Firstly, we would like to extend our sincere appreciation for your continued support of Toyota Industries Corporation and the Toyota Industries Group.

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

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

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

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

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

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

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

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

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

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

July 2020

Tatsuro Toyoda
Chairman

Akira Onishi
President

Chairman Tatsuro Toyoda (left)/President Akira Onishi (right)
Realizing Toyota Industries’ Vision based on Our Basic Philosophy

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

Toyota Precepts

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

<table>
<thead>
<tr>
<th>Toyota Precepts (Corporate Creed)</th>
<th>Basic Philosophy</th>
<th>Meeting Social Demands based on Vision 2030</th>
<th>CSR Materiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Respect for the Law] Toyota Industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.</td>
<td>Always be faithful to your duties, thereby contributing to the Company and to the overall good. Always be studious and creative, striving to stay ahead of the times. Always be practical and avoid frivolousness. Always strive to build a homelike atmosphere at work that is warm and friendly. Always have respect for God, and remember to be grateful at all times.</td>
<td>Contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society by supporting industrial and social infrastructure around the world through the continuous supply of products/services that anticipate customers’ needs.</td>
<td>Identify our moderate demand in connection with SDGs. As stated in Vision 2030, toward the realization of a sustainable society, contribute to “make the earth a better place to live, enrich lifestyles, and promote a compassionate society.”</td>
</tr>
<tr>
<td>[Respect for Others] Toyota Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those regions and countries.</td>
<td>Always be studious and creative, striving to stay ahead of the times.</td>
<td>Global social issues adopted at the United Nations summit in 2015</td>
<td></td>
</tr>
<tr>
<td>[Respect for the Natural Environment] Through its corporate activities, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe, and of high quality.</td>
<td>Always be practical and avoid frivolousness.</td>
<td>Global social issues adopted at the United Nations summit in 2015</td>
<td></td>
</tr>
<tr>
<td>[Respect for Customers] Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.</td>
<td>Always strive to build a homelike atmosphere at work that is warm and friendly.</td>
<td>Global social issues adopted at the United Nations summit in 2015</td>
<td></td>
</tr>
<tr>
<td>[Respect for Employees] Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that employees and the Company can realize their full potential.</td>
<td>Always have respect for God, and remember to be grateful at all times.</td>
<td>Global social issues adopted at the United Nations summit in 2015</td>
<td></td>
</tr>
</tbody>
</table>

We encapsulated the spirit of founder Sakichi Toyoda in the Toyota Precepts, which serve as Toyota Industries’ corporate creed and upon which our Basic Philosophy is based.
Toyota Industries’ 3 Businesses and Their Characteristics

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

### Materials Handling Equipment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business</th>
<th>Roles of each business</th>
<th>Main products and systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lift Truck</td>
<td>Development, Production</td>
<td>Sales (for users), After-sales services</td>
<td></td>
</tr>
<tr>
<td>Toyota Industries plans, develops, produces, sells and provides after-sales services for industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities). Lift trucks, which capture the top global market share*, are delivered to customers around the world. In addition to the sale of lift trucks, we strive to meet a variety of customer needs through sales financing, after-sales services and proposals for logistics efficiencies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Institutional storage and retrieval system</td>
<td>Internal combustion lift truck</td>
<td></td>
</tr>
</tbody>
</table>

### Logistics Solutions

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business</th>
<th>Roles of each business</th>
<th>Main products and systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Industries works closely with subsidiaries Bastian Solutions ILLE and Vanderlande Industries Holding B.V. by leveraging each company’s strengths to contribute to resolving customers’ logistics issues through a combination of various logistics equipment and systems.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Automobile

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business</th>
<th>Roles of each business</th>
<th>Main products and systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for Toyota Motor), After-sales services</td>
<td></td>
</tr>
<tr>
<td>With its strengths as a leader in safety, the environment, quality, cost and delivery among Toyota Group companies, the Vehicle Business plans, develops and produces the RAV4 for markets in and outside Japan.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyota Industries plans, develops, produces, sells and provides after-sales services for industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities). Lift trucks, which capture the top global market share*, are delivered to customers around the world. In addition to the sale of lift trucks, we strive to meet a variety of customer needs through sales financing, after-sales services and proposals for logistics efficiencies.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Engine

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business</th>
<th>Roles of each business</th>
<th>Main products and systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for Toyota Motor), After-sales services</td>
<td></td>
</tr>
<tr>
<td>In addition to automotive diesel engines produced under a structure ranging from planning and development to production, we also produce gasoline engines and industrial engines.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for Toyota Motor), After-sales services</td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for Toyota Motor), After-sales services</td>
<td></td>
</tr>
<tr>
<td>The Car Air-Conditioning Compressor Business captures the world-leading market share in unit sales*.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Car Electronics Business plans, develops and produces electronics products primarily for electrified vehicles such as hybrid vehicles.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Corporate Information

<table>
<thead>
<tr>
<th>Segment</th>
<th>Business</th>
<th>Roles of each business</th>
<th>Main products and systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk and Performance Management</td>
<td>Development</td>
<td>Sales (for users), After-sales services</td>
<td></td>
</tr>
<tr>
<td>Toyota Industries plans, develops, produces, sells and provides after-sales services for industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities). Lift trucks, which capture the top global market share*, are delivered to customers around the world. In addition to the sale of lift trucks, we strive to meet a variety of customer needs through sales financing, after-sales services and proposals for logistics efficiencies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for users), After-sales services</td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for users), After-sales services</td>
<td></td>
</tr>
<tr>
<td>Toyota Industries’ 3 Businesses and Their Characteristics</td>
<td>Development, Production</td>
<td>Sales (for users), After-sales services</td>
<td></td>
</tr>
</tbody>
</table>

* Survey by Toyota Industries Corporation.
Using our resources and strengths as the foundation, we strive for growth in the Materials Handling Equipment, Toyota Industries’ 3 Businesses and Automobiles, Textiles, Machinery, Textile Conditioning machines that weave spun yarn into fabrics. Our air-jet looms have enabled us to improve both productivity and efficiency. The Car Air-Conditioning Compressor Business captures the essence of these changes, focusing on compactness, light weight and fuel economy.

We undertake fully integrated operations from planning, development, production to sales and after-sales services for spinning and weaving machines. Our customers’ needs are met through sales financing, after-sales services and proposals for systems. Toyota Industries works closely with subsidiaries Bastian Solutions and UAB, leveraging the strengths of diverse businesses to adapt to changes and seek Sustainable Growth.

The report includes key performance indicators for the group, the automobile and textile machinery businesses, as well as contributions to resolving customers’ logistics needs through sales financing, after-sales services and proposals for systems. Toyota Industries, through its subsidiaries, provides high-quality machine products and solutions to users around the world. Its global market share, which is calculated based on the number of units sold in countries outside Japan, is a testament to its success.

The report provides an overview of Toyota Industries’ history, including its founding in 1930 and its expansion into diverse businesses such as automobiles, mechanics, and textiles. It also highlights the company’s commitment to sustainability, environmental initiatives, and corporate governance. The report aims to provide easy-to-understand information on the company’s corporate governance, social and environmental activities over the past year as well as its future directions. The report also includes a section on Toyota Industries’ subsidiaries and the contribution they make to the company’s overall performance.

The report concludes with a list of publications related to the company, including the Toyota Industries Report 2020 PDF, Toyota Industries Report 2020, and other related documents. The report also contains a detailed table of contents, including financial information, corporate governance, strategic initiatives, and other key areas of the company’s operations.
### Non-Financial Information (CSR)

#### Consolidated Financial and Non-Financial Highlights (FY2020)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Female Associates Holding Assistant Manager or Higher Position</td>
<td>141 persons</td>
</tr>
<tr>
<td>Ratio of Female Associates Holding Assistant Manager or Higher Position</td>
<td>2.41%</td>
</tr>
<tr>
<td>Number of Consolidated Employees</td>
<td>66,478 persons</td>
</tr>
<tr>
<td>Ratio of Non-Japanese Employees</td>
<td>67.1%</td>
</tr>
<tr>
<td>Ratio of Non-Japanese Employees (Consolidated)</td>
<td>64.6%</td>
</tr>
<tr>
<td>Ratio of Associates with Disabilities (Non-Consolidated)</td>
<td>2.41%</td>
</tr>
<tr>
<td>Ratio of Associates with Disabilities (Consolidated)</td>
<td>2.33%</td>
</tr>
<tr>
<td>Number of Participants of Social Contribution Activities of Employee Associations</td>
<td>1,175 persons</td>
</tr>
<tr>
<td>Number of Participants of Age-Based Health Education Activities of Employee Associations</td>
<td>1,141 persons</td>
</tr>
<tr>
<td>Frequency Rate of Lost Workday Injuries (Non-Consolidated)</td>
<td>0.03%</td>
</tr>
<tr>
<td>Participants of Japan’s Subcontracting Law Seminar</td>
<td>888 persons</td>
</tr>
</tbody>
</table>

### Non-Financial Information (Environment)

#### Consolidated Financial and Non-Financial Highlights (FY2020)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Consumption (Consolidated)</td>
<td>17,212 TJ</td>
</tr>
<tr>
<td>CO₂ Emissions (Consolidated)</td>
<td>923,314 t-CO₂</td>
</tr>
<tr>
<td>Water Consumption (Consolidated)</td>
<td>4,521 km³</td>
</tr>
</tbody>
</table>

#### Energy Consumption/Transfer of PRTR Law Designated Substances (Non-Consolidated)

<table>
<thead>
<tr>
<th>Substance</th>
<th>FY2020</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRTR*1 Law Designated Substances</td>
<td>2,522 km³</td>
<td>2,546 km³</td>
</tr>
</tbody>
</table>

#### Discharge of Treated Wastewater (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2020</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discharge of Treated Wastewater</td>
<td>10,000 TJ</td>
<td>10,000 TJ</td>
</tr>
</tbody>
</table>

#### Raw Material Consumption (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2020</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material Consumption</td>
<td>600,000 TJ</td>
<td>600,000 TJ</td>
</tr>
</tbody>
</table>

#### Waste Generation (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2020</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Generation</td>
<td>112,796 t</td>
<td>112,800 t</td>
</tr>
</tbody>
</table>
# Consolidated Eleven-Year Summary

