

# Promotion of ESG Initiatives

Further promoting initiatives to sustain growth in the areas of  
the environment, society and governance

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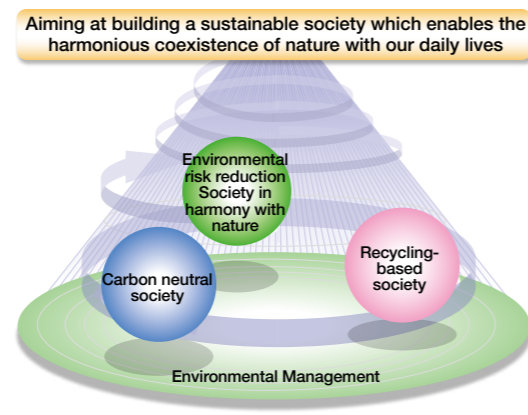
# Promoting Environmental Management

We have been undertaking activities globally toward realizing our Environmental Vision 2050.

## 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.

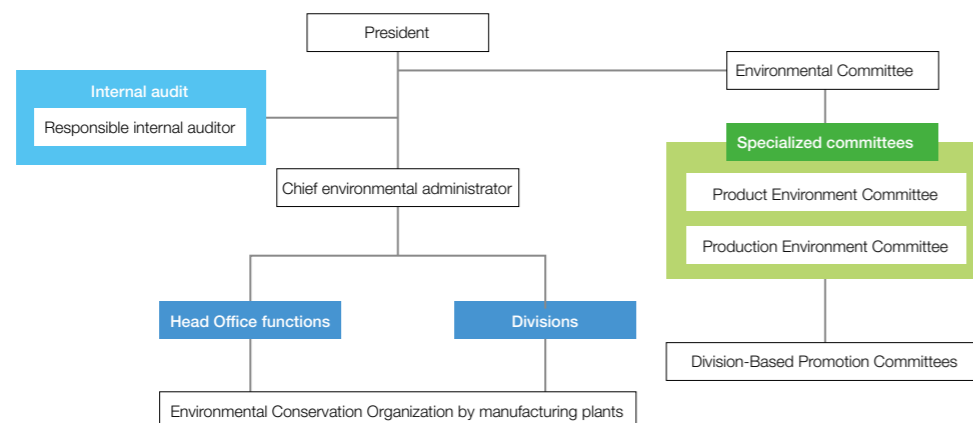
**Environmental Vision 2050**

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

## Environmental Management Structure

We have set up a Company-wide environmental management system (EMS) with the president at the top to 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.



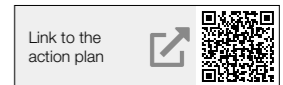
## Seventh Environmental Action Plan

Toward the realization of our Environmental Vision 2050, we have formulated a five-year plan, the Seventh Environmental Action Plan (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 2023, 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.



## Strengthening Environmental Management by Utilizing Third-Party Institutes

### Environmental Audits

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

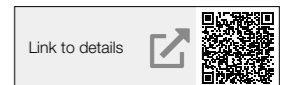
In fiscal 2023, the external review identified no non-conformance issues. The review, however, pointed out some matters that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details throughout our plants.

Meanwhile, we organized audit teams led by respective environmental administrative offices to increase audit efficiencies and conducted an audit mainly concerning departments that have faced changes involving auditing items. The focus of our audits was placed on environmental

policy management and on-site environmental management, and we clarified how environmental activities have been promoted in each division.

### Acquisition of ISO Certification

In order to facilitate environmental initiatives in a more efficient and organized manner, Toyota Industries and its consolidated production subsidiaries have 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 built environmental education programs matched to the environment-related knowledge and skills required for each job category and position. We intend to upgrade the level of environmental initiatives throughout Toyota Industries by providing a variety of environmental education programs, such as grade-based education, introductory courses for environmental management and environmental audits as well as education on environmentally friendly products.



Introductory courses for environmental management

### TOPIC Establishing an Environmental Dojo

Kirloskar Toyota Textile Machinery Pvt. Ltd. (KTMM), a subsidiary manufacturing textile machinery in India, has established an in-plant environmental *dojo* under the theme, "Five Acts to Save Our Future" to encourage everyone to think about the environment and act on his or her own. It is used to raise environmental awareness of not just employees but also important stakeholders, such as suppliers and customers.



