

Environmental Initiatives

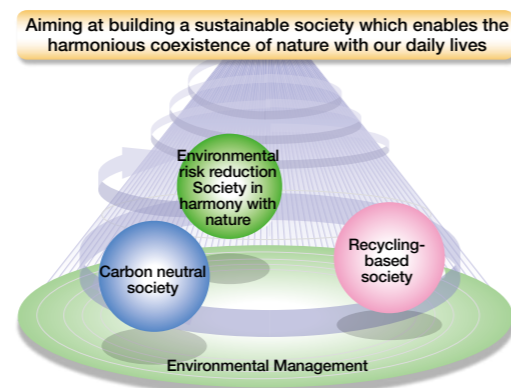
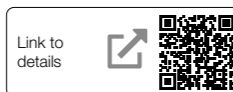
Promoting Environmental Management

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.



Notional Diagram of Global Environmental Commitment

Environmental Vision 2050 and Environmental Action Plans

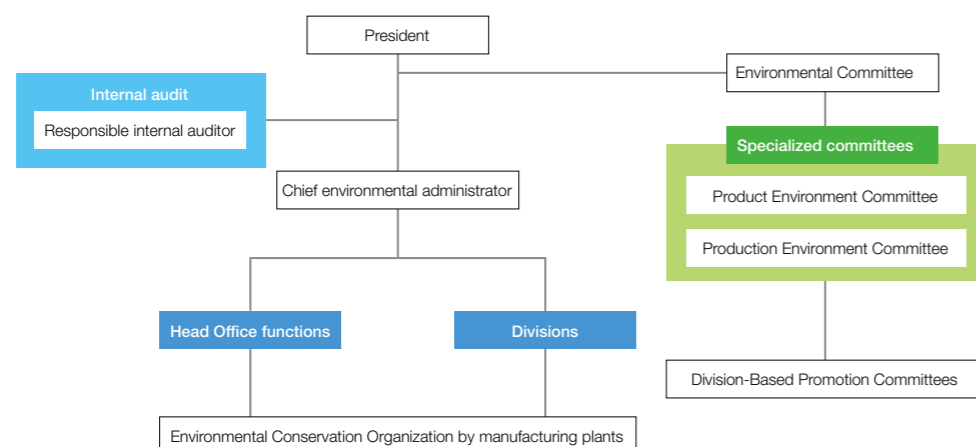
We have defined our Environmental Vision 2050 in relation to the four action themes specified in the Global Environmental Commitment, which represents our basic approach to environmental activities. As milestones toward achieving this vision, we formulate five-year environmental action plans, and the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

Environmental 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.

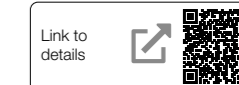
Environmental Vision 2050

- (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 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.) Sales increase accompanying an increased number of small distribution warehouses due to decentralization of distribution bases to build a disaster-resilient distribution system 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]

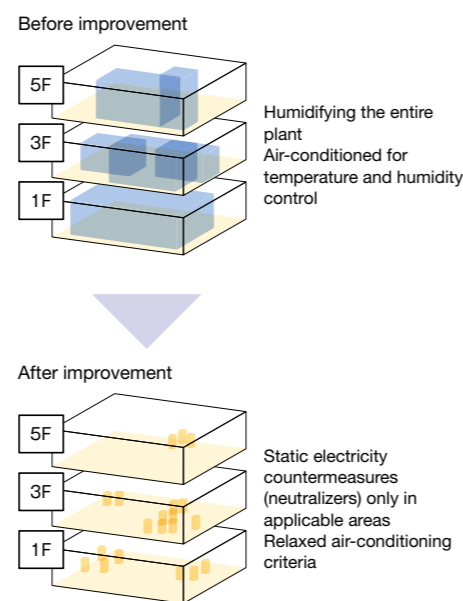
We have been working to reduce CO₂ emissions on a global scale by steadily conducting energy-saving activities and proactively introducing renewable energy and leading-edge decarbonization technologies.

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

As of March 31, 2022

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.

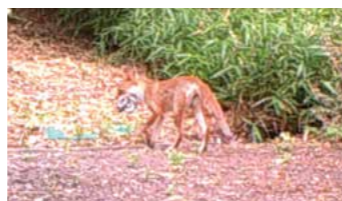


Students conducting activities under the Project Linking Life with One Another

*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.

