



Information Disclosure based on Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Toyota Industries Corporation
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1. Support for TCFD recommendations

As climate change progresses, Toyota Industries recognizes that there are climate-related risks posed to the Company such as the impact of rising temperatures and natural disasters, and the impact on markets related to our business, and on our procurement and operations, while there are also climate-related opportunities to gain competitiveness.

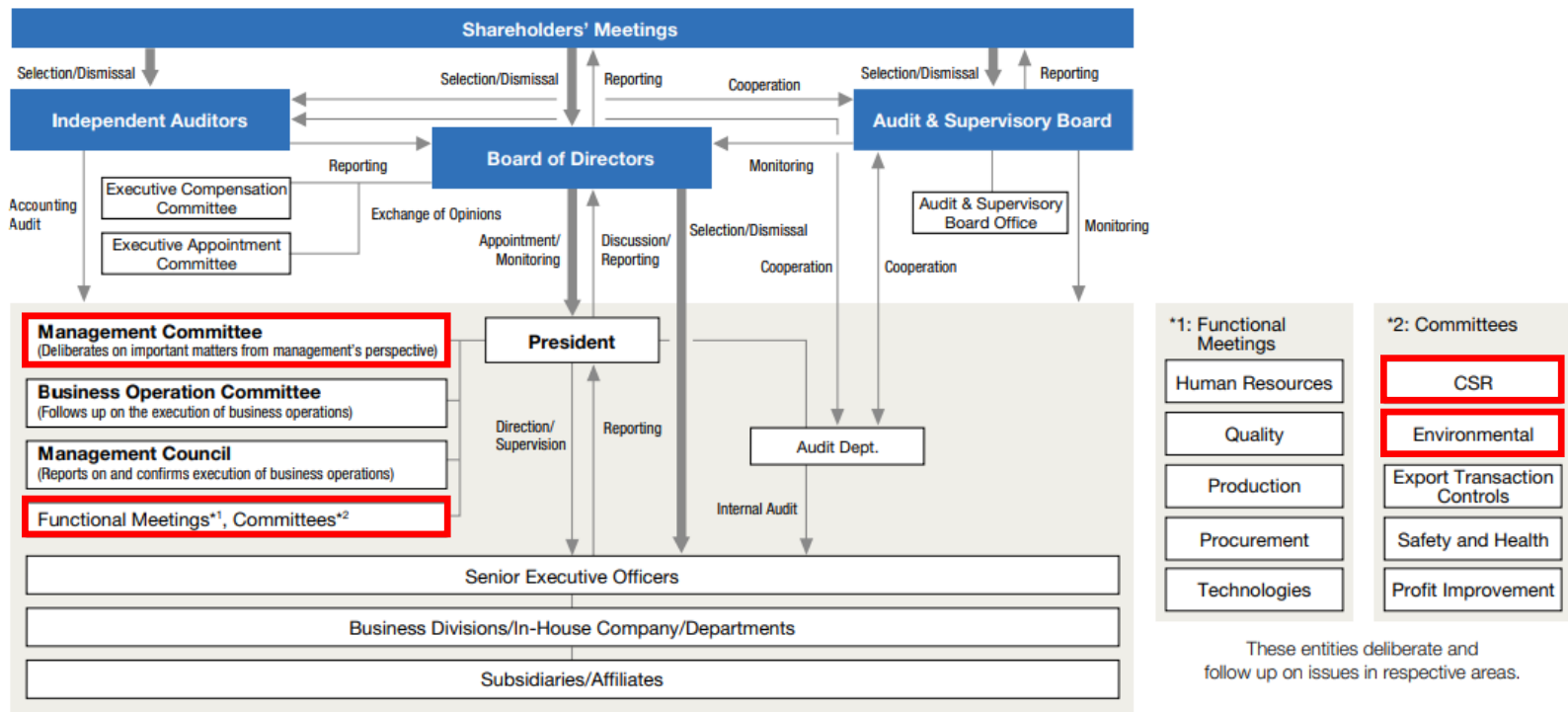
We regard climate change, which has a significant impact on our business, as one of our key CSR material issues and are striving to address it.

We expressed our support for the TCFD recommendations in December 2019, and now we have conducted a scenario analysis to advance information disclosure in line with TCFD recommendations.