**Toyota Industries Corporation**  
Years ended March 31

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>2,171,355</td>
<td>2,214,946</td>
<td>2,003,973</td>
<td>1,675,148</td>
<td>2,243,220</td>
<td>2,166,861</td>
<td>2,007,856</td>
<td>1,615,244</td>
<td>1,543,352</td>
<td>1,479,839</td>
<td>1,377,769</td>
</tr>
<tr>
<td><strong>Operating profit (loss)</strong></td>
<td>128,233</td>
<td>134,684</td>
<td>147,445</td>
<td>127,345</td>
<td>134,712</td>
<td>117,574</td>
<td>107,691</td>
<td>77,098</td>
<td>70,092</td>
<td>68,798</td>
<td>22,002</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>196,288</td>
<td>202,225</td>
<td>209,827</td>
<td>181,986</td>
<td>185,398</td>
<td>170,827</td>
<td>138,133</td>
<td>86,836</td>
<td>80,906</td>
<td>73,911</td>
<td>31,756</td>
</tr>
<tr>
<td><strong>Profit</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>145,881</td>
<td>152,748</td>
<td>168,180</td>
<td>131,398</td>
<td>183,036</td>
<td>115,263</td>
<td>91,705</td>
<td>57,854</td>
<td>56,830</td>
<td>62,372</td>
<td>20,002</td>
</tr>
<tr>
<td><strong>Investments in tangible assets</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>106,058</td>
<td>113,748</td>
<td>115,458</td>
<td>77,393</td>
<td>75,438</td>
<td>126,395</td>
<td>109,479</td>
<td>89,459</td>
<td>58,404</td>
<td>38,254</td>
<td>26,963</td>
</tr>
<tr>
<td><strong>Depreciation</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>90,488</td>
<td>85,639</td>
<td>77,738</td>
<td>73,253</td>
<td>77,366</td>
<td>70,782</td>
<td>64,153</td>
<td>57,954</td>
<td>59,830</td>
<td>62,372</td>
<td>73,238</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>90,560</td>
<td>88,807</td>
<td>77,647</td>
<td>69,524</td>
<td>65,440</td>
<td>47,785</td>
<td>46,326</td>
<td>39,057</td>
<td>32,070</td>
<td>27,788</td>
<td>26,826</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>313,199</td>
<td>270,306</td>
<td>268,567</td>
<td>240,169</td>
<td>236,094</td>
<td>182,191</td>
<td>155,059</td>
<td>151,299</td>
<td>101,718</td>
<td>153,661</td>
<td>203,452</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(182,598)</td>
<td>(395,000)</td>
<td>(340,324)</td>
<td>(86,925)</td>
<td>(531,561)</td>
<td>(160,769)</td>
<td>(118,483)</td>
<td>(274,210)</td>
<td>(9,403)</td>
<td>(187,574)</td>
<td>(36,855)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>(7,094)</td>
<td>(40,467)</td>
<td>(153,303)</td>
<td>(8,918)</td>
<td>(130,923)</td>
<td>(8,918)</td>
<td>(6,183)</td>
<td>(7,050)</td>
<td>(10,279)</td>
<td>(88,728)</td>
<td>(38,230)</td>
</tr>
<tr>
<td><strong>Cash dividends per share</strong></td>
<td>469.85</td>
<td>491.97</td>
<td>541.67</td>
<td>420.78</td>
<td>367.06</td>
<td>292.76</td>
<td>170.36</td>
<td>188.02</td>
<td>151.51</td>
<td>(84.33)</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings (loss) per share</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>469.85</td>
<td>491.97</td>
<td>541.67</td>
<td>420.78</td>
<td>367.06</td>
<td>292.76</td>
<td>170.36</td>
<td>188.02</td>
<td>151.51</td>
<td>(84.33)</td>
<td></td>
</tr>
</tbody>
</table>

**Indices**

<table>
<thead>
<tr>
<th>Operating profit ratio (%)</th>
<th>5.9</th>
<th>6.1</th>
<th>7.4</th>
<th>7.6</th>
<th>6.0</th>
<th>5.4</th>
<th>5.4</th>
<th>4.8</th>
<th>4.5</th>
<th>4.6</th>
<th>1.6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA (millions of yen)</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>336,415</td>
<td>323,998</td>
<td>313,055</td>
<td>276,193</td>
<td>369,897</td>
<td>248,854</td>
<td>216,175</td>
<td>155,234</td>
<td>161,876</td>
<td>150,481</td>
<td>90,521</td>
</tr>
<tr>
<td>Return on equity (ROE) (%)&lt;sup&gt;6&lt;/sup&gt;</td>
<td>5.9</td>
<td>6.1</td>
<td>7.0</td>
<td>6.1</td>
<td>8.3</td>
<td>5.6</td>
<td>5.7</td>
<td>4.1</td>
<td>5.4</td>
<td>4.5</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Return on assets (ROA) (%)&lt;sup&gt;7&lt;/sup&gt;</td>
<td>2.8</td>
<td>2.9</td>
<td>3.4</td>
<td>3.0</td>
<td>4.1</td>
<td>2.7</td>
<td>2.6</td>
<td>1.8</td>
<td>2.3</td>
<td>1.9</td>
<td>(1.1)</td>
</tr>
<tr>
<td>D/E ratio (%)&lt;sup&gt;8&lt;/sup&gt;</td>
<td>54.9</td>
<td>52.3</td>
<td>45.7</td>
<td>43.6</td>
<td>43.7</td>
<td>32.0</td>
<td>39.0</td>
<td>45.4</td>
<td>53.8</td>
<td>56.8</td>
<td>60.3</td>
</tr>
<tr>
<td>Ratio of share of equity attributable to owners of the parent&lt;sup&gt;9&lt;/sup&gt;</td>
<td>46.2</td>
<td>47.1</td>
<td>45.6</td>
<td>43.8</td>
<td>48.1</td>
<td>53.7</td>
<td>46.6</td>
<td>45.4</td>
<td>43.0</td>
<td>41.4</td>
<td>40.8</td>
</tr>
<tr>
<td>Number of employees (persons)</td>
<td>66,478</td>
<td>64,641</td>
<td>61,152</td>
<td>52,523</td>
<td>51,459</td>
<td>52,523</td>
<td>49,332</td>
<td>47,412</td>
<td>43,016</td>
<td>40,825</td>
<td>38,903</td>
</tr>
</tbody>
</table>

*1: The figures prior to fiscal 2017 are ordinary income under JGAAP.
*2: Profit (loss) attributable to owners of the parent
*3: Investments in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.
*4: Earnings (loss) per share is computed on the average number of shares for each year.
*5: Profit before income taxes + Interest expenses – Interest and dividends income + Depreciation and amortization (including assets other than property, plant and equipment)
*6: Profit (loss) attributable to owners of the parent / Average share of equity attributable to owners of the parent at the beginning and the end of the fiscal year
*7: Interest-bearing debt / (Share of equity attributable to owners of the parent – Subscription rights to shares)
*8: (Share of equity attributable to owners of the parent – Subscription rights to shares) / Total assets

Notes:
1. Toyota Industries has adopted IFRS beginning from the end of fiscal 2017.
2. Operating profit in fiscal 2018 includes a one-time effect of ¥14.3 billion arising from changes in retirement benefit plans.
Could you explain the impact of COVID-19 on Toyota Industries and its response to the pandemic?

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

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

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

As a response to a downturn in business, we have been augmenting profit improvement activities. The plan is to substantially reduce capital investment and expenses by postponing non-urgent projects. I am spearheading a Company-wide organization encompassing various subcommittees to promote these activities. As for research and development, we will prioritize projects and carry out ones that are essential for our future growth. Anticipating a prolonged period of market instability, we have also increased cash on hand from the amount of two months to three months of consolidated net sales. At times like this, it is important to thoroughly reaffirm the basics and go back to the origin of our business. Thus, we have been stepping up our efforts to “create a workplace environment that places a top priority on safety,” “thoroughly control quality and enforce compliance” and “co-exist harmoniously with society and protect the global environment.”
With regard to contributing to society, we have been carrying out various support activities for medical institutions, which are becoming overburdened by the spreading virus. As an example of support for healthcare professionals utilizing our monozukuri (manufacturing) capabilities, our bases in Japan and the United States have manufactured and delivered medical face shields to hospitals, medical institutions and local governments. We are providing as much support as possible to the dedicated healthcare professionals in this difficult situation.

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

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

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

Efforts in Core Businesses

Materials Handling Equipment Business

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

Automobile-Related Businesses

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

- **Car air-conditioning compressor:** Even though the automobile market may need some time to recover, we will work to increase sales over the medium to long term on the back of an upward trend in automobile sales and an increase in the number of vehicles fitted with an air conditioner. We expect particularly strong growth in demand for electric compressors. We have accordingly developed a large-capacity model used not only for vehicle interior air conditioning but also for cooling batteries and other heat-emitting devices of electrified vehicles.

- **Vehicle:** Toyota Industries manufactures the new RAV4, which was selected as the Car of the Year Japan 2019-2020 and became the first vehicle of Toyota Motor Corporation (TMC) to receive the award in a decade. We also undertook the vehicle’s exterior design and upper-body development. Being involved in the production of a globally popular model is a great morale booster for our plant workers. In June 2020, we started manufacturing TMC’s new RAV4 plug-in hybrid electric vehicle. The car is selling well, as it offers a long driving range in the battery electric vehicle (BEV) mode and an external

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

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

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

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

**Q** What about the future direction of management?

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

What is important now is to uphold our philosophy encapsulated in these precepts and endeavor to provide products and services truly needed by customers. We believe our approach aligns with the objective of the United Nations’ Sustainable Development Goals (SDGs).

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

**In Conclusion**

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

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

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

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

We will meet the expectations of our stakeholders through a continuous relationship built from a long-term perspective.
**Special Feature 1**

**Strengths of Our Materials Handling Equipment Business Aiming for Sustainable Growth**

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

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

**Environment Surrounding Logistics**

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

**GDP by Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP (US$ trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>2.5</td>
</tr>
<tr>
<td>Asia</td>
<td>12.5</td>
</tr>
<tr>
<td>Americas</td>
<td>20.0</td>
</tr>
<tr>
<td>Europe</td>
<td>25.0</td>
</tr>
<tr>
<td>China</td>
<td>2.5</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>20.0</td>
</tr>
<tr>
<td>Japan</td>
<td>2.5</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Population (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1.0</td>
</tr>
<tr>
<td>Asia</td>
<td>5.0</td>
</tr>
<tr>
<td>Americas</td>
<td>20.0</td>
</tr>
<tr>
<td>Europe</td>
<td>6.0</td>
</tr>
<tr>
<td>China</td>
<td>1.0</td>
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<tr>
<td>U.S.A.</td>
<td>1.0</td>
</tr>
<tr>
<td>Japan</td>
<td>1.0</td>
</tr>
</tbody>
</table>

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

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**Status of the Materials Handling Equipment Business**

**Business Composition**

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

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

**Initiatives for Future Growth**

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

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

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

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

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

Among our CASE initiatives, the following pages provide example initiatives in the “S” (solution) and “A” (autonomous) fields, which have been drawing increasing attention from customers.
With the acquisition of Bastian Solutions LLC and Vanderlande Industries Holding B.V. in 2017, we set up a structure to offer an even broader range of logistics solutions to more customers. The three companies, including Toyota Industries, have been working together and successfully created new business opportunities.

