

Promotion of ESG Initiatives

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

Corporate Governance

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

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

Corporate Governance Structure

Basic Perspective on Corporate Governance

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

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

disclosure of information.

More specifically, the following basic policies drive our initiatives.

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

Implementation Structure

Toyota Industries convenes monthly meetings of the Board

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

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

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

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

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

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

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

Appointment of Independent Members of Management

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

Determination of Compensation for Senior Management and Directors

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

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

Effectiveness of the Board of Directors and Its Evaluation

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

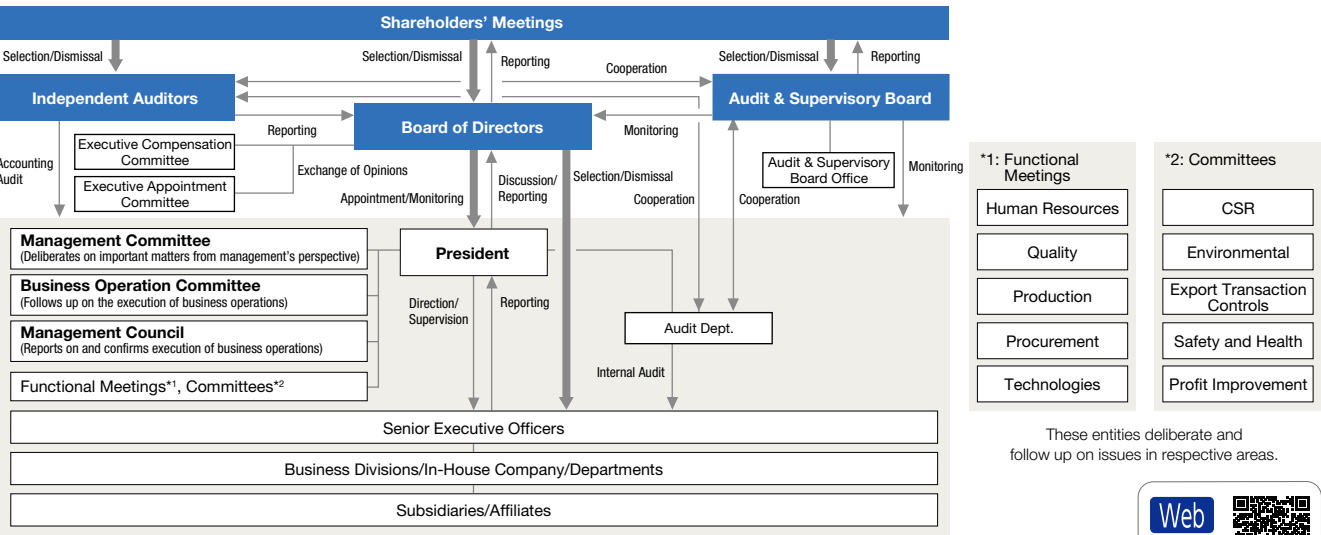
- (1) Opportunities are provided to share information and hold discussions about management issues and other matters.
- (2) Appropriate decision-making and management oversight are ensured by holding several discussions on important matters prior to the resolution and by reporting and following up on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

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

Audit & Supervisory Board System

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

The four members attend meetings of the Board of Directors and provide their opinions as appropriate. The full-time members also attend other important meetings to receive reports on the execution of duties by directors and



(As of June 9, 2020)

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



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

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

Initiatives for Enhancing Corporate Governance

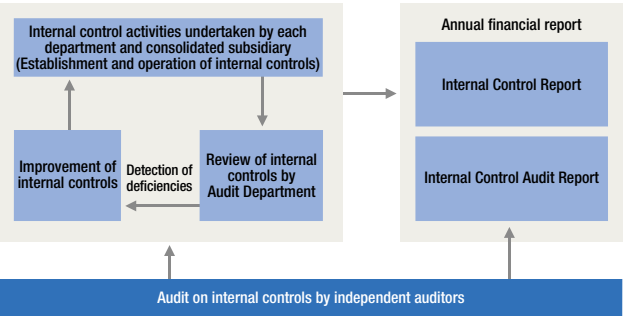
1971	Introduced a divisional organization system
2006	Reduced the number of directors (from 30 to 17)
2006	Introduced a managing officer system
2010	Appointed independent members of management
2016	Reduced the number of directors (from 17 to 11)
2017	Conducted an evaluation of the effectiveness of the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

Internal Control System

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

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

Internal Control Assessment System (Based on J-SOX)



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

Compliance

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

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

Formulating and Thoroughly Instilling the Code of Conduct

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

Regarding bribery, which could have a significant impact on management, Toyota Industries has formulated the Global Guidelines for Bribery Prevention. Particularly, in countries high on the Corruption Perceptions Index, each company has developed internal rules in accordance with the applicable laws in respective countries and been conducting activities to familiarize employees with them. As for antitrust laws, we operate a system to conduct a check and review before and after employees of Toyota Industries contact competitors and have been cultivating awareness among employees for not acting in a manner that may possibly constitute a violation of antitrust laws. Moreover, we have designated a particular month as "Antitrust Law Compliance Month" since fiscal 2016 to carry out enlightenment activities at relevant departments.

