



Toyota Industries Report

2022

Year ended March 31, 2022



TOYOTA INDUSTRIES CORPORATION

2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671, Japan
Telephone: +81-(0)566-22-2511 Facsimile: +81-(0)566-27-5650
<https://www.toyota-industries.com/>

Toyota Precepts / Basic Philosophy

By engaging in value creation based on the Toyota Precepts and basic philosophy, we aim to contribute to making the earth a better place to live, enrich lifestyles and promote a compassionate society.



Toyota Precepts (Corporate Creed)

Always be faithful to your duties, thereby contributing to the Company and to the overall good.

Always be studious and creative, striving to stay ahead of the times.

Always be practical and avoid frivolousness.

Always strive to build a homelike atmosphere at work that is warm and friendly.

Always have respect for spiritual matters, and remember to be grateful at all times.



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

Basic Philosophy

[Respect for the Law]

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

[Respect for Others]

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

[Respect for the Natural Environment]

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

[Respect for Customers]

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

[Respect for Employees]

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

Message from the Chairman and President

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

In fiscal 2022 (ended March 31, 2022), economic activities resumed thanks to the progress on COVID-19 vaccinations worldwide, which in turn prompted the global economy to recover, while the spread of COVID-19 infections shows no signs of subsiding. The momentum of the recovery is waning, however, due to semiconductor shortages, shipping delays caused by container shortages and the adverse effects of the conflict between Russia and Ukraine that began near the end of fiscal 2022. Meanwhile, the Japanese economy was also on a recovery trend, albeit belatedly, but its pace is likewise slowing down.

In this operating environment, Toyota Industries undertook efforts to ensure customer trust through placing a priority on quality. We also strived to expand sales by responding flexibly to market trends. As a result, we posted increases in both net sales and profits.

Toyota Industries determined the year-end cash dividend to be ¥90.0, an increase of ¥10.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥170.0, an increase of ¥20.0. The same as last fiscal year, we decided to pay the year-end cash dividend early based on a resolution by the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

Turning to the surrounding business environment, uncertainties abound with regard to the outlook of the global economy. In addition, in the political, economic and technological areas, changes are occurring at a growing pace such as accelerating global efforts to realize a carbon neutral society and advancements in digitalization. In this climate, we aim for further growth by promoting innovative technology and product development by proactively embracing digital technologies and open innovation.

To lay the groundwork for further growth, we will pay more vigilant attention to risks, while at the same time aim to further enhance corporate value by adhering to such basics as safety, health, quality and compliance as well as by strengthening the management platform and building a flexible and robust organization. To support such business development, we will continue our efforts to create an organization and workplace environment that enable diverse human resources to fully demonstrate their individual abilities.

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

July 2022

Tetsuro Toyoda
Chairman

Akira Onishi
President



Tetsuro Toyoda
Chairman



Akira Onishi
President

Business Overview

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



Materials Handling Equipment

Lift Truck

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



Electric lift truck

Logistics Solutions

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



High-speed storage and picking system



Airport baggage handling system

Automobile

Vehicle

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



RAV4 PHV

Engine

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



Diesel engine



Gasoline engine for hybrid vehicles

Car Air-Conditioning Compressor

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



Electric compressor



Oxygen-supplying air compressor for fuel cell vehicles

Electronics and Others

Toyota Industries plans, develops and produces a wide variety of electronics products for electrified vehicles such as hybrid electric vehicles, as well as on-board batteries.



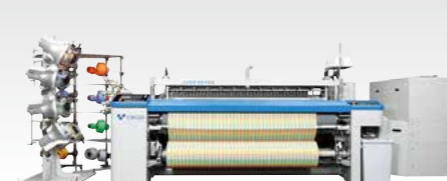
DC-DC converter



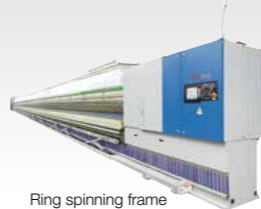
Bipolar nickel-hydrogen battery

Textile Machinery

We undertake fully integrated operations from planning, development and production to sales and after-sales services for spinning machines that spin twisted fiber bundles into yarn and weaving machines that weave spun yarn into fabrics.

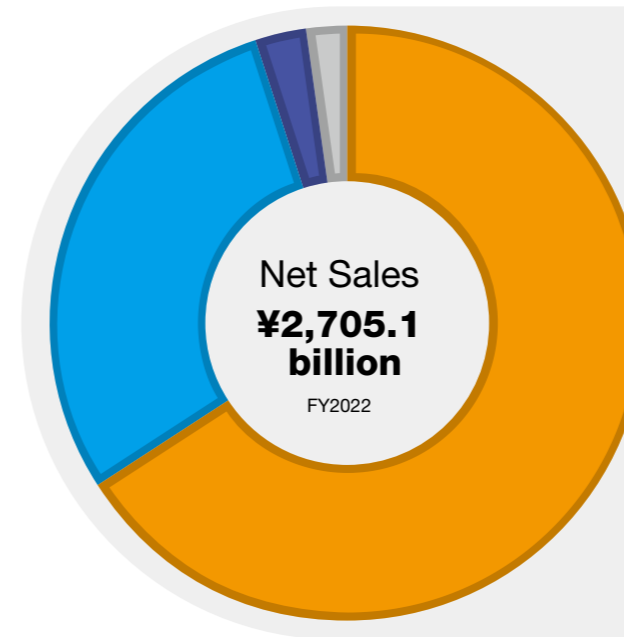


Air-jet loom

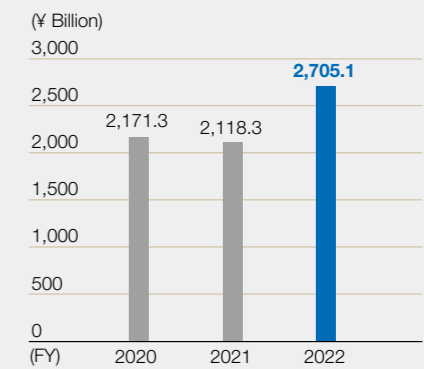


Ring spinning frame

* Survey by Toyota Industries Corporation



Net Sales



- 66% Materials Handling Equipment ¥1,789.4 billion
- 29% Automobile ¥792.8 billion
- 3% Textile Machinery ¥69.2 billion

Materials Handling Equipment

Amid a surging global lift truck market, Toyota Industries' unit sales increased from the previous fiscal year mainly in Europe. Likewise, sales of the Logistics Solutions Business increased in step with an expansion of the e-commerce market. As a result, net sales rose ¥358.0 billion, or 25%, from the previous fiscal year to ¥1,789.4 billion.

Net Sales (¥ Billion)

(FY)	Net Sales (¥ Billion)
20	~1,400
21	~1,400
22	1,789.4

Operating Profit (¥ Billion)

(FY)	Operating Profit (¥ Billion)
20	~100
21	~100
22	~110

Automobile

The automobile market as a whole was on a recovery trend buoyed by growth in Asia. Amid this climate, although sales of the RAV4 decreased from the previous fiscal year, sales of engines and car air-conditioning compressors increased. As a result, net sales totaled ¥792.8 billion, up ¥201.2 billion, or 34.0%.

Net Sales (¥ Billion)

(FY)	Net Sales (¥ Billion)
20	~600
21	~600
22	792.8

Operating Profit (¥ Billion)

(FY)	Operating Profit (¥ Billion)
20	~15
21	~15
22	~30

Textile Machinery

The textile machinery market was solid in Asia, including China, our primary market. Amid this climate, sales increased for air-jet looms and quality measurement instruments for fiber, yarn and fabrics. As a result, net sales surged ¥28.4 billion, or 69%, to ¥69.2 billion.






Net Sales (¥ Billion)

(FY)	Net Sales (¥ Billion)
20	~60
21	~40
22	69.2

Operating Profit (Loss) (¥ Billion)

(FY)	Operating Profit (Loss) (¥ Billion)
20	~2
21	~1
22	~6

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

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Editorial policy	In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the Annual Report and Social and Environmental Report have been combined into the Toyota Industries Report from the fiscal year ended March 31, 2008. In addition to the Toyota Industries Group's management policies, the report provides easy-to-understand information regarding its business, environmental initiatives, social activities and corporate governance over the past year as well as its future direction.
Period covered by the report	This report focuses on activities carried out in fiscal 2022 (April 1, 2021 to March 31, 2022), but also includes some information outside this period.
Organizations covered in the report	Toyota Industries Corporation and its consolidated subsidiaries
Reference guidelines	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) Standard • ISO 26000 • Japan's Ministry of the Environment Environmental Accounting Guidelines (2005 Version) • Japan's Ministry of the Environment Environmental Reporting Guidelines (2018 Version) • International Integrated Reporting Framework by International Integrated Reporting Council (IIRC) (2021 Version)

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Cautionary Statement with Respect to Forward-Looking Statements

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

The fiscal year ended March 31, 2022 is referred to as fiscal 2022 and other fiscal years are referred to in a corresponding manner.

Top Message

Achieving Solid Growth amid Significant Changes and Major Trends

Even while facing increasingly drastic changes in the business environment, the Toyota Industries Group will continue to work as one team to take on challenges by dedicating itself to providing products and services that are helpful to society.

Introduction

In fiscal 2022, the impact of COVID-19 lingered on a broad scale and a series of earthquakes, heavy rains and other natural disasters occurred in Japan. Outside the country, unexpected geopolitical risks emerged. It was also a difficult year for management decision-making. I would like to extend my heartfelt sympathies to everyone who has been affected by the disease and disasters. I wish for the earliest possible restoration of peace to everyday life.

Amid the changes in the circumstances surrounding our business, the rapid progress of digitalization, **the trend toward electrified vehicles** and **the accelerated popularization of e-commerce** following lifestyle changes **have brought great business opportunities**. Accordingly, **our businesses have grown significantly, including for electric car air-conditioning compressors and logistics solutions**. While raising our sensitivity to risk, we will continue to regard changes in society as an opportunity for growth and **aim to achieve corporate growth by undertaking businesses in response to societal needs**. We will do so by delivering new value for people's lives and contributing to reducing environmental impact through the electrification of automobiles and automated and streamlined logistics operations.



Akira Onishi
President

Review of Fiscal 2022

In fiscal 2022, many countries embarked on the normalization of economic activities despite the lingering impact of COVID-19. The solid automobile and lift truck markets have led to **a huge turnaround in each of our businesses from the previous fiscal year, resulting in record-high net sales and operating profit**.

The **Automobile Business** was impacted chiefly by difficulties in the procurement of semiconductors and other components; the resulting revision of automakers' production plans, which in turn forced us to make operation adjustments; and soaring raw material and energy costs due to supply constraints. Nevertheless, **production of the RAV4 proceeded at a high level** while **engine production was strong**, mainly for GD diesel engines mounted on the Innovative International Multipurpose Vehicle (IMV) series of Toyota Motor Corporation (TMC) as well as other vehicles. **As for car air-conditioning compressors, unit sales of electric compressors continued to increase beyond expectations** amid the accelerated electrification of automobiles following the global trend toward carbon neutrality.

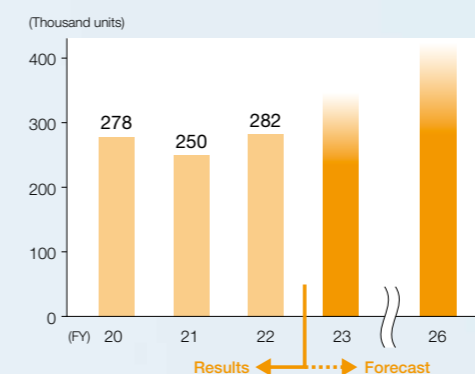
In the **Materials Handling Equipment Business**, needs for more efficient and automated logistics have been expanding. The upward trend is becoming even more prominent due to an increasing logistics volume arising from global economic development and the expansion of e-commerce as well as COVID-19-induced changes in behavior. Under such circumstances, **market needs remained extremely robust** for both logistics solutions and lift trucks, leading to **record-high net sales**.

Amid intensifying changes in the business environment, we believe we were able to achieve solid results as a result of Group-wide efforts to quickly identify what is demanded by society and meet customers' needs in the respective businesses.

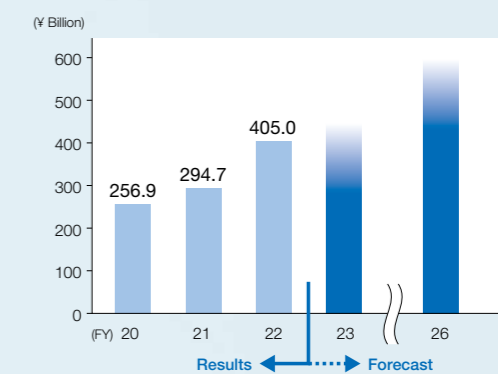


Production of the RAV4

Lift Truck Sales



Logistics Solutions Sales



Future Business Direction

With **the electrification of vehicles and the increasing need for more efficient logistics** expected to continue over the medium term, we regard these factors as **opportunities for growth** and strive to capitalize on these prospects. Meanwhile, **COVID-19 will continue to have an impact on the procurement of parts in fiscal 2023**. Since it will be some time before the supply chain returns to normal, **we need to take proper action**. In addition, we recognize that it is vital to be **well prepared for sudden changes** and respond to uncertainties such as **geopolitical risks and costs of raw materials, energy and logistics, which keep rising or remain high**, with a flexible and resilient approach. To realize medium-term growth, we intend to focus especially on the electrification of vehicles and the response to needs for more efficient logistics. The following details our specific initiatives.

■ Accelerating Electrification of Vehicles

With rising environmental consciousness of consumers and ever more stringent environmental laws and regulations in many countries and regions, a number of countries, mainly developed ones, have announced that they will eventually ban the sale of internal-combustion vehicles that consume fossil fuels. In response to this trend, it is increasingly apparent that **automakers are making an ambitious shift toward battery electric vehicles (BEVs)** in their electrification strategies.

■ Expanding Business Opportunities Capturing the Trend toward Electrification

The trend toward the **electrification of vehicles** is irreversible, and we will respond to it as a matter of course. In parallel, we will seek to develop **more energy-saving engines with lower emissions with a view toward reducing their environmental impact**.

In the **Car Air-Conditioning Compressor Business**, we will **continue to reinforce our production capacity in order to firmly respond to growing demand for electric compressors** that accompanies the increase of electrified vehicles. In addition, the widening variety of electrified vehicles will lead to **the diversification of needs for electric compressors**. As a leading company in the industry, we will continue our intensive efforts to develop products to meet many different needs. As a specific example, since BEVs have no engine, they are unable to use waste heat from the engine to heat the interior of the vehicle. To solve this issue, we are striving to make **compressors usable for heating purposes** as well. Moreover, there are also needs for the **cooling of batteries and electronic components** to maintain operating efficiency. In this and other ways, the role of electric compressors is expected to keep expanding. We are **working tirelessly on the development of technologies to ensure we do not miss such business opportunities**.



Electric car air-conditioning compressor

In July 2021, the **Battery Business** began mass production of **bipolar nickel-hydrogen batteries** for hybrid electric vehicles (HEVs) (See “Development of Technologies and Products Contributing to the Resolution of Social Issues” on page 20). Jointly developed with TMC, **the battery has been highly acclaimed by industry experts for its bipolar structure, which has been adopted for the first time in the world in an on-board battery, and its superior performance**. We are delighted and greatly encouraged by the appreciation for our persistent research and development efforts. Looking forward, we will seek greater productivity while preparing for **the launch of the new Ishihama Plant, which is slated to begin mass production within fiscal 2023**. In this way, we aim to **have the battery fitted in more vehicle models and deliver new value** for ever-evolving electrified vehicles.



Ishihama Plant

■ Future Needs for Engines

For the widespread acceptance of BEVs, the building of recharging infrastructure and the stable supply of electricity are necessary. As such, **it will be some time before we see them widely used in emerging countries**. In addition, depending on the environment, vehicles must demonstrate powerful driving performance. Therefore, it is expected that **a need for diesel and other internal-combustion engines will remain for some time**. As electrification continues to progress, it is thought that the development and mass production of HEVs will eventually become a realistic option, but we foresee there will still be some needs for internal-combustion vehicles in the medium term.



New V6 diesel engine

■ Contributing to Electrification through Production of Vehicles and Engines

In the **Vehicle Business**, **a majority of the vehicles produced are electrified ones**, such as HEVs and plug-in hybrid electric vehicles (PHEVs). We will **contribute to TMC's electrification efforts through our manufacturing capability** that capitalizes on our strengths in safety, environment, quality, cost and delivery (SEQCD).

In the **Engine Business**, we will work to **develop and produce diesel engines with superior environmental performance** to meet the continuously robust demand. We will also **respond to increasing demand for electrified vehicles by manufacturing engines for HEVs**.

■ Sustained Expansion of Roles of Lift Trucks and Logistics Solutions

Although e-commerce is expanding across many global commercial transactions at a surprising pace, viewed holistically it is not mainstream yet, accounting for only around 8% of all transactions in Japan*1. In addition to the advancement of information technologies, the convenience to place orders at any time using a computer, smartphone or tablet and to have orders delivered to the desired location is widely appreciated by the public. Consequently, it is believed that **the e-commerce market will continue to grow for the foreseeable future.**

Increases in logistics volume and small cargo delivery have rendered **logistics operations**, including sorting systems, **becoming more complex and sophisticated.** It is also necessary to **increase processing capacity.** Under these circumstances, our Materials Handling Equipment Business must **play a greater role and provide broader and more advanced features through its lift trucks and logistics solutions.**

*1: Based on the scale of the business-to-consumer (B-to-C) EC market in the merchandising sector in the Ministry of Economy, Trade and Industry's FY2020 Industrial Economic Research Commissioned Project (E-Commerce Market Survey)

■ Meeting Demand for More Efficient Logistics by Leveraging Our Strengths

We will continue to meet the needs of our global customers by capitalizing on our well-established strengths. These include our expertise for more efficient logistics that we have nurtured over long years by responding to various needs required at logistics sites as well as our full range of product offerings and responsive after-sales services by highly skilled and experienced service personnel.

In the **Lift Truck Business**, we have **global development, production, sales and service networks** mainly in the key markets of Japan, the United States and Europe. We thus believe that we have mostly established the structure to meet the needs for more streamlined logistics. Based on this structure, we will proceed with **product development and market releases suited to the needs of different countries and regions.**

Amid the **ongoing labor shortages and soaring labor costs around the world**, there is **an increasing need for labor savings and the automation** of lift trucks. The **automated operation** of lift trucks in fixed patterns in limited **indoor spaces has already been available for practical use.** However, **automated operations in outdoor environments** are technically challenging. We will continue **research and development** to successively resolve issues with a view toward the **practical application** of the technology.

In the United States, we suspended the shipment of models of some internal-combustion lift trucks in January 2021 and their production in June 2021. **In May 2022, we obtained certification from the authorities for small liquefied petroleum gas (LPG) lift trucks, which are our mainstay internal-combustion lift trucks in the U.S. market, and resumed shipment. I wish to extend sincere apologies to all of our customers who were inconvenienced.**

In the **Logistic Solutions Business**, we will endeavor to firmly capture **robust demand in the e-commerce, food and retail sectors to expand business over the medium term.** Our logistics solutions are in very high demand in the e-commerce sector and have significantly contributed to our business results.



Feasibility test of an automated guided forklift

In the future, we will accelerate efforts to receive orders from other industries. At the same time, we **expect a growth in demand for baggage handling systems in anticipation of a post-pandemic recovery in the aviation industry.**

Vanderlande Industries Holding B.V. has a proven track record of providing solutions based on its independently developed systems and equipment for large projects around the world, mainly in Europe. As for medium-sized projects, although Bastian Solutions LLC and Toyota Material Handling Japan have an advantage in North America and Japan, respectively, we were less established in this area in Europe. To reinforce our European operations, we **acquired viastore*2, a Germany-based logistics system integrator, and made it into a subsidiary** in July 2022. With the addition of viastore, we believe that we are now fully prepared to fulfill the needs for automated logistics. Our basic strategy for the future is to **achieve organic growth.** In this regard, we will proactively **strengthen our businesses using an M&A approach if we identify any good matches in an area where the Toyota Industries Group is lacking in presence.**

*2: viastore is a Germany-based logistics system integrator with nine bases in eight countries, including Germany, Spain, France, Russia, the Czech Republic, the United States, Mexico and Brazil. Its annual sales for 2021 were approximately ¥18 billion.



Vanderlande's hanging high-speed sorting system

Laying Down a Foundation for Business Growth

Society is dramatically changing and unforeseen events may occur. However, if we are well prepared, we may be able to mitigate their impact. **We will learn from the past and strengthen our ability to identify potential changes. Accordingly, we will use our extensive knowledge and imagination free from preconceptions to build a foundation for reducing risk.**

■ Creating a Safe and Comfortable Workplace Environment

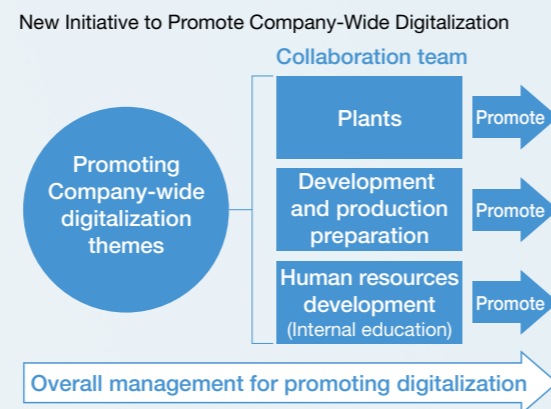
Under the recognition that nothing is more important than safety, we place priority in the order of **safety first, quality second and production third.** Taking pride as a leading manufacturer in the industry, we always bear in mind that safety is of the greatest importance. Fully aware of circumstances on site, we will continue to make Group-wide efforts to create workplaces that allow all employees to work with peace of mind.



Sharing safety technology with a subsidiary outside Japan

Acceleration of Research and Development and Effective Capital Investment

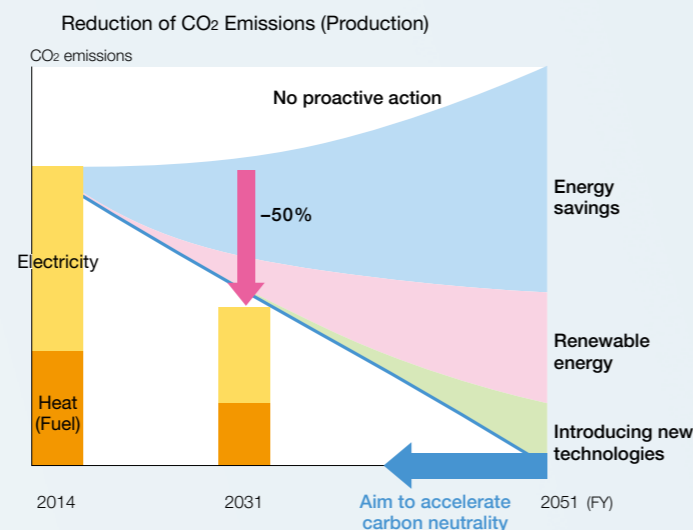
We possess a wide variety of technologies and solutions cultivated in diverse businesses. Using this strength, we have a policy of flexibly and proactively introducing the knowledge of external parties into our activities while placing a focus on in-house development. As I mentioned earlier, in order to create new value we aim to clarify priority areas and targets and make **effective capital investment** for the advancement and sophistication of our products and services as well as the reinforcement of our production capacity while **focusing more on research and development in the domains of electrification and automation.**



We will also strive to **improve the productivity of the entire Company** by introducing advanced **digital technologies** not only in product and technology development but also for production departments and all other operations. In February 2022, we **launched the Company-wide digitalization project.** It is not an initiative that individual business divisions separately undertake but a project in which all our executives discuss the cross-divisional direction and apply it throughout the Company. In the future, we will **accelerate digital transformation (DX) in the three areas of “plants,” “development and production preparation” and “human resources development.”** In addition, we also began a corporate transformation (CX) project with the goal of advancing head office and other functions. We will streamline existing operations and actively leverage the capabilities of subsidiaries to clarify the areas that the Head Office should focus on to raise the added value of our corporate operations in every possible way. Regarding the Company-wide digitalization project and environmental initiatives, we will vary our focus in our allocation of capital with the aim of resolving social issues and making our businesses more competitive.

Further Strengthening Environmental Initiatives from a Medium- to Long-Term Perspective

We have steadily reduced the CO₂ emissions from our production activities while increasing sales. We understand that this is a result of sharing best practices among business divisions and making tireless efforts mainly to thoroughly conserve energy. With regard to **our goal of halving CO₂ emissions by fiscal 2031, it looks likely we will achieve this objective** by carrying out a range of actions such as the active utilization of renewable energy. To **realize carbon neutrality** laid out in our **Environmental Vision 2050,** we have commenced the **development of new technologies to reduce CO₂ emissions** using



hydrogen and other materials.

Use of our products accounts for a large portion of CO₂ emissions from the entire product lifecycle. Even though we have long been delivering energy-efficient products in individual businesses, we will leverage our strengths in the operation of both the Materials Handling Equipment and Automobile businesses to **further strengthen the electrification of products with a view toward zero CO₂ emissions during the entire product lifecycle.** Our basic stance is to accurately identify customers' needs to develop products they truly need and differentiate ourselves through the appeal of our products.

To protect the global environment, we will **work together with local communities** to further expand our activities for **conserving biodiversity,** which is just as important as carbon neutrality.

Implementing Fair and Transparent Corporate Governance

While paying attention to changes in society's awareness regarding corporate ethics and a shift in people's values, we have been **working to establish and operate an effective governance system in its true essence** as opposed to mere formalities. These efforts have been well received by outside directors as a sound response. In addition, we are **increasing the diversity of our executives using a bottom-up approach.** With more and more women playing key roles in diverse job categories in Japan, we **remain committed to channeling more efforts to increase diversity.**

We regard the cross-shareholdings with TMC and other Toyota Group companies as an indispensable element for the solidarity of the group and the medium- and long-term expansion of business. We will continue to **seek sustained growth and return the results of our business activities to our shareholders and investors in the form of stable dividends.**

In Conclusion

Our ultimate goal is to develop businesses by **providing products and services that are helpful to society.** To achieve this goal, we will dedicate ourselves to achieving **further corporate growth** through a three-pronged approach. Specifically, Toyota Industries is placing **top priority on safety; creating an environment** where individual employees with many different skills and experiences can thrive and **demonstrate their capabilities to the fullest;** and **developing human resources who can play key roles on the global stage.**

We look forward to your continued understanding and support as we endeavor to implement these initiatives.



Value Creation Process

Based on the Toyoda Precepts (corporate creed) and basic philosophy, we aim to engage in value creation through our diverse businesses and continue contributing to society. To this end, we will strive to directly address the changes and challenges surrounding society, make the most of the core assets and strengths we have accumulated to date and achieve our 2030 Vision and CSR material issues.

Contribute to Making the Earth a Better Place to Live, Enrich Lifestyles and Promote a Compassionate Society

Social Issues and Changes

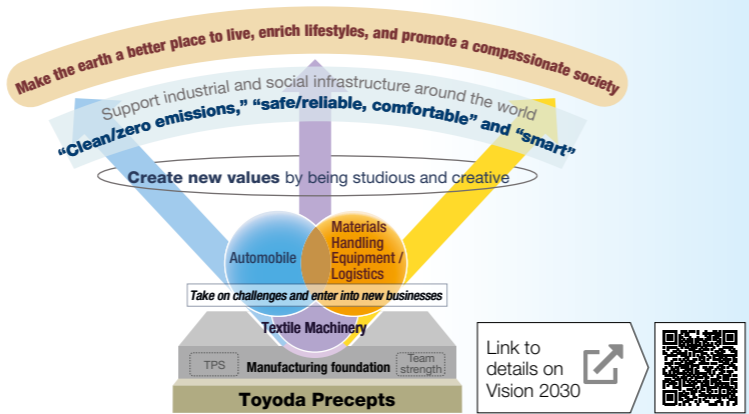
- Climate change
- Energy Resources Water issues
- Digitalization
- Electrification Automation
- Declining birthrate and aging population
- Work style diversification

Six Capitals Supporting Growth

- Human capital
- Intellectual capital
- Manufacturing capital
- Social and relationship capital
- Natural capital
- Financial capital

Aspiration in the Medium to Long Term and CSR Materiality

Vision 2030
Contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society by supporting industrial and social infrastructure around the world through the continuous supply of products/services that anticipate customers' needs.



CSR Materiality

CSR Materiality	SDGs to Contribute
<ul style="list-style-type: none"> Mitigation of Global Warming Contribution to Circular Economy 	
Resolving Social Issues through Our Business <ul style="list-style-type: none"> Creation of Innovative Values 	
Foundation Supporting Our Business Operations <ul style="list-style-type: none"> Products and Services Which Contribute to Safety, Reliability and Comfort Mutual Prosperity through Partnerships with Local Communities Safe and Healthy Work Environments Leveraging Diversity and Inclusion Sustainable Procurement Compliance and Risk Management 	

Link to CSR Materiality

Business Results

Materials Handling Equipment

Lift trucks and logistics solutions that contribute to greater logistics efficiency for customers

Automobile

- Comfortable and appealing automobiles
- Fuel-efficient and clean engines
- Car air-conditioning compressors that realize a comfortable vehicle interior
- Electronics and batteries that contribute to the electrification of automobiles, etc.

Textile Machinery

Weaving and spinning machinery to produce fabrics and yarns of high quality and soft texture

Values and Joys for Stakeholders

- Customers**
 Contributing to such needs as electrification, automation and energy savings as well as safety and reliability through high-quality products and services
- Business Partners**
 Co-existence and co-prosperity based on mutual trust cultivated through open, fair and equitable business relationships
- Shareholders and Investors**
 Returning profits to shareholders and investors by enhancing corporate value through sustainable growth
- Employees**
 Developing employees' work values and motivating them to demonstrate their potential by creating safe and secure workplaces for diverse human resources
- Local Communities**
 Contributing to the prosperity of each country and local community through promoting social welfare, youth development, environmental protection, community contribution and other activities
- Global Environment**
 Contributing to reducing CO₂ emissions, mitigating resource depletion and curtailing environmental risks by promoting environmental management

Basic Philosophy
Toyoda Precepts

Six Capitals Supporting Growth

Since our founding in 1926, we have engaged in and developed our diverse businesses based on our desire to contribute to society. Building on the six capitals we have accumulated to date, we strive to achieve sustained growth by flexibly responding to a drastically changing society.