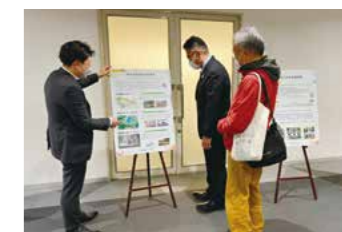
During the bird monitoring surveys conducted so far, the plant has confirmed that the birdpia has been visited by about 50 species of birds, including eastern marsh harrier designated as a threatened species. Sensor-equipped cameras installed near the pond have caught other birds, such as intermediate 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."

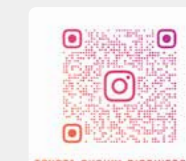


"Urara," a new mascot character

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

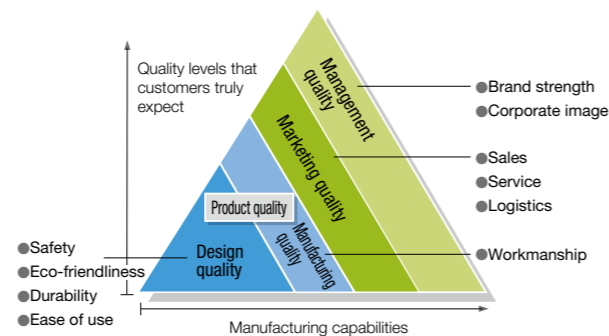
Quality Vision

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.

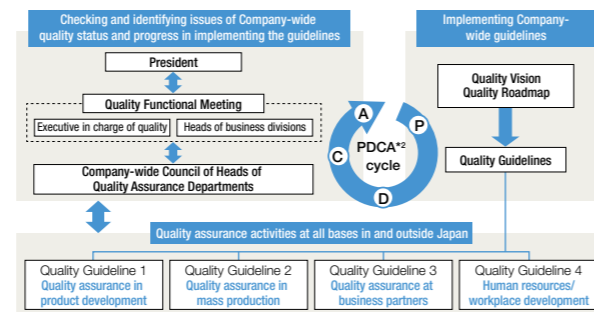
Carrying on the spirit of founder Sakichi Toyoda that "A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results," Toyota Industries strongly believes that quality is the lifeblood of a company. Under this belief, 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

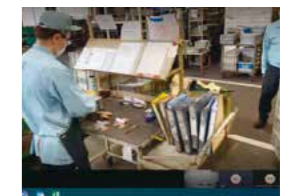
If a defect is found in a product after its launch, the Quality Assurance Department of the responsible business division takes the lead in making a swift response to eliminate the concerns of customers quickly and implementing measures to ensure non-recurrence of the same defect. In particular, a defect 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.

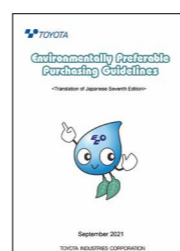
Co-Existence and Co-Prosperity Based on Mutual Trust

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.

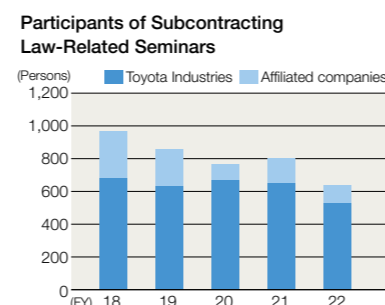
Reducing Environmental Impact through Environmentally Preferable Purchasing

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 	Introducing a shorter work-hour system for childcare <ul style="list-style-type: none"> Establishing on-site day care center Introducing a "welcome-back" system 	Introducing a financial aid system for day care costs <ul style="list-style-type: none"> Introducing a system of leave for fertility treatment

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.

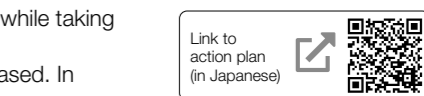
As a result of these initiatives, the number of female managers has steadily increased. In October 2016, we received "Eruboshi ("L Star": L stands for Lady, Labour and Laudable)" certification, which is given to companies making excellent efforts in promoting female engagement in the workplace, from 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.