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

At warehouses and distribution centers, order picking to pick up ordered items from stock storage is one of the most important operations and reducing pick-up errors is essential in increasing productivity. Many processes at logistics sites have already been automated and contributing to higher productivity. However, automation of the order picking process has not proceeded, as picking up correct items of varying forms and materials poses a technical challenge. Bastian and Vanderlande, which each develops automated picking systems independently, have formed a joint team to accelerate the development of advanced technologies that satisfy market demand. Instant recognition of the location and shape of an item and its stored position is crucial in ensuring the correct picking up of items whatever their shapes are and however they are stored. As such, automation of the process requires advanced image recognition technology. The joint team is mainly engaging in the development of this technology and aiming for early commercialization by increasing accuracy through feasibility tests using order picking robots of each company. We will continue to deepen the collaboration between the two companies and develop technologies and systems that will contribute to greater logistics efficiency.

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

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

Meanwhile, Toyota Industries has appealed the strengths of the entire Group encompassing Bastian and Vanderlande to a broad audience through trade shows and other opportunities. At the same time, we have concentrated on the establishment of a structure to sell and provide support services for a wide range of Vanderlande’s equipment and systems in Japan. These efforts have enabled us to offer the full spectrum of logistics systems in Japan, including those of Vanderlande, and we received an order from the said operator for the first time for a project for a distribution center in the country.

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

**Evolution of AGVs**

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

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

**Taking on a Challenge of Automating Outdoor Operations**

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

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

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

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

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

**Message from the Director**

Logistics needs have become increasingly diversified and have continued to change. Leveraging our experience and know-how accumulated while working with customers worldwide, we seek to develop products and services that go a step ahead of the times and offer optimum solutions to individual customers. Fuelled by an accelerated expansion of the e-commerce market as a result of the spread of COVID-19 and other factors, needs in the logistics solutions field are on the rise, which in turn is expected to advance the mechanization and automation of logistics operations. As a response to the changing environment, we are working to expand business by further strengthening the collaboration of Bastian, Vanderlande and Toyota Industries, each of which possesses different strengths. We aim to become the world’s leading logistics solutions provider to help customers resolve their logistics-related issues by harnessing our strengths in engaging in the two businesses of lift trucks, for which we enjoy the world’s top market share, and logistics solutions, for which significant growth is expected in the future.
Special Feature 2
Leveraging the Strengths of Diverse Businesses to Adapt to Changes and Seek Sustainable Growth

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

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

History of Business Expansion to Date
After conducting a great deal of research, founder Sakichi Toyoda invented the Type G automatic loom with an aspiration to “contribute to society through monozukuri (manufacturing).” Toyota Industries, founded to manufacture and sell the loom, had concentrated on expanding this original business but started seeking business diversification during the recession in the early 1950s. At that time, the growing automobile industry in Japan was generating new needs. To capture these needs, we started branching out into the engine and vehicle assembly businesses by utilizing foundry and other technologies accumulated in the textile machinery field. Then we further developed and manufacturing car air-conditioning compressors. As labor shortages prompted a rise in the need for streamlined cargo handling, we directed our attention to lift trucks that have a number of components similar to the growing domestic automobile industry.

50s–

Textile Machinery

1953–

Diversification of Businesses

Branching out into the automobile-related businesses in pursuing business diversification during the recession in the early 1950s in Japan, thereby capturing needs arising from the growing domestic automobile industry.

1956–

The Beginning

Establishing Toyota Industries to manufacture and sell the Type G automatic loom invented and completed by founder Sakichi Toyoda.

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

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

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

For information gathering, we provide various forms of support. Examples include issuing Toyota Industries Technical Review, a magazine on technical information related to product development and monozukuri; disseminating information on changes in the R&D environment, including economic conditions in each country and the trends in the materials handling equipment and automobile industries; and presenting examples of companies having technological excellence. As opportunities for technical exchange, we hold Company-wide technology exhibitions of products and production engineering examples of each business division and meetings of the Council of Heads of Engineering Departments as a place for heads of the engineering departments of each business division to exchange information. Through these opportunities, we back up efforts to share and utilize technologies within Toyota Industries.

Example Outcome of Interdivisional Collaboration
Development of Hydrogen Circulation Pump and Inverter for Fuel Cell Vehicles
Kazuhiro Sato
Project Leader
FCV Project
Compressor Division
(April 2020)

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

- **Hydrogen circulation pump**: Developed by the Compressor Division. Efficiently circulates unreacted hydrogen and water generated in the electricity generation process.
- **Inverter**: Developed by the Electronics Division. Platforms drive control of the pump with a minimum amount of electricity.
- **Control software**: Developed by the Compressor Division. Quickly developed a high-quality control software program by applying software programs for electric car air-conditioning compressors.

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

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

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

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

- **Inverter**
  - Developed by the Electronics Division.
  - Platforms drive control of the pump with a minimum amount of electricity.

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

**Fruits of Collaborative Development**

- **Diesel hybrid system for construction machinery**
  - Offers a 40% better fuel efficiency while maintaining high-power performance.

- **Diesel engine**
  - Developed by the Engine Division.
  - Satisfies exhaust gas regulations without using a urea Selective Catalytic Reduction (SCR) system for the first time in the world and achieved lower running costs by eliminating the need for refilling urea while maintaining durability.

- **Motor**
  - Developed by the Engineering Dept. No. 2, R&D Headquarters.
  - Offers high output and high efficiencies through an engine with a built-in motor, which can be fitted into the conventional engine space.

- **Control software**
  - Developed by the Control Software Development Center.
  - Applies systems to the engine and motor, enabling optimal control.

- **PCU (controlling motor’s rotational speed)**
  - Developed by the Electronics Division.
  - A compact and highly efficient PCU for hybrid vehicles and offers improved cooling performance and vibration resistance matched to construction machinery.

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

Kenichi Katase
General Manager
Engineering Dept. No. 2
R&D Headquarters
Hitachi Construction Machinery Co., Ltd.

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

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

Toyota Material Handling Group (TMHG)

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

Under the TMHG management structure, we engage in the Lift Truck Business under the Toyota, BT, RAYMOND, CESSNA and Tailift brands. Mutually utilizing the development and sales strengths of each brand, TMHG is promoting business on a global scale.

We basically carry out product development in three regions, namely Japan, North America and Europe. Based on this structure, we develop and manufacture products in each region, which are matched to the specific local needs and characteristics, and ensure quick product delivery to customers. At the same time, we seek greater product appeal by conducting in-house development and production of key components of lift trucks, including engines and motors. In response to the enforcement of stricter environmental regulations and growing eco-consciousness worldwide, we are improving the energy-saving performance and enhancing our electric lift truck lineup. We are also promoting development of autonomous driving technology as a response to growing needs for greater logistics efficiencies mainly driven by labor shortages.

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

Toyota Advanced Logistics Group (TALG)

Following an expansion of the e-commerce market, providing solutions to diverse and complex logistics issues for distribution centers has become a pressing task, and needs for logistics solutions have been growing globally. Amid this environment, we go a step beyond just providing a broad range of materials handling equipment and associated software programs and are reinforcing our Logistics Solutions Business to more meticulously satisfy each customer’s varying needs by leveraging our logistics improvement know-how accumulated to date.

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

Toyota Advanced Logistics Group

Business Activities in Fiscal 2020

Despite continued growth in China, the world’s lift truck market in 2019 turned downward with weaker sales in Japan, North America, Europe and emerging countries. Amid this environment, we worked to enhance the product appeal of our mainstay lift trucks and expand sales. We also strove to offer reliable after-sales services, enhance responsiveness to large-order customers and provide solutions to achieve greater logistics efficiencies through the introduction of distribution systems.

To meet the diverse needs of customers in the field of lift trucks, we made efforts to increase our product lineup in each region and promoted the development of autonomous driving technology based on AI and external organizations. We also worked to reinforce our IT-based services in order to ensure a more accurate response to individual customers.

In the logistics solutions sector, we have been accelerating coordinated activities as TALG to mutually supply equipment and systems while encouraging each company to leverage its strengths and utilize each other’s resources.

Meanwhile, Aichi Corporation, which possesses the top brand in the field of aerial work platforms in Japan, enjoyed its sales performance in the first half of fiscal 2020, driven by enforcement of strict emissions standards for aerial work platforms in Japan, sold in Japan.

Activities of TMHG

Japanese Market

The business environment in Japan became difficult as the lift truck market slowed down slightly in 2019. It was further compounded as the production of lift trucks at Toyota plant was suspended due to a disruption of parts supply following Typhoon Hagibis. Unit sales of Toyota Industries’ lift trucks consequently declined by 6% year-on-year to 45,000 units in fiscal 2020, but still maintained the top position7 in calendar 2019 for the 54th consecutive year.

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

For example, we released an FC lift truck for the first time in Japan8 in 2016. This 2.5-ton model has been highly acclaimed by customers not only for its excellent environmental performance of not emitting CO2, NOx and other gases while in operation but also for its great convenience of completing hydrogen charging in about three minutes. More recently, we added a 1.8-ton type as growing environmental consciousness pushed up needs for smaller models. As part of efforts to enhance the lineup of FC models, we have also conducted a feasibility test of an FC towing tractor.

Needs are also growing for the automation of materials handling equipment to reach new levels of work efficiency and improve efficiencies. In response, we have carried out autonomous driving tests of our towing tractors jointly with All Nippon Airways Co., Ltd., within restricted areas at Kyoto-Saga International Airport and Chubu Centrair International Airport. We have also joined the Consortium for Open-Field Agricultural Robotics9 engaging in research and development for labor saving in the agricultural field.

Our part in the project is to develop a lift truck that autonomously loads cargoes up to a truck.

In February 2020, we participated in Logistik-Tech Tokyo – INNOVATION EXPO – under the concept of “Exact Solutions to Your Logistics”. We made the largest booth among the participating companies and showcased to some 22,000 visitors our latest logistics solutions, including the Key Cart automatic guided vehicle (AGV) series and I_Site, a fleet management system that enables operators to collect and analyze operational and other information about their lift trucks connected to a network.

Meanwhile, sales of Toyota Industries’ aerial work platforms connected and automated lift trucks are growing. Toyota Industries is proactively pushing ahead with product lineup and functional enhancements both under the TOYOTA and RAYMOND brands.

North American Market

With a year-on-year decline in the North American lift truck market in 2019, Toyota Industries posted unit sales in fiscal 2020 of 92,000 units, down 7% from the previous year, but still remained the market share leader7 in 2019. Meanwhile, parts sales and orders for after-sales services remained strong.

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

Toyota Industries enhanced its electric product offering not only with the release of a 1-ton electric lift truck that has been developed by a subsidiary in North America based on local customer needs but also with the addition of new options of its electric pallet trucks. The focus was also on battery solutions that present optimum ways of charging and handling batteries.

Toyota’s efforts for improving the competitiveness of its dealers include operating an after-sales service evaluation and certification system and promoting a program to build a leaner and more efficient business structure in a systematic manner. Some Toyota dealers have also captured a new business opportunity by starting to use this program to solve customers’ problems.