Dojo opening ceremony

### Activities to Raise Employees' Environmental Awareness

To provide opportunities to raise employees' environmental awareness and encourage their voluntary environmental actions, we have been featuring environment-related articles in our internal newsletters and posting environmental in-house newspapers on our intranet.

We have also been promoting awareness-raising activities to extend our reach from employees to their families.

In fiscal 2023, as an opportunity for employees to think about what they can do to protect biodiversity, we solicited photographs and anecdotes about local wildlife that were amazing, amusing or made them want to tell others.



### Giving Awards to Internal Environmental Kaizen (Improvement) Activities

We have an internal award program to recognize excellent environmental activities undertaken within Toyota Industries. The best practices are applied throughout the Company to upgrade our overall environmental activities.

Among activities conducted for curbing global warming, efficiently improving resource productivity, reducing environmental risk and conserving biodiversity, we select excellent projects with uniqueness and originality of the idea, applicability and effectiveness in mind.

In fiscal 2023, the program received 43 applications across Toyota Industries. After the initial screening of documents and a second screening involving on-site inspections, we selected one Most Outstanding Practice

Award, two Best Practice Awards and two Excellent Practice Awards.



Secondary screening by on-site inspectors

### Winning a Minister of Economy, Trade and Industry Award in the Energy Conservation Grand Prize

In fiscal 2022, a project by the Anjo Plant in Aichi Prefecture to neutralize static electricity and consequently relax in-plant air-conditioning criteria received a Best Practice Award under our internal award program. The project subsequently won a Minister of Economy, Trade and Industry Award, which is the highest level award in the 2022 Energy Conservation Grand Prize program (Best Practice Category) sponsored by the Energy Conservation Center, Japan. This award program recognizes outstanding energy-saving products and energy-saving efforts of business operators or business sites.

Conventionally, the Anjo Plant, which manufactures electronic devices and components for electrified vehicles, had air-conditioned the entire plant all year to strictly control humidity and protect products from damage caused by static electricity. Especially during winter, when the humidity drops, the plant required a large quantity of steam for humidification, which pushed up its energy (LNG) consumption for air-conditioning and presented an issue in the plant's efforts to save energy. In response, the Production Engineering, Quality Control and Manufacturing departments worked

together to change the method of controlling static electricity from humidifying the entire plant to using static electricity neutralizers only in applicable processes. The award program highly recognized the project for its accomplishments, namely simplified in-plant humidity control and a 40% reduction in energy used for air-conditioning, as well as for how the countermeasure was devised and implemented.



Members of the Production Engineering Dept., Electronics Div.

### Receiving the Highest Rating in a Survey by CDP\*1 on Climate Change

Toyota Industries was selected for the highest A List in a survey conducted by CDP on climate change as a company making especially outstanding efforts to reduce greenhouse gas emissions and mitigate climate change.

Our efforts to counter climate change were highly recognized through a comprehensive evaluation and have resulted in the selection for the A List. These efforts include the establishment of the Company-wide EMS led by the president, the development of products with excellent environmental performance and the reduction of CO<sub>2</sub>

emissions from production activities.

Going ahead, we will continue to tackle climate change as one important issue and contribute to the realization of a sustainable society through our global environmental conservation activities.



\*1: 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 JEC Composites Innovation Awards

Toyota Industries won awards in the Circularity & Recycling Category of the JEC Composites Innovation Awards program for the carbon fiber reinforced plastics (CFRP) recycling technology we developed and the comprehensive CFRP recycling system we aspire to build. The JEC Group of France, promoting the composite material industry and technology development thereof, has hosted the awards every year since 1998 to recognize the world's most innovative composite material products and technologies. Toyota Industries received the awards for the first time.



Awards ceremony in Paris, France

### Status of Compliance with Environmental Laws

With an eye to preventing violations of environment-related laws, Toyota Industries takes measures against the recurrence of potentially serious near-accidents that may result in legal violations and performs environmental risk inspections at its plants. In fiscal 2023, there was one case of violation of water quality-related laws at one of our consolidated subsidiaries in Japan. We have carried out appropriate action to counter it as per the instructions of the authorities and thoroughly implemented measures to prevent recurrence.