2. Recommended Disclosures <Governance>

We established three committees under the Board of Directors: a Management Committee to address the Company's management vision and mid-term management strategy, including climate change; a CSR Committee; and an Environmental Committee to handle specific areas of expertise and discuss important matters related to climate change.

The CSR Committee and the Environmental Committee are chaired by the President. The committees deliberate and investigate important matters related to the promotion of environmental management. Such matters include formulation of mid- and long-term targets for key management indicators related to climate change, such as the achievement of CO₂ emissions targets, progress management, and investments related to energy conservation.





2. Recommended Disclosures <Strategy; Process>

A working group consisting of the secretariats of the CSR Committee and Environmental Committee, the business planning department of target business, and external experts was established to conduct scenario analysis under the following analysis conditions.

	Analysis conditions		Justification
Business	Materials Handling Equipment		Main business (Two thirds of sales)
Scope	Value chain		
Time frames	2030 and 2050		Integration of climate change response into mid-term business strategy and long-term environmental vision* ¹
Reference scenarios	Below 2°C scenario	SDS* ² RCP2.6	Exposed to transition risks in below 2°C scenario (Reference to IEA* ² World Energy Outlook 2017-2020)
	4°C scenario	STEPS* ² RCP8.5	Exposed to physical risks in 4°C scenario (Reference to IPCC AR5)

*¹In April 2019, we announced the Vision 2030, which represents our group's vision for 2030. In March 2016, we announced our "Ideal state in 2050" based on the Global Environmental Commitment, our basic philosophy.

*²IEA: International Energy Agency
SDS: Sustainable Development Scenario
STEPS: Stated Policies Scenario



2. Recommended Disclosures <Strategy; Social Vision>

Set the social vision for the selected scenarios

Below 2°C scenario : Market changes and tighter regulations to mitigate climate change

4°C scenario : Increased physical risks such as floods and sea level rise

	Below 2°C scenario	4°C scenario
Market	<ul style="list-style-type: none"> ● Increase in logistics and transportation volume, decentralization of logistics facilities ● Market expansion for warehouse automation, Automated Guided Vehicles (AGVs), and Autonomous Mobile Robots (AMRs) 	<p>Impact of 4°C scenario is slower than for below 2°C scenario</p>
	<ul style="list-style-type: none"> ● Increase in demand for electric and fuel cell lift Trucks 	
Policy and regulatory	<ul style="list-style-type: none"> ● Increase in operating and procurement costs due to introduction of carbon tax ● Introduction of new regulations to mitigate climate change ● Strengthened existing regulations 	
Reputation	<ul style="list-style-type: none"> ● Strengthened disclosure requirements for climate change-related information ● ESG investment expansion 	
Physical environment	<p>Impact of below 2°C scenario is slower than for 4°C scenario</p>	<ul style="list-style-type: none"> ● Chronic temperature increase ● Increased frequency of flooding ● Sea level rise



2. Recommended Disclosures <Strategy; Risks and opportunities>

Identified risks and opportunities that have a significant impact on our business.

Risks: Increased production costs and decreased product sales due to stricter environmental regulations

Opportunities: Increased sales of products with superior environmental performance and automation products

Impact on our business		Time Frames*1 / Degree of Impact	
Risks	Transition risks (Below 2°C)	● Increase in operating costs due to introduction of carbon tax	Mid-,Long term / Large
		● Increase in procurement costs for materials and parts due to price shift of carbon tax	Long term / Large
		● Decline in sales due to lower demand for internal combustion engine vehicles as a result of new regulations and tighter existing regulations to mitigate climate change	Long term / Relatively Large
		● Decline in stock price in case investors deemed our climate-related disclosure reluctant	Mid-,Long term / Medium
	Physical risks (4°C)	● Decline in sales due to the suspension of operations of suppliers and damage to logistics functions caused by natural disasters (flooding due to heavy rain, etc.)	Mid-,Long term / Large
Opportunities	● Sales increase due to growing demand for products with superior environmental performance (Electrification, hydrogen fuel, and biofuel vehicles, etc.)	Mid-,Long term / Large	
	● Sales increase accompanying increased number of small distribution warehouses due to decentralization of distribution bases to build a disaster-resilient distribution system	Mid-,Long term / Relatively Large	
	● Sales increase of automation products thanks to unmanned distribution warehouses to reduce CO ₂ emissions from lighting and air conditioning	Mid-,Long term / Relatively Large	

*1Mid term:2030, Long term:2050



2. Recommended Disclosures <Risk management>

Identified, assessed, and managed climate-related risks through the following processes

Risk identification and assessment process : Material issues identified assessed with external experts

Risk management process : Major risks identified and monitored by CSR and Environmental Committees.