Raymond further augmented the competitiveness of its IWAREHOUSE fleet management system. It has evolved from originally being centrally managed various functions associated with warehouse equipment from the existing roles to certify operators, detect collisions and analyze the operational status of lift trucks. It enables US companies to manage personnel and provide virtual reality (VR) operation training.

Raymond developed a new system to remotely support operators’ order picking work and has been leveraging cutting-edge technologies to assist customers in increasing their logistics efficiencies.

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

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

European Market

Although the European lift truck market in 2019 was down from the previous fiscal year, Toyota Industries posted unit sales of 92,000 units in fiscal 2020 par with fiscal 2019. In addition to new lift truck sales, orders for after-sales services and sales of parts remained strong.

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

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

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

ALOMA™ and Chinese Markets

Toyota Industries covers the ALOMA™ markets of some 60 countries in Asia, Latin America, Oceania, the Middle East and Africa as well as China. The Chinese market.

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

In March 2019, Toyota Industries has launched sales activities with a focus on logistics improvement solutions in 14 countries. We are strengthening our relationships of trust with customers by offering solutions to reduce logistics

[8] Survey by Aichi Corporation

[1] Survey by Crist Information & Research, LLC, 2019
costs and improve safety at their logistics sites. Our dealers are also promoting innovations at their own facilities to bolster their abilities to make improvements proposals to customers. We will promote these and other efforts as customers’ total logistics solutions partner.

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

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

Activities of TALG

Logistics System Engineering Department of Toyota Material Handling Japan

In Japan, the installation of logistics systems that bring about labor and work savings in distribution centers has been proceeding rapidly in line with the exacerbating issue of labor shortages. Toyota Industries is enhancing its product offering throughout the entire logistics operations by introducing systems and equipment of Bastian and Vanderlande into Japan. Bastian’s ULTRA automatic truck loading and unloading robot has started operating at a customer’s logistics site and has already contributed to improved work efficiency.

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

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

**Business Overview in Fiscal 2020**
The automobile market remained on par with the previous fiscal year in Japan, but sales declined in other parts of the world. In fiscal 2020, unit sales increased by 39,000 units, or 14%, over the previous fiscal year to 324,000 units on the back of growing sales of the new RAV4, production of which was launched in November 2018. Net sales also increased by ¥7.5 billion, or 9% year on year, to ¥89.9 billion.

**RAV4 Designed, Developed and Produced by Toyota Industries Selected as the Car of the Year Japan**
The new Toyota RAV4, TMC’s global strategic vehicle that made its debut in the Japanese market, was selected as the Car of the Year Japan 2019-2020 for its capabilities as an SUV of the new era to satisfy every need of users at a high level. The RAV4 became the first Toyota vehicle to receive the award in a decade.

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

**Winning a Minister of Economy, Trade and Industry Award in the 2019 Energy Conservation Grand Prize**
The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has implemented a comprehensive energy-saving initiative to reduce heat dissipation loss in the drying process of electrodeposited vehicle painting and cut down its annual CO2 emissions by 391 tons. In recognition of this initiative, Toyota Industries received a Minister of Economy, Trade and Industry Award in the Industrial Field, which is the highest award in the Energy Conservation Grand Prize program (Energy Saving Projects Category) run by the Energy Conservation Center, Japan, in 2019. We believe that the initiative was an excellent accomplishment for successfully improving the painting process that accounts for about 60% of the plant’s total CO2 emissions. It also has the added effectiveness as it could be applied to other plants, including the Takahama Plant producing materials handling equipment. We will continue to undertake activities to eliminate the wasteful use of energy through focused investigation and analysis.

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

**Highly Acclaimed by Customers Worldwide**

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

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**Gasoline Engines for Automobiles**
Our Toyota New Global Architecture (TNGA)*3 gasoline engines, namely the 2.5-liter A25A and 2.0-liter M20A, are mainly fitted in the RAV4 manufactured at the Nagakusa Plant in Aichi Prefecture. Developed based on the TNGA concept, these engines offer both excellent driving performance and environmental performance. Responding to the advancement of car electrification, we have also added an HV version of the A25A engine to our lineup. We will improve product quality and productivity further and contribute to the creation of “ever-better cars” by TMC both through diesel engines and gasoline engines.

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

**Medium-Term Direction of Business**

**Engine**

In line with more stringent environmental regulations adopted globally, there is a growing demand for engines with even greater fuel efficiencies and cleaner emissions. Amid this environment, we aim to pave the way to the era of zero emissions by pursuing the further evolution of internal-combustion engines and developing new, globally top-level technologies and products that also respond to car electrification.

**Business Overview in Fiscal 2020**

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

**TOPIC**

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

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

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

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

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

Development Efforts Centered around Energy Savings and Car Electrification

Even though growth in the car air-conditioning compressor market is currently slow due to weak sales of automobiles, we expect continued growth over the medium term. The trend is driven by the growing need to cool electronic devices, batteries and other key heat-emitting components. In response, we are developing compressor models with increased cooling capability in order to use their cooling function not only for vehicle interior air conditioning but also for key components. Additionally, we are making our electric compressors compatible with varying voltage and capacity needs and increasing their reliability through multifaceted evaluations using our evaluation facilities created in-house and a test driving course.

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

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

Business Overview in Fiscal 2020
Net sales of car electronics products expanded, primarily supported by sales of DC-DC converters and on-board chargers mainly to TMC.

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

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

Promotion of ESG Initiatives

By utilizing such technologies other major electrified vehicles are fitted in the Prius, Aqua and devices such as lights and power to standard electrical. A DC-DC converter converts the high voltage of HV, PHV and EVs.

Use of an Electrified Vehicle as a Power Source
In recent years, there has been a growing public attention to the use of high-capacity batteries of electrified vehicles as a power source. Toyota Industries recognized early on the use of electricity stored in vehicle batteries as a power source and developed an on-board AC inverter in 1995. It was the world’s first model to be mounted on a vehicle while in production. Since then, production volume has been increasing and reached a cumulative total of 30 million units in June 2019. The 1.5-kW type, in particular, can operate appliances that require more power, such as rice cookers and hot plates, and has drawn much attention as an emergency power source in a disaster in addition to camping, outdoor events and other applications. Immediately following Typhoon Faxai in 2019, many vehicles fitted with this inverter were put to use across Japan to supply electricity during prolonged power outages.

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

Textile Machinery

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

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

Business Overview in Fiscal 2020
The textile machinery market was weak in Asia, including China, our primary market. Unit sales of air-jet looms decreased 2,200 units, or 24% year on year, to 6,800 units. Combined with a decrease in sales of quality measurement instruments for fiber, yarn and fabric, net sales were down ¥14.6 billion, or 19%, from the previous fiscal year to ¥61.7 billion.

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

Taking Part in the Largest International Textile Machinery Trade Show in the World
In June 2019, Toyota Industries participated in ITMA 2019 international textile machinery trade show held in Barcelona, Spain.

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

Table: Growth in Mobile Electronics

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* Survey by Toyota Industries Corporation

*11: Systems and equipment designed to use the power accumulation and generation capabilities of HV, PHV, PHVs and FCVs to feed power to electronic appliances for PHVs and EVs.

* Source: Toyota Industries Corporation

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Promotion of ESG Initiatives

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

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.

Basic Perspective on Corporate Governance

Toyota Industries regards the most important managerial task as 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 transparency.
4. We seek to perform the roles and duties of the Board of Directors appropriately in order to make decisions in a transparent, fair, quick and resolute manner.
5. We seek to promote a constructive dialogue with shareholders.

Implementation Structure

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

Toyota Industries has a divisional organization system, with significant authority delegated to each business division. For especially crucial matters, however, we have established the Business Operation Committee to enable the president to meet with the heads of each business division regularly to monitor and follow the status of their business execution. At meetings of the Management Council, directors, audit & supervisory board members and senior executive officers converse 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 also put in place committees to deliberate on more specific matters, such as corporate social responsibility (CSR), the environment and quality management control. These functional meetings and committees discuss important matters and action themes in respective areas. Moreover, we strive to maintain and improve internal controls by establishing the Audit Department and conducting internal audits of Toyota Industries’ business divisions and departments as well as our subsidiaries.

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

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

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

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

Appointment of Independent Members of Management

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

Determination of Compensation for Senior Management and Directors

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

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

Effectiveness of the Board of Directors and Its Evaluation

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

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

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

Audit & Supervisory Board System

Toyota Industries has four audit & supervisory board members, two of whom are full-time members and two of whom are outside members. The four members attend meetings of the Board of Directors and provide their opinions as appropriate. The full-time members also attend other important meetings to receive reports on the execution of duties by directors and
other responsible persons. They also carry out on-site audits at the Head Office, major business sites and subsidiaries as necessary and collaborate with independent auditors and the Audit Department for overall audits. Meetings of the Audit & Supervisory Board are held every month to share information on audits conducted by the full-time members with the outside members and to receive reports from directors, responsible persons and independent auditors. At these meetings, the members also discuss and make decisions on important matters, such as audit policies and plans, and other matters decided 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 an integrated officer system
- 2010: Appointed independent members of management
- 2016: Reduced the number of directors (from 17 to 11)
- 2019: Conducted an evaluation of the effectiveness of the Board of Directors

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 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 decides actions for the coming year, including reviewing the implementation structure and enhancing day-to-day operational management. A system for detecting and disciplining acts of misconduct has been developed to establish a system of double checks 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 possibly constitute a violation of antitrust laws. Moreover, we have designated a particular month as “Antitrust Law Compliance Month” since fiscal 2016 to carry out enlightenment activities at relevant departments.

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

Example Topics of e-Learning Materials

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

Early Detection and Prevention of Issues via Compliance Hotline

The Toyota Industries Group has in place a whistle-blower system to report and seek consultation on compliance-related issues. In Europe and China, in particular, we operate a compliance hotline (external helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters without being exposed to negative consequences. In fiscal 2020, we received 86 reports and inquiries from within Toyota Industries and from its consolidated subsidiaries in Japan on such matters as labor management, working environment and ethics. After verifying each report and inquiry, we have taken appropriate actions in 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 independent auditors and judged fair in their Internal Control Audit Report.

Compliance

Basic Perspectives and Implementation Structure

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

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

Formulating and Thoroughly Instilling the Code of Conduct

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees. Accordingly, we have been working to instil the Code through group training and other means. Consolidated subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures and have been providing Company-wide education once a year.