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

Example Topics of e-Learning Materials

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

Early Detection and Prevention of Issues via Compliance Hotline

The Toyota Industries Group has in place a whistle-blower

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






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

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

Activities in the Toyota Industries Group

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

Main Compliance Officers

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

a compliance officer (outside Japan) to lead and promote autonomous activities in respective communities. In North America, Europe, China and Asia/Oceania, compliance officers regularly hold conferences and facilitate collaborative activities within each region.

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

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



Second Compliance Officer Meeting in India

Information Security

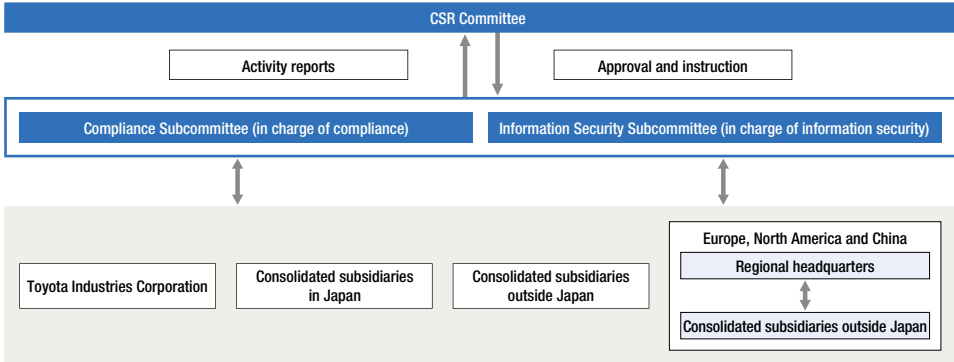
Basic Perspective

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

Basic Policies for Information Security

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

Organization for Promoting Compliance and Information Security under the CSR Committee



Implementation Structure

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

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

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

*1: Head of each department

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

Information Security Management

Information Security Monitoring and Incident Response

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

Providing Education on Information Security

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

Preventing Leakage of Confidential Information

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

Conducting Information Security Audits

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

Primary Activity Examples

Activities in fiscal 2020

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

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

Risk Management

Basic Perspective

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

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

Implementation Structure

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

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

Response to Possible Major Earthquake

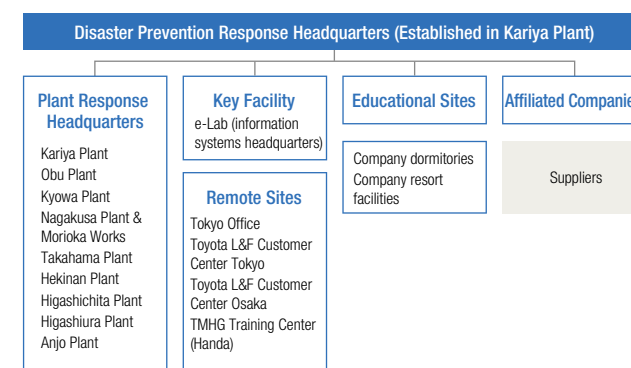
We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest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

Disaster Prevention Structure

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

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

Disaster Prevention Structure



Promoting Disaster Prevention at Home and Related Enlightenment Activities

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

Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

1. Training at Disaster Prevention Response Headquarters

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



Aggregating information within a plant Reviewing policies on how to return home

2. Initial Response Training at Plant Response Headquarters

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



Analyzing damage information Confirming initial response actions

3. Individual Training at Each Plant

a) Power Restoration Drill

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

b) System Restoration Drill

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

4. Training for Identifying Disaster Damage

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

Future Activities

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

Relationship with Our Stakeholders

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

Relationship with Our Customers

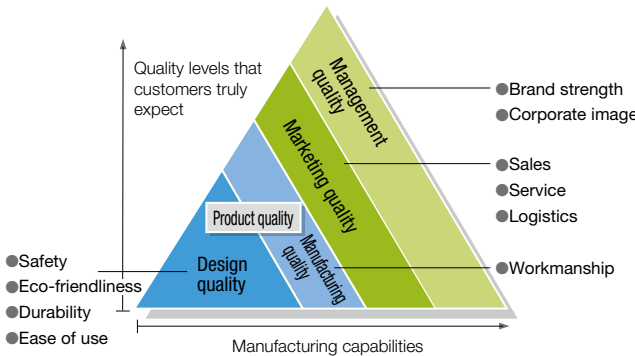
Regarding quality as one of its material issues, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