Human Capital

Diverse Human Resources Committed to Creating and Delivering Products and Services That Contribute to Society

- Human resources comprised of more than 70,000 employees possessing diverse strengths in respective business fields
- Certified as a Health and Productivity Management Organization (White 500) for five consecutive years
- Systems and training programs to help individual employees to demonstrate their abilities to the fullest regardless of age or gender
- Lifting Group-wide capabilities to the next level through global exchanges across businesses and functions



Social and Relationship Capital

Extensive Sales and Service Networks Together with Relationships of Trust with Various Stakeholders

- Global sales and service networks mainly for materials handling equipment
- Close collaboration with Toyota Group companies as well as major automakers and other manufacturers around the world
- Business reinforcement and expansion through M&A and other measures
- Solid supply chain built on mutual cooperation with business partners
- Rate of performing a sustainability check on applicable suppliers (non-consolidated): **100%**
- Proactive dialogue with shareholders, investors and members of local communities



Intellectual Capital

Technology, Expertise and Know-How Related to Automobiles and Materials Handling Equipment

- Strengthening development capability and competitiveness through collaboration between the Materials Handling Equipment and Automobile-related businesses
- Accumulation of knowledge thanks to involvement in the production of automobiles spanning from vehicle assembly to the development of key components
- Wide-ranging responsiveness and sustainable growth potential stemming from technologies in the development of both automation and electrification
- Research and development by also drawing on external expertise
- Research and development expenses: **¥94.4 billion** (62.3% of which are for automation and electrification)



Natural Capital

Group-Wide Initiatives Aimed at Reducing Environmental Impact and Realizing a Carbon Neutral Society

- Business activities to realize clean/zero emissions in terms of production and products
- Reduction of CO₂ emissions (global): **-24%***
- Renewable energy introduction rate (global): **11%**
- Reduction of logistics-derived CO₂ emissions per unit of production (non-consolidated): **-10%***
- Reduction of waste generation volume (non-consolidated): **-17%***

* Fiscal 2014 as the base year



Manufacturing Capital

Production Structure and Investments in Tangible Assets to Deliver Quality Products to Customers around the World

- Superb quality and productivity based on the Toyota Production System
- Globally stable production and supply structures of respective businesses
- Production bases in Japan: **10 bases**;
Production bases outside Japan: **23 bases**
- Investments in tangible assets (consolidated): **¥134.8 billion**



Financial Capital

Solid Financial Foundation Underpinning Sustained Business Expansion

- Share of equity attributable to owners of the parent: **¥3,928.5 billion**
- Net cash provided by operating activities: **¥321.0 billion**
- Equity ratio: **51.5%**
- Return on equity: **5.0%**



Initiatives to Resolve Social Issues and Improve Corporate Value

Initiatives to Resolve Social Issues and Improve Corporate Value

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



Process to Determine CSR Materiality

Identification of Issues Relevant to Toyota Industries

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

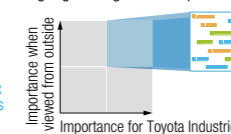
- [Items we refer to]
 1) 17 SDGs and 169 targets
 2) Important ESG Items

Assessment of Importance

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

[Assessment method]

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



Validation of Adequacy

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

Approval by Top Management

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

CSR Materiality	Contribution to Vision 2030 (Aspiration)	Action Policies	Action Targets and Activities	Targets	(FY to achieve)	Results for FY2022	Page number	Targets for FY2023
Mitigation of Global Warming Contribution to Circular Economy SDGs to Contribute 	Clean/zero emissions: Mitigating global warming and achieving a circular economy through such initiatives as reducing CO2 emissions and waste in our business activities and expanding the lineup of environmentally friendly products in our efforts to contribute to maintaining and improving the global environment over the long run	<ul style="list-style-type: none"> Reducing CO2 emissions from production activities 	<ul style="list-style-type: none"> Reduce production-derived CO2 emissions Total emissions 	-25%*	(2026)	-24%	P. 42-45	—
		<ul style="list-style-type: none"> Reducing CO2 emissions from production-related logistics 	<ul style="list-style-type: none"> Adopt renewable energy sources Introduction rate 	15%	(2026)	11%	P. 42-45	—
		<ul style="list-style-type: none"> Reducing CO2 emissions through product and technology development 	<ul style="list-style-type: none"> Reduce logistics-derived CO2 emissions Emission volume per unit of production (non-consolidated) 	-11%	(2026)	-10%	P. 42-45	—
		<ul style="list-style-type: none"> Effective resource utilization in production activities 	<ul style="list-style-type: none"> Develop technologies that contribute to an even greater level of energy efficiency 	—	(2026)	—	P. 42-45	—
Creation of Innovative Values SDGs to Contribute 	Creation of innovative value, smart: Contributing to achieving a "smart" society and more enriched lifestyles by resolving social issues through technological advancement and innovation that create new value	<ul style="list-style-type: none"> Promoting development of new technologies that create new value 	<ul style="list-style-type: none"> Ratio of R&D expenses for electrification and automation 	Over 70%	(2031)	62.3%	—	63.0%
		<ul style="list-style-type: none"> Improving core technologies and utilizing the new knowledge of business partners to enter into peripheral fields of existing businesses while developing and offering technologies and products in new business fields 	<ul style="list-style-type: none"> Expand peripheral fields and new business fields Net sales 	Over ¥1 trillion	(2031)	—	—	—
		<ul style="list-style-type: none"> Implementing initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization 	<ul style="list-style-type: none"> Develop new technologies and products that contribute to resolving environmental and social issues Develop new technologies and products for logistics automation and expand sales (Materials Handling Equipment) Sales of automation products (growth rate) 	Twofold (100%)	(2031)	Up 36.9%	P. 24-29	52%
Products and Services Which Contribute to Safety, Reliability and Comfort Mutual Prosperity through Partnerships with Local Communities SDGs to Contribute 	Safe/reliable, comfortable: Contributing to creating a compassionate society by offering products and services that anticipate the needs of customers and various stakeholders and that are safe, reliable and comfortable to use while fulfilling our responsibilities as a member of society to thrive together	<ul style="list-style-type: none"> Enhancing electrification-related products and services that are highly functional, ecologically sound and adaptable as social infrastructure 	<ul style="list-style-type: none"> Expand sales of electrification-related products (all businesses) Ratio of electrification-related products to net sales 	Over 70%	(2031)	43.2%	—	47%
		<ul style="list-style-type: none"> Offering high-quality and safe products and services and maintaining and improving the structure to realize this goal 	<ul style="list-style-type: none"> Offer highly efficient and energy-saving electric compressors that are excellent in terms of quiet operation and comfort (Automobile Business) 	—	(2031)	—	P. 33-35	—
		<ul style="list-style-type: none"> Continuously promoting grassroots activities in local communities and thrive together as a member of society 	<ul style="list-style-type: none"> Offer clean and high-quality fuel cell units and on-board batteries (Automobile and Materials Handling Equipment businesses) Offer power source-related products, on-board or otherwise, that can also be used as social infrastructure during disasters and other occasions (Automobile Business) 	—	(2031)	—	P. 35-36	—
		<ul style="list-style-type: none"> Conduct product risk assessment (target products) Implementation rate (non-consolidated) 	<ul style="list-style-type: none"> Conduct product risk assessment (target products) Implementation rate (non-consolidated) 	100%	(2031)	100%	P. 50-51	100%
		<ul style="list-style-type: none"> Promote quality education Training participation rate (non-consolidated) 	<ul style="list-style-type: none"> Promote quality education Training participation rate (non-consolidated) 	100%	(2031)	99%	P. 51	100%
		<ul style="list-style-type: none"> Promote social contribution activities Expenditure/number of participants 	<ul style="list-style-type: none"> Promote social contribution activities Expenditure/number of participants 	—	(2031)	¥930 million/ 21,326 persons	P. 61	—
		<ul style="list-style-type: none"> Contribute to biodiversity conservation of local communities Promote other community contribution activities 	<ul style="list-style-type: none"> Contribute to biodiversity conservation of local communities Promote other community contribution activities 	—	(2031)	—	P. 47-49 P. 60-61	—
Safe and Healthy Work Environments Leveraging Diversity and Inclusion Sustainable Procurement Compliance and Risk Management	—	<ul style="list-style-type: none"> Fostering safe and healthy workplaces for everyone 	<ul style="list-style-type: none"> Eliminate serious accidents Number of serious accidents 	0	(2031)	2	P. 58	0
		<ul style="list-style-type: none"> Creating the environment for everyone to get a fair share of opportunity to develop and demonstrate their potential 	<ul style="list-style-type: none"> Frequency rate of lost workday injuries (non-consolidated) 	0.00	(2031)	0.15	P. 58	0.00
		<ul style="list-style-type: none"> Establishing the foundation to remain a company that is trusted and needed by society 	<ul style="list-style-type: none"> Utilize diverse human resources Ratio of female managers (non-consolidated) 	3.6%	(2031)	1.7%	P. 55-57	—
		<ul style="list-style-type: none"> Utilize diverse human resources Ratio of employees with disabilities (non-consolidated) 	<ul style="list-style-type: none"> Ratio of employees with disabilities (non-consolidated) 	Over 2.30%	(2031)	2.48%	P. 57	Over 2.30%
		<ul style="list-style-type: none"> Maintain sound transactions and strengthen structure throughout the supply chain 	<ul style="list-style-type: none"> Implementation rate of sustainability checks on target suppliers (non-consolidated) 	100%	(2031)	100% (960 companies)	P. 52	100% (970 companies)
		<ul style="list-style-type: none"> Eliminate serious compliance violations Number of violations 	<ul style="list-style-type: none"> Eliminate serious compliance violations Number of violations 	0	(2031)	0	P. 69	0
<ul style="list-style-type: none"> Promote risk management activities taking a risk-based approach 	<ul style="list-style-type: none"> Improve BCP effectiveness 	—	(2031)	—	P. 73-74	—		
<ul style="list-style-type: none"> Respond to cybersecurity risks Number of serious incidents 	<ul style="list-style-type: none"> Respond to cybersecurity risks Number of serious incidents 	0	(2031)	0	P. 71-72	0		

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

Development of Technologies and Products Contributing to the Resolution of Social Issues

Seeking Further Growth by Evolving and Enhancing Electrified Products We Have Developed Ahead of the Times

In order for car electrification to evolve further, various related devices, including batteries, motors, inverters, converters, car air-conditioning compressors and charging stands as part of social infrastructure, must follow suit. Toyota Industries' products offer not only excellent motor power, driving performance and a comfortable vehicle interior but also greater utility in recreational activities and during disasters. While achieving many accomplishments in these fields, we have also made a foray into new fields. As a key player in the era of electrification, as well as toward establishing a decarbonized society and realizing carbon neutrality, we will accelerate the development and release of electrified products that help reduce CO₂ emissions, thereby contributing to making the earth a better place to live, enrich lifestyles and promote a compassionate society.



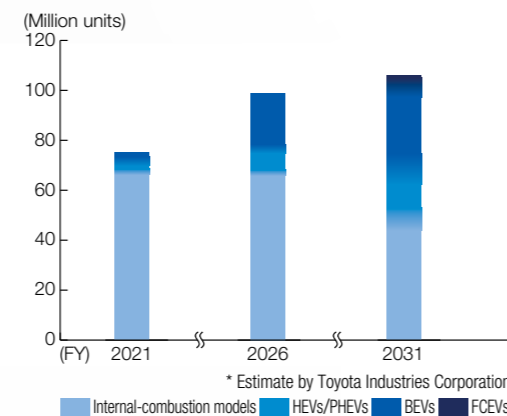
Toyota Industries' Roles in the Accelerated Move toward Electrification

Amid the accelerated global move toward the realization of a carbon neutral society, sales of various types of electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs), have been growing, with the ratio in total automobile sales expected to increase sharply in the future. The following highlights our products that underpin the rapidly changing era of car electrification and businesses that contribute to the accelerated move toward electrification.

Expanding Lineup of Electrification-Related Products

The new Aqua released by Toyota Motor Corporation (TMC) in July 2021 is equipped with a number of Toyota Industries' electrification-related products that include not only a newly developed bipolar nickel-hydrogen battery but also an electric compressor, DC-AC inverter and DC-DC converter. We have also developed and have been manufacturing products for FCEVs and charging stands, which play an important role as part of social infrastructure. Leveraging our technologies cultivated in these fields to date, we will develop new products and contribute to the expansion of the electrified vehicle markets.

Outlook of Global Automobile Production



Toyota Industries' Products Underpinning the New Aqua



Three Fields Contributing to the Evolution of Electrified Vehicles

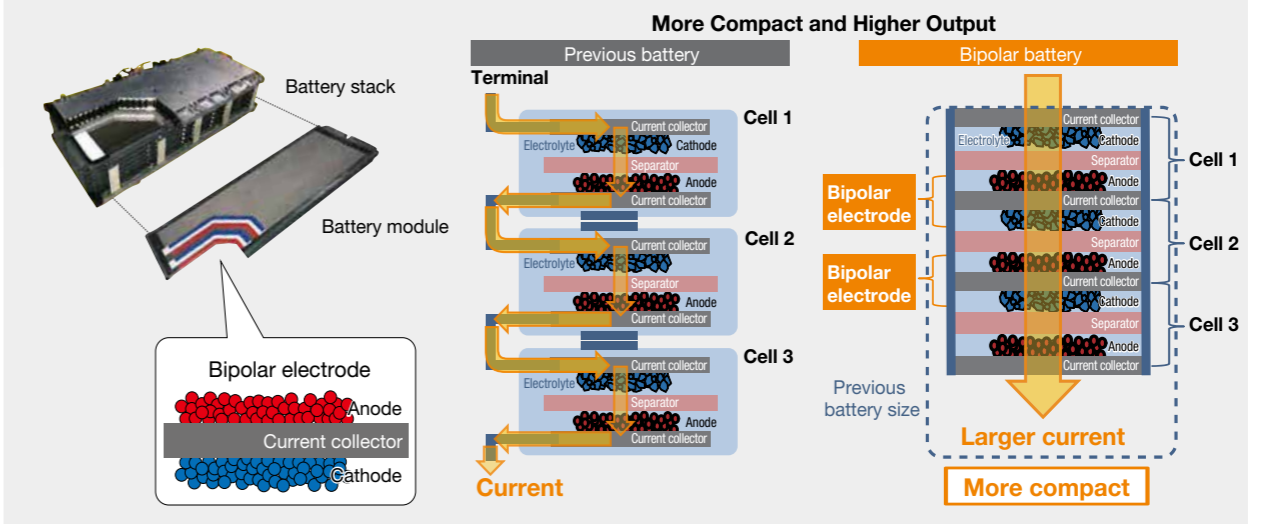
Development and Commercialization of On-Board Batteries

Toyota Industries worked together with TMC and developed the HEV-use bipolar nickel-hydrogen battery fitted in the Aqua. Due to its bipolar structure, which has been adopted for the first time in the world in an on-board battery, the new product has achieved approximately twice the output of the conventional battery equipped in the previous-generation Aqua. It has realized unprecedented battery performance, offering both smooth acceleration from low speed and greater fuel efficiency through a longer driving range in the EV drive mode.

World's First Use* of the Bipolar Structure

* As an electric drive battery

- Feature 1** Simple structure with less parts, which make a battery more compact
- Feature 2** Wider electrical path and lower resistance within the battery, allowing the flow of larger currents
- Feature 3** Can be fitted in a wide range of vehicle models, as the battery's capacity lineup can be enhanced by just changing the number of modules



TOPIC



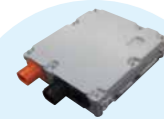
Ishihama Plant

Development of the On-Board Battery Business

In developing the bipolar nickel-hydrogen battery, Toyota Industries has made thorough efforts to raise the level of its products based on the technologies it has cultivated to date, namely battery material synthesis technology, simulation technology for examining materials and structures and analysis technology. These efforts have led to the successful development of the battery. Going ahead, we will work on the five elements of safety, long life, high quality, good products at lower prices and high performance, endeavor to ensure stable battery supply and expand our lineup of batteries to suit various vehicle models. We also plan to establish a new production line in fiscal 2023 at the Ishihama Plant, which is located adjacent to the Higashiura Plant.

Offering Electronics Products Responding to Social Needs

Toyota Industries develops and manufactures electronics products not just for HEVs but also for a wide variety of electrified vehicles. These products, including DC-DC converters and on-board chargers and charging stands for PHEVs and BEVs, respond to the broad needs related to electrified vehicles of TMC and other automakers around the world.

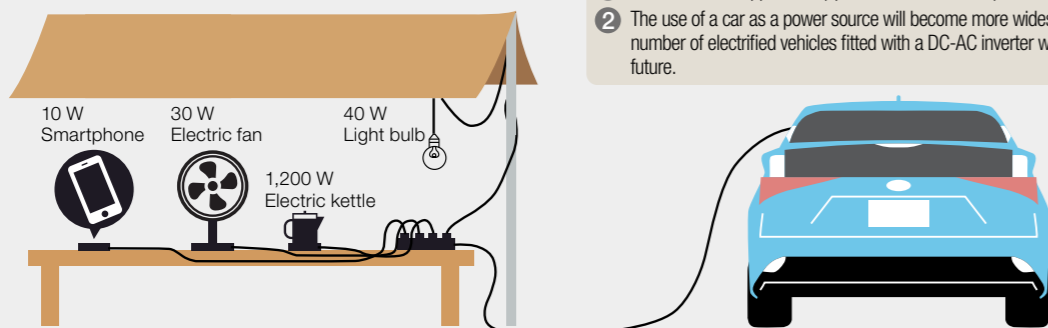


DC-AC Inverter
Converting direct current (DC) from an on-board battery to 100 V alternating current (AC)

DC-AC Inverters Drawing Attention as a Power Source

In recent years, there has been a growing public attention to the use of high-capacity batteries of the Aqua and other electrified vehicles as a power source. The 1,500 W type DC-AC inverter, in particular, can operate appliances that require more power, such as rice cookers and hot plates, and has drawn much attention as an emergency power source in a disaster in addition to camping, outdoor events and other applications.

Electrified Vehicle Supplying Power during a Disaster

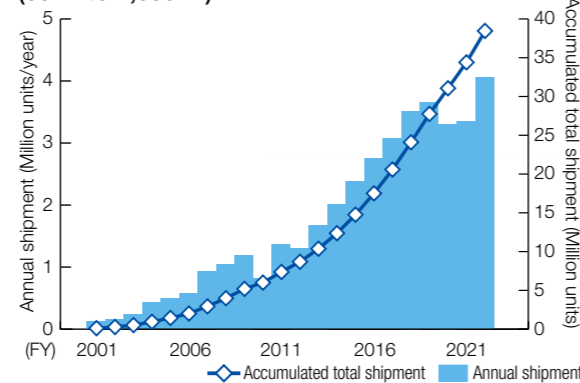


- 1 Various electric appliances (up to a total of 1,500 W) can be used anywhere.
- 2 The use of a car as a power source will become more widespread as the number of electrified vehicles fitted with a DC-AC inverter will increase in the future.

DC-AC Inverters Adopted by Automakers around the World

Toyota Industries' DC-AC inverters have steadily increased sales and have been adopted by 26 automakers around the world, including Toyota, Nissan, Honda, Daihatsu, Isuzu, GM and Stellantis. Previously, their vehicles had offered our DC-AC inverter mostly as an option, but the product has been increasingly installed as a standard feature mainly among vehicles manufactured for the Japanese market. The use of DC-AC inverters as a substitute for a power generator has also pushed up the need for even higher output. In the future, we will achieve higher output by increasing efficiency (reducing the amount of heat generation), making our DC-AC inverters more compact for easier vehicle installation, enhancing our product lineup and reinforcing our production structure in responding to the need that will grow in step with the progress in electrification.

Shipment Volume of DC-AC Inverters (60 W to 1,500 W)



TOPIC

Development of a New Unit Integrating an On-Board Charger and DC-DC Converter

For the new bZ4X BEV released by TMC in April 2022, Toyota Industries has developed a new compact, lightweight unit that integrates an on-board charger and DC-DC converter.



<Key Features>

- By integrating these two devices essential for a BEV, the new unit is made 23% smaller in size and 17% lighter in weight versus separately mounting the two.
- Easier vehicle mounting has also contributed to providing more interior space as well as lowering the center of gravity of the dedicated BEV platform adopted for the first time in the bZ series.

Power electronics technologies underpinning the functionality of electrified vehicles, such as the flexible conversion, control and efficient use of electric energy, will become increasingly important. Toyota Industries will remain committed to developing power electronics technologies that enable smaller size, lighter weight and higher efficiency while continuing to provide this two-in-one unit and other car electronics products to support the wider use of electrified vehicles.

Electric Compressor Market Expanding Globally

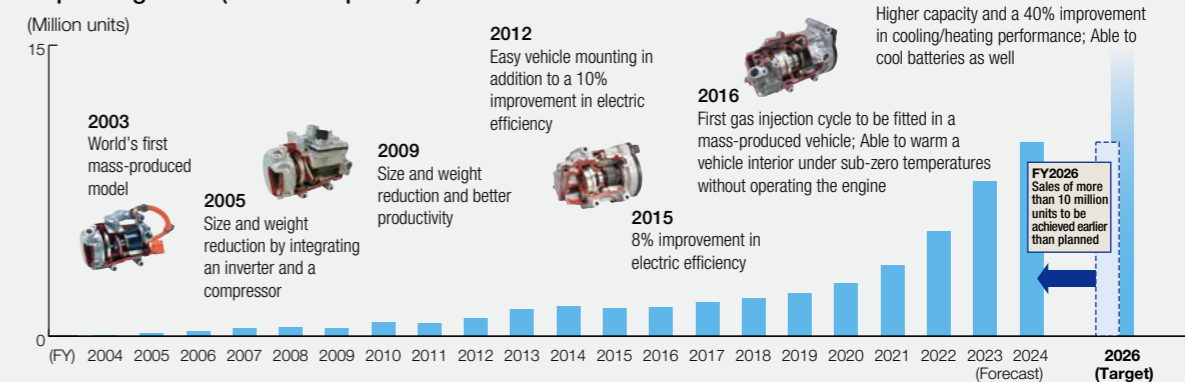
Greater importance has been placed on car air conditioner-related products that help to ensure a comfortable vehicle interior, including our electric compressor fitted in the Aqua. In order to satisfy the diversifying needs of automakers, Toyota Industries' Compressor Division has developed and delivered technologies and products that respond to diversifying customer needs for higher efficiency for longer driving range, quiet operation required in an environment in which an engine is not started and less vibration. For BEVs, which will draw further attention in the future, we provide solutions to improve compressors' radio interference prevention performance, extend their runtime and scope of use for heat pump air-conditioning systems and respond to the need for cooling batteries and peripheral electronic devices.

In this way, we offer a broad range of products not just for HEVs but also for PHEVs, BEVs and FCEVs, thereby enabling us to readily respond to customer needs in line with the growth of these electrified vehicle markets.

Actual Sales and Sales Targets of Electric Compressors

Orders for electric compressors for HEVs accounted for a large portion of total orders. In recent years, we have been receiving more orders for electric compressors for PHEVs and BEVs, and their sales have been showing a sharp increase in total unit sales. Toyota Industries has set a target to sell more than 10 million electric compressors in fiscal 2026. It has already become apparent that we can achieve the target earlier than planned because our electric compressors have been adopted in TMC's all electrified models and sales have expanded to other automakers in and outside Japan. As for production, we currently manufacture electric compressors in Japan and China in view of production efficiency. We do, however, have a plan to manufacture these compressors in North America and Europe to respond to a rise in demand, as manufacturing and supplying products closer to customers will lead to greater competitiveness.

Expanding Sales (Annual Shipment)

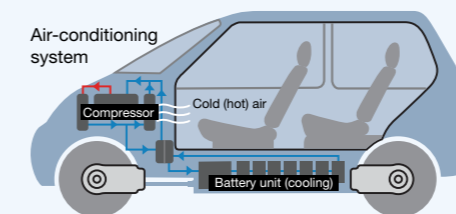


TOPIC

High-Capacity Electric Compressor

As a BEV is fitted with a battery and many electronic devices, its temperature tends to rise when operating under high output or recharging at high speed, causing a drop in performance or a shorter life. To address this issue, Toyota Industries has developed a high-capacity electric compressor that can be used for both cooling/heating a vehicle's interior and cooling its battery. We will work to increase the number of models fitted with the compressor, and by developing more compressors in the same series, will satisfy customer needs that may arise with the more widespread use of BEVs.

Notional Cross-Section View of a BEV



The high-efficient, high-capacity electric compressor is capable of both air-conditioning the interior of a BEV and helping to cool its battery and other devices.

<Key Features>

- A higher speed achieved while keeping a capacity increase at 20%, leading to a 40% better cooling performance than existing products
- Revamping of the compressor structure resulting in a life more than twice as long as existing products
- Achieving very quiet operation suited for electrified vehicles

<Technical Features>

- Improved rotational balance to allow quiet operation at high-speed rotation
- As a measure to increase the compressor's life, higher bearing reliability in particular serving to realize a life more than twice as long as existing products

Materials Handling Equipment

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



Medium-Term Direction of Business

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

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

Business Characteristics

Strengths

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

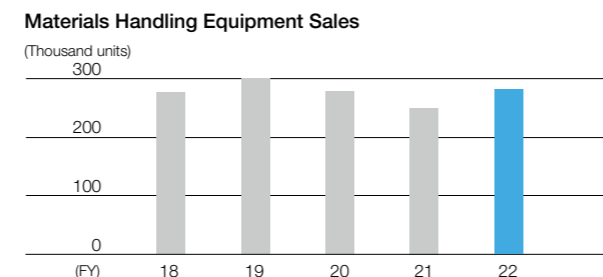
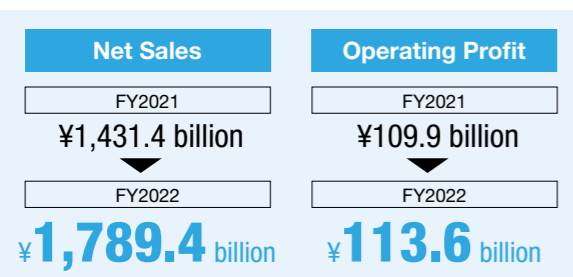
*1: Survey by Toyota Industries Corporation

Opportunities

- An expansion of global logistics volume in line with an increase in the world population and economic growth
- Growing need for products with high fuel efficiency and low environmental impact that contribute to carbon neutrality
- Rising need for higher logistics efficiencies prompted mainly by a growth in e-commerce transactions as well as soaring labor costs and labor shortages
- Growing need for automation and labor saving driven by the emerging need for contactless operations due to COVID-19
- Increased recognition that logistics is an essential business

Risks

- Restrained capital investment due mainly to a slowing economy and disasters
- Weaker sales due to intensifying competition
- Change in business environment triggered by an expanding market of low- to mid-priced lift trucks
- Suspension of production caused by supply chain disruptions
- Weaker demand for internal-combustion lift trucks resulting from more stringent environmental regulations
- Emergence of next-generation robotics products as an alternative to lift trucks



Business Overview in Fiscal 2022

The lift truck market in 2021 expanded significantly due to the reactionary rebound in demand from the effects of COVID-19 and exceeded sales of 2 million units for the first time. Amid this business climate, Toyota Industries engaged in sales and after-sales services corresponding to respective markets. As a result, unit sales of lift trucks for fiscal 2022 were up 32,000 units, or 13%, to a total of 282,000 units from the previous fiscal year. In addition, the need for logistics automation and labor saving is rising in step with an expansion of the e-commerce market. Capitalizing on this development, we have sought to further strengthen our business through collaboration with our subsidiaries engaging in logistics solutions operations in Europe and the United States. Net sales in fiscal 2022 increased ¥358.0 billion, or 25%, from the previous fiscal year to ¥1,789.4 billion.

Business Structure

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

Toyota Material Handling Group (TMHG)

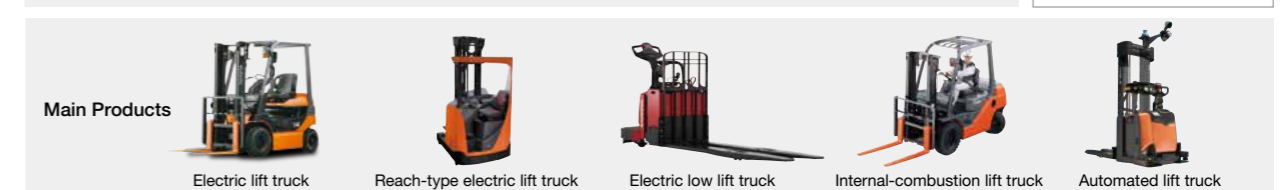
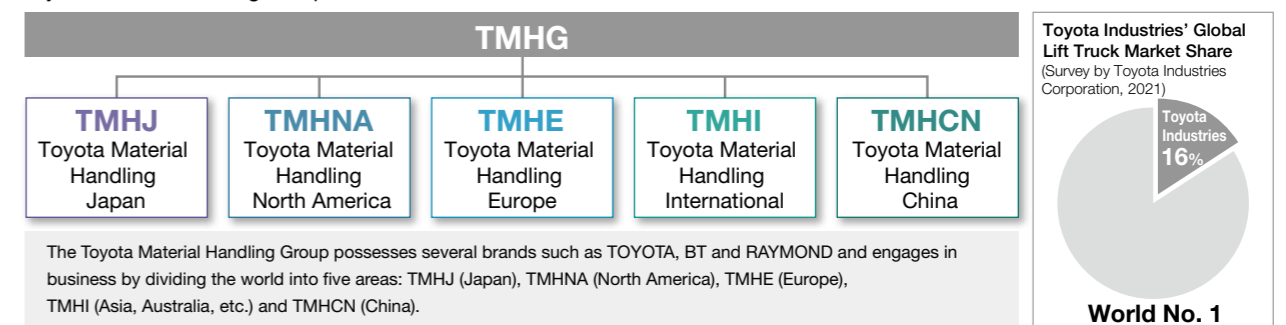
Toyota Industries assists customers worldwide in attaining greater logistics efficiencies as a market leader in the materials handling equipment and logistics fields by delivering optimal logistics solutions based on its comprehensive strengths to respond to their specific and ever-changing needs on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

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

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

In addition to supplying high-quality products, we consider our strength to be able to support customers throughout our entire value chain that encompasses from providing after-sales services through our extensive networks to offering sales financing operations. On the sales front, we are offering products and logistics improvement solutions optimally matched to individual customers' logistics sites. Simultaneously, we are responding to needs for fleet management that optimizes the operation of multiple lift trucks for customers conducting business globally. In terms of services, we assign experienced and highly skilled personnel and utilize leading-edge information technology (IT) to provide finely tailored services to customers. Our service personnel visit customers on a periodic basis and provide maintenance services to prevent troubles from occurring. When a problem does occur, they swiftly make a visit to the customer and promptly take appropriate action. We are also strengthening our internal sales financing operations mainly in Europe, the United States and other developed countries in order to flexibly respond to customers' diverse needs. Additionally, TMHG is collaborating with TALG to create synergies between the lift trucks and logistics solutions fields in development and other domains.