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

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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.
  - Phayga Sharma
- Vanilliafe Group
  - Toyota Industries Holding B.V.
  - Carl Mosesaamkers

Information Security

Basic Perspective

We recognize that the personal information of customers, employees and business partners as well as information concerning our technology 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 and continue to promote awareness among 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 maintain information security and continue to promote and refine the structure.
Promotion of ESG Initiatives

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

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

*1: Head of each department
*2: A person within the department, appointed by the head

Information Security Management

Information Security Monitoring and Incident Response

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

Providing Education on Information Security

We believe that awareness among all executives, employees and contract employees is crucial in preventing information security incidents. Based on this belief, we provide training on targeted attacks via e-mail and other cyberattacks, and improve our 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 of the All Toyota Security Guidelines. We conduct information security audits at consolidated subsidiaries outside Japan. We perform more stringent checks on information devices brought into the plant premises from outside. We provide information security education to on-site plant workers.

*3: Security guidelines of the Toyota Group, which conforms 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 Polices for the Establishment of an Informational 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 other factors. Progress is assessed and followed up by each functional department at the Head Office such as those responsible for quality, safety and the environment, and the environmental committee or similar regulatory bodies. 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 follow 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.

Primary Activity Examples

Activities in fiscal 2020

- Enhancing security services for consolidated subsidiaries in Japan
- Facilitating tools to ensure subject access security in the cloud
- Extending the toolkit of participants for information leakage response training
- Increasing the frequency of e-mail security training (once a year per four persons per year)
- Conducting information security audits at consolidated subsidiaries outside Japan
- Performing a more stringent check on information devices brought into the plant premises from outside
- Providing information security education to on-site plant workers
- Creating a manual lays out basic rules 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.

Disaster Prevention Structure

We are led by an executive vice president and consisting of representatives from the functional departments at the Head Office, is responsible for coordinating information activities between Toyota and other relevant parties and making Company-wide decisions based on the information collected.

Promoting Disaster Prevention at Home and Related Enlightenment Activities

Starting from fiscal 2017, we are 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 of the most important roles assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response, we conduct training in which employees collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries. In fiscal 2020, we conducted a drill assuming an earthquake occurring in the early hours of the morning as an effort to strengthen our readiness against earthquakes around the clock.

2. Initial Response Training at Plant Response Headquarters

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

3. Individual Training at Each Plant

We continued to 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.

Response to Possible Major Earthquake

We set up the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing priority on human life, placing top priority on the recovery of local communities and ensuring the quickest possible recovery, we are making Company-wide inspections in the relevant areas, specifically, “precautionary, pre-disaster mitigation,” “Initial response to be followed immediately after the disaster” and “restoration of production.”

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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.

Company Introduction
Strategies and Businesses
Promotion of ESG Initiatives
Corporate Governance

Toyota Industries Report 2020
A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results.

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

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

Types of Quality Sought by Toyota Industries

- Safety
- Eco-friendliness
- Durability
- Ease of use
- Brand strength
- Corporate Image
- Sales
- Service
- Logistics
- Business relationship

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

Toyota Industries undertakes product development that meets customer expectations by capturing market needs and understanding how our products are actually used by customers. At Toyota Industries, development of a new product entails defining specific goals to incorporate quality in every stage from product planning and design to production, preparation, production, sales and after-sales services. We perform a design review (DVR), which allows a product to proceed to the next stage only when a responsible business division head examines and approves whether the product has reached the target quality level.

Quality Assurance Activities based on the Quality Guidelines

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

Quality Vision

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

To achieve the goal of this vision, we issue the Quality Guidelines, which identify priority quality-related issues to be implemented in each fiscal year, to all production bases in and outside Japan and engage in quality assurance activities accordingly. The implementation status of these guidelines is reviewed by top management at the Quality Functional Meeting chaired by the head of the Production Headquarters*1 for identifying additional issues and devising countermeasures. Issues raised are followed up at meetings of the Company-wide Council of Heads of Quality Assurance Departments chaired by the head of the Quality Control Department*2.

As of March 31, 2020

Quality Assurance Activities based on the Quality Guidelines

Quality Assurance Activities based on the Quality Guidelines

- Checking and identifying issues to incorporate quality in every stage of product development
- Implementing countermeasures
- Quality Assurance Activities based on the Quality Guidelines

Company-wide Council of Heads of Quality Assurance Departments

Quality Assurance Activities based on the Quality Guidelines

- Quality Assurance Activities based on the Quality Guidelines

Promoting Human Resources and Workplace Development

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

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

Our production bases outside Japan also promote kaizen efforts and human resources development through QC circle activities. We help them undertake independent activities by training QC circle instructors. As a venue for presenting activity results, we hold the Global QC Circle Convention every year since 2015 and provide workshop sessions to raise skills.

As for nurturing human resources who can take a scientific approach, we launched a new program to provide basic education on big data analysis in addition to the existing SQC education. With a particular focus on practical application, we designed an original curriculum and textbook while keeping a balance between theory and practice. In the next five years, we will educate more than 1,200 engineers and simultaneously nurture core human resources in this area. Our ultimate goal is for all our engineers to possess basic knowledge on big data analysis so that they can solve problems using this technique.

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

Preventing Occurrence and Recurrence of Defects

If a defect is found in a product after its launch, the Quality Assurance Department of the responsible business division takes the lead in examining and identifying the cause by going back to its development, design and production processes. We implement countermeasures both from the process and technological aspects and revise our new product development process as necessary. Through these measures, we strive to thoroughly avoid the recurrence of the defect in subsequent models.

Additionally, we make efforts to prevent the occurrence of defects in all products we develop and manufacture in the future. As an example, we provide education to production bases in and outside Japan with an eye to preventing defects by improving work procedures and processes.

Providing Support to Business Partners

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

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

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

Company Introduction

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

Promotion of ESG Initiatives

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

Reducing Environmental Impact through Environmentally Preferable Purchasing
We aim to procure parts, raw materials and equipment from business partners that give sufficient consideration to the environment. In the sixth edition of our Environmentally Preferable Purchasing Guidelines, we added the aspirations in 2050 of our Environmental Vision. Accordingly, we have been strengthening environmental management in our entire supply chain and undertaking relevant initiatives throughout the product lifecycle.

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

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

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

Promoting Human Resources Development
We proactively provide education to enhance procurement knowledge both internally and externally. In fiscal 2020, we again provided training on risk management, including knowledge both internally and externally. In fiscal 2020, we work with Hoeikai to provide support to strengthen the management platforms of member companies through Toyota Production System (TPS) activities in manufacturing and Q&C circle activities.

We proactively provide not only information required under disclosure laws and regulations but also information on our management policy and business activities. Also, we engage in various investor relations activities to facilitate productive dialogue with shareholders and investors.

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For institutional investors and securities analysts in Japan
• Quarterly financial results briefing • Individual interviews/sale • Email/sales letter • Teleconferencing • Business information sessions • Facility tour (including delivery of Toyota Industries Report)

For institutional investors outside Japan
• Individual interviews/sale • Teleconferencing
• Participation in conferences hosted by securities companies
• Issuing/delivering Toyota Industries Report

For individual shareholders and investors
• Company-hosted plant tours • Issuing/delivering notice of general shareholders’ meeting • Issuing/delivering business reports

Information session for our electric compressor business (December 2019)

Toyota Industries regards ensuring shareholder benefits as one of the most important management policies. Accordingly, we strive to continue paying dividends at the consolidated dividend payout ratio of roughly 30% and meet the expectations of shareholders upon comprehensively taking into consideration such factors as business results and demand for funds.

For fiscal 2020, Toyota Industries increased annual cash dividends by ¥5.0 over the previous fiscal year and paid annual cash dividends per share of ¥160.0 (interim cash dividend of ¥90.0 and year-end cash dividend of ¥80.0). Given the slowing economy due to the spread of COVID-19, we made sure to pay the year-end cash dividend during May 2020 on the basis of the resolution of the Board of Directors instead of basing our decision on the resolution of the General Shareholders’ Meetings as we usually do.
Relationship with Our Associates

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

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

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

In fiscal 2020, we continued to promote primarily safety and health measures from human, object and administrative standpoints based on risk assessment. The analysis results of post accidents and interviews with plant personnel revealed that some operators lacked sufficient awareness of hazard sources and conditions. As an effort to increase their individual consciousness for latent hazards in the workplace, we added hazard-related matters to which they should pay attention into their routinely used workplace reports of industrial accidents and potentially serious near-accidents as well as reports of risk prediction activities.

We aim of identifying all risks associated with ancillary facilities and logistics during production preparations, we conducted interviews with each workplace to check issues they have encountered in conducting risk assessment.

Frequency Rate of Lost Workday Injuries

<table>
<thead>
<tr>
<th>Frequency Rate (%)</th>
<th>Manufacturing industry</th>
<th>Toyota Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.60</td>
<td>0.80</td>
<td>0.40</td>
</tr>
</tbody>
</table>

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

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

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

In order to establish a process to install equipment in a manner to ensure its safety, we formed the Study Group for Intrinsic Equipment Safety led by the production engineering departments to promote the introduction of machinery and equipment that are safe for operators to use. As a specific effort, we will design a circuit configuration that completely shuts down a machine by cutting off its power when an operator accesses the machine while disabling its safety device to extract a product in production processes. This circuit configuration will be incorporated in new equipment we will install in the future. We are also retrofitting a power shut-down feature to our existing equipment. Until we complete the modification, we will protect the safety of operators through periodic equipment checkups.

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

Promoting Activities to Reduce Heat Strokes

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

For preventing and ameliorating symptoms of metabolic syndrome, we provide health promotion guidance to associates with mild obesity or who are slightly overweight, in addition to specific health guidance required by the Japanese government. By doing so, we encourage associates to adopt lifestyle habits early on. In fiscal 2020, as a measure to support associates’ self-help efforts for health promotion and maintenance, we expanded the scope of our financial aid for smoking cessation, medical examinations for early detection of diseases, exercises and health promotion tools. In fiscal 2021, we will introduce a body composition analyzer2 to measure amounts of fat, muscle, bone and water within the body as well as basal metabolic expenditure. Using these measurements along with the body mass index (BMI) based on weight and height, which had conventionally served as our only indicator, we plan to capture individual physical conditions in more detail and provide appropriate health guidance.

Major Health Promotion Events in Fiscal 2020

Stop smoking awareness events

- World No Tobacco Day: One-day no smoking (May 31)
- No Smoking Days: Half-day no smoking (May 31)

Participants of making events (held jointly with health insurance association) 5,627 persons

As part of mental health support activities, we have in place a system to offer early consultation through a health-related hotline. Other activities include upgrading our self-care/line care education to prevent new cases of mental health problems and operation of a return-to-work support program for persons on long-term leave for prevention of relapses. We have successfully achieved positive results through these activities.

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

Improving Mental Health Support Systems

(Provided a Stress Check System in Fiscal 2017)

Major Activity Indicators

Activity indicator FY2018 FY2019 FY2020

Participants of age-based health education2 2,422 persons 2,470 persons 2,367 persons

Rate of undergoing a stress check 99% 98%
Examples on the same system, allowing individual workplaces to analyze their respective conditions from a multi-perspective viewpoint and voluntarily engage in improvement activities. For these efforts, Toyota Industries was again recognized in the large enterprise category of the 2020 Certified Health and Productivity Management Organization Recognition Program (White 500) jointly promoted by Japan’s Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We will continue to undertake activities to promote both mental and physical health.

