

# Value Creation Process

In line with our founding spirit, Toyota Industries remains committed to creating value and contributing to society by engaging in and developing our diverse businesses.

Climate change

Energy Resources  
Water issues

Digitalization

Electrification  
Automation

Declining birthrate and aging population

Work style diversification

Geopolitical risks

## Social issues and changes

### Six Capitals Supporting Growth

Since our founding, we have strived to achieve sustained growth by flexibly responding to a drastically changing society based on the six capitals we have accumulated to date.

#### Human Capital

Diverse human resources committed to creating and delivering products and services that contribute to society

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

#### Intellectual Capital

Technology, expertise and know-how related to automobiles and materials handling equipment

- Strengthening development capability and competitiveness through collaboration between the Materials Handling Equipment and Automobile-related businesses
- Accumulation of knowledge thanks to involvement in the production of automobiles spanning from vehicle assembly to the development of key components
- Wide-ranging responsiveness and sustainable growth potential stemming from technologies in the development of both automation and electrification
- Research and development mainly on automation and electrification by also drawing on external expertise

#### Manufacturing Capital

Production structure and investments in tangible assets to deliver quality products to customers around the world

- Superb quality and productivity based on the Toyota Production System
- Globally stable production and supply structures of respective businesses
- Proactive capital investment for further business expansion

#### Social and Relationship Capital

Extensive sales and service networks together with relationships of trust with various stakeholders

- Global sales and service networks mainly for materials handling equipment
- Close collaboration with Toyota Group companies as well as major automakers and other manufacturers around the world
- Sustainable supply chain built on mutual cooperation with business partners
- Proactive dialogue with shareholders, investors and members of local communities

#### Natural Capital

Group-wide initiatives aimed at reducing environmental impact and realizing a carbon neutral society

- Business activities to realize clean/zero emissions in terms of production and products
- Proactive initiatives to reduce CO<sub>2</sub> emissions and introduce renewable energy on a global scale
- Activities to reduce logistics-derived CO<sub>2</sub> emissions per unit of production (non-consolidated) and waste generation

#### Financial Capital

Solid financial foundation underpinning sustained business expansion

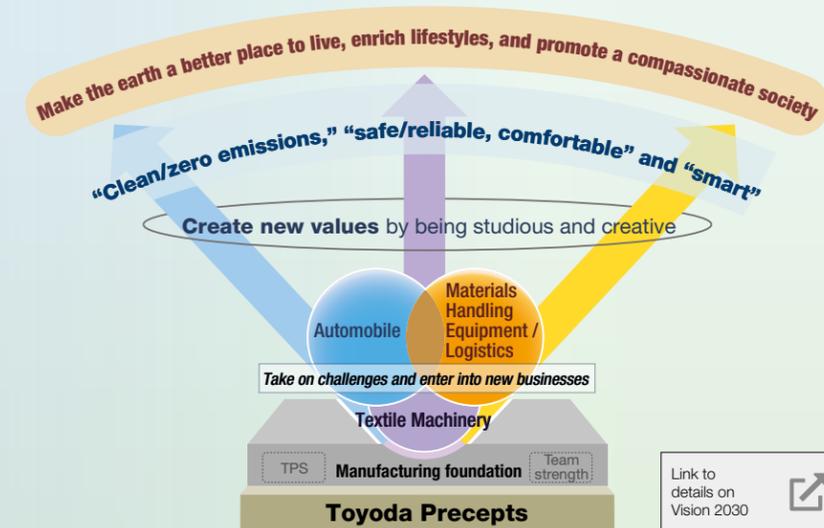
- Share of equity attributable to owners of the parent: **¥3,837.4 billion**
- Net cash provided by operating activities: **¥194.9 billion**
- Equity ratio: **49.1%**
- Return on equity: **5.0%**

### Aspiration in the Medium to Long Term and CSR Materiality

Based on the Toyoda Precepts (corporate creed) and basic philosophy, we have been working to directly address the changes and challenges surrounding society and make the most of the core assets and strengths we have accumulated to date to achieve our 2030 Vision and CSR material issues.