Climate-related risk identification and assessment process

1. CSR key material issue identification process

➤ Identify climate change as one of our key issues from the following process

- | | |
|--|---|
| 1) Identification of Issues
Relevant to Toyota Industries | — Identify social issues relevant to Toyota Industries' Business activity |
| 2) Assessment of Importance | — Assess the importance of the identified issues from both internal and external viewpoints |
| 3) Validation of Adequacy | — Conduct review by outside experts |
| 4) Approval by Top Management | — Approval by CSR Committee chaired by the president |

2. Scenario analysis process

➤ Identify and assess climate-related risks from the process shown on page 4.

Processes for managing climate-related risks

The CSR Committee and Environmental Committee set management indicators and targets for climate change, and monitor them regularly.



2. Recommended Disclosures <Metrics and targets>

Establish management indicators and promote initiatives to address identified risks/opportunities.

	Responding to risks/opportunities	Metrics	Targets (FY 31)
Production decarbonization	<ul style="list-style-type: none"> • Reduce CO₂ emissions from production activities • Promote the efficient adoption of renewable energy • Demonstrative Introduction of hydrogen facilities • Contribute to hydrogen supply chain establishment 	CO ₂ emission reduction rate (vs FY14 level)	- 50%*1
		Renewable electricity ratio	Over 25%
Product decarbonization	<ul style="list-style-type: none"> • Develop new technologies and products that help in resolving environmental and social issues • Develop new technologies and products for logistics automation and expand sales • Expand sales of electrification-related products • Provide clean, high-quality fuel cell units and on-board batteries 	Ratio of R&D expenses for electrification and automation	Over 70%
		Ratio of electrification-related products to net sales	Over 70%
		Sales of automation products (growth rate) (vs FY21 level)	100%
Disclosure	<ul style="list-style-type: none"> • Enhance disclosure, strengthen communication • Global standard GHG calculations • Obtain third-party certification 	—	—