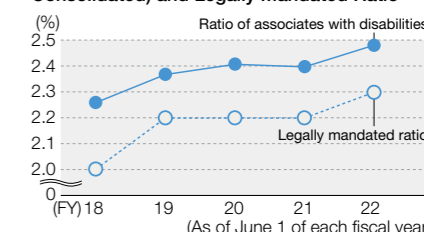
Employment of Persons with Disabilities

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%

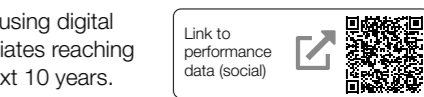
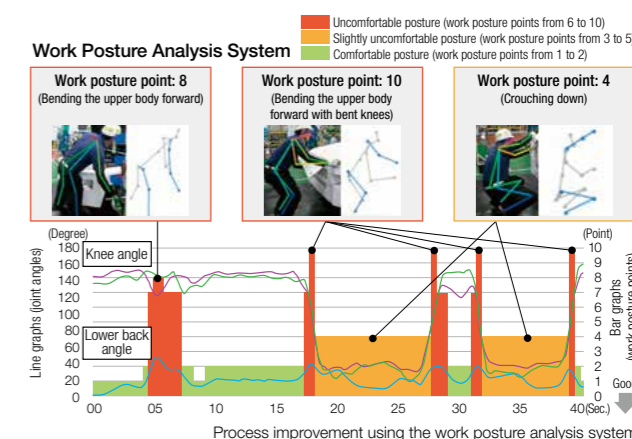


Ratio of Associates with Disabilities (Non-Consolidated) and Legally Mandated Ratio



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.

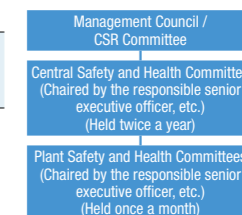
Based on the idea of building "a homelike atmosphere at work that is warm and friendly" as stated in the Toyoda Precepts, we formulated the Safety Vision in 2013 after holding repeated discussions on the "basic stance on safety" and "optimal safety we seek." The vision has been instilled at all bases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

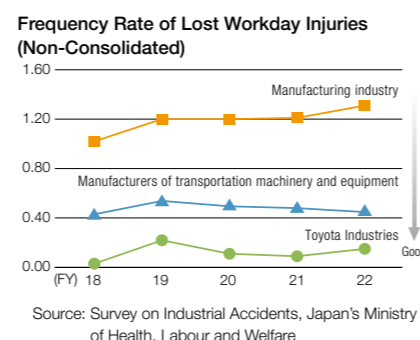
Preventing Occurrence and Recurrence of Industrial Accidents

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.

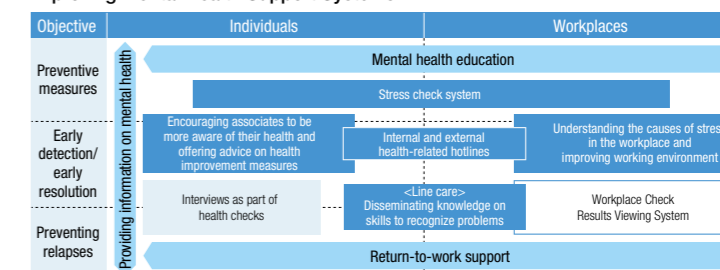
Response to COVID-19

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 monozukuri 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)

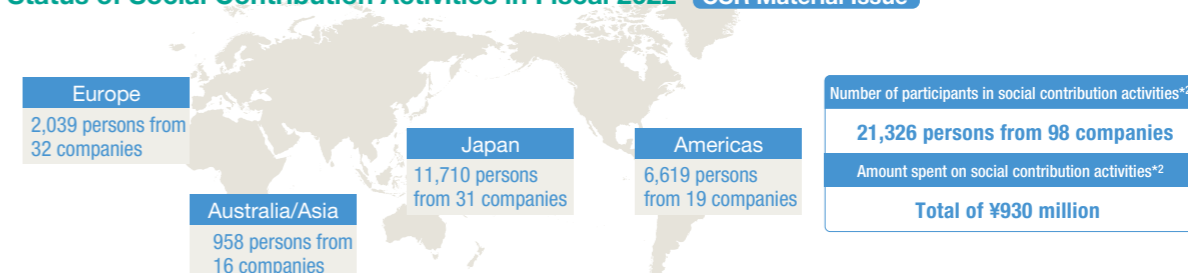
Community contribution

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.