Toyota Material Handling Group

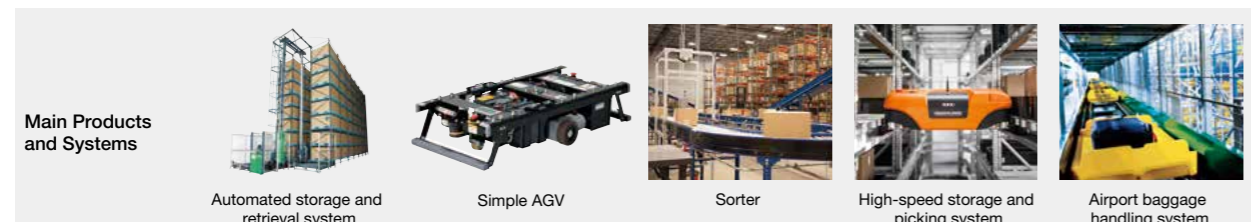
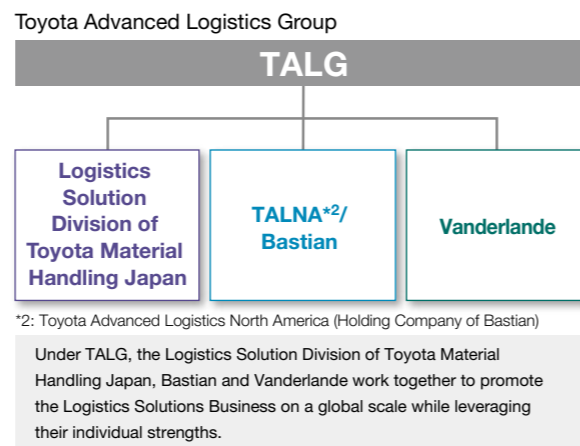


Toyota Advanced Logistics Group (TALG)

With accelerated expansion of the e-commerce market, the need for logistics automation has been on the rise across the world. This has entailed increases in the number and size of distribution centers, which in turn have necessitated solutions for more advanced logistics issues.

Amid this environment, we go a step beyond just providing a broad range of materials handling equipment and associated software programs and are reinforcing our Logistics Solutions Business to more meticulously satisfy each customer's varying needs by leveraging our logistics improvement know-how accumulated to date.

Under the TALG management structure, the Logistics Solution Division of Toyota Material Handling Japan, U.S.-based Bastian Solutions LLC and Netherlands-based Vanderlande Industries Holding B.V. are collaborating with each other in development, sales and other activities to expand business while leveraging their individual strengths.



Business Activities in Fiscal 2022

In 2021, global demand recovered significantly due to the reopening of economic activities in respective countries, which led to record-high unit sales in the lift truck market. Amid this environment, we worked to enhance the product appeal of our mainstay lift trucks and expand sales. We also strove to offer reliable after-sales services, enhance responsiveness to large-order customers and provide solutions for logistics issues through the introduction of optimally packaged systems.

In the field of lift trucks, we made efforts to increase our product lineup in each region and promoted the development of autonomous driving technology internally and with external organizations. We also worked to reinforce our IT-based services, enhance safety and augment our competitiveness in the environmental field mainly through electrification in order to ensure a more accurate response to individual customers.

In the logistics solutions field, we have been fostering cooperation in sales activities by mutually supplying equipment and systems while encouraging each TALG company to leverage its strengths to bolster business. We have also been accelerating coordinated activities such as promoting collaborative efforts by TMHG and TALG in the planning and development fields. T-Hive B.V., a company newly established in the Netherlands in April 2021, develops a seamless control system encompassing all autonomous vehicles within the Toyota Industries Group, such as automated guided forklifts (AGFs), automated guided vehicles (AGVs) and autonomous mobile robots (AMRs).

Meanwhile, Aichi Corporation, which possesses the top brand*3 in the field of aerial work platforms in Japan, saw a recovery in renewal demand in the electric power industry. However, cautious investment targeting construction demand in the leasing industry resulted in sales of ¥56.5 billion, down ¥2.7 billion, or 5%, from the previous fiscal year.

*3: Survey by Aichi Corporation



Activities of TMHG

Japanese Market

In 2021, the environment surrounding the Japanese lift truck market continued to be difficult due mainly to intermittent declarations of a state of emergency caused by COVID-19, resulting in only a slight increase in sales from the previous year. Unit sales of Toyota Industries' lift trucks increased 4% from the previous fiscal year to 47,000 units, and maintained the top position*4 in calendar 2021 for the 56th consecutive year.

The diversification of customer needs, heightened on the back of changes such as an expansion of the e-commerce market, labor shortages and growing safety and environmental consciousness among companies, has further accelerated amid the COVID-19 pandemic. As the leading manufacturer of materials handling equipment, Toyota Industries has been proactively promoting the development and release of new products that lead to resolving issues facing customers.

As with the automobile industry, where development has been proceeding for cars equipped with advanced safety technologies, the logistics industry is facing a growing need for more widespread use of lift trucks equipped with functions to support safe and secure operations. In August 2021, we released SEnS+ (Sense Plus), the industry's first operator assist system that detects workers behind lift trucks. It distinguishes between pedestrians and objects from among the obstacles behind lift trucks and automatically controls the traveling speed and prevents the truck from moving backward.

Together with our autonomous towing tractor, SEnS+ was awarded the 2021 Good Design Award for its ingenuity in distinguishing and recognizing pedestrians from objects and giving different warnings. In addition, the autonomous towing tractor was selected as one of the Good Design Best 100, which is awarded to the designs that draw particular attention of the judges as exceptional designs considered to create and inspire the future from among the recipients of the Good Design Award.

In October 2021, we launched the new 3TE25 electric towing tractor as an environmentally conscious materials handling equipment. The aviation industry, which is a major user of towing tractors, has been also making efforts to reduce CO₂ emissions. We aim to contribute to carbon neutrality at airports and other facilities by satisfying the replacement needs for electrification of towing tractors.

*4: Calculated by Toyota Industries Corporation based on the data issued by the Japan Industrial Vehicles Association



North American Market

The North American lift truck market in 2021 outperformed the previous year thanks to growing demand from the e-commerce sector and a recovery in the retail sector. Although we suspended the shipment of certain internal-combustion lift trucks sold in the United States, we recorded solid sales of electric lift trucks and other products. In fiscal 2022, the combined unit sales of the TOYOTA and RAYMOND brands decreased by 5% from the previous year to 76,000 units.

In 2021, Toyota aggressively launched new electric lift trucks in response to growing market needs for electrification. In addition, to meet the rising need for logistics automation on the back of labor shortages, we released an automated guided vehicle (AGV) that can be customized according to customer needs and requires no large-scale building modifications.

Raymond is also actively expanding its product offerings and services to meet various customer needs. For example, Raymond enhanced sales of compact and highly functional lithium-ion batteries that reduce the charging time compared with conventional lead-acid batteries and contribute to the improvement of customer productivity. Raymond is also contributing to the further improvement of customer safety by releasing an electric low lift truck equipped with a telematics function and launching a service to support driving in dangerous areas by linking the telematics function with the real-time location system.

Looking ahead, we will continue to leverage the strengths of each brand and reinforce technological development to meet electrification needs. In addition, through closer collaboration with the Logistics Solutions Business, we will accurately respond to customers' needs for logistics automation. At the same time, we will strive to expand the lineup of products with excellent environmental performance, while responding to the accelerating trend toward carbon neutrality by utilizing the latest technologies.



European Market

The European lift truck market in 2021 grew year on year thanks to a recovery from a downturn during the COVID-19 pandemic. Toyota Industries posted unit sales of 92,000 units in fiscal 2022, up 20% from the previous fiscal year compared to the pre-COVID-19 level. In addition to equipment sales, orders for after-sales services and sales of parts remained steady.

In response to the accelerating trend toward carbon neutrality in Europe, Toyota Industries has been working to expand the lineup of products equipped with lithium-ion batteries and released a high-output counterbalanced lift truck. We have also launched internal-combustion lift trucks that comply with the latest EU emissions regulations to meet the needs of environmentally conscious customers.

In terms of environmental initiatives, electricity used at all European bases has been completely switched to renewable energy by selecting the optimum method matched to each base's energy situation. This marks the first instance in the entire materials handling equipment industry that 100% of power is sourced from renewable energy at all European bases.

We will continue to expand our product lineup with excellent environmental performance, while responding to the accelerating trend toward carbon neutrality.



High-output counterbalanced lift truck



Link to product details



Solar panels installed at plants in Sweden (left) and Italy (right)



Link to product details

BT Tyro SHE100 compact electric stacker

ALOMA and Chinese Markets

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

The ALOMA and Chinese markets in 2021 expanded significantly due to the resumption of economic activities that were temporarily restricted in many countries following the rapid spread of COVID-19 infections. Both the ALOMA and Chinese markets recorded the largest ever expansion, growing 156% and 128% year on year, respectively.

Under such circumstances, we are working to expand the introduction of lithium-ion batteries and release compact electric stackers to meet the needs for electrified equipment whose demand is expected to increase in step with heightened environmental awareness.

Customer needs will continue to diversify, including the accelerating trend toward electrification, greater logistics efficiency and automation. In response, we will continue to collect information from dealers in each country and regional offices in Asia, the Middle East and South America in our efforts to provide products and services that satisfy our customers.

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

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

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

Activities of TALG

Logistics Solution Division of Toyota Material Handling Japan

The spread of COVID-19 infections has had an impact on the logistics industry. It brought about a further increase in small cargo deliveries arising from the rapid growth of the e-commerce market, an emerging need for non-contact, non-face-to-face work operations and a renewed recognition of the social value of logistics (essential business). In addition, the imminent shortage of truck drivers will present a serious issue as the work style reform-related law goes into effect in 2024 in Japan, which further increases expectations for automation and greater efficiency through logistics solutions.

Amid such changes in the environment, the number of large-scale projects to introduce the latest equipment from Vanderlande is steadily growing, and ZOZO Co., Ltd., which operates a mail-order website for fashion items, became the first company in Japan to adopt the Pocket Sorter™. The versatile system realizes significant labor savings by automating the storage, sorting and picking processes of goods packaged in a diverse variety of styles. We will continue to contribute to the greater efficiency of logistics with the aim of approaching customers in a wide range of sectors suitable for the introduction of this system.

Moreover, there is an urgent need for better efficiency and labor saving at relay centers (logistics nodes) to counter the serious shortage of truck drivers. As such, we have participated in the demonstration projects*5, 6 promoted by Japan's Ministry of Economy, Trade and Industry and have been developing automated guided forklifts (AGFs).

Looking ahead, we will continue to participate in various demonstration projects. At the same time, we will strive to provide new logistics solutions quickly and in a timely manner by utilizing digital transformation (DX) technologies such as Digital Twin, which creates a virtual replication of an actual environment on a computer to enable running a variety of simulations, in order to achieve more efficient development.

*5: Partnered with NEXT Logistics Japan Co., Ltd. and participated in the 2021 R&D and Demonstration Project to Improve Transportation and Delivery Efficiency through Visualization, Mixed Loading and Automation to work on a feasibility test on automatic truck handling.
*6: Partnered with Daiwa House Co., Ltd., Aeon Global SCM Co., Ltd., Kao Corporation and Hitachi Transport System, Ltd. and participated in the 2021 Project to Further Promote Transport Efficiency by Utilizing AI, IoT, etc., a joint undertaking aimed at improving the efficiency of cargo handling and logistics as well as energy savings in the entire supply chain by utilizing AGFs and other materials handling equipment and linking them with truck operations.



Automated truck loading/unloading by AGF



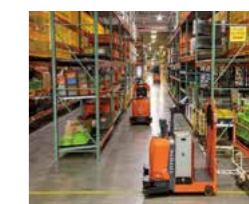
Simulation in an airport environment

Bastian

Bastian, mainly operating in the North American market, has been responding to the logistics automation needs of customers in a broad range of fields, including the manufacturing, retail and e-commerce sectors, and receiving an increasing number of orders.

Based on a wealth of know-how accumulated in past projects, Bastian is well recognized by customers for its capabilities for system development and integration. It received record-breaking orders in fiscal 2022 thanks to the acquisition of repeat orders for large-scale projects.

Capitalizing on its strengths in technology development, Bastian has been promoting collaboration with other companies in the Toyota Industries Group. For example, Bastian has received, jointly with Vanderlande, orders for multiple projects of leading e-commerce operators and provides software programs to the Logistics Solution Division of TMHJ. In North America, Bastian has also been accelerating its offering of logistics solutions to lift truck users by reinforcing collaboration with dealers of the TOYOTA and RAYMOND brands.



Providing logistics solutions to lift truck users



Link to product details

Vanderlande

Vanderlande, offering logistics solutions globally, has received many orders from leading companies in various business categories for their projects to establish distribution centers, capturing growing needs prompted by COVID-19 for more advanced logistics in the e-commerce, retail and parcel services sectors. For the warehouse logistics and parcel/postal services businesses, Vanderlande has been accelerating system development respectively optimized for operations of industry's top companies and focused business categories in its efforts to strengthen its response to increasingly sophisticated customer needs.

In the airport business, the market has been anemic due to a significant drop in the number of passengers. To get ready to receive orders when demand recovers, Vanderlande has been focusing on providing better services to strengthen long-standing relationships of trust with existing customers.

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



Pocket Sorter™, a hanging high-speed sorting system

Automobile

In the fields ranging from vehicles to engines, car air-conditioning compressors, electronic devices and batteries, Toyota Industries continues to meet the expectations and trust of its customers.



Business Characteristics

Strengths

- An agile structure to undertake all aspects from planning and development to production within a plant (Vehicle)
- Highest-level production efficiency and quality among all Toyota-affiliated automobile body manufacturers (Vehicle)
- Know-how on the development and production of diesel engines and turbochargers (Engine)
- Highly efficient production of high-quality gasoline engines, including those for use in hybrid electric vehicles (HEVs) (Engine)
- Excellent product development capability centered around fuel efficiency and car electrification (Car air-conditioning compressor)
- Global top-share*1 products for use in a full range of vehicles, from internal-combustion vehicles to HEVs, plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs) (Car air-conditioning compressor)
- *Monozukuri* (manufacturing) using equipment created in-house to produce high-quality products and flexibly accommodate changes in production volume (Car air-conditioning compressor)
- Higher technological capabilities accumulated through the development and production of products for Toyota Motor Corporation (TMC), external sales and internal use (Electronics)
- Development, production and top-level quality of electronic parts and devices for electrified vehicles (Electronics)
- Material synthesis technology, simulation technology for examining materials and structures and analysis technology (Battery)

Opportunities

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

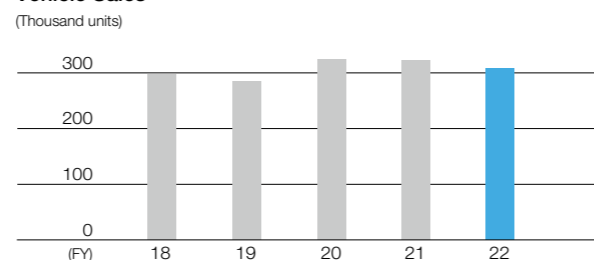
Risks

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

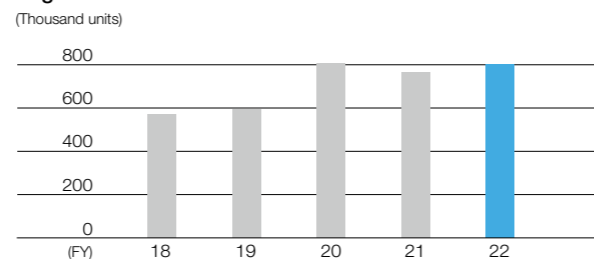
*1: Survey by Toyota Industries Corporation

Net Sales	Operating Profit
FY2021 ¥591.6 billion	FY2021 ¥4.7 billion
FY2022 ¥792.8 billion	FY2022 ¥33.0 billion

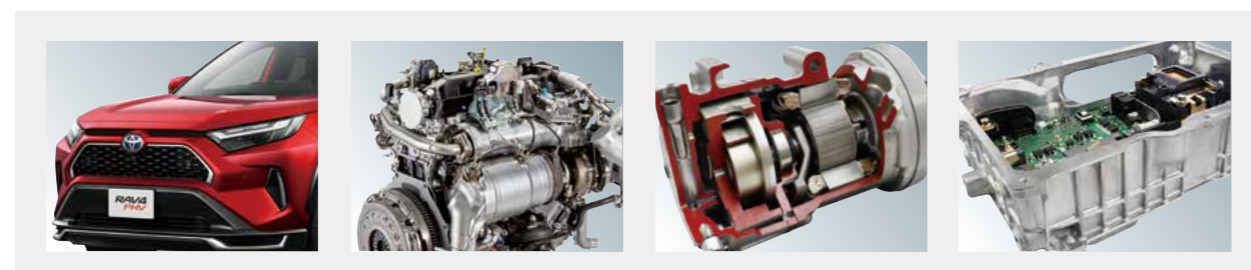
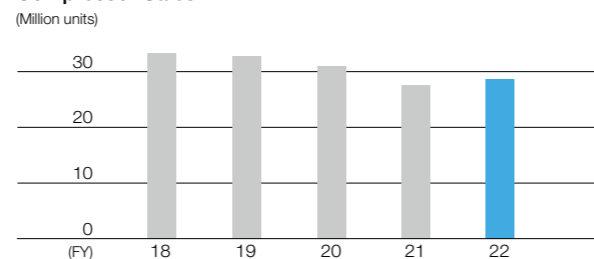
Vehicle Sales



Engine Sales



Compressor Sales



Vehicle

Medium-Term Direction of Business

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

Business Overview in Fiscal 2022

In fiscal 2022, sales of the RAV4 decreased both in and outside Japan. As a result, unit sales declined by 15,000 units, or 5%, to 308,000 units. Net sales decreased by ¥4.9 billion, or 6% year on year, to ¥83.4 billion.

Nagakusa Plant Supporting Development and Production of RAV4 Global Strategic Vehicle

Toyota Industries produces the RAV4, a global strategic vehicle sold by Toyota Motor Corporation (TMC) in more than 180 countries and regions, including North America, Europe and Asia. Starting from June 2020, we started producing the PHEV models in addition to internal-combustion and HEV models. More than 60% of the production volume now accounts for HEVs and PHEVs.

Our Nagakusa Plant in Aichi Prefecture is involved not only in assembly of the RAV4, but also in the design of the vehicle's upper body, as well as the development of exterior, interior and color design. The plant also has strengths in manufacturing capabilities and is working to enhance product quality and productivity through continuous *kaizen* (improvements).

We will continue to strengthen our vehicle planning and development capabilities to meet the expectations of our customers while ensuring vehicle quality.

Partially Remodeling RAV4 and RAV4 PHV and Commencing Production at the Nagakusa Plant

In December 2021, we partially upgraded the RAV4 and RAV4 PHV to enhance product appeal. Externally, we made design changes to the headlamps, aluminum wheels and other parts for a more solid and dynamic style. Moreover, a hybrid specification (E-Four) has been added to the RAV4 ADVENTURE model, which symbolizes the off-road image of the vehicle, and a new solid grayish blue paint color is now available for a sporty and powerful impression.



Partially remodeled RAV4 (grayish blue)

Presenting a RAV4 Concept Model at Tokyo Auto Salon 2022

Under the mantra "Make even better SUVs" to see a smile of joy of our customers, we are working with TMC to make the RAV4 a more attractive SUV. Based on the professional concept model RAV4 5D ADVENTURE exhibited in 2021 under the theme of mountain rescue, in 2022 we mainly improved indoor equipment. Focusing on the time-sensitive nature of mountain rescue missions, we have made it possible to flexibly arrange the interior space of the vehicle, such as an expandable storage function for loading items (Maximum Base*2) and a seat arrangement function for loading a stretcher carrying a rescued person, which garnered the attention of professionals from the police and fire departments. We intend to utilize the outcome of these activities in future development of the RAV4.

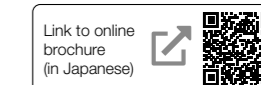


RAV4 5D ADVENTURE 2022 garnering the attention of visitors



Expandable storage function for loading items

*2: A loading function that enables an efficient storage arrangement and quick retrieval of rescue equipment



Link to online brochure (in Japanese)

Engine

Medium-Term Direction of Business

With environmental awareness rising worldwide each year, there is an unprecedented demand for vehicles that are more fuel efficient and emit cleaner exhaust gas. Despite this background, diesel engines, which boast a high level of durability and superb running performance, remain in strong demand to support lives in certain regions and applications.

Under such circumstances, we will continue to uphold our vision to create an engine that benefits people, society and the environment, pursue the development of cleaner engines and deliver them to people who depend on the power of engines in their daily lives.

In fiscal 2022, TMC's diesel engine business was transferred to Toyota Industries. By comprehensively taking charge of the processes from development to production, we intend to accelerate the development of new technologies and products for the era of carbon neutrality and conscientiously respond to a wide variety of customer needs.

Business Overview in Fiscal 2022

Unit sales in fiscal 2022 totaled 804,000 units, an increase of 39,000 units, or 5%, from the previous fiscal year due mainly to a growth in sales of GD diesel engines. As a result, net sales increased by ¥127.7 billion, or 91% year on year, to ¥267.6 billion.

Engines for Automobiles

■ Diesel Engines

There are diverse needs mainly in emerging countries for diesel engines, which have high fuel efficiency and excellent torque at a low speed, as a power unit suited for SUVs and such commercial vehicles as pickup trucks.

Our mainstay products are in-line 4-cylinder GD diesel engines and V-type 6-cylinder F33A diesel engines that we began production in June 2021.

Compliant with fuel efficiency and emissions regulations in various regions and countries, the GD diesel engine has been introduced in more than 150 countries around the world, mainly in Asia and Latin America, and fitted in nine vehicle models, including TMC's Innovative International Multipurpose Vehicle (IMV) series targeting emerging countries and the HiAce.

With a view to the era of carbon neutrality, the F33A diesel engine has been downsized from the previous 8 cylinders to 6 cylinders to reduce mass, while the twin turbo developed in-house realizes high levels of environmental performance, quiet operation and output. As proof of our technological prowess highly recognized by a wide range of people, Toyota Industries received the Technology Development Award at the 72nd Society of Automotive Engineers of Japan Award for the F33A diesel engine. In addition, it has been installed in the new Land Cruiser, which was fully remodeled in 2021. This marked the first time in 14 years that a diesel engine was fitted in the vehicle released for the Japanese market.



Land Cruiser released in August 2021



3.3L V6 twin turbo engine (F33A)

■ Gasoline Engines

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

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

Engines for Industrial Fields

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

*4: Short for gas heat pump; air conditioner driven by a gas engine
*5: Short for combined heat and power; co-generation system



TOPIC

Commissioned by the Ministry of the Environment for Low Carbon Technology Research and Development Program

Toyota Industries and Osaka Gas Co., Ltd. have jointly commenced technological development and feasibility tests of a small engine using ammonia as a fuel, which is a 2021–2022 program commissioned by Japan's Ministry of the Environment, as a carbon neutral engine. Our proprietary reforming technology has made it possible to neutralize the fire retardancy of ammonia and use it as a fuel that does not emit CO₂. Toyota Industries is tasked with designing the engine system and manufacturing the actual product, while Osaka Gas is responsible for improving the thermal efficiency of the engine. Together, the two companies aim to realize the development of the world's first small engine system that can be used with ammonia fuel alone.

Car Air-Conditioning Compressor

Medium-Term Direction of Business

In a future society in which the significant advancement in car electrification and autonomous technology is expected, we aim to leverage our core compression technology and become an innovative component supplier.

We will further enhance our capability to develop products that offer excellent fuel efficiency, quieter operation, easier vehicle mounting, compactness and light weight. In addition, with the aim of satisfying needs of a broader variety of customers, we will utilize our accumulated technologies to expand our development domain into core components for drive systems.

Business Overview in Fiscal 2022

In fiscal 2022, unit sales of car air-conditioning compressors increased 1.24 million units, or 5%, from the previous fiscal year to 28.75 million units due mainly to higher sales in North America. Net sales were up ¥54.5 billion, or 18% year on year, to ¥356.1 billion.

■ Environment Surrounding the Automobile Market

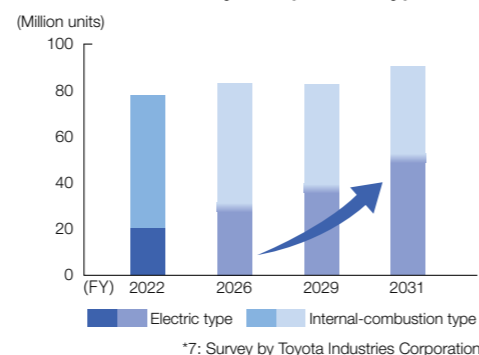
Even though the car air-conditioning compressor market is currently sluggish due to parts supply shortages at automakers, we expect continued growth over the medium term on the back of expanding automobile sales and an increase in the number of vehicles fitted with an air conditioner. As new developments in the automobile market, especially for electrified vehicles, by 2035 all automobiles sold in China must be electrified*⁶ and sales of internal-combustion vehicles, including HEVs and PHEVs, will be banned in Europe. In light of such tightening regulations and expanding needs in various countries and regions, automakers are aggressively releasing new models, and unit sales of electrified vehicles are expected to increase significantly in the future.

*6: Announced by the Chinese Society of Automotive Engineers

Outlook for Electrified Vehicle Market

Demand for electrified vehicles is expanding dramatically due to heightened environmental awareness and more stringent regulations on internal-combustion vehicles around the world. In step with this development, demand for electric compressors is expected to exceed the demand for compressors for internal-combustion vehicles in fiscal 2031.

Demand Forecast by Compressor Type*7



Responding to New Needs for Electrified Vehicles

CSR Material Issue

As needs for electric compressors diversify in step with the growth in electrified vehicles, there have been new challenges for BEVs, in particular, as vehicles. In response to such new, diversifying customer needs, we are rolling out new products by utilizing our product development capabilities cultivated to date.

Electric compressors for BEVs are currently used for cooling the battery during quick charging and heating the vehicle interior (heat pump). As such, we have been not only enhancing the lineup of large-capacity and high-voltage products to accommodate an expansion in applications, but also increasing product competitiveness in terms of reliability and efficiency.

Meeting the Needs for Large Capacity

In order to prevent a deterioration in battery performance and shortened life during high-power operation and quick charging of vehicles, we have newly developed and started production of large-capacity compressors capable of cooling the interior of the vehicle as well as the battery.

Meeting the Needs for Longer Life, Higher Reliability and Greater Efficiency

As it has become necessary to secure a heat source that substitutes for the exhaust heat of the engine, there is a need to operate the compressor even when heating the vehicle interior. We are improving the reliability of electric compressors to accommodate extended operating hours for heat pump air conditioning and a growing range of use.

In addition to enhancing such product appeal, we plan to further strengthen support for automakers and expand sales by making proposals for solving issues concerning the entire vehicle along with taking other initiatives.

Production-Related Strengths Underpinning Quality and Performance

High-precision machining and assembly technologies are essential in realizing high quality and the superior performance of products. Toyota Industries realizes high-speed and high-precision machining by leveraging its know-how accumulated through responding to the stringent demands of automakers worldwide and by developing devices from processing machines to associated cutting tools in-house.

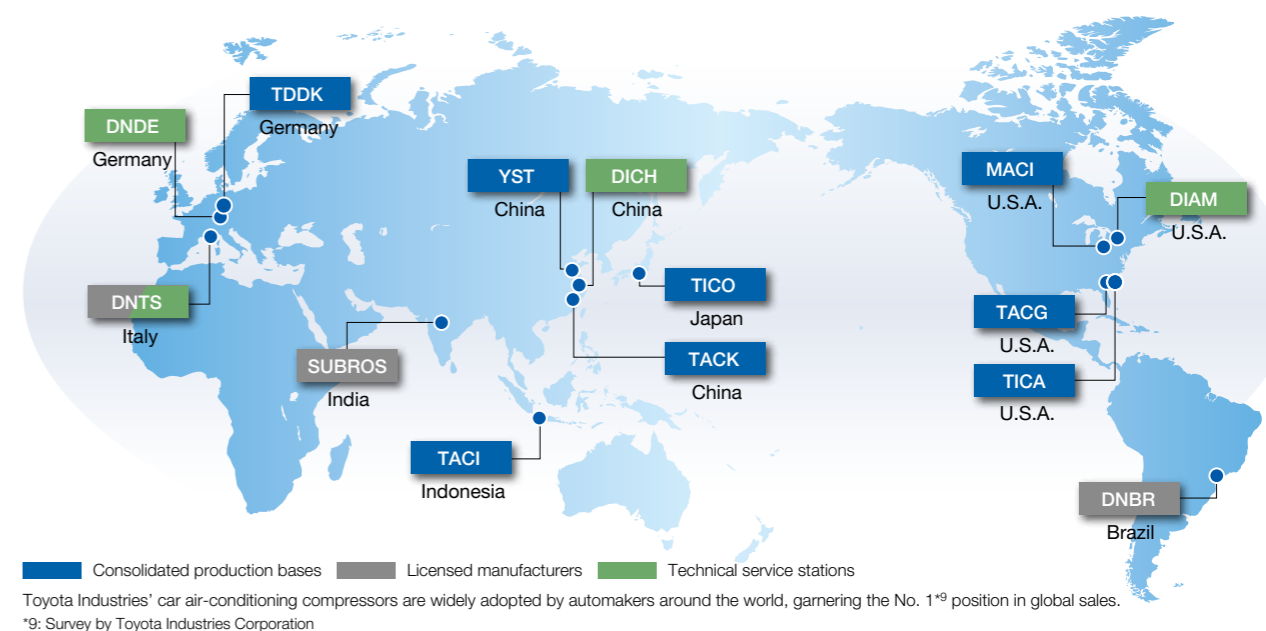
Establishing Stronger Global Production and Supply Structures

In step with the move toward more stringent fuel efficiency regulations and car electrification, the car air-conditioning compressor market is expected to witness fluctuations in demand for compressors both for internal-combustion vehicles and electrified vehicles. In response, we are building a production structure less vulnerable to changes in production volume through such measures as automating our plants to save labor, designing mixed lines that enable the production of a wide variety of products and creating a framework to increase production capacities in a phased manner.

