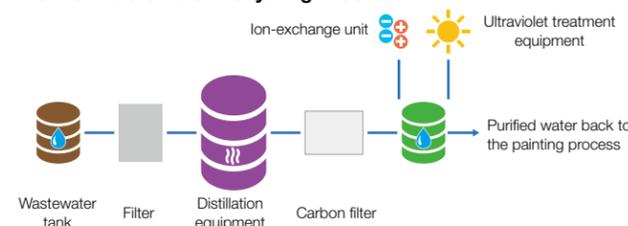
Case Example Initiative for Reducing Wastewater Discharge through Water Recycling

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 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

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)

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)

36% reduction (vs FY06 level)

FY21 target:
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.



Legal compliance audit at a base in China

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.

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

Responding to More Stringent Environmental Regulations in China

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

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

In order to ensure compliance with environment-related laws at our bases in China, since September 2019 we have been reinforcing environmental management and support in

Environmental Impact Flow

INPUT		Environmental Impact Flow	OUTPUT	
Energy [consolidated]			Into the Air [consolidated]	
Energy consumption	15,938 TJ*2	CO ₂ emissions	824,841 t-CO ₂	
Electricity	1,355,962 MWh	Greenhouse gases other than CO ₂	2,400 t-CO ₂	
City gas	83,037 km ³ N	CO ₂ emissions from logistics	14,904 t-CO ₂	
LPG	3,882 t	SO _x (Sulfur oxides)	252 kg	
Petroleum products	3,141 kl	NO _x (Nitrogen oxides)	160 t	
Coal products	5,968 t	VOC (Volatile organic compounds)	1,276 t	
LNG	1,570 t			
Raw Materials [consolidated]		Chemical Substances [non-consolidated]		
Raw material consumption	730,270 t	Emissions/transfers of PRTR law designated substances	355 t	
Water [consolidated]		Waste [consolidated]		
Water withdrawal	4,548 km ³	Waste volume	108,670 t	
Chemical Substances [non-consolidated]		Into Waterways (consolidated)		
PRTR law*3 designated substances	1,002 t	Water pollutants	27 t	
		Discharge of treated wastewater	2,252 km ³	

*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.