#### Vision 2030

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



#### CSR Materiality

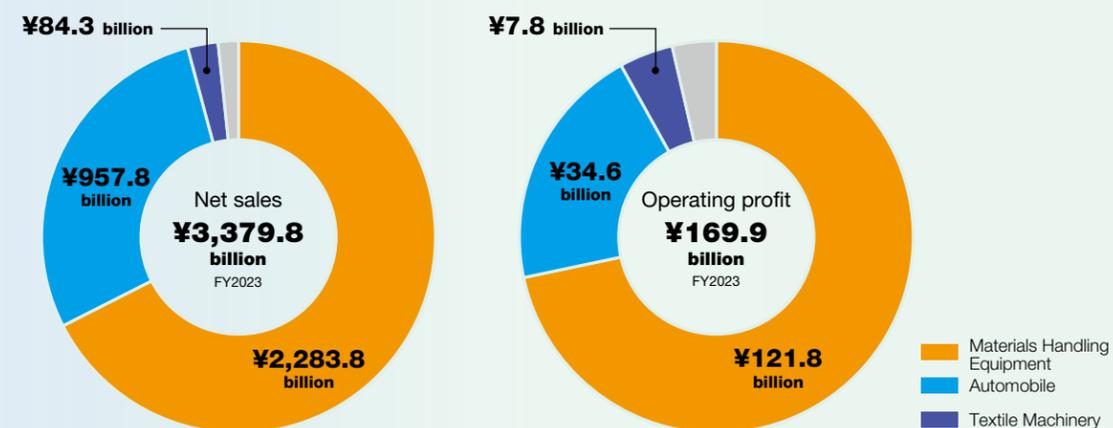
CSR Materiality	SDGs to Contribute	
<ul style="list-style-type: none"> <li>■ Mitigation of Global Warming</li> <li>■ Contribution to Circular Economy</li> </ul>		
Resolving Social Issues through Our Business	<ul style="list-style-type: none"> <li>■ Creation of Innovative Values</li> <li>■ Products and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

Link to CSR Materiality

Basic Philosophy  
Toyoda Precepts

## Business Results

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



### Materials Handling Equipment

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



### Automobile

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



### Textile Machinery

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



## Values and Joys for Stakeholders

We will meet the expectations of our stakeholders by achieving sustainable growth and enhancing not only the value of our products and services but also the value of the Toyota Industries Group itself.

### Customers

Contributing to such needs as electrification, automation and energy savings as well as safety and reliability through high-quality products and services

### Business Partners

Co-existence and co-prosperity based on mutual trust cultivated through open, fair and equitable business relationships

### Shareholders and Investors

Returning profits to shareholders and investors by enhancing corporate value through sustainable growth

### Employees

Developing employees' work values and motivating them to demonstrate their potential by creating safe and secure workplaces for diverse human resources

### Local Communities

Contributing to the prosperity of each country and local community through promoting social welfare, youth development, environmental protection, community contribution and other activities

### Global Environment

Contributing to reducing CO<sub>2</sub> emissions, mitigating resource depletion and curtailing environmental risks by promoting environmental management

## Further Evolution and Growth

Contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society

### Utilizing and enhancing six capitals

Human capital

Intellectual capital

Manufacturing capital

Social and relationship capital

Natural capital

Financial capital

Creation of greater corporate value

# Initiatives to Resolve Social Issues and Improve Corporate Value

Under the Toyoda Precepts (corporate creed), Toyota Industries has been undertaking a broad range of businesses by upholding the philosophy of contributing to society since its founding. In keeping with recent changes in the business environment, we have clarified which social issues we should tackle as our CSR material issues, and will work for the resolution of these issues. We use part of the evaluation on target achievements for initiatives on key CSR materiality items as a reference index for calculating bonuses for executives.



## Process to Determine CSR Materiality



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

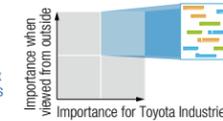
- [Items we refer to]**  
 1) 17 SDGs and 169 targets  
 2) Important ESG items