Meanwhile, we expect the rapid spread of electrified vehicles in China driven by the country's new energy vehicles (NEV) regulation*8. Accordingly, we will make sure to capture booming demand by promoting the local production of electric compressors. We have already initiated local production at TD Automotive Compressor Kunshan Co., Ltd. (TACK) in March 2020 and at Yantai Shougang TD Automotive Compressor Co., Ltd. (YST) in June 2021. Currently, we are engaging in production in Japan and China from the viewpoint of production efficiency. Believing that producing and supplying products close to our customers will lead to improving our competitiveness, however, we are considering local production in Europe and the United States depending on future orders.

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

Worldwide Bases of Car Air-Conditioning Compressors (As of March 31, 2022)



Electronic Devices and Other Products

Medium-Term Direction of Business

Car electrification is steadily progressing in keeping with the enforcement of more stringent environmental regulations and growing energy-saving consciousness among customers. The Electronics Division offers not only on-board power source devices, but also charging stands and products to feed electricity externally that are conducive to improving social infrastructure. Moreover, the Battery Division, which was newly established in fiscal 2022, will contribute to the widespread use of electrified vehicles through the development and production of on-board batteries.

Business Overview in Fiscal 2022

In addition to an increase in sales of DC-AC inverters, in particular, full-fledged commencement of production and sales of batteries resulted in an increase in net sales by ¥23.9 billion, or 39%, over the previous fiscal year to ¥85.5 billion.

Contributing to Car Electrification

Toyota Industries develops and manufactures various car electronics products by utilizing power electronics as our core technology and sells these products mainly to TMC and other automakers across the world. As the electrification of automobiles accelerates, we are working to contribute to the widespread use of electrified vehicles by enhancing our product appeal and lineup and establishing a robust production structure.

As products that contribute to the electrification of vehicles, we develop and manufacture on-board power source devices such as DC-DC converters, on-board chargers and DC-AC inverters, as well as charging stands.



DC-DC converter

Textile Machinery

Carrying on the philosophy of founder Sakichi Toyoda, which reflects his strong commitment to manufacturing, Toyota Industries responds to a broad range of needs with its extensive product lineup, from air-jet looms to ring spinning frames and roving frames.



Medium-Term Direction of Business

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

Business Characteristics

Strengths

- Broad product lineup both in the spinning and weaving machinery fields
- Global, well-developed service network
- Ability to develop products that excel in reliability, energy-saving performance and versatility

Opportunities

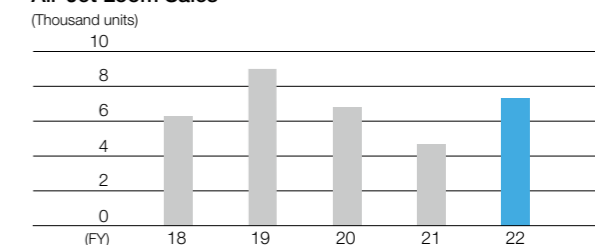
- A rise in textile demand in line with an increase in the world population
- Further increasing applications in industrial textile products
- Increasing needs for high-quality and highly functional yarn and textile products, following the economic growth of emerging countries

Risks

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

Net Sales	Operating Profit
FY2021	FY2021
¥40.8 billion	(¥1.1 billion)
FY2022	FY2022
¥69.2 billion	¥5.5 billion

Air-Jet Loom Sales



Business Overview in Fiscal 2022

The market was strong in Asia, including China, which is our primary market. Unit sales of air-jet looms increased 2,600 units, or 55%, from the previous fiscal year to 7,300 units. In addition, an increase in quality measurement instruments for fiber, yarn and fabric pushed up net sales by ¥28.4 billion, or 69% year on year, to ¥69.2 billion.

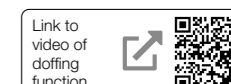
Growing Needs for Air-Jet Looms

Fabrics woven by Toyota Industries' air-jet looms are widely used not only for clothing such as shirts and pants, but also for curtains and other interior items as well as industrial products such as airbags and base fabrics for electronic substrates. Especially in the field of glass fiber fabrics such as electronic substrate material, our air-jet looms are used to weave precision fabrics with a thickness of several microns to a few dozen microns in order to achieve both miniaturization and thinning of smartphones and superb functionality. Recently, the loom has been highly acclaimed as a machine capable of stably producing high-quality fabrics in cutting-edge fields that require even higher precision and quality, such as servers for 5G communication.

Complete Renewal of Simultaneous Doffer for Roving Frames

Even in emerging countries where the spinning industry is thriving, rising labor costs have raised the need for labor savings. In response, Toyota Industries has completely renewed the roving frame by incorporating the simultaneous doffer that automatically replaces full bobbins with empty bobbins ("doffing") into the main body of the roving frame. The built-in doffing system has simplified the operation, with added benefits of about 40% shorter doffing time and roughly 37% smaller machine base area for space savings.

We will continue to work on the development of products that reflects the needs of the spinning industry requiring labor savings and higher efficiency.



A DC-DC converter converts the high voltage of on-board batteries into a lower voltage level to supply power to standard electrical devices such as lights and wipers. Our DC-DC converters are fitted in the Prius, Aqua and other major electrified vehicles. By utilizing such technologies as the world's first thick copper substrate, we have reduced the product size and weight.

An on-board charger converts AC voltage from the power grid into DC voltage in vehicles and is necessary for charging PHEVs and BEVs, for which the market is expected to expand in the future. We offer chargers compatible with a wide range of voltages to enable their use in various parts of the world.

Amid expectations for more diverse on-board power source devices with higher performance (higher efficiency as well as size and weight reduction), we will pursue even higher environmental performance and expand the scope of our development efforts to power source system products.



On-board charger

Helping to Increase the Competitiveness of Our Electrified Products

We will leverage our technology and know-how cultivated in the development of vehicle power source devices to engage in the development of electronic components in other businesses as well, such as materials handling equipment and textile machinery, and to increase the appeal of our products. Through these efforts, we intend to spur greater synergistic effects among our businesses in moving ahead with electrification.

Use of an Electrified Vehicle as a Power Source during a Disaster CSR Material Issue

In recent years, there has been a growing public attention to the use of high-capacity batteries of electrified vehicles as a power source.

The 1.5-kW type DC-AC inverter, in particular, can operate appliances that require more power, such as rice cookers and hot plates, and has drawn much attention as an emergency power source in a disaster in addition to camping, outdoor events and other applications.

In September 2021, we conducted a demonstration test for workcation*10 and in-vehicle telework in an emergency situation to see whether further utilization of the power source function of the 1.5-kW type DC-AC inverter was feasible. Throughout the day, we used PCs and home appliances with the power sourced from the vehicle alone and checked the operating status of the vehicle and DC-AC inverter, including the amount of power used and the frequency of engine operation. Toyota Industries will independently conduct these tests to gauge the usability and psychological stress from the standpoint of the user and promote product development that will lead to the more widespread use of electrified vehicles.



Workcation

*10: A coined word that combines "work" and "vacation," workcation is a way of spending vacation while working at a resort or travel destination.

Developing Batteries Conducive to the Spread of Electrified Vehicles CSR Material Issue

Toyota Industries has newly established the Battery Division and commenced production of bipolar nickel-hydrogen batteries for TMC's new Aqua at our Kyowa Plant. We have commercialized the battery by establishing a proprietary development method based on our technological strengths cultivated to date, including battery material synthesis technology, simulation technology for examining materials and structures and analysis technology. Looking ahead, we plan to expand the battery lineup to accommodate more vehicle models. To this end, the new Ishihama Plant is being constructed in Higashiura-cho in Chita-gun, Aichi Prefecture, and a new production line is slated to become operational in fiscal 2023. While promoting various initiatives toward carbon neutrality, we intend to contribute to the more widespread popularity of TMC's electrified vehicles by developing and supplying batteries that provide new value to electrified vehicles.



Bipolar nickel-hydrogen battery

Environmental Initiatives

Promoting Environmental Management

We have been undertaking activities globally in accordance with the Seventh Environmental Action Plan.

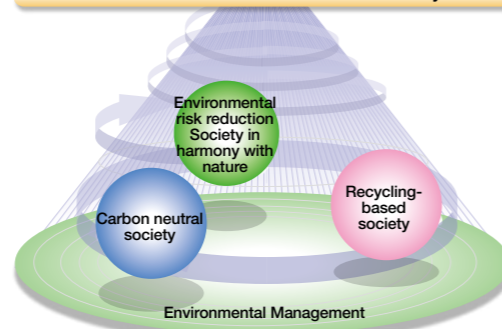
Global Environmental Commitment (Environmental Policies)

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

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



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



Notional Diagram of Global Environmental Commitment

Environmental Vision 2050 and Environmental Action Plans

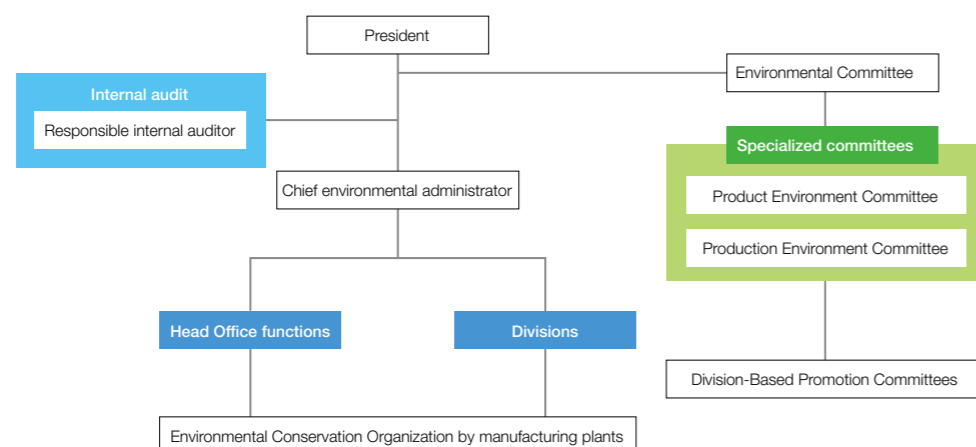
We have defined our Environmental Vision 2050 in relation to the four action themes specified in the Global Environmental Commitment, which represents our basic approach to environmental activities. As milestones toward achieving this vision, we formulate five-year environmental action plans, and the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

Environmental Vision 2050

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

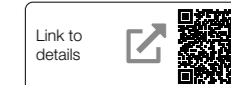
Environmental Management Structure

Previously, we had operated an environmental management system (EMS) independently at each plant. While continuing to utilize these systems, in fiscal 2008 we set up a Company-wide integrated EMS with the president at the top to further promote environmental management and quickly reflect top management's decisions on business operations. On the basis of this environmental management structure, which is aligned with our business management structure, we have been reinforcing our environmental governance and promoting a further reduction of environmental impact resulting from product development and production activities.



Environmental Impacts of Business Activities

With a view to promoting activities efficiently toward the reduction of environmental impact, Toyota Industries strives to identify an accurate overall picture of resource and energy consumption and associated environmental impact throughout the product lifecycle, from planning, development and design to disposal. In the environmental impact flow, inputs include electricity and other forms of energy, water, paper used in the office, raw materials for products and various chemical substances used in manufacturing processes as well as fuel for transportation vehicles used in the logistics stage. They affect the environment by depleting natural resources. Outputs, including wastewater, exhaust and waste generated in manufacturing processes and CO₂ emissions from the use of energy and fuel, affect the environment in various ways. In order to reduce these environmental impacts, we have been promoting environmental activities by setting clear targets while implementing thorough management in our day-to-day operations. Please visit Toyota Industries' website for environmental performance data.



	Development and design	Production	Distribution	Use	Disposal
Input	<ul style="list-style-type: none"> Electric power Paper 	<ul style="list-style-type: none"> Electric power Fuel Water Raw materials Chemical substances 	<ul style="list-style-type: none"> Fuel Packaging materials 	<ul style="list-style-type: none"> Electric power Fuel 	<ul style="list-style-type: none"> Waste products
Output	<ul style="list-style-type: none"> Waste 	<ul style="list-style-type: none"> Wastewater Exhaust gas Waste Noise and vibration 	<ul style="list-style-type: none"> Exhaust gas 	<ul style="list-style-type: none"> Exhaust gas 	<ul style="list-style-type: none"> Waste of reusable resources Waste
Main environmental impacts	<ul style="list-style-type: none"> Depletion of resources Global warming Air pollution 	<ul style="list-style-type: none"> Depletion of resources Global warming Air pollution Water pollution Waste Noise and vibration Foul odors 	<ul style="list-style-type: none"> Depletion of resources Global warming Air pollution Noise 	<ul style="list-style-type: none"> Depletion of resources Global warming Air pollution Noise 	<ul style="list-style-type: none"> Depletion of resources Waste
Action topics	<ul style="list-style-type: none"> Promotion of energy-saving design Environment-friendly design 	<ul style="list-style-type: none"> Promotion of energy-saving initiatives Reduced use of chemical substances Reduced waste and reuse of resources Reduced use and reuse of water Use of renewable energy 	<ul style="list-style-type: none"> Distribution rationalization 	<ul style="list-style-type: none"> Delivery of environment-friendly products Improved recyclability Improved fuel consumption Reduced content of hazardous substances Reduced exhaust gas 	

Seventh Environmental Action Plan

Toward the realization of our Environmental Vision 2050, we have formulated another five-year plan, the Seventh Environmental Action Plan, for the period from fiscal 2022 to fiscal 2026, and have been promoting activities accordingly.

The seventh plan has defined action policies, specific actions and targets for each of the four action themes specified in the Global Environmental Commitment, namely establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management. In fiscal 2022, we showed steady progress across the board toward achieving respective targets for fiscal 2026. Please visit Toyota Industries' website for details of its Seventh Environmental Action Plan.



■ Environmental Audits

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

In fiscal 2022, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details throughout our plants. Meanwhile, 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.

■ Acquisition of ISO Certification

In order to facilitate environmental initiatives in a more efficient and organized manner, Toyota Industries has acquired ISO 14001 certification, the international standard for environmental management systems. Please visit our website for Toyota Industries bases that have obtained the certification.



■ Environmental Education

Toyota Industries has clarified the environment-related knowledge and skills required for each job category and position and accordingly built environmental education programs. These include grade-based education, introductory courses for environmental management and environmental audits as well as education on environmentally friendly products. In addition to these programs, we have been working to raise employees' environmental awareness through such efforts as featuring environment-related articles in our internal newsletters and posting environmental wall newspapers in-house, which convey environment-related information in people's daily lives.



Environment-related article included in the internal newsletter

■ 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 volume, water withdrawal and wastewater discharge.

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



■ 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 2022, there were two cases of violation of air pollution-related laws at our consolidated subsidiaries outside Japan. We have carried out appropriate action to counter each as per the instructions of the authorities and thoroughly implemented measures to prevent recurrence.

■ 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. As a measure to prevent pollution from substances covered by the Soil Contamination Countermeasures Law as well as from grease and oils, we conduct periodic checks on groundwater. We regularly report the survey results to local government authorities and provide information at local community meetings.

■ Conducting Environmental Risk Assessment at Production Bases Outside Japan

In recent years, certain regions that host some of our production subsidiaries have been making frequent revisions to their environmental laws such as 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.

To ensure compliance with local environmental laws, in fiscal 2022 we conducted environmental risk assessment on our production subsidiaries outside Japan in two steps. Firstly, we evaluated the legal and other local characteristics of each region and the business characteristics specific to each subsidiary, such as its facilities and responsible manufacturing processes, and identified bases having many potential risks. Then, we surveyed these bases for their risk perception and risk management structure to assess the probability of risk occurrence. As a result of the assessment, we confirmed that no base requires immediate action in this regard.

While continuing to perform risk assessment on a periodic basis, we will provide support to bases as necessary and reinforce risk reduction activities throughout the Toyota Industries Group.

■ Environmental Evaluations by a Third Party

Receiving a Leadership Level of A- in CDP* Surveys

Toyota Industries received a leadership level of A- in surveys conducted by CDP on climate change and water security. The evaluation is given to companies making outstanding efforts to reduce greenhouse gas emissions, mitigate climate change, conserve water resources and disclose relevant information.

* 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

Winning the Energy Conservation Center, Japan Chairman's Award

A project of the Anjo Plant in Aichi Prefecture to create an energy-saving production line by developing a product and its manufacturing processes in a synchronized manner won the Energy Conservation Center, Japan (ECCJ) Chairman's Award at the 2021 Energy Conservation Grand Prize (Best Practice Category) sponsored by ECCJ.

This award program recognizes outstanding energy-saving products and energy-saving efforts of business operators or business sites. In developing a boost converter for plug-in hybrid electric vehicles, the project team designed manufacturing processes concurrently in the product design stage, and by doing so, drastically reduced the number of heating processes consuming a large quantity of energy. The team also adopted a highly efficient heating method as a thorough effort to save energy. The project was regarded highly for its success in achieving a 72% reduction in CO₂ emissions from the product's manufacturing processes (compared with the initial plan).



Member of the Electronics Division who promoted the project

TOPIC

TACI Opening the Eco Education Centre

P.T. TD Automotive Compressor Indonesia (TACI), a production subsidiary in Indonesia, opened the Eco Education Centre in Karangraharja Village located about 15 km from its base. In addition to serving as a venue to provide environment-related education to local residents, it plays a central role in the community's environmental activities, serving as a center for reforestation, medical plants for home use and fish farming as well as installing composters to turn household food waste into compost.

The center is also working to promote environmental protection activities that can be done at home. As one such activity, the center teaches residents how to make an "eco enzyme." It is a natural enzyme solution produced through alcoholic fermentation of kitchen waste, such as vegetable and fruit scraps and used tea leaves, with the addition of carbohydrates. By work of microorganisms and enzymes, the resulting liquid is said to have purification and deodorizing effects.



Eco Education Centre (top) and its opening ceremony (bottom)

Contributing to a Carbon Neutral Society

With regard to contributing to the prevention of global warming as one of our top-priority issues, we strive to reduce CO₂ emissions from product use and the amount of energy consumed in all activities of our business sites. Through these initiatives, we are striving to minimize CO₂ emissions throughout our supply chain.

Our Approach CSR Material Issue

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.

Meanwhile, we have set a goal of establishing a zero CO₂ emissions society on a global basis in our Environmental Vision 2050 and have been making efforts in various fields. In terms of product development, our activities are geared toward enhancing the environmental performance of our products in each of our businesses. These initiatives include electrifying car air-conditioning compressors and other products as well as increasing engines’ fuel efficiency. In production activities, promoting thorough energy savings and utilizing renewable energy and hydrogen are the two pillars of our activities. As specific efforts, we will adopt solar and other renewable energy sources and effectively utilize clean energy, such as hydrogen, while thoroughly eliminating wasteful use of energy in production processes and increasing the efficient use of energy.

[Responding to Risks and Opportunities Resulting from Climate Change]

We conducted scenario analysis with the aim of enhancing our information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1.

*1: A task force established by the Financial Stability Board (FSB) in 2015 at the request of the G20 to explore how companies should disclose climate-related information and how financial institutions should respond to climate change.

Supporting the TCFD Recommendations and Disclosing Information Based on the Recommendations

In December 2019, Toyota Industries declared support for the TCFD and its recommendations. Recognizing that climate change-related risks and opportunities represent an important management issue, we have been undertaking activities as one of our CSR material issues. In November 2021, we conducted scenario analysis and disclosed information on “governance,” “strategy,” “risk management” and “metrics and targets,” as recommended by the TCFD.

Governance

We discuss important matters related to our response to climate change at committees placed under the Board of Directors. Specifically, we have the Management Committee that discusses Toyota Industries’ management vision, which also covers climate change, and medium-term business strategies; the CSR Committee that deliberates on specific matters; and the Environmental Committee. The latter two committees, both chaired by the president, discuss and follow up on matters that are important in promoting environmental management. For CO₂ emissions and other key management metrics in relation to climate change, they discuss topics concerning the development of medium- to long-term targets, management of their progress and investment for energy-saving purposes.

Strategy

In order to identify how risks and opportunities resulting from climate change affect Toyota Industries, we conducted scenario analysis*2 in our mainstay materials handling equipment-related businesses, using a below 2°C scenario with exposure to transition risks and a 4°C scenario with exposure to physical risks. As for time frames of these scenarios, we selected 2030 and 2050 as milestones, which represent the final year of our current medium-term management plan and long-term environmental vision, respectively.

In the scenario analysis, we identified risks and opportunities having significant impact on the aforementioned businesses, adopted them as targets of our efforts to tackle CSR material issues and incorporated them into our business strategies. These include a risk of lower sales resulting from tighter regulations implemented to curb climate change and an opportunity for increased sales due to a rise in demand for products with excellent environmental performance.

*2: Conducted by using as a reference the Representative Concentration Pathway (RCP) scenarios (RCP2.6 and 8.5) included in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC); and the Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS) modeled in the International Energy Agency’s World Energy Outlook

State of Society Facing Toyota Industries in Each Scenario

	Below 2°C scenario	4°C scenario
Market	<ul style="list-style-type: none"> Increases in logistics and transportation volumes; decentralization of logistics sites Expansion of the markets for automated storage and retrieval systems, automated guided vehicles (AGVs) and autonomous mobile robots (AMRs) Rise in demand for electric and fuel cell lift trucks 	Slower impact than the state of society under the below 2°C scenario
Policies and regulations	<ul style="list-style-type: none"> Increases in operating and procurement costs due to introduction of carbon tax New regulations for curbing global warming Tightening of the existing regulations 	
Reputation	<ul style="list-style-type: none"> Stronger request for disclosure of climate change-related information Increase in ESG investing 	
Natural environment	Slower impact than the state of society under the 4°C scenario	<ul style="list-style-type: none"> Continued rise in temperatures More frequent flooding Sea level rise

Risk Management

We have clearly defined our response to climate change-related risks as one of our CSR material issues, namely “Prevention of global warming,” and have been managing these risks under the Company-wide risk management framework. The progress is being monitored on a periodic basis by the CSR Committee and Environmental Committee, both led by the president.

Metrics and Targets

For mitigating climate change risks and expanding associated opportunities, Toyota Industries has been promoting activities concerning its CSR material issues by defining action targets, specific actions and medium- to long-term targets in terms of products and production.

Financial Impact Assessment through Scenario Analysis

		Climate-related risks and opportunities and anticipated impacts	
Risks	Transition risks (Below 2°C)	Policy and legal risks	<ul style="list-style-type: none"> Increase in operating costs due to introduction of carbon tax Increase in procurement costs for materials and parts due to price shift of carbon tax
		Market risk	<ul style="list-style-type: none"> 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
		Reputational risk	<ul style="list-style-type: none"> Decline in stock price in case investors deemed our climate-related disclosure reluctant
	Physical risks (4°C)	<ul style="list-style-type: none"> 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.) 	
Opportunities		<ul style="list-style-type: none"> Sales increase due to growing demand for products with superior environmental performance (electrification, hydrogen fuel and biofuel vehicles, etc.) 	
		<ul style="list-style-type: none"> Sales increase accompanying an increased number of small distribution warehouses due to decentralization of distribution bases to build a disaster-resilient distribution system 	
		<ul style="list-style-type: none"> Sales increase of automation products thanks to unmanned distribution warehouses to reduce CO₂ emissions from lighting and air conditioning 	

Response to Risks and Opportunities

	Response to risks and opportunities	Metrics	Targets (FY2031)
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 (from fiscal 2014 level)	-50%
Product decarbonization	<ul style="list-style-type: none"> Develop new technologies and products that help resolve 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 automated products (growth rate)	100%
Information disclosure	<ul style="list-style-type: none"> Enhance information disclosure and strengthen communication Global standard GHG calculations Obtain third-party certification 	—	

CSR Material Issue

[Efforts in Business Activities]

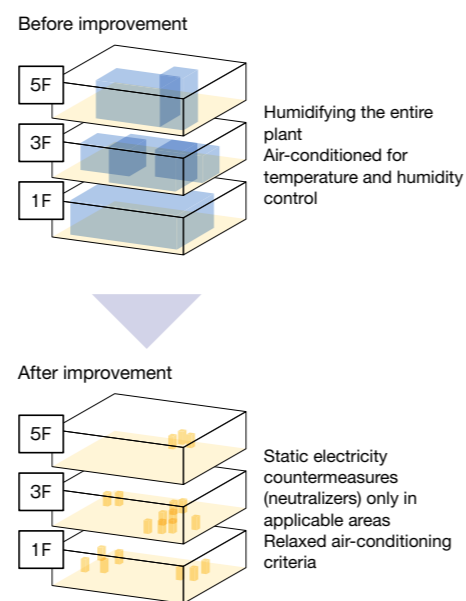
We have been working to reduce CO₂ emissions on a global scale by steadily conducting energy-saving activities and proactively introducing renewable energy and leading-edge decarbonization technologies.

■ Case Example: Neutralizing Static Electricity Only in Applicable Areas and Successfully Relaxing In-Plant Air-Conditioning Criteria

The Anjo Plant, one of our production bases in Aichi Prefecture, develops and manufactures electronic devices and charging equipment for electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). As a measure to counter the risk of static electricity damaging electronic devices, the entire plant is air-conditioned throughout the year. Especially during winter when humidity drops, the plant requires a large quantity of steam for humidification, which pushes up its energy consumption.

In devising a response, the plant took note of the fact that the number of processes requiring the removal of static electricity is limited. Thinking this might lead to reducing the need for factory-wide humidity control and consequently curbing energy consumption, the plant started implementing a countermeasure.

Specifically, the Anjo Plant installed static electricity neutralizers in areas that handle electronic devices and require static electricity countermeasures. The neutralizers were installed in actual production areas after checking the amount of static electricity and its effect on product quality for each device. The measure has successfully eliminated the use of steam for humidification during winter. In addition, the plant has relaxed its air-conditioning criteria and expanded the non-air-conditioned area on holidays. As a result, the plant has reduced its annual CO₂ emissions from air conditioning by about 316 tons.



Left: **Toshiharu Shirai**
Production Engineering Development Group, Production Engineering Development Office, Production Engineering Dept., Electronics Div.
As of March 31, 2022

Right: **Takashi Suzuki**
Team Leader, Power Section No. 4, Plant Engineering Dept., Production Headquarters

Through a collaborative effort with Power Section No. 4, Plant Engineering Department, the Anjo Plant determined the appropriate air-conditioning settings and was able to reduce the amount of energy used for full-year air conditioning. In the future, we will continue to work for further improvement to achieve carbon neutrality of the plant.

■ Promoting the Introduction of Renewable Energy in the Toyota Industries Group

Toyota Industries has been introducing renewable energy Group-wide, while giving consideration to the characteristics of the countries and regions where our bases are located.

For example, the Takahama Plant, a production base of materials handling equipment in Aichi Prefecture, started using renewable energy for a portion of electricity used for production in January 2022. Overseas, Toyota Material Handling Europe AB (TMHE), a consolidated subsidiary overseeing the materials handling equipment business in Europe, achieved 100% renewable energy at all of its bases in Europe in April 2021. TMHE is still continuing its efforts to introduce renewable energy

and has recently switched from gas to electricity. As another example, TD Deutsche Klimakompressor GmbH (TDDK), a subsidiary manufacturing car air-conditioning compressors in Germany, fully switched to renewable energy for electricity used in production in fiscal 2022. In this way, each base of Toyota Industries has been pushing ahead with the introduction of renewable energy in a strategic manner.

■ Case Example: Utilization of Renewable Energy—Launching a Verification Test for Expanding the Use of Renewable Thermal Energy*1

The Obu Plant, a compressor part production base in Aichi Prefecture, is facilitating various CO₂ emissions reduction measures to achieve zero CO₂ emissions by 2050.

Air conditioners account for about 14% of the plant's entire energy consumption. The amount of energy used by the air conditioners is expected to increase further in the future, as they are needed to improve the workplace environment, especially to counter heat. Along with its conventional energy-saving activities, the plant has been active in reducing energy consumption through the use of renewable energy.

As one such initiative, the Obu Plant introduced an air-conditioning system using renewable thermal energy and initiated a verification test*2. The system has been developed by Kajima Corporation and Zeneral Heatpump Industry Co., Ltd. under the project "Research and Development for Total Cost Reduction of Heat Utilization as Renewable Energy" of the New Energy and Industrial Technology Development Organization (NEDO). The renewable thermal energy obtained through the system is used for air conditioning and supplying hot water for the plant cafeteria. The plant will use the system to cover about 30% of the air-conditioning capability for the entire cafeteria, and after the launch of the system's full-scale operation, plans to reduce its annual CO₂ emissions by about 7 tons.

Currently, renewable thermal energy is not used widely despite its abundance because it entails considerable costs for equipment installation. In this verification test, we have set up a structure under which the developers, user and the local government work together toward reducing costs and accelerating widespread acceptance. As the user of the system, Toyota Industries will identify issues in system operation and make proposals for cost reductions while collaborating with the local government to help spread the use of renewable thermal energy in the local community.

Through the participation in the verification test, we intend to accumulate know-how on the use of renewable thermal energy, such as geothermal and solar heat, and leverage it in reinforcing our CO₂ reduction efforts.

*1: Using renewable thermal energy from the ground, sun and air for heating/cooling and supplying hot water
*2: The system's first verification test being conducted under a usage environment in an actual building



System using renewable thermal energy



Reporting the launch of the verification test to the parties concerned



Atsushi Takemoto
Facilities Group, Facilities Office, General Administration Dept., Corporate Headquarters
As of March 31, 2022

We faced many difficulties as it was the system's first verification test in a usage environment in an actual building. But thanks to the cooperation of the parties concerned, the system was successfully installed as planned. For Toyota Industries, the reduction of energy used for air conditioning has been a major challenge. Based on the knowledge gained through the test, we will expand the use of renewable energy for further reduction of CO₂ emissions.

Establishing a Recycling-Based Society

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

Water Resources: Our Approach CSR Material Issue

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

Accordingly, we have set a goal of minimizing the environmental impact on water resources and have been monitoring water input and output in each country and region and promoting the recycling of water and reduction of water withdrawal.

Conducting Water Risk Assessment

Toyota Industries assesses risks related to water resources ("water risks") at each production base. The process involves geographical assessment using the WWF Water Risk Filter, an internationally used water risk assessment tool. We then assess potential water risks in each country and region using various information, including laws and regulations applicable to each base and production processes undertaken. For bases judged having high water risks, we further conduct a comprehensive water risk assessment. The assessment results for fiscal 2022 revealed no high risks for any of our bases.

Bases located in India and other regions where water resources are relatively scarce have been taking various measures such as recycling wastewater and using rainwater. In accordance with the water situation in respective countries and regions, we have been proactively engaging in water conservation activities to reduce water withdrawal and wastewater discharge.

Waste: Our Approach CSR Material Issue

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

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

Case Example: Initiative to Reduce Waste by Recycling Waste from On-Board Battery Production Processes

The Kyowa Plant, an on-board battery production base in Aichi Prefecture, has been promoting initiatives to recycle waste.