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

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

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

■ Types of Quality Sought by Toyota Industries



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

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

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

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

■ Quality Assurance Activities based on the Quality Guidelines

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

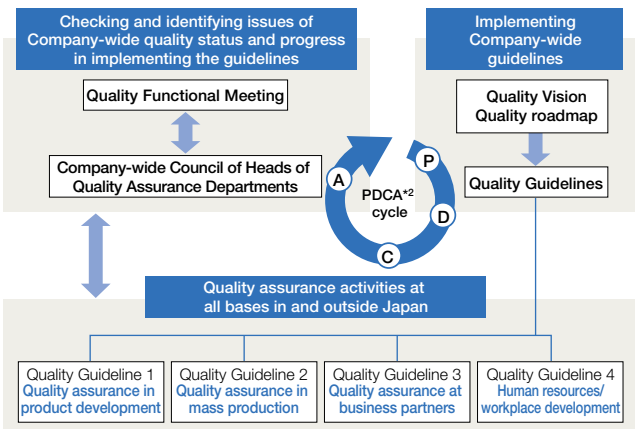
Quality Vision

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

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

*1: As of March 31, 2020

■ Quality Assurance Activities based on the Quality Guidelines



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

■ Preventing Occurrence and Recurrence of Defects

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

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

■ Providing Support to Business Partners

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

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

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

■ Promoting Human Resources and Workplace Development

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

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

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

TOPIC

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



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

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

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

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

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



Class providing basic education on big data analysis

Relationship with Our Business Partners

Toyota Industries encourages open procurement and seeks co-existence and co-prosperity with our business partners (suppliers) based on mutual trust. We also facilitate environmentally preferable purchasing, human resources development, fair trade, disaster prevention activities for a possible major earthquake and other disasters and more efficient purchasing.

Fair and Equitable Business Transactions based on an Open Door Policy

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

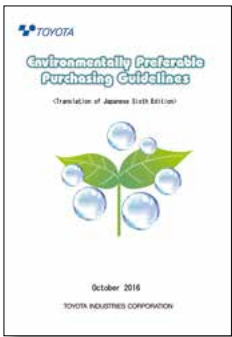
Co-Existence and Co-Prosperity based on Mutual Trust

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

Reducing Environmental Impact through Environmentally Preferable Purchasing

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

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



Environmentally Preferable Purchasing Guidelines

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

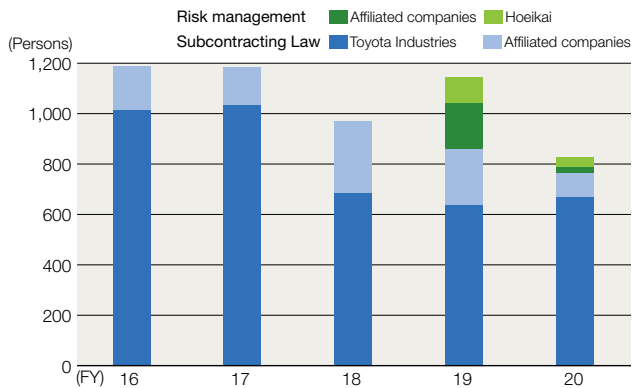


Promoting Human Resources Development

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

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

Participants of Purchasing-Related Seminars



Realizing Fair Trade throughout the Supply Chain

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

Business Continuity Plan (BCP) Activities

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

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

Relationship with Our Shareholders and Investors

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

Basic Perspective

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

General Shareholders' Meeting

We hold our annual general shareholders' meeting early to avoid the date on which many companies hold their respective shareholders' meetings so that more shareholders can attend. We are further facilitating the exercise of voting rights of our shareholders by allowing them to exercise such rights via the Internet and by joining the electronic voting platform for institutional investors.

We held our 141st General Shareholders' Meeting on June 11, 2019, in which 483 shareholders participated. Following the general shareholders' meeting, we invited our shareholders for a tour of a plant that manufactures our mainstay lift trucks and a tour of the Toyota Commemorative Museum of Industry and Technology established as a joint project of the Toyota Group to foster a better understanding of our business activities.

Investor Relations Activities

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

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

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

Major Investor Relations Activities

For institutional investors and securities analysts in Japan

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

For institutional investors outside Japan

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

For individual shareholders and investors

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



Returning Profits to Shareholders

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

Accordingly, we strive to continue paying dividends at the consolidated dividend payout ratio of roughly 30% and meet the expectations of shareholders upon comprehensively taking into consideration such factors as business results and demand for funds.