### Assessment of Importance

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

#### [Assessment method]

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



### Validation of Adequacy

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

### Approval by Top Management

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

	CSR Materiality	Contribution to Vision 2030 (Aspiration)	Action Policies	Action Targets and Activities	Targets	(FY to achieve)	Results for FY2023	Page number	Targets for FY2024
Resolving Social Issues through Our Business	<ul style="list-style-type: none"> <li>Mitigation of Global Warming</li> <li>Contribution to Circular Economy</li> </ul> SDGs to Contribute 	Clean/zero emissions: Mitigating global warming and achieving a circular economy through such initiatives as reducing CO2 emissions and waste in our business activities and expanding the lineup of environmentally friendly products in our efforts to contribute to maintaining and improving the global environment over the long run	<ul style="list-style-type: none"> <li>Reducing CO2 emissions from production activities</li> <li>Reducing CO2 emissions from production-related logistics</li> <li>Reducing CO2 emissions through product and technology development</li> <li>Effective resource utilization in production activities</li> <li>Implementing initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization</li> </ul>	<ul style="list-style-type: none"> <li>Reduce production-derived CO2 emissions Total emissions</li> <li>Adopt renewable energy sources Introduction rate</li> <li>Reduce logistics-derived CO2 emissions Emission volume per unit of production (non-consolidated)</li> <li>Develop technologies that contribute to an even greater level of energy efficiency</li> <li>Reduce waste generation volume Waste generation volume per unit of production (non-consolidated)</li> <li>Promote water conservation activities corresponding to the water situations in each country and region</li> <li>Reduce use of resources and promote reuse and recycling of resources</li> </ul>	<ul style="list-style-type: none"> <li>-25%* (vs FY14 level) (2026)</li> <li>15% (2026)</li> <li>-11% (vs FY14 level) (2026)</li> <li>-12% (vs FY14 level) (2026)</li> </ul>	<ul style="list-style-type: none"> <li>(2026)</li> <li>(2026)</li> <li>(2026)</li> <li>(2026)</li> </ul>	<ul style="list-style-type: none"> <li>-30%</li> <li>15%</li> <li>-8%</li> <li>-17%</li> </ul>	<ul style="list-style-type: none"> <li>P. 38-40</li> <li>P. 38-40</li> <li>P. 38-40</li> <li>P. 41-43</li> <li>P. 41</li> <li>P. 41-43</li> </ul>	<ul style="list-style-type: none"> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> </ul>
	<ul style="list-style-type: none"> <li>Creation of Innovative Values</li> </ul> SDGs to Contribute 	Creation of innovative value, smart: Contributing to achieving a "smart" society and more enriched lifestyles by resolving social issues through technological advancement and innovation that create new value	<ul style="list-style-type: none"> <li>Promoting development of new technologies that create new value</li> <li>Improving core technologies and utilizing the new knowledge of business partners to enter into peripheral fields of existing businesses while developing and offering technologies and products in new business fields</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of R&amp;D expenses for electrification and automation</li> <li>Expand peripheral fields and new business fields Net sales</li> <li>Develop new technologies and products that contribute to resolving environmental and social issues</li> <li>Develop new technologies and products for logistics automation and expand sales (Materials Handling Equipment) Sales of automation products (growth rate)</li> <li>Expand sales of electrification-related products (all businesses) Ratio of electrification-related products to net sales</li> <li>Offer highly efficient and energy-saving electric compressors that are excellent in terms of quiet operation and comfort (Automobile Business)</li> <li>Offer clean and high-quality fuel cell units and on-board batteries (Automobile and Materials Handling Equipment businesses)</li> <li>Offer power source-related products, on-board or otherwise, that can also be used as social infrastructure during disasters and other occasions (Automobile Business)</li> <li>Conduct product risk assessment (target products) Implementation rate (non-consolidated)</li> <li>Promote quality education Training participation rate (non-consolidated)</li> <li>Promote social contribution activities Expenditure/number of participants</li> <li>Contribute to biodiversity conservation of local communities</li> <li>Promote other community contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Over 70% (2031)</li> <li>Over ¥1 trillion (2031)</li> <li>Twofold (100%) (vs FY2021) (2031)</li> <li>Over 70% (2031)</li> <li>100% (2031)</li> <li>100% (2031)</li> <li>¥910 million/28,500 persons</li> </ul>	<ul style="list-style-type: none"> <li>(2031)</li> </ul>	<ul style="list-style-type: none"> <li>54.1%</li> <li>—</li> <li>Up 50.1%</li> <li>42.2%</li> <li>100%</li> <li>92.3%</li> <li>—</li> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>P. 19-20</li> <li>P. 27-29</li> <li>P. 31</li> <li>P. 19-23</li> <li>P. 27-29</li> <li>P. 31</li> <li>P. 30-31</li> <li>P. 46-47</li> <li>P. 47</li> <li>P. 57</li> <li>P. 43-45</li> <li>P. 56-57</li> </ul>	<ul style="list-style-type: none"> <li>58%</li> <li>—</li> <li>—</li> <li>Up 71%</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> <li>—</li> </ul>