At the plant, wastewater from production processes of on-board batteries contains many suspended substances, which are flocculated and precipitated in a specialized wastewater treatment facility. The resulting sludge is then dewatered to reduce its volume. As an in-house survey revealed that the dewatered sludge contains much nickel, the plant started examining the possibility of recycling the rare metal. After checking the nickel content in the dewatered sludge and discussing the matter with a recycling operator, it was determined that the sludge satisfies the recyclable content rate for nickel, and the recycling of the dewatered sludge, which had been discarded, has become possible.

In addition to the dewatered sludge, the production processes also discharge industrial waste consisting of various types of plastics, such as plastic chips and residues of materials used in products. The plant noticed that some of these plastics are of high quality and suited for recycling, and after a review, found that plastics discharged from each process could be sorted by material. The plant now sorts its waste containing various plastics, which had been discarded collectively, and has a recycling operator to recover some of the plastics for recycling.



Members conducting a survey on the dewatered sludge

Toyota Industries will continue ongoing efforts to reduce waste generation at the source. Moreover, as highlighted in this initiative, we will also continue to explore possible ways to circulate resources while looking at the current state of waste from a new perspective.



Kensuke Hasegawa

Power Section No. 3, Plant
Engineering Dept., Production
Headquarters

As of March 31, 2022

This initiative was made possible through collaboration with the environmental management departments within the Head Office. From the standpoint of recycling waste, we will continue to fulfill our duties every day so that we can contribute to the realization of our Environmental Vision 2050.

Reducing Environmental Risk and Establishing a Society in Harmony with Nature

We endeavor to conserve biodiversity and use natural resources in a sustainable manner through our business activities and seek to achieve harmony between these activities and biodiversity. At the same time, we aim to minimize environmental risk by working not to generate substances of concern because of our business activities.

Substances of Concern: Our Approach

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

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

Initiative to Reduce VOC Emissions in China

Under the Seventh Environmental Action Plan, we have been working to minimize the use and emissions of VOC and other substances of concern. To reduce VOC emissions, Toyota Industry (Kunshan) Co., Ltd. (TIK), a production subsidiary in China, has developed new paint jointly with a local paint manufacturer and adopted it in the entire painting process^{*1} of lift trucks. The introduction of the paint to the entire process was the first case^{*2} in China, and the company has successfully reduced its VOC emissions by 31% from the previous level.

*1: Includes underpainting, overpainting and corrective painting

*2: As of February 2022; Survey by Toyota Industries Corporation



TIK Production Engineering Department paint team members tasked with paint development

Conservation of Biodiversity: Our Approach CSR Material Issue

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

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

Activities at Toyota Industries' Biotope

Supporting "Love!GreenDay2021"

In 2021, we offered our biotope developed in Aichi Prefecture in 2012 for the "Love!GreenDay2021," an event to open corporate green zones to the public. The event is hosted by the NPO Japan Ecologist Association of Support as a project of our collaboration partner, the Chita Peninsula Ecological Network Council. Toyota Industries participated in the event for the ninth time since it was first held in 2012.

On the day of the event, 19 local children and their families visited our biotope. The children joyfully exclaimed that they found many living organisms, including dragonfly larvae. Their parents provided various comments, some stating that they now understand a biotope serves as a stepping stone connecting habitats of living organisms.



Commemorative photo of the participants

Conducting Surveys of Living Organisms Jointly with Students

On the site of our biotope, we have been conducting surveys of living organisms since fiscal 2018 jointly with students under the Project Linking Life with One Another*1. In fiscal 2022, due in part to the ongoing COVID-19 pandemic, we conducted a total of three surveys in spring, summer and fall by coordinating the timing and limiting the number of participants. Even though the biotope is located in an urban area, we observed lesser emperor dragonflies, white-eye birds and other living organisms during the fiscal 2022 surveys. The biotope is thus contributing to the conservation of the local ecosystem as a water place that connects habitats of various living organisms.

We will conduct the survey on a continuous basis, and based on the survey results, update our biotope by examining measures jointly with the students to make it habitable for many more living organisms.

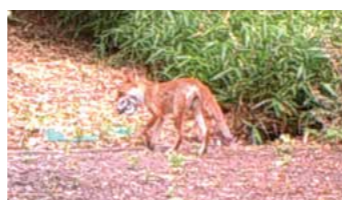


Students conducting activities under the Project Linking Life with One Another

*1: A project jointly carried out by Aichi Prefecture, NPOs, companies and students with the aim of forming ecological networks by leveraging corporate green zones of the Chita Peninsula as well as developing young environmental leaders

Creating an Animal Path to Improve Natural Habitats of Living Organisms

Recently, we have found that foxes are living in the wooded area surrounding the Higashiura Plant, a compressor parts production base in Aichi Prefecture. But because there is not a large enough habitat, some were fatally involved in traffic accidents on the neighboring roads. To provide a safe passage between these wooded areas, in March 2018 Toyota Industries created an animal path within the plant premises. Later, we installed sensor-equipped cameras to check the inhabiting status of foxes on an ongoing basis and spotted a fox on the animal path for the first time in October 2018. Since then, we have caught sight of foxes carrying prey and confirmed that the path has become part of their habitat. We will continue to monitor the inhabiting environment and implement additional measures as necessary to create a better environment.



Fox carrying prey

Creation of "Birdpia" by the Higashichita Plant: Joint Initiative of Toyota Group Companies to Protect Endangered Bird Species

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. To date, a small pond of about 100 m² has been created to provide a "birdpia," 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. The plant has also been facilitating an understanding of the conservation of biodiversity internally, and its employees have joined activities to maintain the birdpia, such as removing tall goldenrod and other non-native weeds.

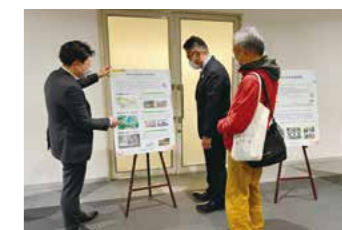
During the bird monitoring surveys conducted so far, the plant has confirmed that the birdpia has been visited by about 50 species of birds, including eastern marsh harrier designated as a threatened species. Sensor-equipped cameras installed near the pond have caught other birds, such as intermediate egrets and goshawks, both a near threatened species, drinking water from the pond and taking bath in it. In addition to birds, the pond has been used as a water space by mammals, such as Japanese racoons and foxes, as many paw marks of these animals have been found around the pond.



Photos of endangered bird species taken in the birdpia while under construction

Participating in the Multi Stakeholder Forum on Biodiversity and SDGs in Aichi

We collaborate in an initiative of the Aichi prefectural government to promote the development of ecological networks within the prefecture for the realization of biodiversity-conscious local communities. In March 2022, we participated in the prefecture's Multi Stakeholder Forum on Biodiversity and SDGs in Aichi through a poster exhibition. The exhibition presented our activities to establish a link with the local natural environment, which have been jointly conducted with diverse organizations, including the local government, companies and NPOs. Also in keeping with the United Nations' Sustainable Development Goals (SDGs), we will continue to promote the conservation of biodiversity, which forms the basis of our economy and society, through joint efforts and opinion exchange with diverse generations. By doing so, we will carry out activities that will lead to the establishment of a sustainable society.



Poster exhibition at the forum

TOPIC

"Urara" Joining the Team of Toyota Industries' Mascot Characters

To deepen employees' interest in biodiversity, we held an internal event to name a new mascot character based on a fox using our animal path. Among more than 700 entries, the name "Urara" was selected through the employee voting. The three employees who became "godparents" of the character showed an understanding of the purpose of creating the animal path and commented: "The name is easy to remember even for small children," "Hopefully, it will be a beloved character rooted in the local community for many years to come" and "I'm grateful for getting involved in an environmental activity."

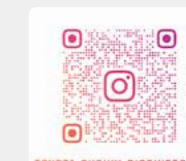


"Urara," a new mascot character

TOPIC

Creating Toyota Industries' Instagram Account on Biodiversity

In December 2021, we created an Instagram account, "Tsu Na Gu ('Link')," to present Toyota Industries' activities to conserve biodiversity. Under the motto "Linking nature, linking people and linking to the future," we provide an overview of our conservation activities and videos of living organisms caught by cameras installed at fixed points within areas where we work to protect biodiversity. We also post snapshots of green zone observation events that invite local children.



A post on "Tsu Na Gu"

Relationship with Our Customers

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

Basic Perspective on Quality

Quality Vision

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

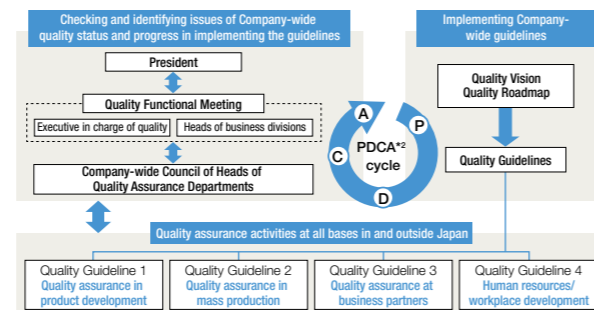
Carrying on the spirit of founder Sakichi Toyoda that "A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results," Toyota Industries strongly believes that quality is the lifeblood of a company. Under this belief,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

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

Types of Quality Sought by Toyota Industries



Quality Assurance Activities Based on the Quality Guidelines



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

Quality Guidelines and Quality Assurance Structure

To achieve the goal of the Quality Vision, we issue the Quality Guidelines, which identify priority quality-related issues to be implemented in each fiscal year, to all production bases in and outside Japan and engage in quality assurance activities accordingly. The implementation status of these guidelines is reviewed by top management at the Quality Functional Meeting chaired by an executive in charge of quality*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, 2022

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 the head of a responsible business division examines and approves whether the product has reached the target quality level.

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

CSR Material Issue > ISO 9001 certification: Acquired by 33 out of the 40 production subsidiaries in and outside Japan, including Toyota Industries Corporation (as of July 2021)

Risk Assessment for Product Safety

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

We are also providing Company-wide specialized risk assessment education to promote the development of human resources who can assess two factors integral to risk assessment, namely, the likelihood of an occurrence of a hazard and severity of damage caused by it.

CSR Material Issue > Rate of performing risk assessment on applicable products (non-consolidated): 100%

Major Initiatives

Preventing Occurrence and Recurrence of Defects

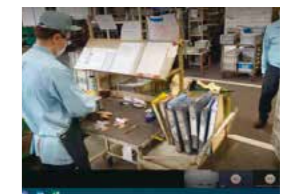
If a defect is found in a product after its launch, the Quality Assurance Department of the responsible business division takes the lead in making a swift response to eliminate the concerns of customers quickly and implementing measures to ensure non-recurrence of the same defect. In particular, a defect causing considerable inconvenience to customers is recorded as a critical quality issue and reported to the president. At the same time, we have in place a system to follow through on customer response as well as measures to prevent recurrence. Accordingly, we examine and identify the cause by going back to its development process. We implement countermeasures both from the process and technological aspects and revise our new product development process as necessary. Through these measures, we strive to thoroughly avoid the recurrence of the defect in subsequent models. Additionally, we make efforts to prevent the occurrence of defects in all products we develop and manufacture in the future by taking measures throughout Toyota Industries.

Providing Support to Business Partners

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

Quality Audit

In each annual quality audit, we conduct *genchi genbutsu* (go and see for yourself) inspections to confirm each business partner's quality control status, provide support and quality education for items that should be reinforced and cultivate a deeper understanding of *kaizen* (improvement). In fiscal 2022, we continued to undertake audit activities in a hybrid manner, utilizing both the conventional *genchi genbutsu* inspections and remote inspections via a mobile camera.



Quality audit conducted remotely

Nurturing and Certifying Internal Auditors at Business Partners

To foster voluntary quality improvement efforts of business partners, we are maintaining and promoting activities for business partners satisfying our criteria to nurture and certify their own internal auditors and autonomously improve their quality assurance systems. These activities enable our business partners to attain the level of quality assurance required and establish a culture to foster quality assurance on their own.

Promoting Human Resources and Workplace Development

Toyota Industries provides systematic quality education to all employees to help them acquire quality assurance skills needed in actual operations. We have been developing human resources who think, learn and act on their own.

QC Circle Activities

We encourage all employees to participate in quality control (QC) circle activities. We have garnered many awards, as we presented the results of our activities at QC circle conventions across Japan. For example, in fiscal 2022 we received an encouragement award under the QC Circle Kaoru Ishikawa Award program for the first time in two years (for the eighth time in total). The award is given to QC circles for their distinctive activities and contribution to widespread, more active and better QC circle activities.

Our production bases outside Japan are also proactive in promoting QC circle activities. We assist them in undertaking independent activities by nurturing and certifying QC circle trainers at each base. Even though the COVID-19 pandemic affected QC circle activities of all bases outside Japan in fiscal 2021 and fiscal 2022, these trainers have devised creative solutions, such as holding meetings outside, using a web conferencing system and conducting activities in smaller groups, to promote and maintain their initiatives. As for the Global QC Circle Convention held every year in Japan as a venue for presenting activity results, we again held a video session the same as in fiscal 2021 and shared the accomplishments of all bases.



Members engaging in QC circle activities (Italy)

All employees are striving for *kaizen* in their day-to-day operations through creative ideas. With regard to such ideas, we received six awards in fiscal 2022 in the Creativity category in the Commendation for Science and Technology by Japan's Minister of Education, Culture, Sports, Science and Technology. These awards are given to those who have used ingenuity in an excellent way and contributed to technology improvement.

Nurturing Human Resources Who Can Take a Scientific Approach

As part of our basic education on quality management, we teach the basics of statistical quality control (SQC) and machine learning. In order to increase the practical application of machine learning, we have been nurturing core human resources through problem solving in the workplace.



TICO SQC Convention (online streaming)

We have held the TICO SQC Convention for 38 years to share best practices of each business division and hone collective skills. In fiscal 2022 as well, this session was held online in response to COVID-19.

CSR Material Issue > Rate of eligible employees receiving training to promote quality education (non-consolidated): 99%

Relationship with Our Business Partners

Toyota Industries encourages open procurement and seeks co-existence and co-prosperity with our business partners (suppliers) based on mutual trust. We also facilitate fair trade, environmentally preferable purchasing, human resources development, safety and health activities and more reinforced and efficient purchasing that gives consideration to various risks.

Basic Perspective

Quality Vision

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

Fair and Equitable Business Transactions Based on an Open Door Policy

We provide open, fair and equitable opportunities to all potential suppliers. We comprehensively evaluate our suppliers 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 and equitable business transactions.

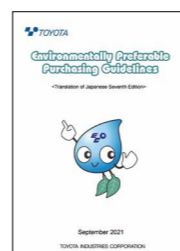
Co-Existence and Co-Prosperity Based on Mutual Trust

We strive to realize co-existence and co-prosperity with our suppliers based on mutual trust. Every year, we hold procurement policy meetings and workshops for managers of major suppliers to facilitate mutual understanding and cooperation. In addition, we carry out quality audits of major suppliers and provide such programs as quality control and technical skills training conducted mainly by internally nurtured auditors; guidance directed toward *kaizen* at their production sites; and safety and health education throughout the year.

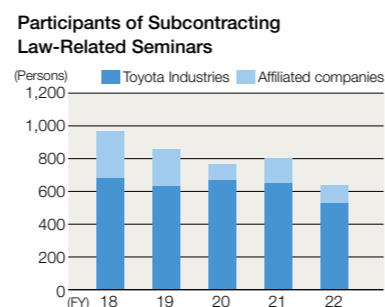
Reducing Environmental Impact through Environmentally Preferable Purchasing

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

The seventh edition of our Environmentally Preferable Purchasing Guidelines contains our Environmental Vision 2050, including the establishment of a carbon neutral society. Accordingly, we have been strengthening environmental management so as to promote environmental protection activities in our entire supply chain. Efforts include giving consideration to the entire product lifecycle as early as in the development stage.



Environmentally Preferable Purchasing Guidelines



Major Initiatives

Human Resources Development

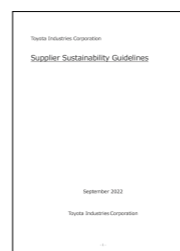
We proactively provide personnel in charge of procurement at Toyota Industries and affiliated companies with education to enhance procurement knowledge. In fiscal 2022, we provided education mainly on Japan's Subcontracting Law as well as topics related to sustainability such as human rights and the environment. We also thoroughly inform personnel in charge of procurement about our response to the Japanese government's initiatives and guidelines aimed at ensuring fair subcontracts.

Procurement Risk Management

Sustainability-Related Efforts in the Supply Chain

<Sustainability Guidelines for Suppliers>

To work together throughout the supply chain to realize a sustainable society, we publicize the Sustainability Guidelines for Suppliers (formerly, the CSR Guidelines for Suppliers), which describe our requirements for suppliers related to safety, human rights, labor practices, the environment, compliance and other topics. With increasing importance placed on procurement giving due consideration to human rights and environmental issues, we revised the guidelines in December 2021 and distributed them to suppliers while thoroughly informing them about the content. We have confirmed their compliance with the guidelines by performing an annual check on existing suppliers and requesting new suppliers to perform a self-inspection using a checklist and following up on their efforts. Moreover, through a periodic check on commodity items of concern, we are striving to maintain healthy transactions and reinforce a related structure throughout the supply chain.



Sustainability Guidelines for Suppliers



CSR Material Issue > Rate of performing a sustainability check on applicable suppliers (non-consolidated): 100%

<Safety and Health Activities>

We visit the sites of our major suppliers in person to conduct a *genchi genbutsu* safety and health inspection*1. We also hold sessions to explain our Occupational Safety and Health Policies. Based on the analysis of accidents that occurred in the previous fiscal year and information on legal revisions, we promote safety and health activities for the next fiscal year for the prevention of similar accidents through these sessions.

With a view to seeking zero accidents (fires and explosions), industrial accidents and disorders on the premises of Toyota Industries, we have established the Safety and Health Council with subcontractors located on our premises. We jointly create a comfortable working environment by sharing information on accidents and disorder prevention activities of Toyota Industries. Using past accident cases as a reference, we periodically share various information, including matters that should be observed to prevent similar accidents, with subcontractors of outsourced work. We also request their cooperation to perform risk assessment in the construction work planning stage to identify associated risks. In addition, we encourage them to always discuss in advance a safe work method with the departments of Toyota Industries planning a construction project.

*1: Canceled due to COVID-19 in fiscal 2021 and fiscal 2022

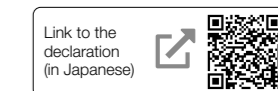
<Responsible Procurement of Minerals>

As one initiative for respecting human rights, we stipulate our Policies for Responsible Procurement of Minerals. Based on these policies, we conduct a periodic check to confirm that applicable suppliers do not use minerals that have concerns for the funding of armed groups or for the abuse of human rights, such as child labor, forced labor and mining under poor working conditions. (See Respect for Human Rights on page 68 for details.)

> Rate of performing a conflict minerals check on applicable suppliers (non-consolidated): 100%

<Declaration of Partnership Building>

We publicly announced our Declaration of Partnership Building on September 1, 2021, and have been striving to form a good relationship with our suppliers. The declaration clarifies that we make corporate and focused efforts to realize co-existence and co-prosperity with our entire supply chain, start new forms of collaboration regardless of a company size and corporate group affiliations, and observe the preferred trade practices between a parent business operator and its subcontractors (included in the business promotion criteria of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises).



<Hotline for Suppliers>

In 2016, we set up a hotline for our suppliers to report and inquire about possible compliance violations in Toyota Industries' procurement activities to ensure early detection and the prevention of problems.

Business Continuity Management (BCM)

In further promoting BCM, we are making concerted efforts with suppliers to reduce associated risks by implementing specific measures. In fiscal 2022, to deal with frequent natural disasters in recent years, we rebuilt a system to identify disaster-induced damage on suppliers. Previously, we had conducted an impact survey on suppliers by concurrently using multiple systems required by each customer. In place of these systems, we adopted a new, unified system, which has enabled us to perform the impact survey in a more efficient and timely manner.

Moreover, in order to recover quickly and maintain production, we have reinforced our flood control measures at each base while at the same time accumulating inventories and examining ways to decentralize suppliers and production bases.

Relationship with Our Shareholders and Investors

We aim to obtain an appropriate company valuation in stock markets through timely, appropriate and fair information disclosure as well as proactive dialogue with shareholders and investors.

Basic Perspective and Implementation Structure

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

Major Initiatives

As in the previous fiscal year, we implemented various safety protocols for our 143rd General Shareholders' Meeting held on June 10, 2021, including reducing the number of available seats, to prevent the spread of COVID-19 and ensure the safety of our shareholders.

With regard to the exercise of voting rights, we encouraged shareholders to use the Internet and other online means. All resolutions were passed at the meeting.

For institutional investors and analysts, we held financial results briefings by management, while the Investor Relations Office conducted individual interviews via telephone and the Internet. At these opportunities, we engaged in dialogue on our future direction and other topics, which pertained mainly to an increase in demand for lift trucks and logistics solutions on the back of the growing needs for more efficient logistics operations and an impact of the progress in car electrification on our automobile-related businesses.

For individual investors, we held web-based company information sessions and successfully promoted a deeper understanding of Toyota Industries' characteristics and strengths among many investors.

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

Returning Profits to Shareholders

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

For fiscal 2022, Toyota Industries increased annual cash dividends by ¥20.0 from the previous fiscal year and paid annual cash dividends per share of ¥170.0 (interim cash dividend per share of ¥80.0 and year-end cash dividend per share of ¥90.0).



143rd General Shareholders' Meeting

Relationship with Our Associates

We undertake initiatives to enable associates to work safely and with peace of mind as well as to exercise their diverse potentials and play active roles.

Basic Concept of Human Resources Management and Labor Management

Under the spirit of "Respect for People," Toyota Industries undertakes a range of initiatives based on a relationship of mutual trust and mutual responsibility between the Company and associates. Our basic perspective in this area is to develop and leverage the capabilities of associates and the organization to the fullest by promoting the creation of a highly motivated team.

Major Initiatives

Building Interpersonal Relationships

Toyota Industries believes it important to build good relationships between supervisors and subordinates as well as among associates through sufficient communication. Accordingly, we are facilitating communication in the workplace through various measures. Examples include the promotion of active communication between supervisors and subordinates as well as a mentorship system in which more experienced associates take care of younger associates, giving advice about their worries, including those in their daily lives. We are also promoting informal, non-business communication to cultivate a sense of unity in the workplace and throughout Toyota Industries via various events. These events, some of which are currently suspended due to COVID-19, include social gatherings organized by each workplace as well as sports days, summer festivals and *Ekiden* long-distance relay races held jointly by some Toyota Industries Group companies as annual activities. Through these efforts, we are creating a workplace where each associate can thrive.



Interview between a supervisor and subordinate

Increasing Associate Satisfaction

Toyota Industries focuses on creating a workplace that enables individual associates to demonstrate their abilities to the fullest and find their work rewarding and meaningful. While our basic stance is to solve difficulties faced by associates and their grievances about the workplace through communication between supervisors and subordinates, we also listen to voices of associates through Company-wide morale surveys. In addition, we strive to improve working environments by holding comprehensive labor-management discussions on associates' suggestions gathered by our workers' union. As we believe ensuring stable livelihoods for associates is another important matter, we are enhancing our welfare program to realize more enriching and fulfilling lives.



Induction training for new associates

Human Resources Development

Toyota Industries recognizes that to achieve sustainable corporate growth associates' personal growth and improved skills are essential and constitute the most important factor in work motivation. Recognizing that on-the-job training (OJT) through daily work forms the basis of our human resources development, we hold a biannual supervisor-subordinate interview to discuss various matters, including a challenge of achieving the subordinate's further growth. To complement OJT, we also provide induction training for new associates, grade-based training for associates being promoted to a higher position and specialized education to cultivate expertise, abilities and skills necessary for carrying out work tasks. We are working to reinforce human resources development by providing a variety of training programs that lead to practical use in the workplace.

Grade-Based Training/Grades

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

Supporting Active Roles and Work Styles of Diverse Human Resources

Efforts to Support Work-Life Balance

We have been carrying out activities so that associates who are balancing work and family can work with higher motivation and pursue career development. Such activities mainly focus on enhancing systems to support a work-life balance and facilitating an understanding for maintaining a work-life balance.

The enhancement of systems to support a work-life balance includes a day care center; a return-to-work ("welcome-back") system, which allows associates who have left work to care for children and family members or to accompany their spouse for a job transfer to get reinstated under certain preconditions; a shorter work-hour system for childcare; and a leave system and loan system for fertility treatment. Through these systems, we provide an environment for associates to work at Toyota Industries for longer years with peace of mind. As a means to facilitate an understanding for maintaining a work-life balance, we distribute the Handbook for Balancing Work with Nursing Care to associates above a certain age to help them gain knowledge

on nursing care and to create a workplace culture that allows associates to seek advice easily. We also regularly hold seminars on balancing work with nursing care for associates and their families and provide newsletters on nursing care to those who are interested.

As a result of these efforts, Toyota Industries received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare in August 2019 in recognition of our excellent efforts concerning work-life balance as well as a "Family-Friendly Company" award from the Aichi prefectural government in February 2020.

Promoting Active Roles of Female Associates CSR Material Issue

We aspire to let individual associates to thrive in their assigned work and role regardless of gender. Accordingly, we have augmented our efforts to promote greater roles of female associates.

In 2015, we set up a project to promote more active roles for female associates in office work and engineering positions, comprising males and females from different departments. This project was key for the identification of issues and formulation of policy proposals in promoting active roles of female associates, which formed the basis for the development of a Company-wide action plan in clarifying the initiatives for this project. Under the plan, we are moving ahead with efforts to promote even greater roles of female associates. Since fiscal 2017, we have held a seminar for a cumulative total of more than 1,500 managers who directly engage in the mentoring and development of associates.

Starting from fiscal 2020, we have been conducting enlightenment activities, such as encouraging associates to participate in pre-maternity leave seminars, to foster an understanding of the environment in which associates, both male and female, are working under time constraints due to nursing care or childcare. We have also worked to raise awareness of human resources development that takes into account their life events. These activities have also resulted in a rise in the rate of male associates taking childcare leave. In order to create an environment to allow associates who are balancing work and childcare to work with higher motivation and pursue career development, we have enhanced our programs to support the early return to work from a break in their career. Efforts include a full-day work-at-home system launched in October 2016; pre-maternity leave seminars started in December 2017 for associates and their spouses to think about a way of working after returning to work; and a

Initiatives for Promoting Active Roles of Female Associates

	Phase 1 Establishing and enhancing work-life balance support systems to instill related practices	Phase 2 Cultivating a culture to encourage more active roles	Phase 3 Undertaking initiatives to promote even greater roles
	2002 –	2008 –	2015 – 2019 –
Promoting active roles		Cultivating a culture <ul style="list-style-type: none"> Opening a diversity-related page on the intranet Female associate exchange meetings Holding lectures 	Project to promote more active roles for female associates in office work and engineering positions <ul style="list-style-type: none"> Awareness-raising seminars for managers, career training for female associates, etc. Working group for promoting active roles of female production associates Seminar for cultivating female associates for experts
Supporting work-life balance	Enhancing support systems <ul style="list-style-type: none"> Extending the period of childcare leave Introducing a leave system to allow parental care of children with illnesses 	<ul style="list-style-type: none"> Introducing a shorter work-hour system for childcare Establishing on-site day care center Introducing a "welcome-back" system 	<ul style="list-style-type: none"> Introducing a financial aid system for day care costs Introducing a system of leave for fertility treatment Installing delivery lockers

TOPIC

Promoting More Active Roles of Female Production Associates

We aspire that all associates engaging in production operations fully work and take active roles until an older age. In order for female associates to do so, we need to overcome issues of gender-related differences in physical strength and frame as well as the challenges of working during pregnancy, after giving birth and while raising children. As a means of doing so, we formed a Female Working Group and Experts 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. Since fiscal 2021, we have been clarifying and sharing female production associates' aspirations and instilling Toyota Industries' way of thinking regarding the matter broadly among female associates and their supervisors. We have also been holding a work style seminar for female production associates, during which they explore experiences and work styles necessary to continue thriving in their own way and create a plan themselves. We also hold a seminar for supervisors on nurturing female subordinates, giving them an opportunity to think about how best to support their subordinates.



Work style seminar for female production associates

financial aid system for day care costs adopted in April 2018 for associates working while taking care of infants younger than one year old.

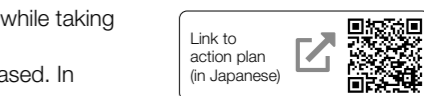
As a result of these initiatives, the number of female managers has steadily increased. In October 2016, we received "Eruboshi ("L Star": L stands for Lady, Labour and Laudable)" certification, which is given to companies making excellent efforts in promoting female engagement in the workplace, from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

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

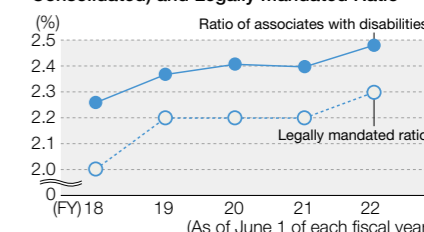
Employment of Persons with Disabilities

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 task.

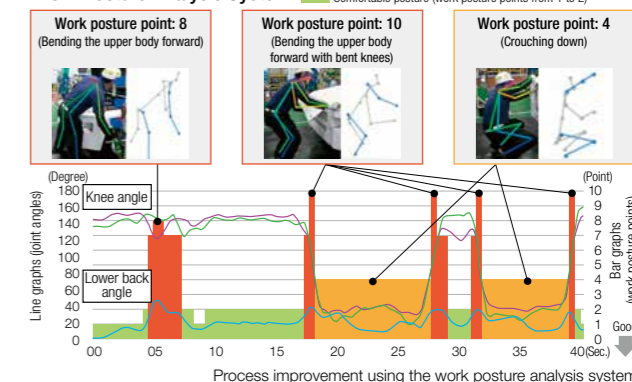
CSR Material Issue > Ratio of associates with disabilities (non-consolidated): 2.48%



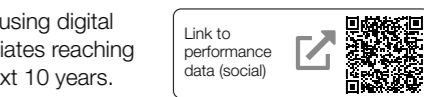
Ratio of Associates with Disabilities (Non-Consolidated) and Legally Mandated Ratio



Work Posture Analysis System



Process improvement using the work posture analysis system



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. Efforts include setting up standards for the handling of heavy objects and a work environment that makes it easier for older associates to work, and improvement in processes in production lines with the development of a work analysis system that automatically evaluates the physical load of each work posture using digital technologies and videos. In addition, we hold "Seminars for an Active Life" for associates reaching the age of 50 and 55 to give them an opportunity to envision life and work for the next 10 years.