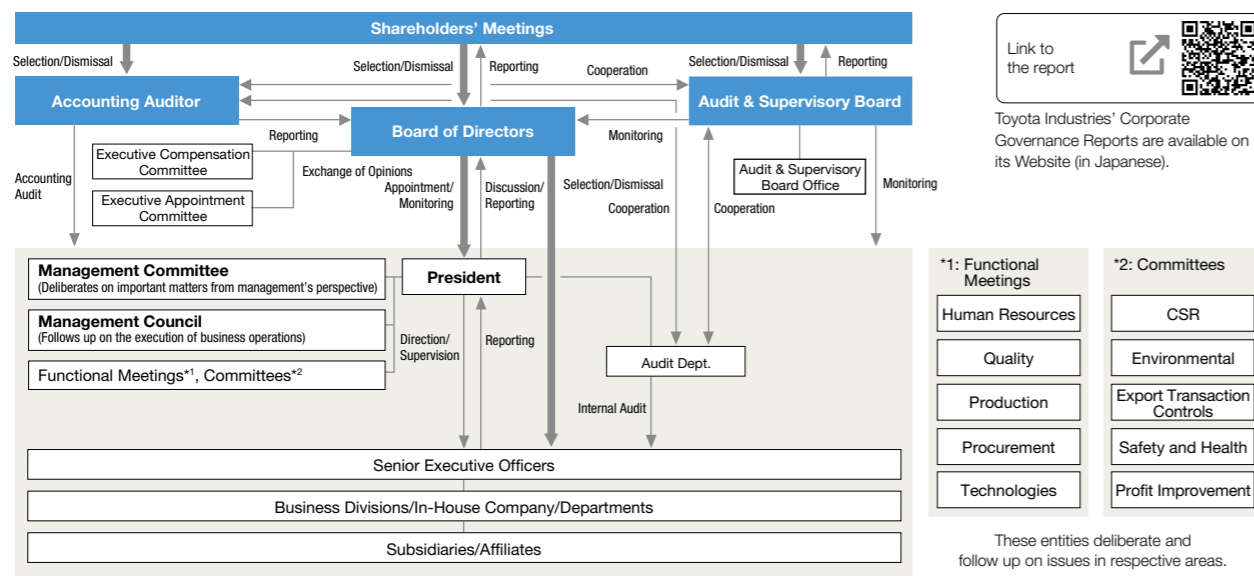
More specifically, the following basic policies drive our initiatives.

- (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)



Link to the report
Toyota Industries' Corporate Governance Reports are available on its Website (in Japanese).

- *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

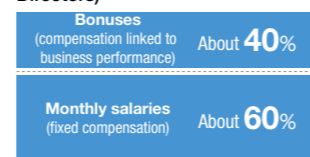
business performance). A bonus is further divided into a portion linked to a single fiscal year indicator and a portion linked to medium-term indicators.

- 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.