**Efforts for Prevention of COVID-19**

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

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

**Enhancing Team Strength**

Toyota Industries believes that it is essential to enhance team strength so that each associate can work with vitality and the Company can achieve sustainable growth. We believe that team strength is made up of “technical skills” that form the basis of manufacturing, R&D and other production-related operations, and “leadership” to make maximum use of technical skills and a “spirit of harmony” that supports both. While further enhancing our team strength, we are striving to extend it beyond all business domains, generations and geographic regions.

**[Technical Skills]**

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

At the 57th National Skills Competition**3 held in 2019, we established a system to prevent the spread of infection should an associate get infected or become suspected of infection. Outside Japan, we are undertaking business activities while thoroughly implementing infection prevention measures as per the instruction of the government of each country.

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

**[Management Skills]**

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

**[Spirit of Harmony]**

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

**Establishing Work Environments Where Diverse Human Resources Can Play Active Roles**

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

**Efforts to Support Work-Life Balance**

Since around 2002, we have been setting up various systems to help associates balance work and family. These include an on-site day care center; a return-to-work (“welcome-back”) system, which allows employees with long-term leave to work part-time for child care; and a leave system and loan system for fertility treatment. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind. As an effort to support associates to balance their work and nursing care, we distributed the Handbook for Balancing Work with Nursing Care to associates aged 40 and above to help them gain knowledge on nursing care and to create a workplace culture that allows associates to seek advice easily. We also regularly hold seminars on balancing work with nursing care for associates and their families and provide newsletters on nursing care to those who are interested. As a result of these efforts, Toyota Industries received “Platinum Kurumun” certification from the Ministry of Health, Labour and Welfare in August 2019 in recognition of our excellent efforts concerning work-life balance as well as a “Family-Friendly Company” award from the Aichi prefectural government in February 2020.

**Promoting Active Roles of Female Associates**

In promoting active roles of female associates, we specifically focus on the initiatives to change the mindset among managers and across all associates, provide concrete support for female associates and promote flexible working practices. Since fiscal 2017, we have held a seminar for a cumulative total of more than 1,300 managers who directly engage in the mentoring and development of associates. In fiscal 2020, we conducted enlightenment activities to foster
Promoting More Active Roles of Female Associates in Engineering Field

We aspire that all associates engaging in engineering field, including associates who are currently working in the field or who will do so in the future, can continuously experience development and growth, and through this, can continue to work actively and contribute to the company. In order for female associates to do so, we need to overcome issues of gender-related differences, as well as by improving processes in production lines.

Activities as a Good Corporate Citizen

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

Structure for Promoting Social Contribution Activities

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

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.

Activity Examples of Toyota Industries (Japan)

Holding Mini Concerts at Elementary Schools

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

Tree-Planting Activities for Creating Rich Forests

The team leader association of Toyota Industries has been undertaking tree-planting activities since fiscal 2012 with the aim of restoring biodiversity and creating rich forests. In fiscal 2020, about 130 members and their families planted cedar saplings in Hamamatsu, Shizuoka Prefecture. It will take some 50 years for these saplings to mature, and the participants planted each sapling with an aspiration to create richness of mind through “real” music, we started inviting violinists, pianists and other professional musicians and organizing mini concerts at elementary schools in fiscal 2011. In fiscal 2020, we held such a concert at seven elementary schools in Aichi Prefecture. At Yoshihama Elementary School in Takahama City, in particular, we invited a choral group from Latvia, known as the singing nation, who sung the school song as a surprise gift for the children. More than 500 children were completely immersed in the choir’s beautiful, transparent voices.

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

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

### Determining CSR Materiality

**Identification of Issues Relevant to Toyota Industries**

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

![Image](image-url)

**Assessment of Importance**

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

![Image](image-url)

**Validation of Adequacy**

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

![Image](image-url)

**Approval by Top Management**

Gaining approval of the CSR Committee chaired by the president and comprising our top management based on the validation results.
Toyota Material Handling Europe AB (TMHMS), a subsidiary serving as the regional headquarters of the materials handling equipment business in Europe, has formulated a two-pronged policy aimed at zero energy nuda (waste) and zero carbon emissions from our operations by 2030 in accordance with Toyota Industries’ Environmental Action Plan. Based on this policy, the TMHE Group has been striving to reduce CO2 emissions at all of its bases in Europe in collaboration with customers and business partners.

In 2019, TMHMS, one of TMH Group companies, became the first company in the Toyota Industries Group to achieve a zero CO2 emissions plant and realize the policy. We will share their efforts and accomplishments broadly both in and outside the Toyota Industries Group and seek to contribute to the creation of a sustainable society.

Special Feature on the Environment

TMHMS’ Path toward Zero CO2 Emissions

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

1. Switching to district biomass-derived steam for heating

2. Only using electricity from renewable energy sources

3. Switching from LPG to biogas

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

Switching to district biomass-derived steam for heating

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

Only using electricity from renewable energy sources

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

Switching from LPG to biogas

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

Future Activities to Reduce CO2 Emissions throughout the Product Lifecycle

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

Future Activities to Reduce CO2 Emissions throughout the Product Lifecycle

2017: Replace LPG burners with electric burners
2018: Reduce the temperature of ovens in the pretreatment process
2019: Achieve a zero CO2 emissions plant
2020: Switch from LPG to biomass-derived steam for heating wash water in the pretreatment process
2015: Power contract for hydropower generation
2016: Reduce the temperature of ovens in the painting process
2019: Switch from LPG to biomass-derived steam for space heating
1987: Switch from heavy oil to biomass-derived steam for pretreatment process

Evaluation of the Efforts of TMHMS

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

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

Path toward Achieving a Zero CO2 Emissions Plant

1. Only using electricity from renewable energy sources
2. Switching from LPG to biomass-derived steam for heating
3. Switching from LPG to biogas

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

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

Progress of Sixth Environmental Action Plan

With an eye to realizing a prosperous life in harmony with the natural environment through the establishment of a sustainable society, we formulated the Sixth Environmental Action Plan for the period from fiscal 2017 to fiscal 2021 and are promoting activities according to the plan. Through activities undertaken during fiscal 2020, we made steady progress toward achieving respective targets for fiscal 2021.

Production Related

Establishing a Low-Carbon Emission Society

<table>
<thead>
<tr>
<th>Action Policies/Specific Actions</th>
<th>FY2020 Achievements</th>
<th>FY2021 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce CO₂ emissions from production activities</td>
<td>•Develop and introduce production engineering technologies with lower CO₂ emissions</td>
<td></td>
</tr>
<tr>
<td>Reduce CO₂ emissions by fully implementing improvement activities on a daily basis</td>
<td>•Introduce CO₂ reduction technologies that utilize clean energy</td>
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<tr>
<td>· Manage greenhouse gases other than CO₂</td>
<td></td>
<td></td>
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<tr>
<td>Reduce CO₂ emissions from production-related logistics</td>
<td>•Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency</td>
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</tbody>
</table>

Establishing a Recycling-Based Society

<table>
<thead>
<tr>
<th>Action Policies/Specific Actions</th>
<th>FY2020 Achievements</th>
<th>FY2021 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote measures against resource depletion by recycling waste</td>
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</tr>
<tr>
<td>Reduce the volume of discarded materials by taking action at the sources, such as improving yields and other measures</td>
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<tr>
<td>Promote internal reuse</td>
<td></td>
<td></td>
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<tr>
<td>Promote effective resource utilization in production activities</td>
<td></td>
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<tr>
<td>Reduce use of packaging materials</td>
<td></td>
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<tr>
<td>Monitor water input and output in each country/region and develop and promote appropriate measures</td>
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Reducing Environmental Risk and Establishing a Society in Harmony with Nature

<table>
<thead>
<tr>
<th>Action Policies/Specific Actions</th>
<th>FY2020 Achievements</th>
<th>FY2021 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further reduce emissions of substances of concern</td>
<td>• Minimize the use of substances of concern by promoting efficient production activities</td>
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</table>

Sixth Environmental Action Plan Targets

<table>
<thead>
<tr>
<th>Action Policies</th>
<th>Specific Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing a Low-Carbon Emission Society</td>
<td>Reduce CO₂ emissions through product and technology development</td>
</tr>
<tr>
<td>Establishing a Recycling-Based Society</td>
<td>Implement initiatives to promote (reduce, reuse and recycle) design for effective resource utilization</td>
</tr>
<tr>
<td>Reducing Environmental Risk and Establishing a Society in Harmony with Nature</td>
<td>Reduce emissions to improve quality in other areas in all countries and regions</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>Implement environmental activities in collaboration with business partners</td>
</tr>
<tr>
<td>Promoting Environmental Management</td>
<td>Promote environmental performance based on the Environmental Management Promotion Purchasing Guidelines</td>
</tr>
<tr>
<td>Improve eco-conscious brand image</td>
<td>Promote brand image through proactive information disclosure</td>
</tr>
</tbody>
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FY2020 Achievements

- Developed new engine with improved fuel efficiency
- Developed new generation electric compressor
- Developed new vehicle
- Reduced use of natural resources in its own cars
- Developed fuel cell truck

FY2021 Targets

- Established new low-emission company
- Established new generation electric compressor
- Reduced vehicle emissions
- Established fuel cell truck

Others

- Participated in All Toyota Green Wave Project
- Developed business cooperation action plan with Toyota Industries partners
- Established new low-emission company
- Developed new generation electric compressor
- Established fuel cell truck

Details of the Sixth Environmental Action Plan are available on our Website.
Vision for Environmental Activities

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

Global Environmental Commitment
As one tenant under our Basic Philosophy, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe and of high quality. Accordingly, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline, to be shared and implemented throughout the Toyota Industries Group. The entire Toyota Industries Group will dedicate concerted efforts to realizing a prosperous life in harmony with the natural environment.

Aspirations in 2050 and the Sixth Environmental Action Plan
Following the 2015 adoption of the Paris Agreement, an international framework for action against climate change, the establishment of a low-carbon emission society has become a global common goal. For Toyota Industries as well, the need to take further proactive measures is growing as global environmental issues continue to become of greater concern, with more people becoming increasingly conscious about the environment.

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

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

Our Approach
For Toyota Industries, dealing with global warming is not just a “risk.” It also presents “opportunities” in doing business to both differentiate ourselves by leveraging our technology-based product appeal and conduct eco-conscious production activities.

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

Summary | CO2 Emissions (Production Activities)

FY2020 Results

| Total emissions (non-consolidated) | 14% reduction (vs FY06 level) |

Emission volume per unit of production (global) | 28% reduction (vs FY06 level)

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

Efforts for Reducing CO2 Emissions
The Higashira Plant, a compressor production base in Aichi Prefecture, has been promoting measures to reduce CO2 emissions from the drying and baking process, which consumes a large amount of energy. In the process, it is important to keep the thermal processing equipment at an even temperature. This causes the wasteful use of energy as it requires the same amount of energy even if there is a drop in production volume. In response, the plant started sharing a drying and baking process between two lines manufacturing different products and successfully increased energy efficiency.