Basic Perspective on Safety

Safety Vision

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

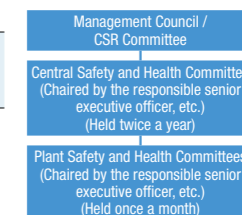
Based on the idea of building "a homelike atmosphere at work that is warm and friendly" as stated in the Toyoda Precepts, we formulated the Safety Vision in 2013 after holding repeated discussions on the "basic stance on safety" and "optimal safety we seek." The vision has been instilled at all bases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

Structure for Promoting Safety and Health

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

Occupational Safety and Health Management System

In accordance with the concept of an Occupational Safety and Health Management System (OSHMS/ISO 45001), we have established a required management structure in each plant (or business division) headed by a general safety and health manager (senior executive officer or another executive) and have been achieving improvements in safety and health activities on an ongoing basis from human, object and administrative standpoints based on risk assessment.



Improvement Flow of Safety and Health Activities



Major Safety-Related Initiatives

Prevention of Accidents and Disorders through Safety and Health Education

In order to cultivate knowledge, awareness and the skills necessary to prevent accidents and disorders, Toyota Industries proactively provides safety and health education, including education designed to foster a safety culture and education required by law in addition to grade-based education and job-category-based education. Through these efforts, we are promoting the development of human resources and workplaces that places the highest priority on safety.

- **Education to foster a safety culture:** Safety workshops, education to improve an ability to predict hazards, education to actually experience hazards (safety dojo), etc.
- **Education based on positions/grades and associated roles:** Induction training, production associate training II, training for newly promoted SX and CX, training for newly promoted experts, safety manager education, etc.
- **Education for acquisition of qualifications (cultivation of personal skills):** Licenses, skills seminars, special education, repeated education for capability improvement, etc.
- **Education based on job categories and business characteristics:** Education on emergency measures, education on equipment lockout, basic education on equipment safety, hands-on safety education using virtual reality (VR), risk assessment, etc.

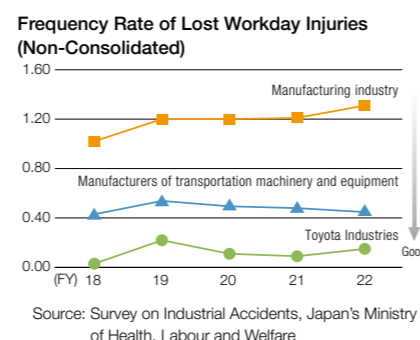
Preventing Occurrence and Recurrence of Industrial Accidents

Since the occurrence of a serious accident in 2019, we have been undertaking safety and health activities to eliminate accidents and disorders. These activities, however, have not yet led to the total elimination of accidents involving a finger or other body part getting caught between the moving parts of equipment, resulting from failure to shut it down properly in an emergency.

In order not to repeat similar accidents, we have incorporated into our new and existing equipment a mechanism to cut off power without fail when an operator accesses a machine while disabling its safety device. We have also rebuilt our equipment safety assurance system as an effort to upgrade our physical and administrative measures. The system includes visualization of which parts of the equipment are shut down and the control category under which it is operating as well as safety feature checks by equipment safety inspectors possessing the required skills.

Moreover, to make further efforts toward zero accidents and disorders, we believe that it is also important to prevent accidents caused by unsafe behavior of operators themselves, including taking a shortcut or omitting a step in a particular work process and downplaying risks. In the future, we will quantitatively assess tendencies of individuals' behavioral characteristics, namely *Kiken kanjusei* (risk perception) and *Kiken kankosei* (risk-taking attitude)*, through "KK" mapping, and build a system to alter such unsafe behavior and assign the right person to the right position based on the assessment results. Through such efforts, we will endeavor to prevent accidents and disorders caused by human factors as well. We will continue to work toward the development of safe workplaces and safety-oriented human resources based on an approach of the Toyota Production System (TPS), which is to always shut down a machine when something is wrong and take fundamental measures to remove the root cause.

* Risk perception: An ability to recognize a risk as a risk; Risk-taking attitude: Tendency to press ahead even when it involves a risk



Major Health-Related Initiatives

As a task for the medium term, we are promoting health improvement of associates, mainly focusing on prevention of lifestyle diseases and mental health support activities, to counter risks of health problems associated with aging and greater stress. To enable associates to work and take active roles over the long term, we provide support toward the cultivation of an autonomous health-oriented culture in which associates care about their own health and take action voluntarily and willingly.

Prevention of Lifestyle Diseases

As a collaborative initiative of Toyota Industries, its workers' union and health insurance association, we conduct periodic age-based health education for all associates (every five years, from the age of 30). To provide motivation for better health, we feed back to associates the results of an annual health checkup along with advice to improve lifestyle habits. In fiscal 2020, we started providing such information as physical fitness propensity scores and countermeasures, how physically fitted for work, assessment of physical fitness age and recommended exercises to increase motivation for promoting physical fitness.

In fiscal 2022, we launched a new initiative called "KENKO Challenge 8 (8 Challenges for a Healthier Lifestyle)" in order to promote the cultivation of appropriate lifestyle habits in daily lives.

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



Health lesson for associates at a milestone age

TOPIC

"KENKO Challenge 8 (8 Challenges for a Healthier Lifestyle)"

This is an initiative launched in fiscal 2022 to raise awareness for maintaining and promoting health by defining eight items related to lifestyle habits (1. Desirable weight, 2. Breakfast, 3. Snacks, 4. Sleep, 5. Exercise, 6. Alcohol consumption, 7. No smoking and 8. Stress level) and giving a score to each. For the first year of the activity, we conducted a survey on the eight items for associates and fed back the results and appropriate advice so that they can understand their current conditions. Going ahead, we will adopt measures with a focus on exercise habits to increase health consciousness, validate the effectiveness of these measures through an annual implementation status survey and work to enhance the health and health awareness of associates.



Mental Health Support

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

As for activities for early detection, we put particular emphasis on line care by associates' immediate supervisors. We have been encouraging them to use awareness check sheets to recognize the sign of a problem of their subordinates early. Coupled with an effort to strengthen the collaboration between each workplace and the departments responsible for health promotion, these activities have resulted in an increase in cases where a problem is detected early and still in the mild stage. Additionally, we have been conducting an annual stress check on all associates since fiscal 2017. We feed back the check results to all participants and workplaces with suggestions for improvement while setting up an individual interview with a doctor for those wishing to do so and providing improvement support as necessary to individual workplaces.

For its efforts related to the health of associates, for the fifth consecutive year Toyota Industries was recognized in the large enterprise category of the 2022 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.

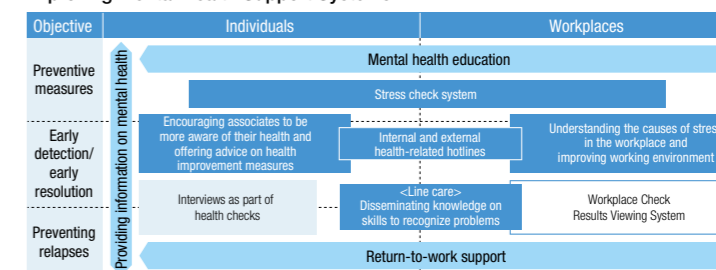
Response to COVID-19

In accordance with the Risk Response Manual, which has been formulated to prepare for an emergency, Toyota Industries has established a COVID-19 Response Headquarters and has been collaborating with health centers and other public agencies to counter the pandemic. We have developed and distributed a response manual specifying procedures to follow when infection occurs in a workplace. Other efforts to prevent the spread of COVID-19 among associates include checking body temperature every morning, frequent hand washing and avoiding the 3Cs (closed spaces, crowded places and close-contact settings) by way of working from home and using a web conferencing system. For associates working from home, we have been encouraging them to get enough exercise by providing information on how to check and maintain physical fitness. In fiscal 2022, we also provided workplace vaccinations to all willing associates. We will continue to collect relevant information and implement measures corresponding to the latest developments regarding the infection status.

Major Health Promotion Events in Fiscal 2022

Stop smoking awareness event	▶ No Smoking Days: Half-day no smoking (for 9 days)
Walking events	▶ Held jointly with health insurance association twice a year in spring and fall (915 participants)
Early detection	▶ Providing financial aid for various examinations (used by 992 associates)

Improving Mental Health Support Systems



Major Activity Indicators

Activity indicator	2019	2020	2021
Participants of age-based health education*1	2,357 persons	—	1,139 persons
Rate of undergoing a stress check	99%	99%	99%
Overall assessment of the stress check results*2	3.25	3.28	3.27

*1: Temporarily suspended from March 2020 for prevention of COVID-19. In 2021, held only during the period from July to December

*2: Assessed using the conversion table of raw scores of the Brief Job Stress Questionnaire (1: High stress; 3: National average; and 5: Low stress on a five-point scale)

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 operate.

Basic Perspective

Based on the Sustainability Policy and as a global company, Toyota Industries seeks to contribute broadly to society through all its corporate activities conducted in each country and region. Simultaneously, we aim to realize a sustainable society and growth of local communities with an emphasis on the areas of social welfare, youth development, environmental protection and community contribution. While providing cooperation and support through personnel, facilities, funds and know-how, we undertake initiatives to promote employees' participation in social contribution activities.

Implementation Structure

We have established the Social Contribution Group within the General Administration Department in the Head Office. Each plant and Group company of Toyota Industries around the world collaborates with each other and promotes social contribution activities matched to the local characteristics and needs. Using our volunteer support center called "Heartful" as a base of our social contribution activities, we also cooperate with NPOs and interact with local community members.

Major Initiatives

Enlightenment Activities

We promote a range of activities for employees of Toyota Industries and its Group companies so as to increase their interest in social issues and cultivate a mindset to always think about what they can do to address these issues. Such activities include donating one item per one person to help welfare facilities to hold a charity bazaar; social welfare and environmental protection activities of employee associations*1; and providing information on volunteer activities via the intranet. In this way, we provide various opportunities and venues to participate in social contribution activities.

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

Dialogue with Local Communities

We hold local community meetings for the purpose of sharing and resolving various issues in each community. These meetings are attended by local community representatives and responsible persons of Toyota Industries in the general administration, environment and other relevant departments. Depending on the theme of the meeting, representatives from the local government also join. Participants exchange opinions not only on our business activities and associated environmental risks but also on local events and activities for crime/disaster prevention and traffic safety.



Pruning and weeding by an employee association



Local community meeting

Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities	Theme	Activities
Social welfare	Farming experience event with persons with disabilities (Japan) Donating and leasing free of charge of materials handling equipment (worldwide) Christmas donations (worldwide) Helping to counter COVID-19 with monozukuri capabilities (Japan) (P. 61)	Community contribution	Participation in traditional events (Japan, India) Volunteer activities to give back to local communities (Japan, U.S.A.) Repair of welfare facilities, tree pruning, park maintenance, etc. Cooperating in disaster prevention and fire-fighting activities (Japan, U.S.A., Germany) Opening a local community space (U.S.A.) (P. 61)
	Youth development		Providing <i>monozukuri</i> workshops (Japan) Holding plant tours and work experience events (worldwide) Holding mini concerts at elementary schools (Japan) Company rugby team providing lessons at elementary schools (Japan) (P. 61)
Environmental protection	Providing environmental education program for elementary school students (Japan) Donating benches that made effective use of thinned wood (Japan) World cleanup activities (worldwide) Tree planting activities to curb global warming (worldwide) (P. 61)		

Activity Examples of the Toyota Industries Group

Japan Utilizing *Monozukuri* Capabilities to Create Devices to Prevent COVID-19 Infection

Social welfare

In response to a request from a local hospital, we created four partitions designed to prevent droplet infection in its pediatric department after working with the hospital and repeating trial and error for about three months. Our employee associations also created hand sanitizer dispenser stands as a voluntary activity and donated them to 18 welfare facilities and 12 nursery schools located near our plants. Their user-friendly designs were well received by health-care professionals and facility operators.



Partition to protect health-care professionals from being exposed to droplets from children



Donating a hand sanitizer dispenser stand

Japan Company Rugby Team Providing Lessons at Elementary Schools

Youth development

Members of our company rugby team, Toyota Industries Corporation Shuttles Aichi, have been undertaking various activities to interact with local community members and promote sports, such as serving as instructors in rugby lessons for children and participating in local sports day. In fiscal 2022, the team started visiting local elementary schools to provide a rugby lesson. During each visit, the team demonstrated tackling and ball passing and played a game of tag with children to convey the fun of rugby and importance of teamwork.



Playing a game of tag with students during a lesson held at school

Worldwide Tree Planting Activities across the World

Environmental protection

Toyota Industries and its Group companies across the world are engaging in tree planting activities to curb global warming.

- Donated 9,590 trees to the NPO Trees for All (Vanderlande Industries Holding B.V.)
- Concluded a sponsor agreement with the Asociatia Padurea Copiilor for forest restoration covering 5,000 m² of land (Toyota Material Handling Romania s.r.l.)
- Gave out saplings to employees and held tree planting events (seven subsidiaries in the United States, Europe, China and Asia)
- Planted mangroves in cooperation with University of Technology Yogyakarta (P.T. TD Automotive Compressor Indonesia – TACI)



Mangrove planting (TACI)



Tree planting in China (Toyota Industries Management (China) Co., Ltd.)

U.S.A. Opening a Local Community Space Toyota Material Handling, Inc. (TMH)

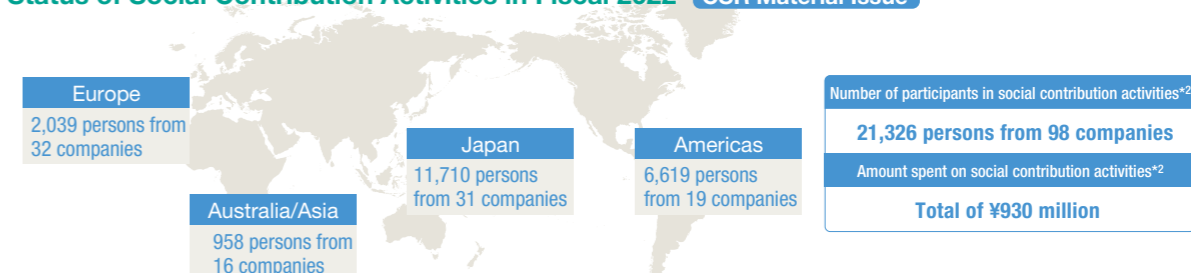
Community contribution

TMH, which engages in the manufacture and sales of materials handling equipment, allows its employees to spend a part of their working hours for volunteer activities and encourages each of them, as a member of society, to share and resolve various issues in the local community. TMH opened a local community space on its premises for use as a base for volunteer activities, a food bank and donations. Employees are using the space to exchange information and interact with members of the local community and external organizations.



Employee volunteers working in the community space

Status of Social Contribution Activities in Fiscal 2022 CSR Material Issue



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

Corporate Governance Structure

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

Basic Perspective on Corporate Governance

Toyota Industries regards the most important managerial task 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.

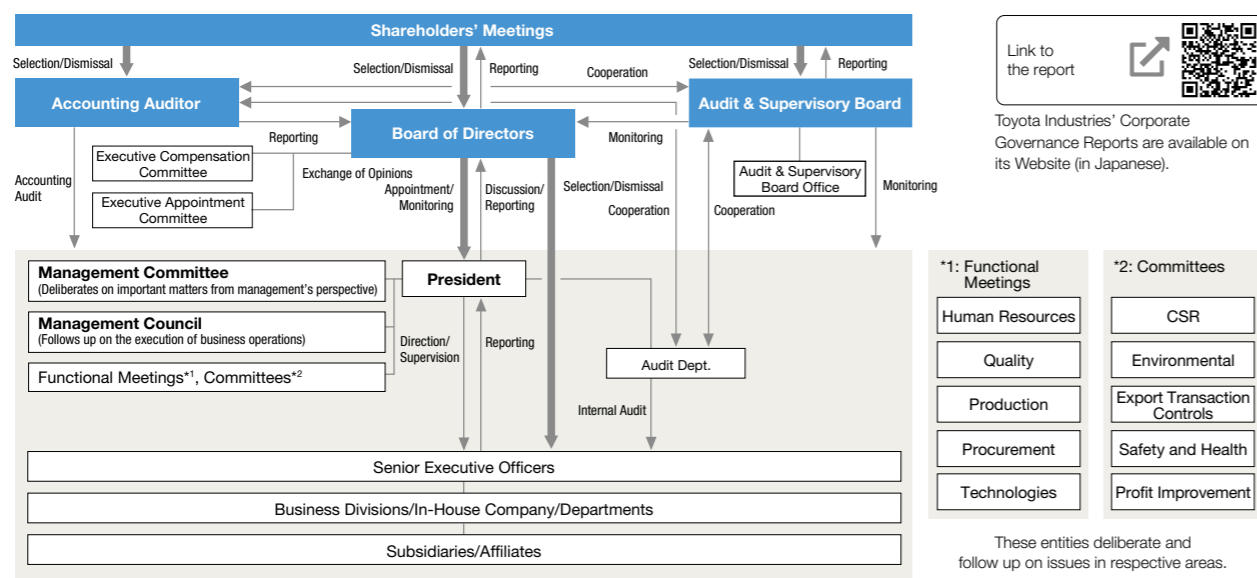
More specifically, the following basic policies drive our initiatives.

- (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 relevant 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, as well as crucial projects in each business division.

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



(As of June 10, 2022)

- *1: Functional Meetings
 - Human Resources
 - Quality
 - Production
 - Procurement
 - Technologies
- *2: Committees
 - CSR
 - Environmental
 - Export Transaction Controls
 - Safety and Health
 - Profit Improvement

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

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.

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
2022	Revised the composition of the Board of Directors (independent outside directors accounting for a third or more of the total number of members)

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

Policies and Procedures for Selection (and Dismissal) of Senior Management and Appointment of Director Candidates

We carry out comprehensive evaluations from the viewpoint of placing the right persons in the right positions. We seek a balance among making sound and quick decisions, managing risk appropriately, 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 three-member Executive Appointment Committee, which consists of Toyota Industries' president and two independent outside directors, and submit these proposals to the Board of Directors for resolution.

Experience and Expertise of Directors and Audit & Supervisory Board Members

	CEO or equivalent position of business enterprise	Knowledge of industries			Technology development, manufacturing	Finance and accounting	Legal affairs and risk management	ESG	Internationality
		Materials Handling Equipment	Automobile	Textile Machinery					
Directors	Tetsuro Toyoda	○	○	○	○	○	○	○	○
	Akira Onishi	○	○	○	○	○	○	○	○
	Yojiro Mizuno	○	○		○	○	○	○	○
	Shuzo Sumi	○			○	○	○	○	○
	Junichi Handa	○			○	○	○	○	○
	Masahiko Maeda	○	○		○	○	○	○	○
Audit & supervisory board members	Toru Inagawa		○			○		○	○
	Toru Watanabe			○		○	○	○	
	Akihisa Mizuno	○			○		○	○	○
	Masanao Tomozoe	○		○			○	○	○

Appointment of Independent Members of Management

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

Determination of Compensation for Directors and Audit & Supervisory Board Members

Matters Related to Policy for Determining Individual Compensation for Directors

Basic Perspective

- We ensure fairness and transparency.
- We emphasize incentives for achieving better business performance and sustainable growth, link compensation with the business performance of Toyota Industries and reflect individual duties and performance.

Compensation Structure

- Compensation for directors consists of fixed compensation (basic compensation) and bonuses (compensation linked to

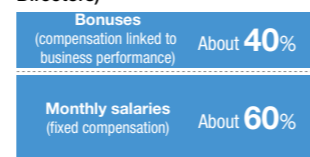
business performance). A bonus is further divided into a portion linked to a single fiscal year indicator and a portion linked to medium-term indicators.

- However, in order to ensure a higher level of independence, only the fixed compensation is paid to outside directors.

Method of Determining Individual Compensation

- We have established the Executive Compensation Committee comprising three members, namely Toyota Industries' president and two independent outside directors.
- To ensure the Committee's objectivity and transparency, we have a rule that independent outside directors make up a half or more of the total number of its members.
- The Executive Compensation Committee deliberates on a policy for determining individual compensation for directors, proposed compensation for each director and important matters related to compensation.
- The Board of Directors votes on the policy based on the results of deliberations made at the Executive Compensation Committee.
- From the standpoint of determining directors' individual compensation amounts flexibly and swiftly, the Board of Directors delegates the related decision-making authority to the president (or to the chairman).
- The president (or the chairman) determines the directors' individual compensation amounts based on the policy and the results of deliberations made at the Executive Compensation Committee.

Breakdown of Executives' Compensation (Excluding Outside Directors)



Policy for Determining Fixed Compensation, Bonuses and Their Ratio

<Fixed Compensation>

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

<Bonuses>

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

<Ratio>

- As a guide, we use the ratio of fixed compensation to a bonus of directors (excluding outside directors) of 60:40, with the portion linked to medium-term indicators accounting for roughly 10% of the bonus. However, this does not preclude us from using another ratio depending on the amount of operating profit for the corresponding fiscal year.

Compensation for Audit & Supervisory Board Members

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

Effectiveness of the Board of Directors and Its Evaluation

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

Evaluation

- (1) The Board is compact, operated in a focused manner and spends sufficient time on reporting and discussing management issues.
- (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) Outside directors and audit & supervisory board members express opinions and advice based on their experiences in their respective companies and individual perspectives.
- (4) The Board holds discussion also from a medium- to long-term perspective, and its agenda includes matters related to governance, safety, etc.

Suggestions for Further Improvement of the Effectiveness

- (1) The Board's agenda should pay greater attention to matters of interest to investors, such as those related to sustainability.

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 Members and Audit & Supervisory Board

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

The four members attend meetings of the Board of Directors and provide their opinions as appropriate. The full-time members also attend other important meetings to receive reports on the execution of duties by directors and other responsible persons. They work to monitor and provide advice on the management status through on-site audits at the Head Office, major business sites and subsidiaries, thereby contributing to the maintenance and improvement of internal controls. They also collaborate appropriately with the accounting auditor and the internal audit department.

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 Board members, responsible persons and the accounting auditor. At these meetings, the members also discuss and make decisions on important matters, such as audit policies and plans, the audit method used by the accounting auditor and the appropriateness of their audit results.

Meetings of the Board of Directors and Relevant Committees

Meeting body	No. of meetings held per year	Average attendance rate
Board of Directors	11	98% (Directors and audit & supervisory board members)
Executive Compensation Committee	1	100% (All committee members)
Executive Appointment Committee	1	100% (All committee members)
Audit & Supervisory Board	13	100% (Audit & supervisory board members)

Cross-Shareholdings

Basic Policy

Cooperative relationships with various companies are essential in expanding business and achieving sustainable growth. From the medium- to long-term perspective of enhancing corporate value, our policy is to determine if cross-shareholdings are needed by comprehensively giving consideration to their importance in terms of our business strategies and relationships with business partners.

Verifying Appropriateness of Cross-Shareholdings

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

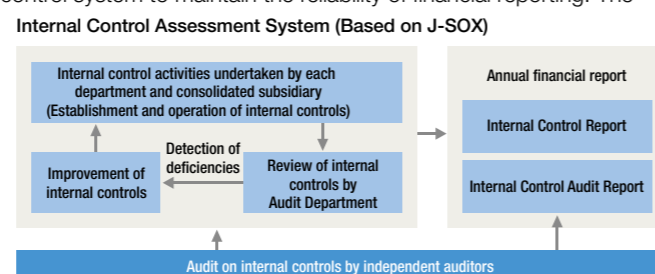
Exercise of Voting Rights

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

Internal Control System

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

Furthermore, based on the Financial Instruments and Exchange Law (so-called Japanese Sarbanes-Oxley Act (J-SOX)), we have established and appropriately operated an internal control system to maintain the reliability of financial reporting. The system's status and progress are reviewed by the Audit Department and audited by independent auditors. We determine which Toyota Industries Group companies fall within the scope of J-SOX based on the degree of impact on the reliability of financial reporting. We determined that our internal controls over financial reporting as of the end of fiscal 2022 were effective, and accordingly, submitted an Internal Control Report in June 2022. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.



Sustainability Policy

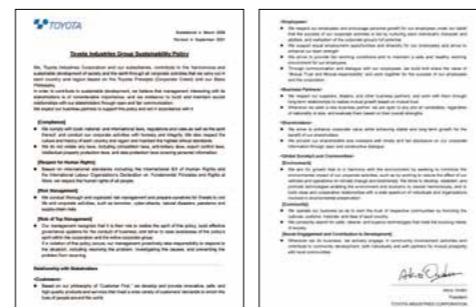
Implementation Structure

Based upon our belief that the realization of the Toyoda Precepts (corporate creed) and Basic Philosophy makes a contribution to a sustainable society, Toyota Industries has established the CSR Committee (chairperson: president) to determine the directions for Group-wide activities in accordance with the Toyota Industries Group Sustainability Policy, approve action plans and evaluate the results.

The CSR Committee deliberates and makes decisions on the Group-wide issues concerning sustainability and risk, including the CSR material issues (CSR Materiality). These issues are also, as deemed necessary, reported to and deliberated on by the Board of Directors. Each division and Group company incorporates these decisions into their specific activities and carries them out.

CSR Committee

Frequency	Generally twice a year
Chairperson	President
Vice Chairperson	Executive responsible for the Corporate Planning Department
Members	Full-time audit & supervisory board members, general managers of each business division and related senior executive officers/executive officers
Office	Risk & Sustainability Management Group of the Corporate Planning Department
Main Agenda	<ul style="list-style-type: none"> Action plans and results under the Toyota Industries Group Sustainability Policy CSR Materiality, action policies and targets Risk management for the Group



Respect for Human Rights

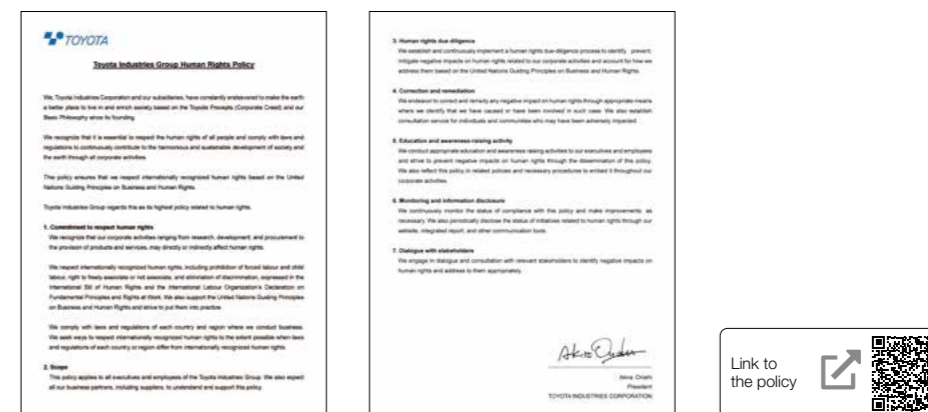
Basic Concept

Since its founding, Toyota Industries has endeavored to make the earth a better place to live and enrich society based on the Toyoda Precepts (corporate creed). We recognize that in order for us to continuously contribute to the harmonious and sustainable development of the earth and society, it is essential not only to ensure legal compliance but also respect the human rights of all people involved in our corporate activities. Under this recognition, we have been promoting our initiatives to respect human rights in accordance with the United Nations Guiding Principles on Business and Human Rights.

Formulation of the Human Rights Policy

Toyota Industries formulated the Toyota Industries Group Human Rights Policy ("Human Rights Policy") in September 2021 under the belief that we should step up our ongoing human rights initiatives.

While giving consideration to the opinions and information provided by external experts and other parties, the Human Rights Policy was formulated after discussions and approval by the CSR Committee led by the president. It is positioned as the highest-level policy related to human rights within the Toyota Industries Group.



Implementation Structure

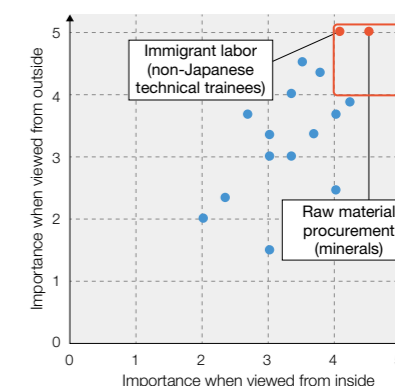
Toyota Industries recognizes that the Group's corporate activities, from research and development to procurement and provision of products and services, may directly or indirectly impact human rights. To respond to various human rights issues, we have established the Human Rights Task Team, which is led by the Human Resources Department and consists of the relevant departments, including corporate planning, purchasing, legal affairs and public relations. In accordance with the Human Rights Policy approved by the CSR Committee, the team engages in various activities, such as sharing each department's initiatives and the latest social trends related to human rights and creating action plans.

Major Initiatives

Human Rights Due Diligence

We conduct human rights due diligence to specify, prevent and mitigate negative impact on human rights caused by the Toyota Industries Group's corporate activities. The Human Rights Promotion Team also identifies and evaluates specific human rights issues to which we should give priority.

We have specified priority issues relevant to our corporate activities from among various human rights issues by referencing the handbooks of Japan's Ministry of Justice and the Japan Federation of Economic Organizations (Keidanren), as well as check items defined by external rating agencies and by giving consideration to issues unique to Toyota Industries. Then, we have assessed the importance of the identified issues from both internal and external viewpoints and started implementing initiatives for two priority issues, namely immigrant labor and raw material procurement.



Initiative on Immigrant Labor (Forced Labor of Non-Japanese Workers)

Amid the growing attention to protecting and respecting the human rights of non-Japanese workers, Toyota Industries regards forced labor of non-Japanese trainees working under Japan's Technical Intern Training Program as one of its priority human rights issues. External experts have pointed out that there is possibly a risk of forced labor when accepting trainees from overseas through local brokers, as these brokers may charge exorbitant placement fees to trainees, who end up coming to Japan with a huge debt.

Toyota Industries has conducted a survey on trainee enrollment at its consolidated subsidiaries and major first-tier suppliers in Japan and found that, as of May 31, 2021, 14 companies have accepted 239 trainees under the program, 60% of whom are from Vietnam. For these Vietnamese trainees, we have then surveyed the amount of fees charged. As a result, we have confirmed that no trainees have been charged fees in excess of the upper limit specified in Vietnam's domestic law. Our efforts in the future will be geared to review fee charging, which, if done inappropriately, could lead to forced labor of trainees.

Initiative on Raw Material Procurement (Minerals)

As another initiative to respect human rights, Toyota Industries has formulated the Policies for Responsible Procurement of Minerals. Under the policies, we have been conducting procurement activities excluding minerals that may involve human rights abuses, such as funding armed groups, child labor, forced labor and working under poor conditions.