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

Relationship with Our Associates

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

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

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

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

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

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



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

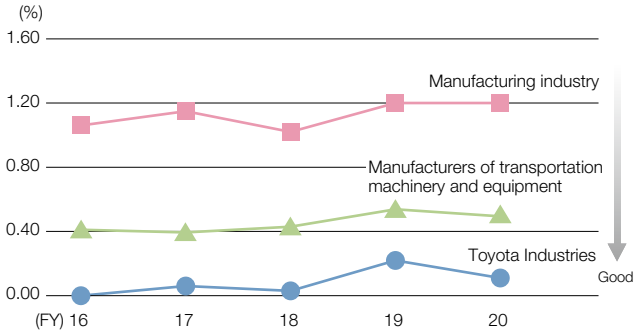
We recognized it was a grave situation that seriously threatens our corporate foundation. For never repeating such an accident in the future, we made efforts to identify deficiencies and took measures to prevent recurrence. Specifically, we conducted a full inspection of similar machines and operations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

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

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

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

Frequency Rate of Lost Workday Injuries



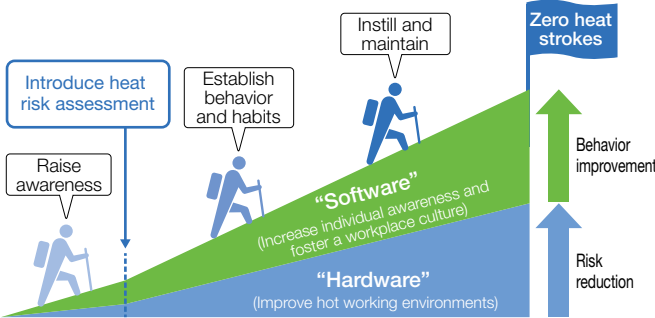
Source: Survey on Industrial Accidents, Japan's Ministry of Health, Labour and Welfare

Promoting Activities to Reduce Heat Strokes

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

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

Notional Image of Activities to Eliminate Heat Strokes



Initiatives for Health Management and Improvement

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

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



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

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

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

Major Health Promotion Events in Fiscal 2020

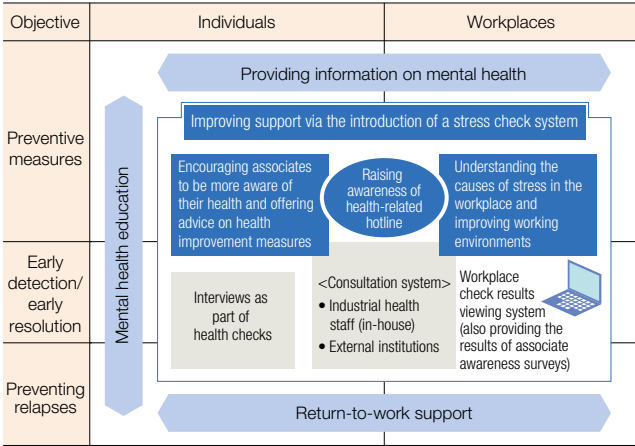
Stop smoking awareness events	
•World No Tobacco Day: One-day no smoking (May 31)	
•No Smoking Days: Half-day no smoking (for eight days)	
Participants of walking events (held jointly with health insurance association)	5,627 persons

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

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

Improving Mental Health Support Systems

(Introduced a Stress Check System in Fiscal 2017)



Major Activity Indicators

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

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

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

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

Efforts for Prevention of COVID-19

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

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

Enhancing Team Strength

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

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

[Technical Skills]

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

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

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

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



Number of Medals Won at the National Skills Competition

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

[Management Skills]

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

[Spirit of Harmony]

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

Establishing Work Environments Where Diverse Human Resources Can Play Active Roles

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

Efforts to Support Work-Life Balance

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

Initiatives for Promoting Active Roles of Female Associates

	Phase 1 Establishing and enhancing work-life balance support systems to instill related practices	Phase 2 Cultivating a culture to encourage more active roles	Phase 3 Undertaking initiatives to promote even greater roles
	2002 —	2008 —	2015 —
Promoting active roles		Cultivating a culture <ul style="list-style-type: none">Opening a diversity-related page on the intranetFemale associate exchange meetingsHolding lectures	Project to promote more active roles for female associates in office work and engineering fields <ul style="list-style-type: none">Changing mindsets among managerial staff and across all associatesCareer support for female associatesPromoting flexible working practices
Supporting work-life balance	Enhancing support systems <ul style="list-style-type: none">Extending the period of child care leaveIntroducing a leave system to allow parental care of children with illnessesEstablishing on-site day care centerIntroducing a "welcome-back" system		