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

These measures enabled the plant to reduce its annual CO2 emissions by about 286 tons.

Promotion of Environmental Management Structure

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

Promotion of Environmental Management System
Toyota Industries has positioned environmental response as one of its most crucial management issues. To quickly reflect top management’s decisions on business operations, Toyota Industries has established and been operating a Company-wide integrated environmental management system (EMS), with the president at the top. As in the previous fiscal year, in fiscal 2020 we conducted introductory educational courses to foster the knowledge and techniques of internal audits. As department heads and other personnel in managerial positions proactively attended these courses, we were able to promote the enhancement of environmental management and the development of internal auditors. For internal auditors, we provided skill-up training by an external lecturer for upgrading the quality of our internal audits. The curriculum covered a method to audit on-site environmental management, which is one of the priority audit items for fiscal 2020, and participants accordingly learned required skills.

Environmental Audits
Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third party institute. In fiscal 2020, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance at one plant. We have been making improvements regarding these matters and sharing details with other plants.

We continued to conduct internal audits under the mutual, interdivisional audit system. We strived to upgrade our auditing capabilities by organizing audit teams with the dual goals of fostering the development of auditors and increasing audit efficiencies. In the area of audits, our focus was placed on environmental policy management and on-site environmental management, and we clarified how each business division contributes to our environmental management and checked if there are any environmental risks in each division.
Iwama Loom Works Receiving a Director-General of the Chubu Bureau of Economy, Trade and Industry Award as an Excellent Energy-Saving Business Operator

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

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

Establishing a Recycling-Based Society

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

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

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

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

Reducing Environmental Risk and Establishing a Society in Harmony with Nature

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

Our Approach (Water Resources)
Water is the basis of all life on the Earth and is an irreplaceable and valuable resource. Because gaining the understanding and cooperation of the Manufacturing Department was essential in promoting our activities, we worked to build a relationship of trust with them and proceeded while checking each step together. We also devised a way to visualize the outcome through such measures as showing how much money we have saved by conserving energy.

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

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

In our aspirations in 2050, we set a goal of generating a positive influence on biodiversity and have been conducting various business activities while continuously paying attention to their impact on the natural environment. We have also formulated the biodiversity policy and been promoting initiatives accordingly. The policy clearly stipulates that we seek to reduce the impact of our business activities on biodiversity and work with local communities for the conservation of biodiversity.

Creating an Animal Path to Improve Natural Habitats of Living Organisms

In recent years, we have found that foxes are living in the wooded areas surrounding the Higashihara Plant in Aichi Prefecture. But because there is not a large enough habitat, many were fatally involved in traffic accidents on the neighboring roads. To provide a safe passage between these wooded areas, Toyota Industries created an animal path within the plant premises and has been checking the inhabiting status. Since observing a fox on the animal path
for the first time six months after its creation, we have been regularly seeing foxes using the path. We will continue to monitor the status while implementing additional measures as necessary to create a better environment.

**Chita Peninsula Ecological Network Forum**

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

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

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

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

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

Under the guidance of experts, the Higashichita Plant, an engine production base in Aichi Prefecture, has been working with other Toyota Group companies to restore Kinuura Bay to its original state by protecting endangered bird species in its coastal area. Their efforts in the future will focus on creating a natural environment that has a constant supply of fresh water, which is essential for living organisms, and is inhabited by birds the birds feed on.

**Cooperating with an NPO to Provide Environmental Education to Children**

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

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

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

**TMHM’s Initiative for the Conservation of Biodiversity**

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

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

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

**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 environmental-related laws. Such initiatives include taking measures against the recurrence of potentially serious near-accidents that may result in legal violations and performing environmental risk inspections at its plants.

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

**Soil and Groundwater Pollution Countermeasures**

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

**Conducting Environmental Risk Inspections at Consolidated Subsidiaries in Japan**

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

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

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

**Responding to More Stringent Environmental Regulations in China**

Toyota Industries’ production bases in China manufacture various products, including materials handling equipment, cargo conditioning compressors and factory parts.

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

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

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

**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 responding to them accordingly. In production activities, we have been working to reduce emissions of volatile organic compounds (VOC), which are causal substances of photochemical oxidants that generate smog.

**Environmental Education to Children**

Environmental education to children provided in cooperation with an NPO on the theme of biodiversity.

**FY2020 Results**

<table>
<thead>
<tr>
<th>Emissions per unit of production</th>
<th>36% reduction (vs FY06 level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-consolidated/automobile body</td>
<td>36% reduction (vs FY06 level)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Summary</th>
<th>VOC Emissions (Production Activities)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2020 Results</td>
</tr>
<tr>
<td></td>
<td>Emissions per unit of production</td>
</tr>
<tr>
<td></td>
<td>(Non-consolidated/automobile body)</td>
</tr>
<tr>
<td></td>
<td>36% reduction (vs FY06 level)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In December 2019, we held an environmental liaison meeting of the Toyota Industries Group’s bases in China at Toyota Industry (Kunshan) Co., Ltd. (TK). During the meeting, environmental initiatives from these bases and Toyota Industries shared the Group’s environmental action policy in China, gave briefings on the latest updates on the country’s legal trends and exchanged views. As part of this meeting, an on-site inspection was also conducted at TK.

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.

Partnering with WIPO GREEN

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

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

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

Leveraging IT to Augment Environmental Management

With the aim of improving environmental performance associated with business activities and fulfilling our information disclosure responsibility, the Toyota Industries Group has been collecting environmental data of Toyota Industries and its consolidated subsidiaries in and outside Japan. In fiscal 2020, we introduced an environmental data aggregation system to raise the efficiency of data collection and the accuracy of the collected data. We call the system the nickname RISE (Reporting system for Improvement in Sustainable Environmental).

The name embraces our aspiration to contribute to a sustainable society and reinforce our environmental response.

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

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

Environmental Data Aggregation System

- **Reporting data**
- **Collecting information**
- **Providing information**

On-site inspection conducted as part of the liaison meeting 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 consumption and wastewater discharge.

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

External Environmental Evaluations

- **Evaluation organizations**
  - CDP climate change
  - CDP water security

Fiscal 2020

- **A**

External Environmental Evaluations of Toyota Industries’ Environmental Activities

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

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

List of External Environmental Evaluations

- **Evaluation organizations**
  - CDP climate change
  - CDP water security

Fiscal 2020

- **A**

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

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

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

External Environmental Awards

Toyoda Industries’ environmental activities to date have been highly acclaimed by external organizations.

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

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

Raymond Winning a Green Supply Chain Award

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

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

EcoVadis* TMHE Group Receiving the Highest “Platinum” Rating

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

The EcoVadis Group has formulated an energy policy to achieve zero energy emissions in 2030, which is aiming at zero CO2 emissions in 2050, with one of its manufacturing companies achieving a zero CO2 emissions plant in 2019. (See Special Feature on the Environment on pages 56–57 for details.) The rating was given in recognition of such excellent performance and transparency in information disclosure. TMHE will continue to undertake business activities and provide products and services in a sustainability-conscious manner.

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

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

Company Introduction
Strategies and Businesses
Promotion of ESG Initiatives

Directors

Osamu
Tetsuro Toyoda
Jun. 2001 Vice President of Toyota Motor Sales, U.S.A., Inc.
Jun. 2004 President of Toyota Industries Corporation
Jun. 2007 Manager, Director
Jun. 2008 Senior Managing Director
Jun. 2010 Senior Managing Director
Jun. 2012 Senior Managing Director
Jun. 2013 President
Jun. 2015 Chairman (current)

President
Akira Onishi
Apr. 1981 Joined Toyota Industries Corporation
Jun. 2000 Director
Jun. 2006 Managing Officer
Jun. 2008 Senior Managing Officer
Jun. 2010 Senior Managing Director
Jun. 2012 Senior Managing Director
Jun. 2013 President (current)

Yujiro Mizuno
Apr. 1983 Joined Toyota Industries Corporation
Jun. 2000 Managing Officer
Jun. 2006 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Executive Vice President (current)
Jun. 2019 Director and Senior Executive Officer (current)

Takatoshi
Shuzo Sumi
Apr. 1977 Joined Toyota Industries Corporation
Jun. 2000 Director
Jun. 2006 Managing Director
Jun. 2008 Senior Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Executive Vice President (current)
Jun. 2019 Director and Senior Executive Officer (current)

Masahiro Kawaguchi
Apr. 1980 Joined Toyota Industries Corporation
Jun. 2000 Managing Officer
Jun. 2006 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Executive Vice President (current)
Jun. 2019 Director and Senior Executive Officer (current)

Senior Executive Officers and Executive Officers

Senior Executive Officers

Yojiro Mizuno
Apr. 1983 Joined Toyota Industries Corporation
Jun. 2003 Director
Jun. 2006 Managing Director
Jun. 2008 Senior Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Managing Officer
Jun. 2016 Managing Director
Jun. 2018 Executive Vice President (current)
Jun. 2019 President and CEO of Toyota Motor Sales & Marketing Corporation

Yasuhiko Shimizu
Jul. 2004 President and CEO of Toyota Motor Sales & Marketing Corporation
Jul. 2010 General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power
Jul. 2015 Advisor of Chubu Electric Power
Jul. 2016 President and Representative Director of Chubu Electric Power
Jul. 2018 Executive Vice President of Chubu Electric Power
Jul. 2020 President (current)

Executive Officers

Hiroaki Kayakawa
Apr. 1975 Joined Toyota Motor Sales Co., Ltd.
Jun. 2006 Manager of Toyota Motor Sales & Marketing Corporation
Jun. 2010 Vice President of Toyota Motor Sales & Marketing Corporation
Jun. 2013 Managing Director
Jun. 2015 President
Jun. 2017 Senior Advisor of TMC
Jun. 2019 Retired as President of Toyota Motor Sales & Marketing Corporation

Kazunari Masuoka
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2000 Director, Representative Executive Officer and President & CEO of Mitsubishi Electric
Jun. 2011 Senior Managing Director
Jun. 2014 Senior Managing Director
Jun. 2016 Executive Vice President (current)
Jun. 2019 President and Representative Director of Mitsubishi Electric

Senior Executive Officers

Yasuhiko Shimizu
Jul. 2004 President and CEO of Toyota Motor Sales & Marketing Corporation
Jul. 2010 General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power
Jul. 2015 Advisor of Chubu Electric Power
Jul. 2016 President and Representative Director of Chubu Electric Power
Jul. 2018 Executive Vice President of Chubu Electric Power
Jul. 2020 President (current)