More specifically, such minerals include conflict minerals (tantalum, tungsten, tin and gold) that may fuel human rights abuses by armed groups and armed conflicts in the Democratic Republic of the Congo (DRC) and adjoining countries as well as cobalt and other minerals that routinely involve child labor. Under this recognition, we conduct an annual survey on these minerals within Toyota Industries and at applicable suppliers and confirm that there are no human rights issues in this area. We will continue to work toward ensuring the appropriate procurement of raw materials.

Policies and Approaches to Responsible Mineral Sourcing

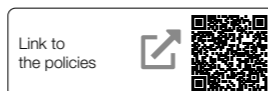
Toyota Industries Corporation and its subsidiaries promote the acquisition of materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means.

We recognize that the situation surrounding conflict minerals originating in Covered Countries is a significant social issue in supply chains. We pursue procurement and usage that are free from conflict minerals originating in Covered Countries and relating to illegal conduct including human rights infringement.

We also recognize that human rights abuses such as child labor in the procurement of cobalt, etc., are a serious social problem, and we pursue procurement activities that do not include minerals that are suspected of being involved in such abuses.

To achieve such procurement and usage, we conduct inquiries tracing back through our supply chains and confirm if such minerals are used. In addition, we take appropriate steps to discontinue procurement of materials that can cause social problems such as human rights violations or financing of armed groups, if such usage is detected. Based on mutually beneficial relationships, we ask our suppliers to understand our policies and approaches and to conduct responsible material procurement.

Policies and Approaches to Responsible Mineral Sourcing



Efforts for Correction and Remediation

Toyota Industries operates a compliance hotline (external helpline) that allows employees of Toyota Industries Corporation and its major consolidated subsidiaries in and outside Japan to seek advice on compliance-related matters, including human rights, with a sense of security and without being exposed to negative consequences.

Education and Awareness-Raising Activities

To remain a company committed to respecting the human rights of all people involved in our corporate activities, the relevant departments of Toyota Industries participate in lectures hosted by the government and human rights organizations. We also hold joint study sessions with other Toyota Group companies and training sessions for top management of consolidated subsidiaries. Our education and awareness-raising activities target executives and all employees and aim to cultivate a correct knowledge on human rights and encourage them to put the idea into practice. Along with providing induction training for new employees, grade-based training and other conventional programs, we have been making proactive efforts even during the COVID-19 pandemic, such as designating a particular week as "Human Rights Week" and utilizing e-learning programs.

Training to Raise Human Rights Awareness

Target	Description	Aim
Top management & managers of affiliated companies	External human rights awareness training	Cultivate knowledge of and sensitivity to human rights as a manager; gain skills to support awareness-raising activities
	Training for managers	
Newly promoted managers	Training for newly promoted managers	Cultivate knowledge of and sensitivity to human rights as a leader
Newly promoted team leaders on the shop floor	Training for newly promoted team leaders	
All employees	External human rights awareness training	Raise awareness of human rights
	External Human Rights College series of seminars (only for those nominated)	
	Delivery of a special message during Human Rights Week	
Newly joined employees	Induction training for newly joined employees	Gain knowledge on human rights

Dialogue with Stakeholders

Toyota Industries promotes dialogue with various internal and external stakeholders and works with its top management and the relevant departments to reflect such dialogue in its future corporate activities.

Communication Channels

Employees	Labor-management round table meetings, annual labor-management meetings, hotline
Business partners	Procurement policy meetings, hotline
Shareholders and investors	Toyota Industries Reports, Toyota Industries' official website, ESG dialogue
Local community	Inviting residents to Toyota Industries' events, participating in local events

Compliance

Basic Perspective

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

To promote compliance, we have established the Compliance Subcommittee (led by an executive responsible for legal affairs) as a subordinate organization to the CSR Committee (led by the president). Every year, the subcommittee formulates an action policy that covers the entire Toyota Industries Group and conducts a follow-up check on the progress of corresponding activities twice during that year. We have also established a system to report serious violation cases that occur within the Toyota Industries Group, including bribery, corruption and violations of antitrust laws, to the Compliance Subcommittee.

CSR Material Issue > Number of serious compliance violations in the Toyota Industries Group: 0

Formulating the Employee Code of Conduct and Fully Educating and Instilling the Code

Toyota Industries has formulated and distributed to executives and all employees the Toyota Industries Corporation Employee Code of Conduct, which serves as conduct guidelines that should be observed by employees. It covers such topics as prevention of bribery, corruption and profit sharing, conformance to antitrust laws, respect for human rights, safety and health as well as environmental conservation. Accordingly, we have been working to instill the Code through group training and other

means. Consolidated subsidiaries in and outside Japan have formulated their own Code of Conduct appropriate to their respective business lines and corporate cultures and have been implementing Company-wide awareness-raising and educational activities once a year. In addition, we have created and disseminated e-learning materials on 49 topics and compliance mini quizzes on 47 topics (as of March 2022) in order to cultivate a deeper understanding of compliance among employees of Toyota Industries and our consolidated subsidiaries in Japan and to create an environment in which employees learn about compliance on their own.

> Execution rate of Employee Code of Conduct enlightenment and educational activities by Toyota Industries and consolidated subsidiaries in and outside Japan: 100%

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

Efforts for Prevention of Bribery and Corruption

To prohibit and prevent bribery, Toyota Industries has formulated the Global Guidelines for Bribery Prevention (or individual rules in countries high on the Corruption Perceptions Index in accordance with their respective, applicable laws) and been conducting activities to familiarize employees with them in each country and region.

Efforts for Ensuring Compliance with Antitrust Laws and Competition Laws

As for antitrust laws, we operate a system to conduct a check and review before and after employees of Toyota Industries contact competitors and have been cultivating awareness among employees for not acting in a manner that may possibly constitute a violation of antitrust laws. Moreover, we have designated a particular month as “Antitrust Law Compliance Month” since fiscal 2016 to carry out enlightenment activities at relevant departments. Consolidated subsidiaries in and outside Japan have also been working to educate and raise awareness of employees for preventing violations of antitrust laws and competition laws, such as forming cartels, in accordance with local laws and regulations.

Early Detection and Prevention of Issues via Whistle-Blower System

The Toyota Industries Group has in place a whistle-blower system to report and seek consultation on compliance-related issues. In Japan as well as key countries in North America, Europe, Asia, Oceania and South America, we operate a compliance hotline (external helpline) that allows employees and other relevant parties to seek advice from external experts on compliance-related matters with a sense of security and without being exposed to negative consequences. In fiscal 2022, we received 63 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 suppliers 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.”

Compliance Awareness Survey

Toyota Industries periodically conducts an employee compliance awareness survey to check how compliance activities have taken root among employees and how well they know about the Code of Conduct and whistle-blower system. By identifying the actual status and adding improvements, we have been working to make our compliance structure more effective. In the most recent awareness survey, we confirmed that the degree of recognition of both the Code and whistle-blower system was more than 95%. To maintain such a high level, we will continue to make efforts for further improvement.

Activities in the Toyota Industries Group

Each consolidated subsidiary of the Toyota Industries Group has set up a compliance committee (in Japan) and appointed a compliance officer (outside Japan) to lead and promote 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 2022, top managers and compliance officers from 10 bases in Asia/Oceania attended the Compliance Conference held online. They shared information about compliance activities of each company and held a group discussion on the prevention of compliance violations with the aim of strengthening each company’s commitment to compliance activities.



Asia/Oceania Compliance Conference

Main Compliance Officers

	Europe Toyota Material Handling Europe AB Andreas Lundh
	United States Toyota Industries North America, Inc. Kim Parker
	China Toyota Industries Management (China) Co., Ltd. Zhu Lingling
	Thailand BT Midland Co., Ltd Krisaruj Sereechoarensak
	Vanderlande Group Vanderlande Industries Holding B.V. Carl Messemaeckers

Information Security

Basic Perspective

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

Implementation Structure

Toyota Industries has set up the Information Security Subcommittee (led by an executive in charge of the IT Digital Promotion 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

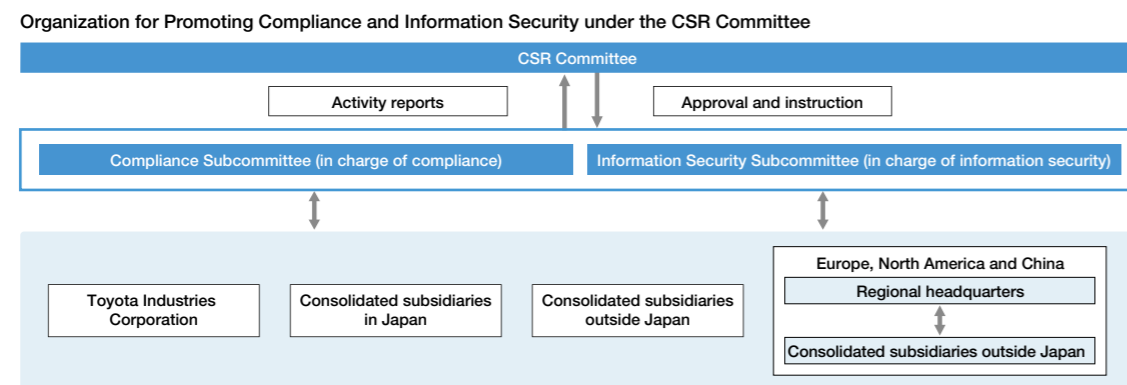
Basic Policies for Information Security

- (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.

Risk Management

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

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



Information Security Management

Information Security Monitoring and Incident Response

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

CSR Material Issue > Number of serious incidents occurred: 0

Providing Education on Information Security

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

Preventing Leakage of Confidential Information

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

Conducting Information Security Audits

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

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

Primary Activity Examples

- Activities in fiscal 2022**
- Enhancing security services for consolidated subsidiaries in and outside Japan
 - Providing threat information (vulnerability information) related to information security to consolidated subsidiaries in and outside Japan
 - More advanced e-mail security training (targeted attacks via e-mail on specific departments and after-action education; four times a year/person)
 - Providing information security education to on-site plant workers
 - Establishing a security management structure for products
 - Operating a system on a trial basis that automatically detects unauthorized removal of information off the premises
 - Publishing information security newsletters

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. In fiscal 2022, we created the position of risk supervisor within the CSR Committee. By doing so, we have strengthened activities to identify priority risks from among risks concerning Toyota Industries as a whole and make sure to implement measures at each functional management entity as well as measures to counter emerging risks spanning multiple functions. At the same time, functional departments at the Head Office such as those responsible for safety, quality and the environment formulate rules and regulations and create manuals from a Group-wide perspective, encompassing 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, including the ability to respond to the identified priority risks, at each business division and consolidated subsidiary.

We have also formulated the Risk Response Manual, which defines basic rules for risk management activities under normal circumstances and for our initial response to an emergency 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 have made an appropriate response based on this manual by taking such measures as establishing a response headquarters. The content of the manual is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

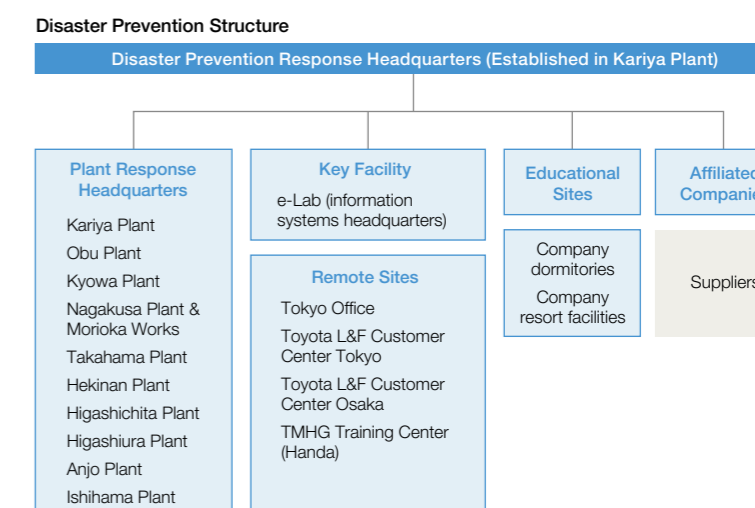
Response to Possible Major Earthquake

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, 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.



Toyota Industries' Activities Related to Intellectual Properties

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

One important role assigned to the Disaster Prevention Response Headquarters that oversees Company-wide disaster response is to collect information on damages to both inside and outside the company premises, swiftly make decisions and disseminate these decisions throughout Toyota Industries. In fiscal 2022, we conducted training remotely, assuming a nighttime or holiday situation in which it is difficult for the response headquarters staff to assemble in person. The remote training traced a series of actions, from setting up the Disaster Prevention Response Headquarters to gathering damage information from our plants and disseminating the information within the headquarters, and confirmed that we are capable of sharing information regardless of time and place.

2. Initial Response Training at Plant Response Headquarters

In fiscal 2022, we canceled group training involving all members of the Plant Response Headquarters to prevent COVID-19 and conducted training in small groups and by role to confirm the action of each member. Specifically, the members aggregated damage information and transported and provided first aid to injured persons. 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.



Drill to transport and provide first aid to an injured person

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 suppliers in order to familiarize them with the use of IT tools to quickly identify the damage status during a disaster.

Future Activities

In the face of frequent wind and water-related disasters and earthquakes in recent years, we believe it is important to be prepared to make a smooth initial response and maintain the function of the Disaster Prevention Response Headquarters no matter when or how much we sustain damage from a disaster. Based on this belief, we will continue our ongoing efforts to increase the effectiveness of our disaster prevention scheme.

Basic Perspective

One tenet of the Toyota Precepts, which serves as our corporate creed, states "Always be studious and creative, striving to stay ahead of the times." Under this tenet, Toyota Industries encourages inventions and leverages them in its business strategies. In addition, we proactively acquire and utilize rights on intellectual properties as they are an important management resource.

Implementation Structure and the Number of Patent Applications

Toyota Industries' businesses span various fields from textile machinery to materials handling equipment and automobile-related products. In accordance with business strategies tailored to the characteristics of each business, we comprehensively analyze information on our own and other companies' intellectual properties, covering our position in the respective markets and competitive relationships, and based on the results, formulate an intellectual property strategy.

At our internal Invention Review Meeting between the technical department and IP department of each business division and other occasions, we identify and encourage inventions that pay attention to certain technological domains. At the same time, we operate a system to survey risks of infringing other companies' intellectual properties, report the survey results to a meeting of the Review and Approval Committee for Research and Development held during each development phase and have the responsible executives review and approve each development project. We also make joint efforts with consolidated subsidiaries in and outside Japan possessing the development function to build an asset pool of intellectual properties and avoid risks of infringement as the entire Toyota Industries Group.

Under this implementation structure, we filed some 900 patent applications in fiscal 2022, including those related to electrification and automated operation of lift trucks. As of March 31, 2022, Toyota Industries holds about 6,500 patents.

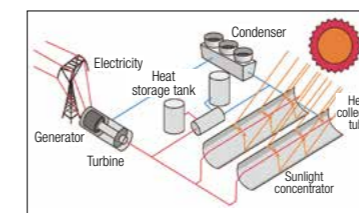
Utilizing Our Patents to Help Resolve Environmental Issues

As an effort toward the resolution of SDG-related social issues, which have been defined as its CSR material issues, Toyota Industries has become a partner of WIPO GREEN*1 and is listing 208 of its patents in the organization's database. The effort is expected to result in the development of new products that use technologies owned by Toyota Industries and will help resolve environmental issues.

*1: A platform established by the World Intellectual Property Organization (WIPO) in 2013. To support global efforts against climate change, it connects major players who can spur environment-friendly innovation through its online intellectual property database and network.



Toyota Industries' Solar Heat Collection Tube Shown on Japan Patent Office Website



Parabolic trough type concentrating solar power system





Sunlight concentrator

External Evaluations of Patents Held by Toyota Industries

Toyota Industries has been proactively applying for the National Commendation for Invention sponsored by the Japan Institute of Invention and Innovation and has received higher-ranking awards, including the Minister of Economy, Trade and Industry Award. Being active in applying for this and other external award programs is an effort to make our excellent technologies known broadly to the public and increase "inventive" motivation of employees who work at the forefront of our development activities.

Recent Awards Won by Toyota Industries

Details	
2018 Commissioner of Japan Patent Office Award Patent No. 5353383 Oxygen-supplying air compressor for FCEVs	
2020 Minister of Economy, Trade and Industry Award Patent No. 6156503 MOSAIC yarn spinning frame	

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

(As of June 30, 2022)

Directors

Chairman
Tetsuro Toyoda

Apr. 1970 Joined Toyota Motor Sales Co., Ltd.
Feb. 1991 Vice President of Toyota Motor Sales, U.S.A., Inc.
Jun. 1991 Director of Toyota Industries Corporation
Jun. 1997 Managing Director
Jun. 1999 Senior Managing Director
Jun. 2002 Executive Vice President
Jun. 2005 President
Jun. 2013 Chairman (current)



President
Akira Onishi

Apr. 1981 Joined Toyota Industries Corporation
Jun. 2005 Director
Jun. 2006 Managing Officer
Jun. 2008 Senior Managing Officer
Jun. 2010 Senior Managing Director
Jun. 2013 President (current)



Executive Vice President
Yojiro Mizuno

Apr. 1983 Joined Toyota Industries Corporation
Jun. 2010 Managing Officer
Jun. 2016 Senior Managing Officer
Jun. 2018 Director and Senior Managing Officer
Jun. 2019 Director and Senior Executive Officer
Jun. 2021 Executive Vice President (current)



Outside Director (Independent)
Shuzo Sumi

Apr. 1970 Joined The Tokio Marine & Fire Insurance Co., Ltd. (Tokio Marine)
Jun. 2000 Director and Chief Representative in London of Tokio Marine
Jun. 2002 Managing Director of Tokio Marine
Oct. 2004 Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokio Marine & Nichido)
Jun. 2005 Senior Managing Director of Tokio Marine & Nichido
Jun. 2007 President and Chief Executive Officer of Tokio Marine & Nichido
Jun. 2007 President and Chief Executive Officer of Tokio Marine Holdings, Inc. (Tokio Marine Holdings)
Jun. 2013 Chairman of the Board of Tokio Marine & Nichido
Jun. 2013 Chairman of the Board of Tokio Marine Holdings
Jun. 2014 Director of Toyota Industries Corporation (current)
Apr. 2016 Counselor of Tokio Marine & Nichido (current)
Jun. 2019 Retired as Chairman of the Board of Tokio Marine Holdings



Outside Director (Independent)
Junichi Handa

Apr. 1979 Joined Toa Nenryo Kogyo K.K.
Feb. 2002 Representative Director of Booz Allen and Hamilton (Japan)
Apr. 2005 CEO of Management Wisdom Partners, Japan Inc.
Apr. 2005 Project Researcher of Manufacturing Management Research Center, the University of Tokyo
Jun. 2013 Corporate Officer and Head of HR, Takeda Pharmaceutical Company Limited
Jun. 2015 Outside Director of Mitsui Sugar Co., Ltd. (now Mitsui DM Sugar Holdings Co., Ltd.) (current)
Jul. 2015 CEO of Management Wisdom Partners, Japan Inc. (current)
Apr. 2016 Project professor of the Graduate School of Economics (Management) and member of the Office of the Global Leadership Program, the University of Tokyo
Apr. 2022 Lecturer of the Graduate School of Economics, the University of Tokyo
Jun. 2022 Director of Toyota Industries Corporation (current)



Outside Director
Masahiko Maeda

Apr. 1994 Joined Toyota Motor Corporation (TMC)
Jan. 2018 Managing Officer of TMC
Jan. 2019 Operating Officer of TMC
Jan. 2019 Chairman and President of Toyota Daihatsu Engineering & Manufacturing Co., Ltd.
Jan. 2019 Chairman of P.T. Toyota Motor Manufacturing Indonesia
Jun. 2021 Director of Toyota Industries Corporation (current)
Feb. 2022 Representative Director of Woven Planet Holdings Inc. (current)
Apr. 2022 Executive Vice President of TMC
Jun. 2022 Director, Operating Officer and Executive Vice President of TMC (current)



Audit & Supervisory Board Members


Full-Time Audit & Supervisory Board Member
Toru Inagawa

Apr. 1982 Joined Toyota Industries Corporation
Jun. 2008 General Manager of TMHG Planning Dept.
Jan. 2009 General Manager of Corporate Planning Dept. of TMHG, Toyota Material Handling Company
Jan. 2013 General Manager of TMHG Management Dept., Toyota Material Handling Company
Jun. 2014 Managing Officer
Jun. 2016 Senior Managing Officer
Jun. 2019 Executive Officer
Jun. 2021 Audit & Supervisory Board Member (current)



Full-Time Audit & Supervisory Board Member
Toru Watanabe

Apr. 1983 Joined Toyota Industries Corporation
Jun. 2016 General Manager of Accounting & Finance Dept.
Jan. 2017 Project General Manager of Accounting & Finance Dept.
Jun. 2020 Audit & Supervisory Board Member (current)



Outside Audit & Supervisory Board Member (Independent)
Akihisa Mizuno

Apr. 1978 Joined Chubu Electric Power Co., Inc. (Chubu Electric Power)
Jun. 2008 Director, Senior Managing Executive Officer and General Manager of Corporate Planning & Strategy Div. of Chubu Electric Power
Jun. 2009 Representative Director and Executive Vice President of Chubu Electric Power
General Manager of Corporate Planning & Strategy Div. and General Manager of Affiliated Business Planning & Development Dept.
Jun. 2010 President & Director of Chubu Electric Power
Jun. 2015 Chairman of the Board of Directors of Chubu Electric Power
Jun. 2016 Audit & Supervisory Board Member of Toyota Industries Corporation (current)
Apr. 2020 Director & Advisor of Chubu Electric Power
Jun. 2020 Advisor of Chubu Electric Power (current)



Outside Audit & Supervisory Board Member (Independent)
Masanao Tomozoe

Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
Jun. 2005 Managing Officer of Toyota Motor Corporation (TMC)
Apr. 2011 Senior Managing Officer of TMC
Apr. 2011 Senior Vice President of Toyota Motor North America, Inc.
Jun. 2012 President and Representative Director of Toyota Motor Sales & Marketing Corporation
May 2015 Advisor of Central Japan International Airport Company, Limited
Jun. 2015 President and CEO of Central Japan International Airport
Jun. 2019 Audit & Supervisory Board Member of Toyota Industries Corporation (current)
Jun. 2019 Advisor of Central Japan International Airport
Jun. 2021 Special Advisor of Central Japan International Airport (current)



Senior Executive Officers

Masahiro Kawaguchi



Koichi Ito



Hiroshi Matsumoto



Kazunari Masuoka



Toshihiko Shimizu



Brett Wood



Norio Wakabayashi



Hiroaki Matsuda



Ken Suito



Hisashi Ichijo



Nobutomo Yasui



Shunji Sugimoto



Hisanori Miyajima



Sotaro Kumazawa



Executive Officers

Shinya Mizutani
Hiroya Akatsuka
Hiroshi Kobayashi
Hiromichi Asao

Kenichi Onishi
Yoichiro Yamazaki
Takehiko Oishi
Taeko Kojima

Hiroshi Fukagawa
Keitaro Hara
Shigeru Sawaki
Hiroyuki Taniguchi

Norio Otake
Haruhiko Kimata
Tomoji Tarutani
Toru Suzuki

Major Bases (Production, Regional Headquarters, etc.) (As of June 30, 2022)



Europe

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

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

23 Toyota Material Handling Manufacturing Italy S.p.A.
 Managing Director Fabio Giuliani
 Bologna, Italy
 Business activities: Production of materials handling equipment
 Establishment: 1942

24 Toyota Material Handling Manufacturing France SAS
 Managing Director Philippe Mahé
 Ancenis, France
 Business activities: Production of materials handling equipment
 Establishment: 1995

25 Vanderlande Industries Holding B.V.
 President & CEO Remo Brunswiler
 Veghel, The Netherlands
 Business activities: Provision of logistics solutions
 Establishment: 1949

26 TD Deutsche Klimakompressor GmbH
 President Yoichi Terao
 Bernsdorf, Germany
 Business activities: Production of compressors
 Establishment: 1998

27 Uster Technologies AG
 CEO Davide Maccabruni
 Uster, Switzerland
 Business activities: Production, sales and after-sales services of quality measurement instruments for fiber, yarn and fabric
 Establishment: 1875

Japan

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

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

3 Kyowa Plant
 Obu-shi, Aichi
 Main products: Automotive press dies, production facilities, on-board batteries
 Start of operations: 1953

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

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

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

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

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

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

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

The Americas

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

14 Toyota Advanced Logistics North America, Inc.
 President & CEO Hitoshi Matsuoka
 Indianapolis, Indiana, U.S.A.
 Business activities: U.S. headquarters for logistics solutions
 Establishment: 2017

12 Toyota Material Handling, Inc.
 President & CEO Bill Finerty
 Columbus, Indiana, U.S.A.
 Business activities: Production and sales of materials handling equipment
 Establishment: 2020

15 Bastian Solutions, LLC
 President & CEO Aaron Jones
 Indianapolis, Indiana, U.S.A.
 Business activities: Integration of logistic systems
 Establishment: 1952

13 The Raymond Corporation
 President & CEO Mike Field
 Greene, New York, U.S.A.
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 1922

18 TD Automotive Compressor Georgia, LLC
 President Haruyuki Ito
 Pendergrass, Georgia, U.S.A.
 Business activities: Production of compressors
 Establishment: 2004

16 Toyota Industries Commercial Finance, Inc.
 President & CEO Mark Taggart
 Dallas, Texas, U.S.A.
 Business activities: Sales financing for materials handling equipment
 Establishment: 2014

19 Toyota Industries Compressor Parts America, Co.
 President Haruyuki Ito
 Pendergrass, Georgia, U.S.A.
 Business activities: Production of compressor parts and electronics products
 Establishment: 2012

17 Michigan Automotive Compressor, Inc.
 President Hisashi Kusaba
 Parma, Michigan, U.S.A.
 Business activities: Production of compressors
 Establishment: 1989

20 Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda
 President Hiroshi Kuriyama
 São Paulo, Brazil
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2004

Asia

28 Toyota Industries Engine India Private Limited
 Managing Director Yoshimitsu Hayashi
 Bengaluru, India
 Business activities: Production of diesel engines
 Establishment: 2015

30 Toyota Industry (Kunshan) Co., Ltd.
 President Takehiko Oishi
 Kunshan, Jiangsu, China
 Business activities: Production of materials handling equipment and automotive parts, etc.
 Establishment: 1994

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

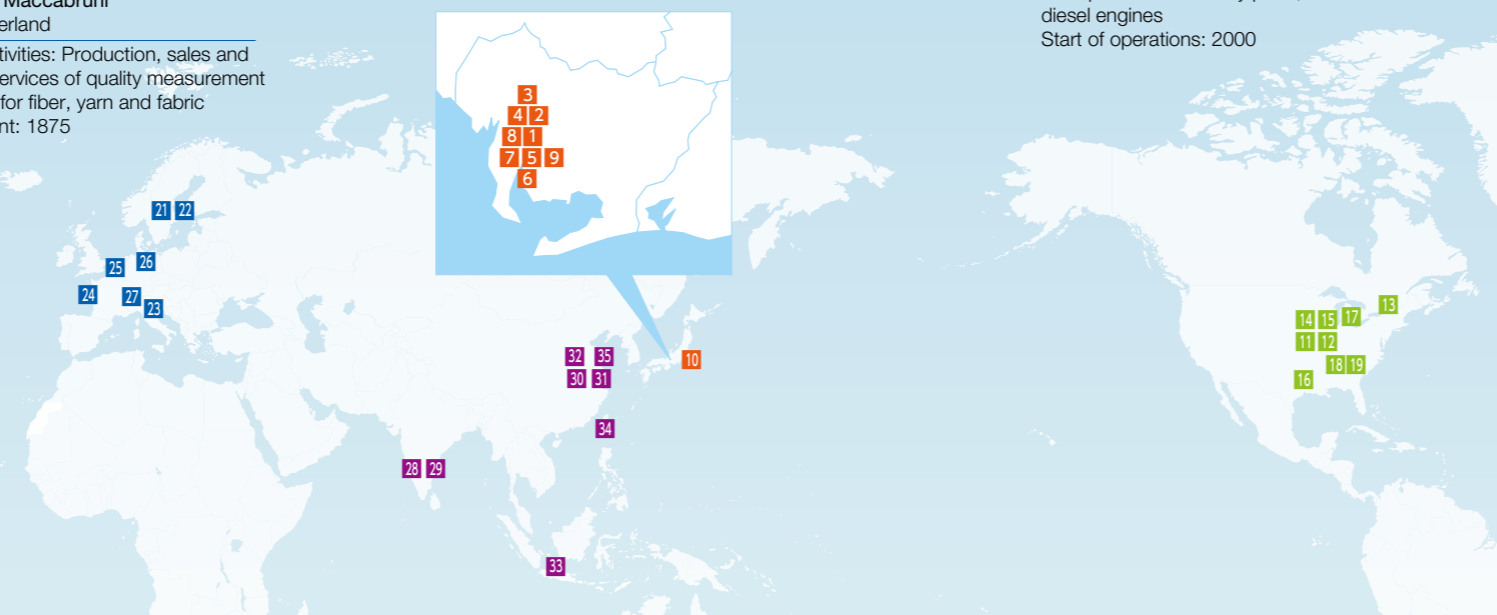
29 Kirloskar Toyota Textile Machinery Pvt. Ltd.
 Managing Director Hisahiro Koketsu
 Bengaluru, India
 Business activities: Production, sales and after-sales services of textile machinery
 Establishment: 1995

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

33 P.T. TD Automotive Compressor Indonesia
 President Satoshi Kasuya
 Bekasi, Indonesia
 Business activities: Production of compressors
 Establishment: 2011

34 Tailift Material Handling Taiwan Co., Ltd.
 President Amy Lin
 Taichung, Taiwan
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2014

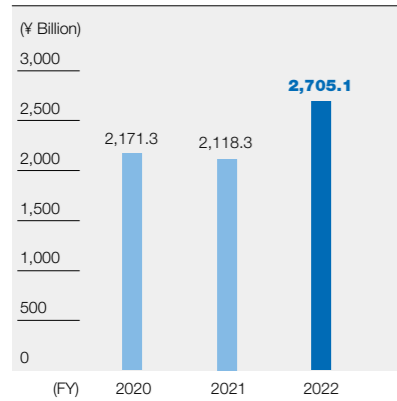
35 Global Power Co. Ltd. (Tailift)
 President Amy Lin
 Qingdao, Shandong, China
 Business activities: Production, sales and after-sales services of materials handling equipment
 Establishment: 2000



Consolidated Financial and Non-Financial Highlights (FY2022)