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

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



Promoting Active Roles of Female Associates

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

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

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

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

Action Plan

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



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

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

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

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

TOPIC

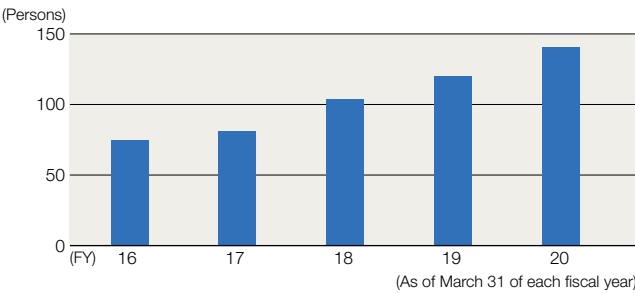
Promoting More Active Roles of Female Associates in Engineering Field

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



Working group participants

Number of Female Associates Holding Assistant Manager or Higher Position



Pre-maternity leave seminar

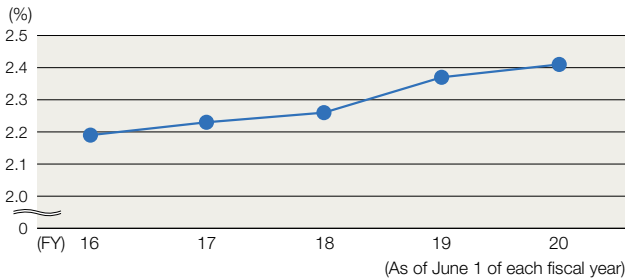


associates working under time constraints to fulfill their individual potential.

Employment of Persons with Disabilities

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

Ratio of Associates with Disabilities (Non-Consolidated)



Creating a Work Environment for Older Associates

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

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



Improvement activity on an engine production line

Relationship with Our Local Communities

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



Link to activities.

Activities as a Good Corporate Citizen

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

* Voluntary organizations formed by employees at each job level

Structure for Promoting Social Contribution Activities

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

Major Social Contribution Activities of Toyota Industries and Group Companies

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

(Activities without country designation were conducted in Japan.)

Activity Examples of Toyota Industries (Japan)

Holding Mini Concerts at Elementary Schools

Youth development

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



Mini concert at an elementary school

Tree-Planting Activities for Creating Rich Forests

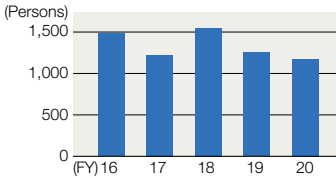
Environmental protection

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



Tree-planting activity for creating a rich forest

Number of Participants of Social Contribution Activities of Employee Associations



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

Activity Examples of Consolidated Subsidiaries (Outside Japan)

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

Social welfare

Toyota Industries Management (China) Co., Ltd. (TIMC)

[Import-export trade, logistics operations within China and operation of distribution centers]

Toyota Material Handling (Shanghai) Co., Ltd. (TMHS)

[Sales of materials handling equipment]

Toyota Textile Machinery (Shanghai) Co., Ltd. (TTMS)

[Installation, servicing and sales of supply parts of textile machinery]

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



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

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

Youth development

Uster Technologies, Inc. (USTER USA)

[Production, sales and after-sales services of quality measurement instruments for fiber, yarn and fabric]

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



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

Netherlands Changing and Reducing Packaging Materials

Environmental protection

Vanderlande Industries Holding B.V. (Vanderlande)

[Provision of logistics solutions]

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



Package using a reusable separator

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

Community contribution

TD Deutsche Klimakompressor GmbH (TDDK)

[Production of car air-conditioning compressors]

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



Local fire brigade supported by TDDK

Determining CSR Materiality

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

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

Process to Determine CSR Materiality

1 Identification of Issues Relevant to Toyota Industries

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

[Items we refer to]

1) 17 SDGs and 169 targets



2) Important ESG items

2 Assessment of Importance

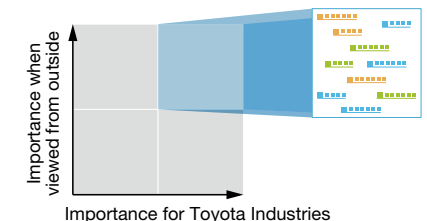
Assessing the importance of the identified issues from both internal and external viewpoints to select those having higher degrees of importance

[Assessment method]

1) Conducting questionnaires and discussions with relevant internal departments



2) Plotting onto a 2 x 2 materiality matrix to select issues having higher degrees of importance



3 Validation of Adequacy

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

4 Approval by Top Management

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

Special Feature on the Environment

TMHMS' Path toward Zero CO₂ Emissions

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

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

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

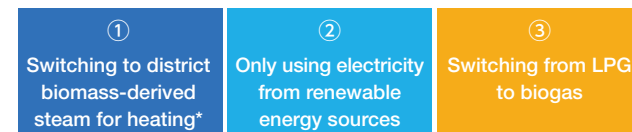
We will share their efforts and accomplishments broadly both in and outside the Toyota Industries Group and seek to contribute to the creation of a sustainable society.