	<ul style="list-style-type: none"> <li>Products and Services Which Contribute to Safety, Reliability and Comfort</li> <li>Mutual Prosperity through Partnerships with Local Communities</li> </ul> SDGs to Contribute 	Safe/reliable, comfortable: Contributing to creating a compassionate society by offering products and services that anticipate the needs of customers and various stakeholders and that are safe, reliable and comfortable to use while fulfilling our responsibilities as a member of society to thrive together	<ul style="list-style-type: none"> <li>Enhancing electrification-related products and services that are highly functional, ecologically sound and adaptable as social infrastructure</li> <li>Offering high-quality and safe products and services and maintaining and improving the structure to realize this goal</li> <li>Continuously promoting grassroots activities in local communities and thrive together as a member of society</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate serious accidents Number of serious accidents</li> <li>Frequency rate of lost workday injuries (non-consolidated)</li> <li>Utilize diverse human resources Ratio of female managers (non-consolidated)</li> <li>Ratio of employees with disabilities (non-consolidated)</li> <li>Maintain sound transactions and strengthen structure throughout the supply chain Implementation rate of sustainability checks on target suppliers (non-consolidated)</li> <li>Eliminate serious compliance violations Number of violations</li> <li>Promote risk management activities taking a risk-based approach Improve BCP effectiveness</li> <li>Respond to cybersecurity risks Number of serious incidents</li> </ul>	<ul style="list-style-type: none"> <li>0 (2031)</li> <li>0.00 (2031)</li> <li>3.6% (2031)</li> <li>Over 2.7% (2031)</li> <li>100% (2031)</li> <li>0 (2031)</li> <li>0 (2031)</li> <li>0 (2031)</li> </ul>	<ul style="list-style-type: none"> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0.06</li> <li>1.7%</li> <li>2.57%</li> <li>100%</li> <li>1</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>P. 53-54</li> <li>P. 54</li> <li>P. 52</li> <li>P. 52</li> <li>P. 49</li> <li>P. 66</li> <li>P. 71-72</li> <li>P. 70</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0.00</li> <li>—</li> <li>Over 2.4%</li> <li>100%</li> <li>0</li> <li>—</li> <li>0</li> </ul>
Foundation Supporting Our Business Operations	<ul style="list-style-type: none"> <li>Safe and Healthy Work Environments</li> <li>Leveraging Diversity and Inclusion</li> <li>Sustainable Procurement</li> <li>Compliance and Risk Management</li> </ul>	—	<ul style="list-style-type: none"> <li>Fostering safe and healthy workplaces for everyone</li> <li>Creating the environment for everyone to get a fair share of opportunities to develop and demonstrate their potential</li> <li>Establishing the foundation to remain a company that is trusted and needed by society</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate serious accidents Number of serious accidents</li> <li>Frequency rate of lost workday injuries (non-consolidated)</li> <li>Utilize diverse human resources Ratio of female managers (non-consolidated)</li> <li>Ratio of employees with disabilities (non-consolidated)</li> <li>Maintain sound transactions and strengthen structure throughout the supply chain Implementation rate of sustainability checks on target suppliers (non-consolidated)</li> <li>Eliminate serious compliance violations Number of violations</li> <li>Promote risk management activities taking a risk-based approach Improve BCP effectiveness</li> <li>Respond to cybersecurity risks Number of serious incidents</li> </ul>	<ul style="list-style-type: none"> <li>0 (2031)</li> <li>0.00 (2031)</li> <li>3.6% (2031)</li> <li>Over 2.7% (2031)</li> <li>100% (2031)</li> <li>0 (2031)</li> <li>0 (2031)</li> <li>0 (2031)</li> </ul>	<ul style="list-style-type: none"> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> <li>(2031)</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0.06</li> <li>1.7%</li> <li>2.57%</li> <li>100%</li> <li>1</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>P. 53-54</li> <li>P. 54</li> <li>P. 52</li> <li>P. 52</li> <li>P. 49</li> <li>P. 66</li> <li>P. 71-72</li> <li>P. 70</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0.00</li> <li>—</li> <li>Over 2.4%</li> <li>100%</li> <li>0</li> <li>—</li> <li>0</li> </ul>

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