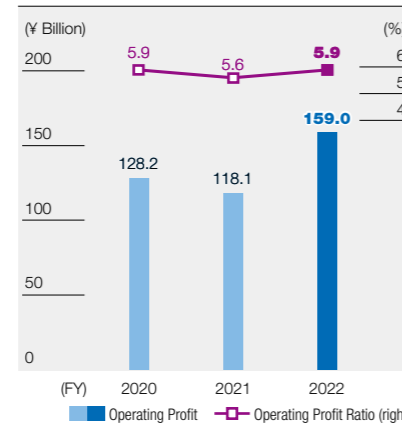
Net Sales

¥2,705.1 billion



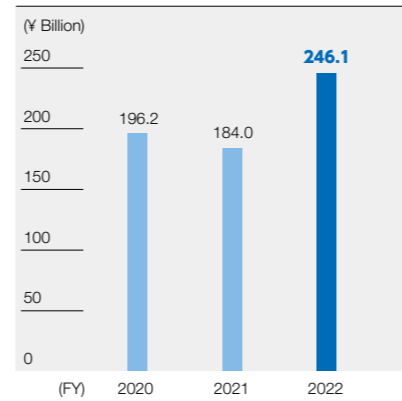
Operating Profit

¥159.0 billion / 5.9%



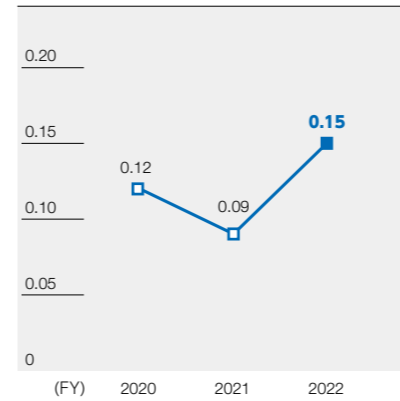
Profit before Income Taxes

¥246.1 billion



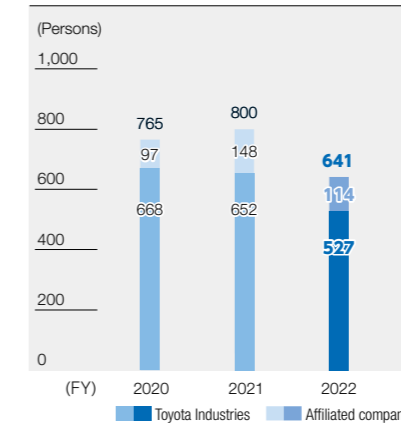
Frequency Rate of Lost Workday Injuries (Non-Consolidated)

0.15



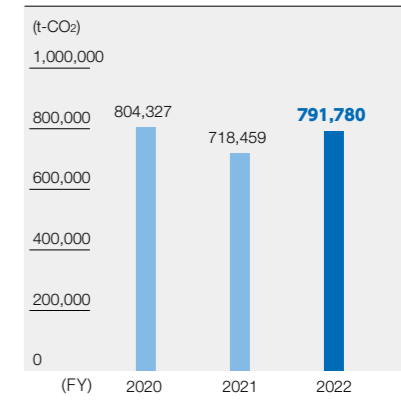
Participants of Subcontracting Law-Related Seminars

641 persons



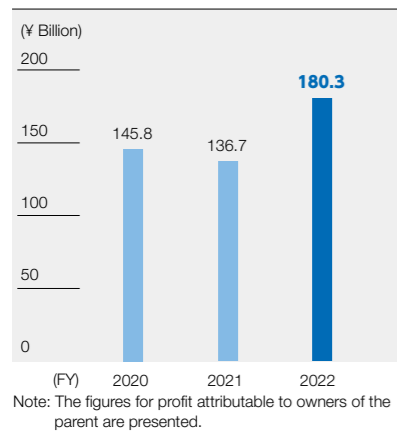
CO2 Emissions (Consolidated)

791,780 t-CO2



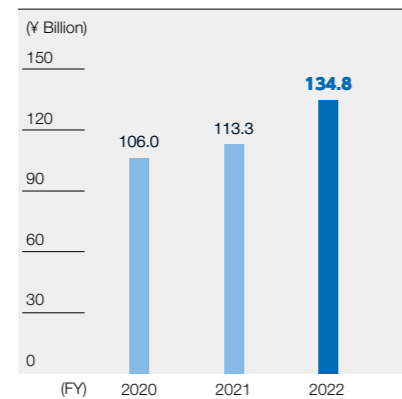
Profit

¥180.3 billion



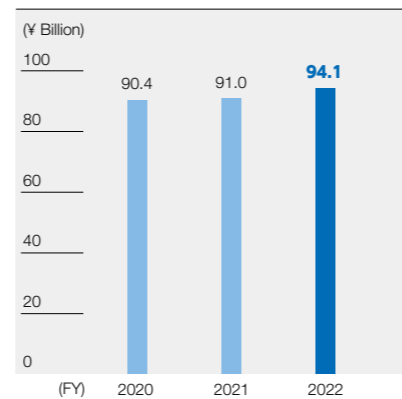
Investments in Tangible Assets

¥134.8 billion



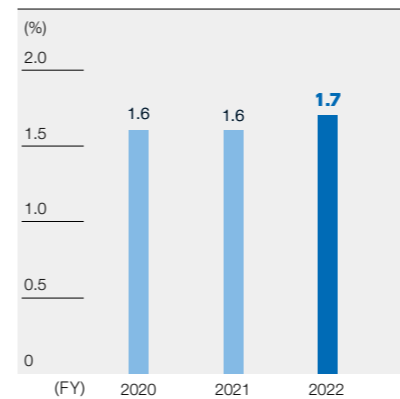
Depreciation

¥94.1 billion



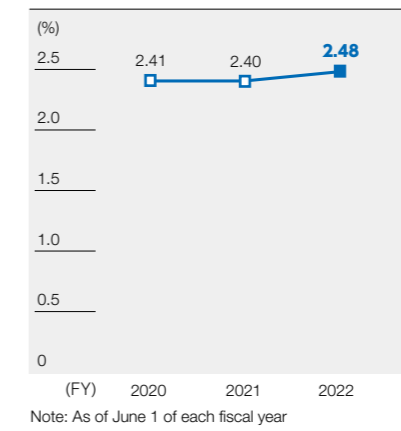
Ratio of Female Employees in Managerial Positions (Non-Consolidated)

1.7%



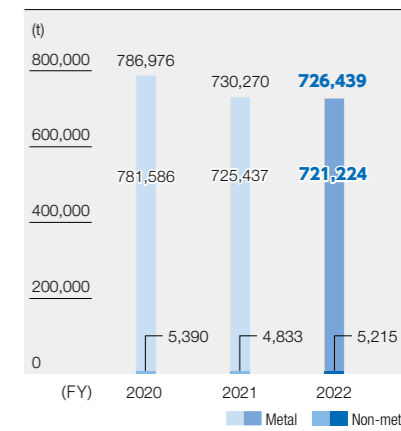
Ratio of Associates with Disabilities (Non-Consolidated)

2.48%



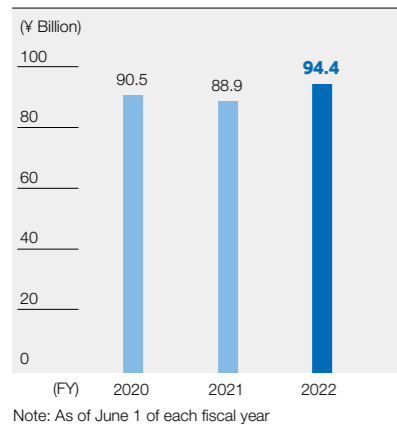
Resource Input Volume (Consolidated)

726,439 t



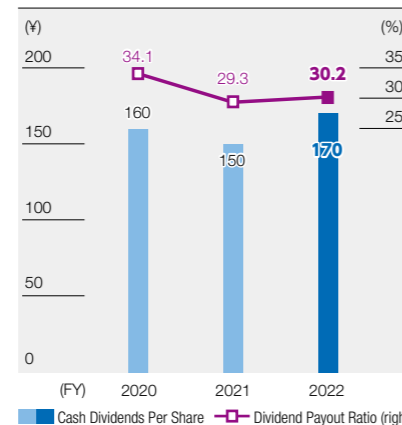
Research and Development Expenses

¥94.4 billion



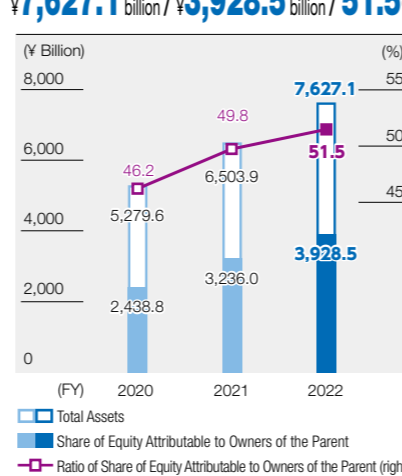
Cash Dividends Per Share/ Dividend Payout Ratio

¥170 / 30.2%



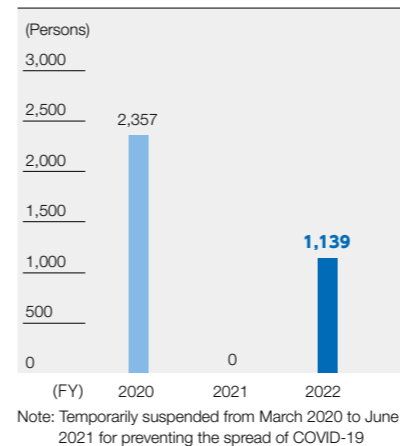
Total Assets/Share of Equity Attributable to Owners of the Parent/Ratio of Share of Equity Attributable to Owners of the Parent

¥7,627.1 billion / ¥3,928.5 billion / 51.5%



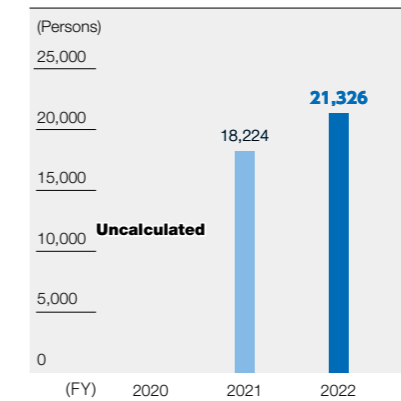
Participants of Age-Based Health Education (Non-Consolidated)

1,139 persons



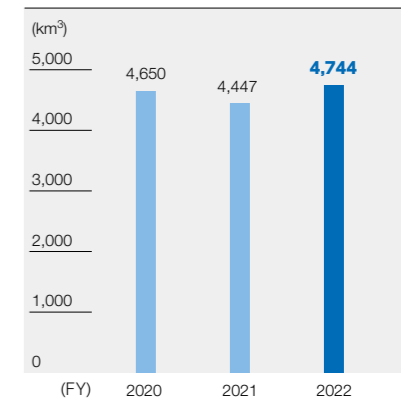
Number of Participants of Social Contribution Activities (Consolidated)

21,326 persons



Water Consumption (Consolidated)

4,744 km³



Consolidated Eleven-Year Summary



Toyota Industries Corporation
Years ended March 31

Millions of yen

	International Financial Reporting Standards (IFRS)		Generally Accepted Accounting Principles in Japan (JGAAP)								
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
For the Year											
Net sales	2,705,183	2,118,302	2,171,355	2,214,946	2,003,973	1,675,148	2,243,220	2,166,661	2,007,856	1,615,244	1,543,352
Operating profit	159,066	118,159	128,233	134,684	147,445	127,345	134,712	117,574	107,691	77,098	70,092
Profit before income taxes*1	246,123	184,011	196,288	202,225	209,827	181,986	185,398	170,827	138,133	86,836	80,866
Profit*2	180,306	136,700	145,881	152,748	168,180	131,398	183,036	115,263	91,705	53,119	58,594
Investments in tangible assets*3	134,867	113,361	106,058	113,748	115,458	77,393	75,438	126,395	109,479	89,459	58,404
Depreciation*3	94,190	91,097	90,488	85,639	77,738	73,253	77,366	70,782	64,153	57,954	59,830
Research and development expenses	94,484	88,900	90,560	88,807	77,647	69,524	65,440	47,785	46,326	39,057	32,070
Per share of common stock (yen):											
Earnings per share*2, *4											
Basic	580.73	440.28	469.85	491.97	541.67	420.78	582.58	367.06	292.76	170.36	188.02
Diluted	—	—	—	—	—	—	582.57	366.99	292.57	170.35	—
Share of equity attributable to owners of the parent	12,653.04	10,422.64	7,854.87	7,986.59	8,223.82	7,125.37	6,481.97	7,500.16	5,640.08	4,719.66	3,662.26
Cash dividends per share	170.00	150.00	160.00	155.00	150.00	125.00	120.00	110.00	85.00	55.00	50.00
At year-end											
Total assets	7,627,120	6,503,986	5,279,653	5,261,174	5,258,500	4,558,212	4,199,196	4,650,896	3,799,010	3,243,779	2,656,984
Share of equity attributable to owners of the parent	3,928,513	3,236,038	2,438,807	2,479,718	2,553,391	2,240,293	2,113,948	2,425,929	1,829,326	1,524,933	1,197,841
Capital stock	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	310,479	310,481	310,483	310,485	310,487	310,489	314,226	314,155	313,730	312,207	311,687
Cash flows											
Net cash provided by operating activities	321,085	382,386	313,199	270,306	268,567	239,094	240,169	182,191	155,059	151,299	101,718
Net cash used in investing activities	(229,805)	(404,164)	(182,598)	(395,000)	(340,324)	(86,925)	(531,561)	(160,769)	(118,483)	(274,210)	(9,403)
Net cash provided by (used in) financing activities	(92,114)	(105,477)	(7,094)	40,467	153,303	789	130,923	(8,918)	6,183	7,050	10,279
Cash and cash equivalents at end of year	247,085	238,248	358,144	239,140	323,830	243,685	92,399	248,706	226,406	179,359	296,811
Indices											
Operating profit ratio (%)	5.9	5.6	5.9	6.1	7.4	7.6	6.0	5.4	5.4	4.8	4.5
EBITDA (millions of yen)*5	390,525	326,851	336,415	323,998	313,055	276,193	369,857	248,854	216,175	155,234	161,876
Return on equity (ROE) (%)*6	5.0	4.8	5.9	6.1	7.0	6.1	8.3	5.6	5.7	4.1	5.4
Return on assets (ROA) (%)*7	2.6	2.3	2.8	2.9	3.4	3.0	4.1	2.7	2.6	1.8	2.3
D/E ratio (%)*8	35.4	41.6	54.9	52.3	45.7	43.6	43.7	32.0	39.9	45.4	53.8
Ratio of share of equity attributable to owners of the parent*9	51.5	49.8	46.2	47.1	48.6	49.1	48.5	50.7	46.6	45.4	43.0
Number of employees (persons)	71,784	66,947	66,478	64,641	61,152	52,623	51,458	52,523	49,333	47,412	43,516

*1: The figures prior to fiscal 2017 are ordinary income under JGAAP.

*2: Profit attributable to owners of the parent

*3: Investments in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.

*4: Earnings per share is computed on the average number of shares for each year.

*5: Profit before income taxes + Interest expenses – Interest and dividends income + Depreciation and amortization (including assets other than property, plant and equipment)

*6: Profit attributable to owners of the parent / Average share of equity attributable to owners of the parent at the beginning and the end of the fiscal year

*7: Profit attributable to owners of the parent / Average total assets at the beginning and the end of the fiscal year

*8: Interest-bearing debt / (Share of equity attributable to owners of the parent – Subscription rights to shares)

*9: (Share of equity attributable to owners of the parent – Subscription rights to shares) / Total assets

Notes: 1. Toyota Industries has adopted IFRS beginning from the end of fiscal 2017.

2. Operating profit in fiscal 2018 includes a one-time effect of ¥14.3 billion arising from changes in retirement benefit plans.

Consolidated Statement of Financial Position

	Millions of yen	
	FY2021	FY2022
Assets		
Current assets		
Cash and cash equivalents	238,248	247,085
Time deposits with deposit terms of over three months	353,864	328,674
Trade receivables and other receivables	962,270	1,121,491
Other financial assets	5,947	12,672
Inventories	292,461	433,961
Income tax receivables	22,630	28,906
Other current assets	72,658	83,034
Total current assets	1,948,081	2,255,827
Non-current assets		
Property, plant and equipment	1,043,405	1,134,074
Goodwill and intangible assets	363,449	395,882
Trade receivables and other receivables	3,519	2,334
Investments accounted for by the equity method	16,812	21,337
Other financial assets	3,051,702	3,734,978
Net defined benefit assets	33,997	37,408
Deferred tax assets	37,615	39,908
Other non-current assets	5,401	5,368
Total non-current assets	4,555,904	5,371,292
Total assets	6,503,986	7,627,120
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	613,579	745,553
Corporate bonds and loans	435,238	468,504
Other financial liabilities	78,673	82,909
Accrued income taxes	22,786	27,281
Provisions	13,343	15,415
Other current liabilities	24,617	33,058
Total current liabilities	1,188,239	1,372,721
Non-current liabilities		
Corporate bonds and loans	910,124	922,011
Other financial liabilities	88,364	95,237
Net defined benefit liabilities	104,900	91,677
Provisions	10,225	11,809
Deferred tax liabilities	854,644	1,078,641
Other non-current liabilities	24,937	33,054
Total non-current liabilities	1,993,196	2,232,430
Total liabilities	3,181,436	3,605,152
Equity		
Share of equity attributable to owners of the parent		
Capital stock	80,462	80,462
Capital surplus	102,307	102,388
Retained earnings	1,369,775	1,514,657
Treasury stock	(59,321)	(59,339)
Other components of shareholders' equity	1,742,814	2,290,343
Total share of equity attributable to owners of the parent	3,236,038	3,928,513
Non-controlling interests	86,511	93,454
Total equity	3,322,550	4,021,967
Total liabilities and equity	6,503,986	7,627,120

Consolidated Statement of Profit or Loss

	Millions of yen	
	FY2021	FY2022
Net sales	2,118,302	2,705,183
Cost of sales	(1,627,894)	(2,097,501)
Gross profit	490,407	607,682
Selling, general and administrative expenses	(374,648)	(455,165)
Other income	18,956	20,942
Other expenses	(16,555)	(14,391)
Operating profit	118,159	159,066
Financial income	73,999	89,941
Financial expenses	(9,830)	(7,282)
Share of profit (loss) of investments accounted for by the equity method	1,682	4,397
Profit before income taxes	184,011	246,123
Income taxes	(42,576)	(60,773)
Profit	141,435	185,350
Profit attributable to:		
Owners of the parent	136,700	180,306
Non-controlling interest	4,735	5,043
Earnings per share		
Earnings per share—basic (yen)	440.28	580.73
Earnings per share—diluted (yen)	440.28	580.73

Consolidated Statement of Comprehensive Income

	Millions of yen	
	FY2021	FY2022
Profit	141,435	185,350
Other comprehensive income:		
Items not to be reclassified into profit or loss		
Net changes in revaluation of FVTOCI financial assets	642,254	465,900
Remeasurements of defined benefit plans	12,438	13,943
Other comprehensive income of affiliates accounted for by the equity method	27	19
Total items not to be reclassified into profit or loss	654,719	479,863
Items that can be reclassified into profit or loss		
Translation adjustments of foreign operations	57,210	84,380
Cash flow hedges	154	1,126
Other comprehensive income of affiliates accounted for by the equity method	578	1,102
Total items that can be reclassified into profit or loss	57,943	86,610
Total other comprehensive income	712,662	566,473
Comprehensive income	854,098	751,823
Total comprehensive income attributable to:		
Owners of the parent	845,026	742,088
Non-controlling interests	9,072	9,735

Consolidated Statement of Changes in Equity

Millions of yen

	Share of equity attributable to owners of the parent					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Net changes in revaluation of FVTOCI financial assets	Remeasurements of defined benefit plans
Balance as of April 1, 2020	80,462	103,515	1,267,521	(59,307)	1,138,219	—
Profit	—	—	136,700	—	—	—
Other comprehensive income	—	—	—	—	641,463	12,128
Total comprehensive income	—	—	136,700	—	641,463	12,128
Repurchase of treasury stock	—	—	—	(14)	—	—
Disposal of treasury stock	—	0	—	0	—	—
Dividends	—	—	(46,572)	—	—	—
Changes in ownership interest of subsidiaries	—	(1,208)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	12,126	—	2	(12,128)
Other increases (decreases)	—	—	—	—	—	—
Total transactions with owners	—	(1,208)	(34,445)	(14)	2	(12,128)
Balance as of March 31, 2021	80,462	102,307	1,369,775	(59,321)	1,779,685	—
Profit	—	—	180,306	—	—	—
Other comprehensive income	—	—	—	—	466,017	13,896
Total comprehensive income	—	—	180,306	—	466,017	13,896
Repurchase of treasury stock	—	—	—	(18)	—	—
Disposal of treasury stock	—	0	—	0	—	—
Dividends	—	—	(49,676)	—	—	—
Changes in ownership interest of subsidiaries	—	81	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	14,252	—	(355)	(13,896)
Other increases (decreases)	—	—	—	—	—	—
Total transactions with owners	—	81	(35,424)	(18)	(355)	(13,896)
Balance as of March 31, 2022	80,462	102,388	1,514,657	(59,339)	2,245,347	—

	Share of equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Translation adjustments of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2020	(93,662)	2,057	1,046,614	2,438,807	81,730	2,520,537
Profit	—	—	—	136,700	4,735	141,435
Other comprehensive income	54,579	154	708,326	708,326	4,336	712,662
Total comprehensive income	54,579	154	708,326	845,026	9,072	854,098
Repurchase of treasury stock	—	—	—	(14)	—	(14)
Disposal of treasury stock	—	—	—	0	—	0
Dividends	—	—	—	(46,572)	(1,627)	(48,200)
Changes in ownership interest of subsidiaries	—	—	—	(1,208)	(2,662)	(3,871)
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	—	—
Reclassified into retained earnings	—	—	(12,126)	—	—	—
Other increases (decreases)	—	—	—	—	—	—
Total transactions with owners	—	—	(12,126)	(47,794)	(4,290)	(52,085)
Balance as of March 31, 2021	(39,082)	2,211	1,742,814	3,236,038	86,511	3,322,550
Profit	—	—	—	180,306	5,043	185,350
Other comprehensive income	80,740	1,126	561,781	561,781	4,692	566,473
Total comprehensive income	80,740	1,126	561,781	742,088	9,735	751,823
Repurchase of treasury stock	—	—	—	(18)	—	(18)
Disposal of treasury stock	—	—	—	0	—	0
Dividends	—	—	—	(49,676)	(2,260)	(51,937)
Changes in ownership interest of subsidiaries	—	—	—	81	(1,066)	(984)
Changes in non-controlling interests as a result of change in scope of consolidation	—	—	—	—	534	534
Reclassified into retained earnings	—	—	(14,252)	—	—	—
Other increases (decreases)	—	—	—	—	—	—
Total transactions with owners	—	—	(14,252)	(49,613)	(2,792)	(52,405)
Balance as of March 31, 2022	41,657	3,338	2,290,343	3,928,513	93,454	4,021,967

Consolidated Statement of Cash Flows

Millions of yen

	FY2021	FY2022
Cash flows from operating activities:		
Profit before income taxes	184,011	246,123
Depreciation and amortization	209,839	223,737
Impairment losses	3,008	2,368
Interest and dividends income	(72,429)	(84,203)
Interest expenses	5,430	4,868
Share of (profit) loss of investments accounted for by the equity method	(1,682)	(4,397)
(Increase) decrease in inventories	(20,673)	(110,613)
(Increase) decrease in trade receivables and other receivables	(40,035)	(81,246)
Increase (decrease) in trade payables and other payables	73,868	93,537
Others	26,205	12,496
Subtotal	367,543	302,671
Interest and dividends income received	72,881	84,921
Interest expenses paid	(5,433)	(4,999)
Income taxes paid	(52,605)	(61,507)
Net cash provided by operating activities	382,386	321,085
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(222,360)	(237,371)
Proceeds from sales of property, plant and equipment	16,200	16,415
Payments for purchases of investment securities	(4,455)	(1,406)
Proceeds from sales of investment securities	3	651
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(714)	(14,905)
Payments into time deposits	(929,999)	(935,461)
Proceeds from withdrawals of time deposits	752,408	961,239
Payments for transfer of businesses	(901)	(529)
Others	(14,344)	(18,438)
Net cash used in investing activities	(404,164)	(229,805)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable (within three months)	(13,507)	26,622
Proceeds from short-term loans payable (over three months)	64,349	136,079
Repayments of short-term loans payable (over three months)	(65,989)	(112,363)
Net increase (decrease) in commercial paper	(62,355)	40,590
Proceeds from long-term loans payable	182,295	233,551
Repayments of long-term loans payable	(99,189)	(180,482)
Proceeds from issuance of corporate bonds	47,038	13,205
Repayments of corporate bonds	(84,589)	(184,066)
Repayments of lease obligations	(23,251)	(16,453)
Payments for repurchase of treasury stock	(14)	(18)
Cash dividends paid	(46,572)	(49,676)
Cash dividends paid to non-controlling interests	(1,627)	(2,260)
Others	(2,062)	3,156
Net cash used in financing activities	(105,477)	(92,114)
Translation adjustments of cash and cash equivalents	7,359	9,671
Net increase (decrease) in cash and cash equivalents	(119,896)	8,837
Cash and cash equivalents at beginning of period	358,144	238,248
Cash and cash equivalents at end of period	238,248	247,085

Company and Investor Information (As of March 31, 2022)

Company Overview

Corporate Head Office

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

Stock Exchange Listings

Tokyo and Nagoya (Ticker Code: 6201)

Number of Shareholders

15,311

Independent Accountant

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

Transfer Agent

Special Account Management Institution

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

Date of Establishment

November 18, 1926

Common Stock

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

Capital Stock

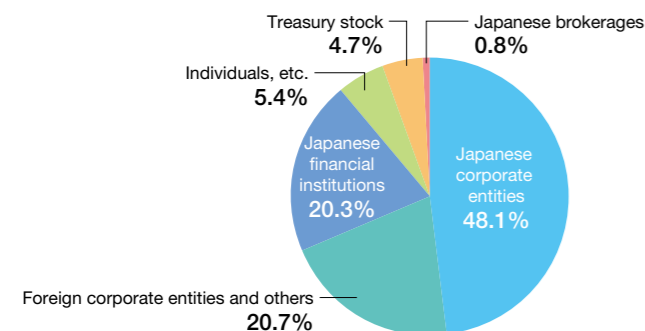
80,462 million yen

Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (Except for Treasury Stock) (%)
Toyota Motor Corporation	76,600	24.67
DENSO Corporation	29,647	9.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,242	9.10
Towa Real Estate Co., Ltd.	16,291	5.25
Toyota Tsusho Corporation	15,294	4.93
Custody Bank of Japan, Ltd. (Trust Account)	11,325	3.65
Nippon Life Insurance Company	6,580	2.12
AISIN Corporation	6,578	2.12
Aioi Nissay Dowa Insurance Co., Ltd.	4,903	1.58
Toyota Industries Corporation Employee Ownership Program	3,618	1.17

Notes: 1. Toyota Industries Corporation also holds 15,360 thousand shares of treasury stock but is excluded from the above list.
2. Effective on April 27, 2022, Towa Real Estate Co., Ltd. changed the company name to TOYOTA FUDOSAN CO., LTD.
3. Shares held for the purpose of trust services of respective financial institutions are as follows:
The Master Trust Bank of Japan, Ltd. (Trust Account) 28,242 (Thousands)
Custody Bank of Japan, Ltd. (Trust Account) 11,325 (Thousands)

Distribution of Shares



Major Evaluations by Third Parties



In December 2021, we received a leadership level of A- in surveys conducted by CDP*1 on climate change and water security.
*1: An international NGO running a project that requests companies to disclose their strategies against climate change and greenhouse gas emissions data



In March 2022, we received a Silver Medal from EcoVadis*2 in its corporate sustainability survey. (Six consecutive years since fiscal 2017)
*2: An international organization that evaluates the sustainability of companies



We were recognized by the 2022 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. (Five consecutive years since fiscal 2018)



In August 2019, we received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare in recognition of our excellent efforts concerning work-life balance

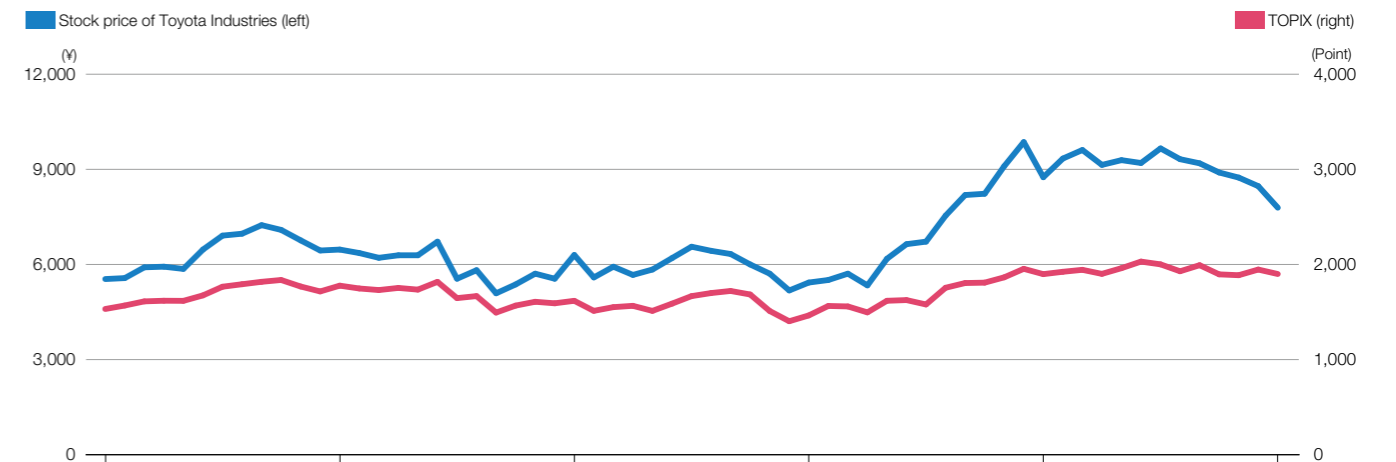


In February 2020, we received a "Family-Friendly Company" award from the Aichi prefectural government as an exemplary company providing excellent initiatives to support work-life balance.



In November 2019, we received an "Excellent Company" award from the Aichi prefectural government under its "Female-Friendly Company" certification program as an exemplary company proactively promoting the empowerment of women.

Common Stock Price and Trading Volume



Trading volume of Toyota Industries stock (left)