Ernesto Domínguez
TMHE President and CEO

Toward a Zero CO₂ Emissions Plant

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



Daily energy-saving activities



Zero CO₂ emissions plant

1 Switching to district biomass-derived steam for heating

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

2 Only using electricity from renewable energy sources

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

3 Switching from LPG to biogas

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



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

Evaluation of the Efforts of TMHMS

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

Future Activities to Reduce CO₂ Emissions throughout the Product Lifecycle

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

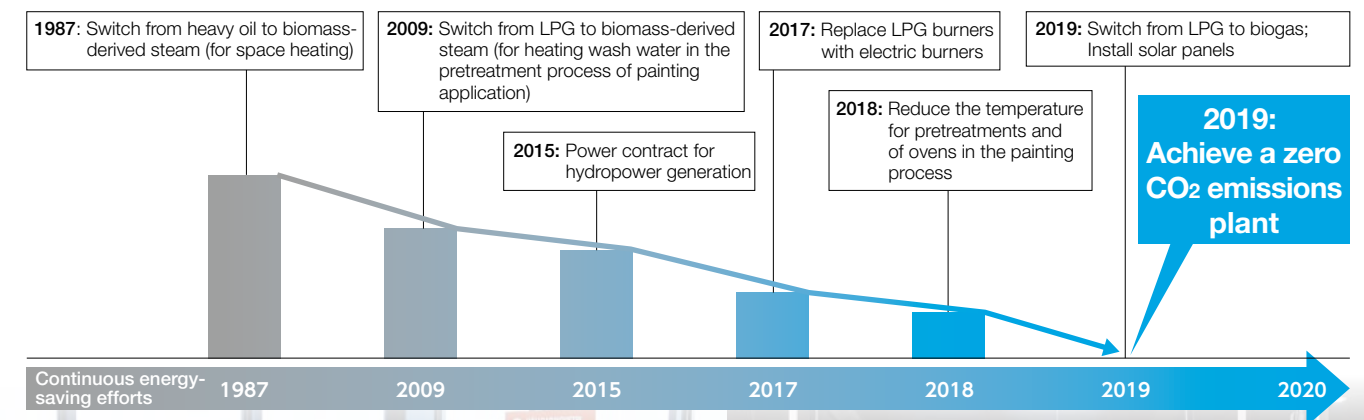


Johanna Arnstedt
Environment Manager of Project Zero

Richard Bjersér
Project Manager of Project Zero

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

Path toward Achieving a Zero CO₂ Emissions Plant



Production at carbon-free plant

Displays celebrating World Environment Day

Environmental Initiatives



Link to initiative details.

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

Sixth Environmental Action Plan

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

Progress of Sixth Environmental Action Plan

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

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

Production Related

Establishing a Low-Carbon Emission Society						
Action Policies/Specific Actions		FY2020 Achievements				FY2021 Targets
Reduce CO₂ emissions from production activities <ul style="list-style-type: none">•Develop and introduce production engineering technologies with lower CO₂ emissions•Reduce CO₂ emissions by fully implementing improvement activities on a daily basis•Develop innovative CO₂ reduction technologies that utilize clean energy•Manage greenhouse gases other than CO₂	CO₂ emissions	Non-consolidated	Total emissions	2006	-14%	-10%
		Global	Emission volume per unit of production*1	2006	-28%	-26%
					Non-consolidated	-33%
	Reduce CO₂ emissions from production-related logistics <ul style="list-style-type: none">•Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency	CO₂ emissions from logistics	Non-consolidated	Emission volume per unit of production	2007	-36%

Establishing a Recycling-Based Society							
Action Policies/Specific Actions		FY2020 Achievements			FY2021 Targets		
Promote measures against resource depletion by recycling waste <ul style="list-style-type: none">•Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures•Promote internal reuse		Waste generation volume	Japan consolidated	Emission volume per unit of production	2006	–44%	–27%
Promote effective resource utilization in production activities <ul style="list-style-type: none">•Reduce use of packaging materials•Monitor water input and output in each country/region and develop and promote appropriate measures			Non-consolidated			–44%	–29%

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

Product Related

Sixth Environmental Action Plan Targets			
	Action Policies	Specific Actions	FY2020 Achievements
Establishing a Low-Carbon Emission Society	Reduce CO ₂ emissions through product and technology development	<ul style="list-style-type: none"> Develop technologies that contribute to an even greater level of energy efficiency Develop products and technologies that respond to electrification Develop technologies to enable weight reduction Reduce energy loss Develop technologies for the realization of a hydrogen-based society 	<ul style="list-style-type: none"> Developed new vane-type compressor Developed next-generation electric compressor Developed new vehicle Reduced air consumption of air-jet looms Developed fuel cell lift truck
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	<ul style="list-style-type: none"> Reduce use of resources through longer product life Reduce use of resources through standardization, modularization and reduction of components Reduce use of resources through development of technologies to enable weight reduction and downsizing Promote reuse of components and resources 	<ul style="list-style-type: none"> Developed new DC-DC converter Developed next-generation engine Developed new AC inverter Developed fuel cell lift truck
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions Manage chemical substances contained in products	<ul style="list-style-type: none"> Develop engines that meet future regulations Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances 	<ul style="list-style-type: none"> Developed next-generation engine Supported business partners in Japan for establishing a chemical substance management system Conducted survey on chemical substances contained in products