Mitsuo Tatsuno
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2000 Manager of Toyota Motor Sales & Marketing Corporation
Jun. 2009 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Senior Managing Director
Jun. 2016 Managing Director
Jun. 2018 Executive Vice President (current)
Jun. 2020 President (current)

Audit & Supervisory Board Members

Yasuhiko Akita
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2005 Director
Jun. 2006 Managing Officer
Jun. 2008 Senior Managing Officer
Jun. 2010 Senior Managing Director
Jun. 2012 Senior Managing Director
Jun. 2013 President (current)

Yuji Ishizaki
Apr. 1980 Joined Toyota Industries Corporation
Jun. 2000 Senior Managing Director
Jun. 2005 Director
Jun. 2008 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Executive Vice President (current)
Jun. 2019 Director and Senior Executive Officer (current)

Kazuo Tani
Apr. 1975 Joined Toyota Motor Sales Co., Ltd.
Jun. 2000 Managing Director
Jun. 2006 Managing Officer
Jun. 2008 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Senior Managing Director
Jun. 2016 Executive Vice President (current)
Jun. 2018 Senior Managing Director
Jun. 2020 President (current)

Yoshihisa Ichijo
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2000 Director
Jun. 2006 Managing Officer
Jun. 2008 Senior Managing Officer
Jun. 2010 Senior Managing Director
Jun. 2012 Senior Managing Director
Jun. 2013 President (current)

Toshihiko Shimizu
Jun. 2015 Executive Vice President (current)
Jun. 2018 Senior Managing Director
Jun. 2020 President (current)

Senior Executive Officers

Yasuhiko Shimizu
Jul. 2004 President and CEO of Toyota Motor Sales & Marketing Corporation
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Jun. 2020 President (current)

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Jul. 2015 Advisor of Chubu Electric Power
Jul. 2016 President and Representative Director of Chubu Electric Power
Jul. 2018 Executive Vice President of Chubu Electric Power
Jul. 2020 President (current)

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Jun. 2013 Senior Managing Director
Jun. 2016 Managing Director
Jun. 2018 Executive Vice President (current)
Jun. 2020 President (current)

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Jul. 2004 President and CEO of Toyota Motor Sales & Marketing Corporation
Jul. 2010 General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power
Jul. 2015 Advisor of Chubu Electric Power
Jul. 2016 President and Representative Director of Chubu Electric Power
Jul. 2018 Executive Vice President of Chubu Electric Power
Jul. 2020 President (current)

Mitsuo Tatsuno
Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2000 Manager of Toyota Motor Sales & Marketing Corporation
Jun. 2009 Managing Director
Jun. 2010 Senior Managing Director
Jun. 2013 Senior Managing Director
Jun. 2016 Managing Director
Jun. 2018 Executive Vice President (current)
Jun. 2020 President (current)
Major Bases: Production, Regional Headquarters, etc. (as of June 30, 2023)

Europe

Toyota Material Handling Europe AB
President & CEO: Ernesto Dominguez
Mjölby, Sweden
Business activities: European headquarters for materials handling equipment production and sales
Establishment: 1946

Toyota Material Handling Manufacturing Sweden AB
Managing Director: Kristian Björkman
Mjölby, Sweden
Business activities: Production of materials handling equipment
Establishment: 1946

Toyota Material Handling Manufacturing Italy S.p.A.
President & CEO: Giorgio Polonio
Ancenis, France
Business activities: Production of materials handling equipment
Establishment: 1995

Toyota Material Handling Manufacturing France SAS
Managing Director: Philippe Mailh
Saint-Père, France
Business activities: Production of materials handling equipment
Establishment: 1996

Vanderlande Industries Holding B.V.
President & CEO: Remo Brunschevel
Bernsdorf, Germany
Business activities: Provision of logistics solutions
Establishment: 1949

TD Deutsche Klimakompressor GmbH
President: Kazushige Murao
Bartrisdorf, Germany
Business activities: Production of compressors
Establishment: 1908

Uster Technologies AG
President: Thomas Nasiou
Uster, Switzerland
Business activities: Production, sales and after-sales services of materials handling facilities, engine parts
Establishment: 1875

Asia

Toyota Industries Engine India Private Limited
Managing Director: Yoshinobu Hayashi
Bangalore, India
Business activities: Production of diesel engines
Establishment: 2015

Toyota Industries (Kunshan) Co., Ltd.
President: Keizo Harada
Kunshan, Jiangsu, China
Business activities: Production of materials handling equipment and automotive parts, etc.
Establishment: 1994

Kintetsu Toyota Textile Machinery Pvt. Ltd.
Managing Director: Yoshitaka Sibata
Bangalore, India
Business activities: Production, sales and after-sales services of textile machinery
Establishment: 1996

Toyota Automotive Compressor Kunshan Co., Ltd.
President: Akira Fujii
Kunshan, Jiangsu, China
Business activities: Production of compressors
Establishment: 2005

PT. TDI Automotive Compressor Indonesia
President: Masaya Nakamura
Balikas, Indonesia
Business activities: Production of compressors
Establishment: 2011

Yantai Shougang TD Automotive Compressor Co., Ltd.
President: Yanzhi Wang
Yantai, Shandong, China
Business activities: Production of compressors
Establishment: 2012

Europe

Europe

Japan

Kariya Plant
Kariya-shi, Aichi
Main products: Textile machinery, compressors
Start of operations: 1907

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

Kyoto Plant
Kyoto-shi, Aichi
Main products: Electronic equipment, automotive press dies, production facilities, engine parts
Start of operations: 1963

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

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

Hakkei Plant
Hakkei-shi, Aichi
Main products: Diesel engines, gasoline engines
Start of operations: 1982

Hipshichizu Plant
Higashiura, Aichi
Main products: Foundry parts, diesel engines
Start of operations: 2000

Higashikuskgawa Plant
Obu-shi, Aichi
Main products: Compressor parts
Start of operations: 2002

Arpa Plant
Arpa-shi, Aichi
Main products: Electronic equipment
Start of operations: 2007

The Americas

Toyota Material Handling North America, Inc.
President & CEO: Jeff Ruffner
Columbus, Indiana, U.S.A.
Business activities: U.S. headquarters for materials handling equipment production and sales
Establishment: 2010

Toyota Material Handling, Inc.
President & CEO: Mike Field
Greene, New York, U.S.A.
Business activities: Production and sales of materials handling equipment
Establishment: 1992

Toyota Material Handling, Inc.
President: Hiroshi Kuriyama
São Paulo, Brazil
Business activities: Production, sales and after-sales services of materials handling equipment
Establishment: 2004

Toyota Material Handling Europa, Inc.
President: Mike Romano
Indianapolis, Indiana, U.S.A.
Business activities: Sales financing for materials handling equipment
Establishment: 2014

Toyota Industries Commerical Finance, Inc.
President: Mark Taggart
Dallas, Texas, U.S.A.
Business activities: Sales financing for materials handling equipment
Establishment: 1989

Toyota Advanced Logistics North America, Inc.
President: Mark Taggart
Dallas, Texas, U.S.A.
Business activities: Logistics
Establishment: 1989

Toyota Industries Engine Parma, Parma, Michigan, U.S.A.
Business activities: Production of compressors
Establishment: 1989

Michigan Automotive Compressor, Inc.
President: Tadashi Kurashige
Shinagawa, Tokyo, Japan
Business activities: Production of compressors
Establishment: 1995

Toyota Industries Engine Parma, Parma, Michigan, U.S.A.
Business activities: Production of compressors
Establishment: 2004

The Americas

Toyota Material Handling, Inc.
President & CEO: Mike Field
Greene, New York, U.S.A.
Business activities: Production and sales of materials handling equipment
Establishment: 1992

Toyota Material Handling, Inc.
President: Hiroshi Kuriyama
São Paulo, Brazil
Business activities: Production, sales and after-sales services of materials handling equipment
Establishment: 2004

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Establishment: 2014

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Business activities: Sales financing for materials handling equipment
Establishment: 1989

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Business activities: Logistics
Establishment: 1989

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Business activities: Production of compressors
Establishment: 1989

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President: Tadashi Kurashige
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Business activities: Production of compressors
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Establishment: 2004

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Establishment: 1992

Toyota Material Handling, Inc.
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Business activities: Production of compressors
Establishment: 1989

Michigan Automotive Compressor, Inc.
President: Tadashi Kurashige
Shinagawa, Tokyo, Japan
Business activities: Production of compressors
Establishment: 1995

Toyota Industries Engine Parma, Parma, Michigan, U.S.A.
Business activities: Production of compressors
Establishment: 2004
**Investor Information**  
(As of March 31, 2020)

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

**Date of Establishment**  
November 18, 1926

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

**Capital Stock**  
80,462 million yen

**Major Shareholders**

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held (Thousands)</th>
<th>Percentage of Total Shares in Issue (Except for Treasury Stock) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>76,600</td>
<td>24.67</td>
</tr>
<tr>
<td>OMP Corporation</td>
<td>29,647</td>
<td>9.55</td>
</tr>
<tr>
<td>Toyota Real Estate Co., Ltd.</td>
<td>16,291</td>
<td>5.25</td>
</tr>
<tr>
<td>Toyota Tsusho Corporation</td>
<td>15,294</td>
<td>4.93</td>
</tr>
<tr>
<td>The Trust Bank of Japan, Ltd.</td>
<td>14,598</td>
<td>4.70</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>11,173</td>
<td>3.60</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>6,580</td>
<td>2.12</td>
</tr>
<tr>
<td>Aisin Sales Co., Ltd.</td>
<td>6,076</td>
<td>1.93</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance Co., Ltd.</td>
<td>4,903</td>
<td>1.58</td>
</tr>
<tr>
<td>NORTHERN TRUST CO. (AIFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST</td>
<td>4,512</td>
<td>1.45</td>
</tr>
<tr>
<td>Total</td>
<td>186,180</td>
<td>59.96</td>
</tr>
</tbody>
</table>

Notes:  
1. Toyota Industries Corporation also holds 15,337 thousand shares of treasury stock but is excluded from the above list.  
2. Shares held for the purpose of trust services of respective financial institutions are as follows:  
   - The Trust Bank of Japan, Ltd. (Trust Account) 14,598 (Thousands)  
   - Japan Trustee Services Bank, Ltd. (Trust Account) 11,173 (Thousands)  
   - NORTHERN TRUST CO. (AIFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST 4,512 (Thousands)

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

**Number of Shareholders**  
15,814

**Independent Accountant**  
PricewaterhouseCoopers Aarata LLC  
Otemachi Park Building 1-1-1 Otemachi, Chiyoda-ku, Tokyo, 100-2004, Japan

**Transfer Agent**  
Special Account Management Institution  
Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan

**Distribution of Shares**

- Japanese corporate entities: 0.7%
- Japanese financial institutions: 19.7%
- Foreign corporate entities and others: 20.4%
- Individuals, etc.: 48.3%
- Treasury stock: 6.2%
- Japanese brokerages: 4.7%