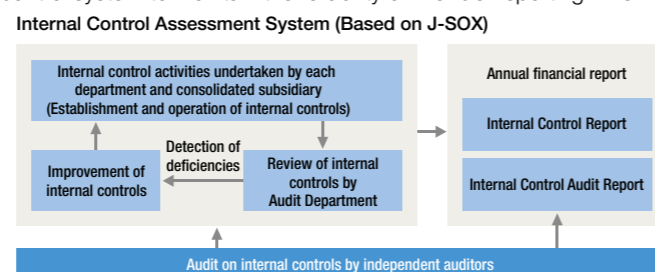
Exercise of Voting Rights

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

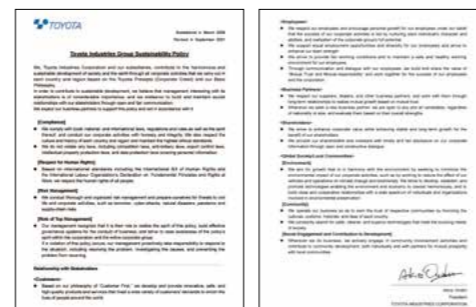
Implementation Structure

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

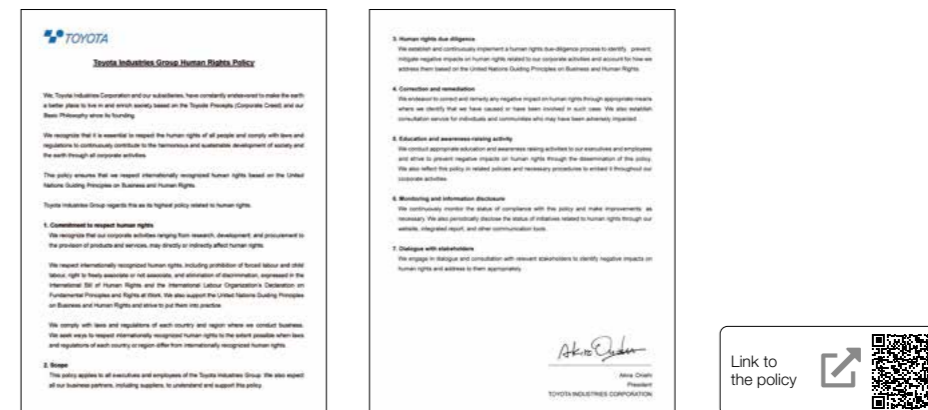
Basic Concept

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

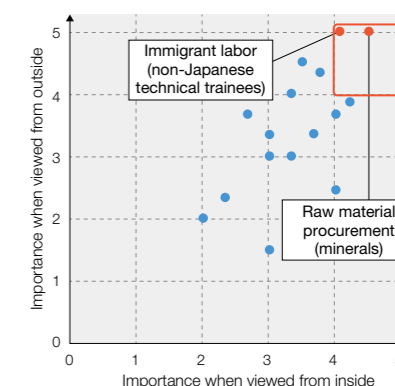
Toyota Industries recognizes that the Group's corporate activities, from research and development to procurement and provision of products and services, may directly or indirectly impact human rights. To respond to various human rights issues, we have established the Human Rights Task Team, which is 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

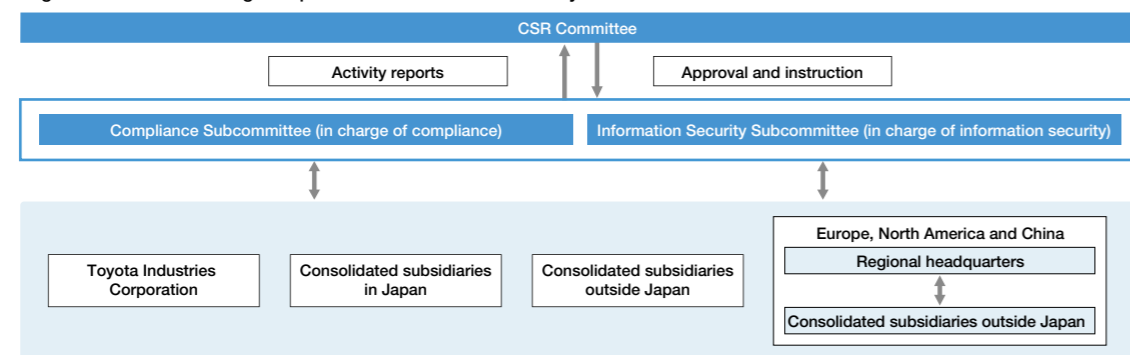
- (1) Legal compliance**
We comply with laws and regulations related to information security while fostering awareness of them among employees.
- (2) Maintaining a stable business foundation**
We safeguard and manage information assets appropriately, carry out information security-related education and 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

Organization for Promoting Compliance and Information Security under the CSR Committee



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

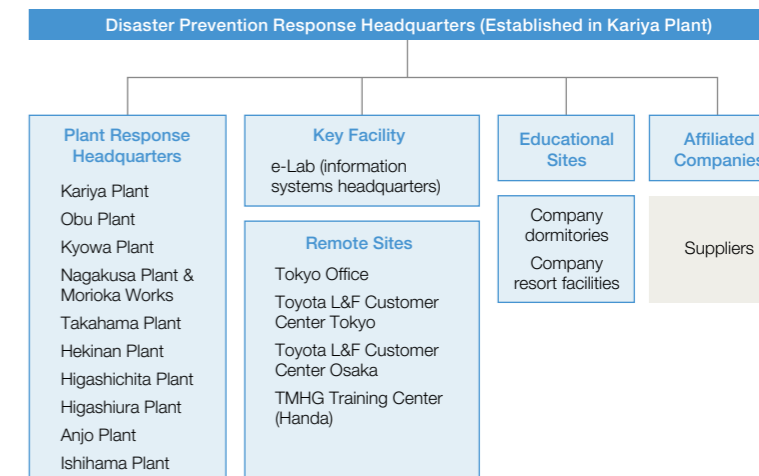
We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest 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.

Disaster Prevention Structure



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.

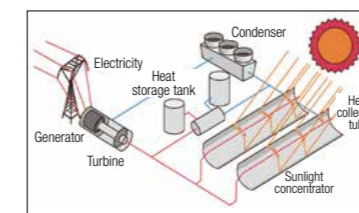
Utilizing Our Patents to Help Resolve Environmental Issues

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