Others

Sixth Environmental Action Plan Targets			
	Action Policies	Specific Actions	FY2020 Achievements
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Augment activities related to protection of biodiversity	<ul style="list-style-type: none"> Share the biodiversity guidelines across all Toyota Group companies and contribute to the expansion of a habitat for living organisms Formulate and promote plans to link activities and connect green zones by undertaking activities for conservation of biodiversity throughout the Toyota Industries Group, including at consolidated subsidiaries in and outside Japan 	<ul style="list-style-type: none"> Participated in All Toyota Green Wave Project Devised biodiversity conservation action plan within Toyota Industries premises
Promoting Environmental Management	Augment and promote consolidated environmental management	<ul style="list-style-type: none"> Build a global environmental management system and promote related activities to: <ul style="list-style-type: none"> Comply with environment-related laws in each country and region Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring Enhance risk communication with relevant organizations and local residents Achieve the highest-level environmental performance in each country and region Enforce strategic environmental management that integrates environmental activities and business activities 	<ul style="list-style-type: none"> Promoted mitigation activities Inspected environmental risks at production bases in Japan Introduced Reporting System for Improvement in Sustainability Engagement (RISE)
	Enhance education and enlightenment activities	<ul style="list-style-type: none"> Extend the scope of Toyota Industries' enlightenment activities to consolidated subsidiaries in and outside Japan Give back to society the outcomes of enlightenment activities 	<ul style="list-style-type: none"> Held various events during Environment Strengthening Period (from June to August) Provided education on environmental management
	Promote environmental activities in collaboration with business partners	<ul style="list-style-type: none"> Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines 	<ul style="list-style-type: none"> Held briefing sessions for business partners in Japan Held an environment-related liaison meeting of bases in China
	Improve eco-conscious brand image	<ul style="list-style-type: none"> Pursue higher brand image through proactive information disclosure 	<ul style="list-style-type: none"> CDP*4 climate change: ranked A (on a performance band of A to F) CDP water security: ranked A- (on a performance band of A to F) Received a Minister of Economy, Trade and Industry award in the Energy Conservation Grand Prize program (Nagakusa Plant)

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

*2: Volatile Organic Compounds

*3: Substances of Very High Concern

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



Link to the action plan.

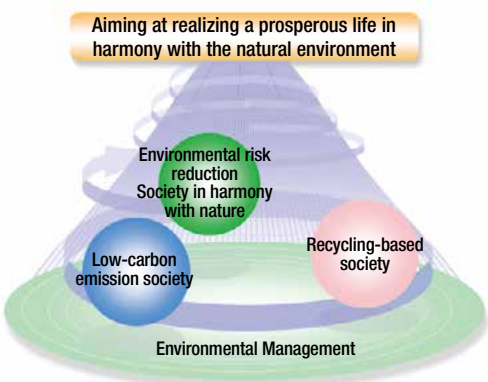
Details of the Sixth Environmental Action Plan are available at our Website.

Vision for Environmental Activities

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

Global Environmental Commitment

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



Notional Diagram of Global Environmental Commitment

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

Aspirations in 2050 and the Sixth Environmental Action Plan

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

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

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

Environmental Audits

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

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

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

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

Establishing a Low-Carbon Emission Society

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

Our Approach

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

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

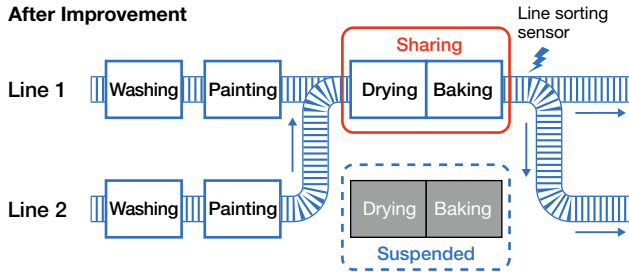
Efforts for Reducing CO₂ Emissions

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

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

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

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



Structure to Implement Environmental Management

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

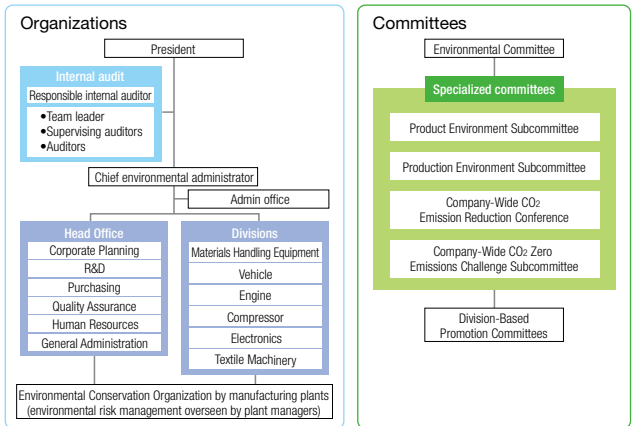
Promotion of Environmental Management System