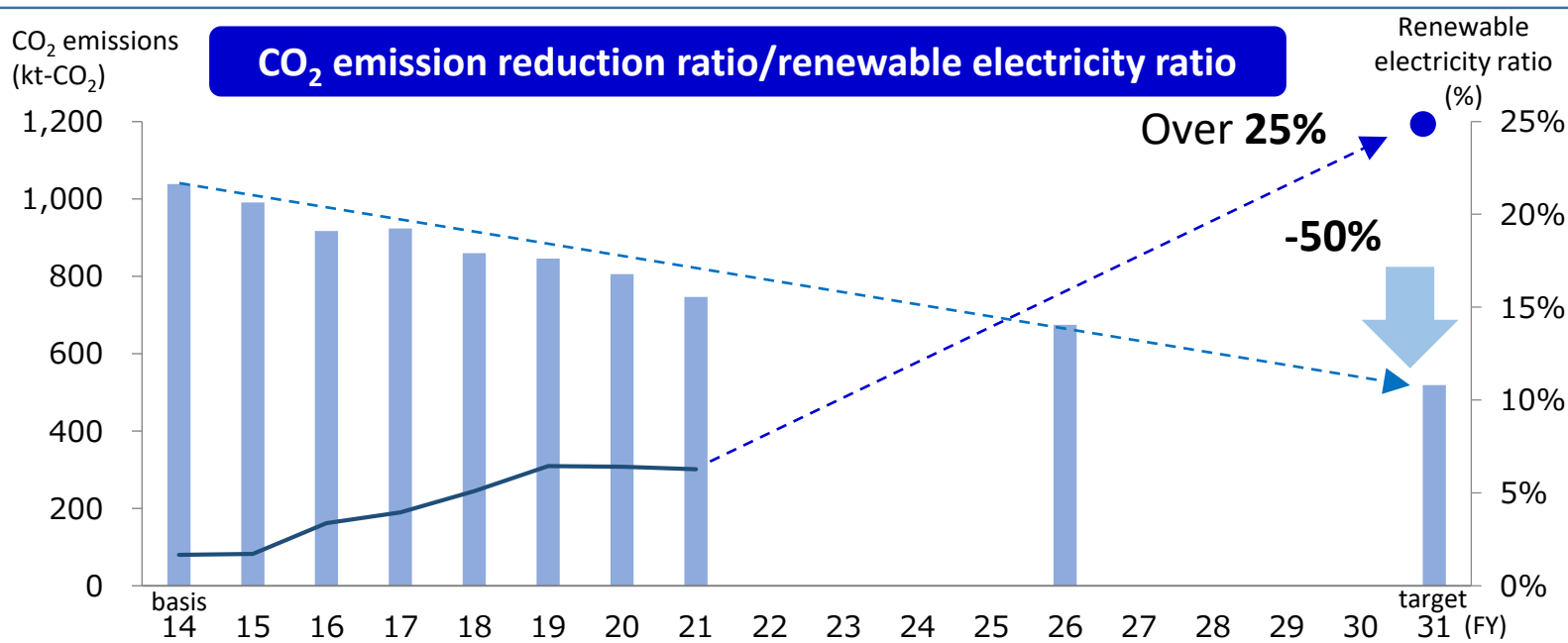
*1Aiming for zero CO₂ emissions in 2050



2. Recommended Disclosures <Metrics and targets>

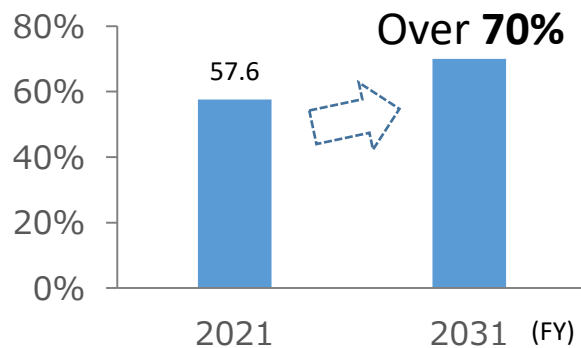
Promote initiatives to achieve targets for metrics in production and products

Production
decarbonization

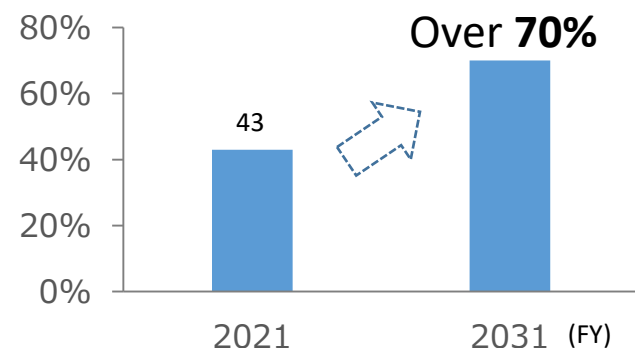


Product
decarbonization

Ratio of R&D expenses for electrification and automation



Ratio of electrification-related products to net sales



TOYOTA

3. Efforts to address climate change <Production>

▶ Zero CO₂ Model Line (Takahama Plant)

With the introduction of solar power generation system, we can operate fuel cell forklifts using CO₂-free hydrogen and use electricity derived from renewable energy sources for the main assembly line.

We will continue to extensively implement energy-saving activities and introduce renewable energy, hydrogen and other new technologies, aiming to achieve our 2030 target.

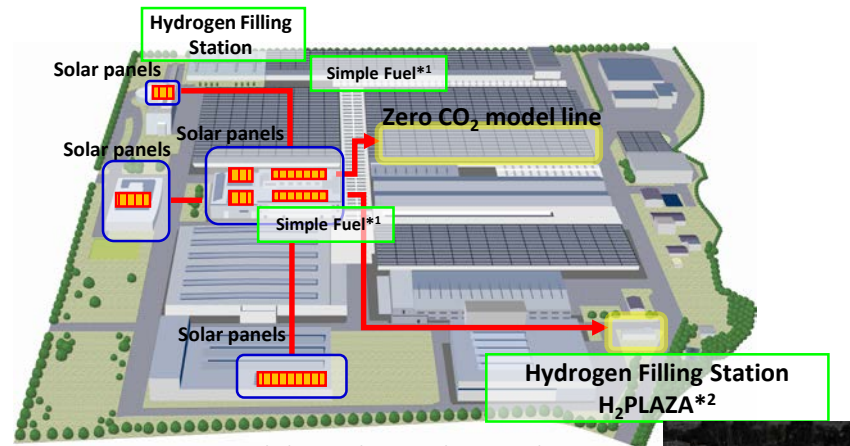


Figure: Takahama Plant Photo: H₂PIAZA

*1Small-scale water electrolysis type hydrogen generating and filling equipment that can produce, store, and supply hydrogen.

*2Facility that can produce hydrogen using solar-generated electricity, and compress, store, and supply it.



▶ Achieved 100% renewable electricity in Europe

In April 2021, we switched our industrial vehicle business in Europe (TMHE*¹ Group) to 100% renewable electricity.

Our Swedish production base, TMHMS*², became the first Toyota Industries Group company to achieve zero CO₂ emissions at its plant in August 2019, with the introduction of biogas in addition to renewable electricity.

The TMHE Group will continue to transition to biogas and other clean fuels, aiming to achieve zero CO₂ emissions by 2030.



Photo: Solar panels at the Swedish Plant



Photo: Solar panels at the Italian Plant



Photo: Biogas facility at the Swedish plant

*1TOYOTA Material Handling Europe; European Management Company

*2TOYOTA Material Handling Manufacturing Sweden; Manufacture and sales of warehouse equipment

3. Efforts to address climate change <Products>

▶ Development of electric lift trucks

We have been producing electric lift trucks since 1967, and in August 2016, became the first company in Japan to start selling lift trucks equipped with lithium-ion batteries. The industrial vehicle industry has been quick to adopt electric lift trucks, partly because they are often used indoors and are therefore required to not emit exhaust gas. Presently, over 70% of our lift truck sales are electric. We will continue to develop and expand our lineup of electric lift trucks to meet the diverse needs of our customers.



Photo: Electric lift truck

▶ Development of fuel cell lift trucks

In 2016, we launched Japan's first 2.5-ton fuel cell lift truck, which has been well received by customers due to excellent environmental performance, no CO₂ or NO_x emissions during operation, and high level of convenience, thanks to the hydrogen refill time of three-or-so minutes.

We later introduced a 1.8-ton model to meet the growing need for smaller models due to increased environmental awareness. We are striving to expand our lineup of fuel cell-powered models through demonstration tests of a fuel cell towing tractor.



Photo: Fuel cell lift truck



Summary of disclosure recommendations

1. Governance

Recommended Disclosures	Response Status
a) Describe the board's oversight of climate-related risks and opportunities.	Established the Environmental Committee as a body to deliberate and make decisions on important matters related to climate change.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Environmental Committee discusses and makes decisions on important environmental management issues, and matters deemed to have a significant impact are discussed at meetings of the Board of Directors.

2. Strategy

Recommended Disclosures	Response Status
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Assessing mid- and long-term climate-related risks and opportunities in the value chain
b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning	Assess business and financial impacts of climate-related risks and opportunities, and develop and implement countermeasures
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Analyze transition and physical risks in below 2°C and 4°C scenarios

3. Risk Management

Recommended Disclosures	Response Status
a) Describe the organization's processes for identifying and assessing climate-related risks.	Established a scenario analysis team comprised of relevant departments and external experts to conduct assessment.
b) Describe the organization's processes for managing climate-related risks.	Discussed and resolved to address climate-related risks through the Environmental Committee.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Incorporate discussion and resolutions by the Environmental Committee into activity policies to promote initiatives to prevent and reduce climate-related risks

4. Metrics and Targets

Recommended Disclosures	Response Status
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Set metrics and monitor progress Production: CO ₂ emissions (Scope 1 and 2), Renewable electricity ratio Products: Ratio of electrification-related products to net sales, etc.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Identify risks such as the impact of the carbon tax on costs affecting Scope 1 and 2.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Set mid-term targets (2030) Production: 50% reduction in CO ₂ emissions Products: 70% electrification-related products to net sales, etc.



The forward-looking statements contained in this document are based on information currently available to the Company and may differ from actual results due to a variety of factors. Risks and uncertainties that may affect actual results include, but are not limited to, economic conditions surrounding our business, various competitive pressures, relevant laws and regulations, and fluctuations in exchange rates.