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

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

For internal auditors, we provided skill-up training by

Environmental Management Structure



Summary | CO₂ Emissions (Production Activities)

FY2020 Results

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

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

TOPIC

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

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

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



Yuu Sato

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

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

Establishing a Recycling-Based Society

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

Our Approach (Waste)

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

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

Summary Waste Generation Volume (Production Activities)

FY2020 Results

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

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

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

Efforts for Reducing the Use of Plastics

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

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

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



Our Approach (Water Resources)

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

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

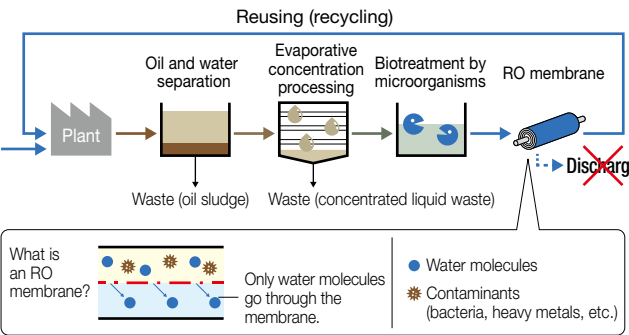
Efforts for Recycling Water and Reducing Water Intake

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

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

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

Flow of Reusing Wastewater from Production Processes



Reducing Environmental Risk and Establishing a Society in Harmony with Nature

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

Our Approach (Conservation of Biodiversity)

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

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

biodiversity and work with local communities for the conservation of biodiversity.

Creating an Animal Path to Improve Natural Habitats of Living Organisms

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

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



Foxes using the animal path

■ Chita Peninsula Ecological Network Forum

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

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

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



Chita Peninsula Ecological Network Forum

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

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

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



Plant-wide bird survey at the Higashichita Plant

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

■ Cooperating with an NPO to Provide Environmental Education to Children

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

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

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



Environmental education to children provided in cooperation with an NPO

■ TMHMF's Initiative for the Conservation of Biodiversity

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

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

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



Ouessant, an endangered sheep breed



Photo contest on the theme of biodiversity

Our Approach (Substances of Concern)

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

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

Summary | VOC Emissions (Production Activities)

FY2020 Results

Emissions per unit of production (non-consolidated/automobile body)

36% reduction (vs FY06 level)

FY21 target: 36% reduction (vs FY06 level)

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

Environmental Management

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

■ Status of Compliance with Environmental Laws

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

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

■ Soil and Groundwater Pollution Countermeasures

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

■ Conducting Environmental Risk Inspections at Consolidated Subsidiaries in Japan

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

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

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

■ Responding to More Stringent Environmental Regulations in China

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

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

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

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

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

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



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

■ Partnering with WIPO GREEN

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

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

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



■ Leveraging IT to Augment Environmental Management

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

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

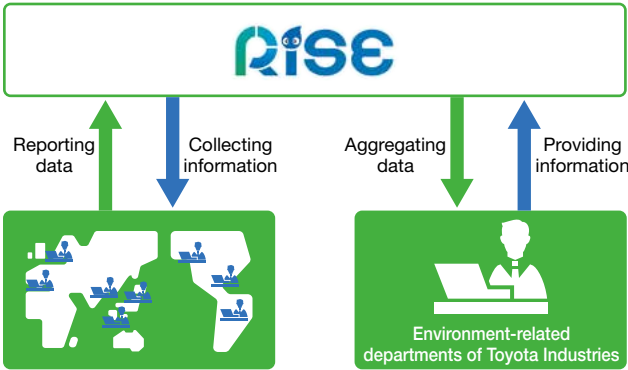


Briefing session for consolidated subsidiaries

autonomous activities of each company.

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

■ Environmental Data Aggregation System



■ Verification by a Third Party

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

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

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



Link to details and verification statement.

■ External Evaluations of Toyota Industries' Environmental Activities

External Environmental Evaluations

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

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

■ List of External Environmental Evaluations

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

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



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

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

External Environmental Awards

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

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

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



Members of the Production Engineering Department in the Vehicle Division

Raymond Winning a Green Supply Chain Award

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

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



TOPIC

EcoVadis* TMHE Group Receiving the Highest "Platinum" Rating

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

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

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