### Soil and Groundwater Contamination Countermeasures

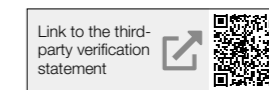
Toyota Industries carries out surveys and purification of soil and groundwater contaminated from the past use of trichloroethylene and other substances of concern. As a measure to prevent pollution from substances covered by the Soil Contamination Countermeasures Law as well as from grease and oils,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

### Verification by a Third Party

Toyota Industries obtains third party verification in order to increase the credibility of its data on energy-derived CO<sub>2</sub> 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. Please visit Toyota Industries' website for the third-party verification statement and our environmental performance data.



## Establishing 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 have been striving to thoroughly eliminate wasteful use of energy in production processes and increase the efficient use of energy. We have also adopted solar and other renewable energy sources and have been effectively utilizing clean energy, such as hydrogen.

### Case Example: Reducing Energy Consumption through Improved Heat Balance

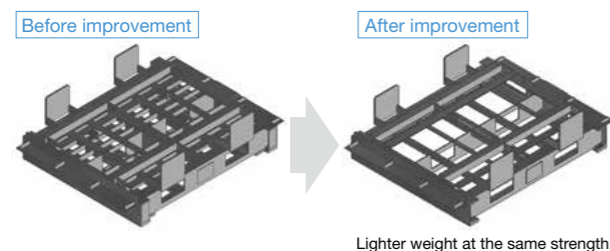
The Higashichita Plant, a foundry part and engine production base in Aichi Prefecture, has implemented a project to reduce its energy consumption with a focus on heating facilities, which were found to consume a large quantity of energy in a survey conducted on production facilities.

The plant has previously undertaken various energy-saving activities because reducing energy used by its industrial furnaces is a challenge facing the plant as a manufacturer of engine parts.

In fiscal 2023, the plant launched an initiative based on the idea that identifying wasteful use of energy while paying attention to a balance between energy input into furnaces and net energy used in manufacturing processes might lead to an effective reduction in energy use.

The plant conducted a survey on an aluminum melting furnace and cast iron heat treatment furnace, two particularly large consumers of energy. It identified the source for considerable energy loss for the aluminum melting furnace to be heat dissipation from the furnace body and the outlet of molten metal. For the cast iron heat treatment furnace, heat dissipation from the furnace body and heating of workpiece trays were found to be the primary causes. Accordingly, the plant adopted measures to counter each problem.

#### Reducing Tray Weight to Reduce Energy Used for Heating



As a measure against the common issue of heat dissipation from the furnace body, the plant attached insulation panels and applied thermal barrier coating to the furnaces and successfully reduced the heat released from their bodies. For the heat dissipating from the molten metal outlet of the aluminum melting furnace, a larger and thicker outlet cover was effective in increasing heat insulation and reducing heat release. As for the heating of workpiece trays of the cast iron heat treatment furnace, the plant modified the tray structure by reducing weight at the same strength and succeeded in reducing the energy used for heating.

These and other comprehensive measures have resulted in an annual reduction of CO<sub>2</sub> emissions by about 242 tons.



Through the initiative, we clearly identified how much energy is lost in which processes and cooperated with the relevant departments for effective countermeasures. We will utilize the knowledge gained through this experience and continue to reduce CO<sub>2</sub> emissions further to achieve carbon neutrality at the plant.

### Case Example: Reducing Energy Consumption by Changing the Heat Control of a Painting Drying Oven

The Takahama Plant, a materials handling equipment production base in Aichi Prefecture, has been facing an increase in energy consumption due to expanding production volume. In particular, the heating burners of a painting drying oven were using a considerable amount of city gas.

As part of its energy-saving activities, the plant has already installed curtains at the opening of the oven to trap heat. However, eliminating the heat loss has caused the oven’s internal temperature to easily exceed the set temperature even when the burner output is set to the minimum, leading to excessive use of gas. Because major upgrading was difficult for this old oven and its burners were just updated, the plant tried to use its ingenuity and explored other ways to reduce the amount of gas used by the burners at a minimum cost.

The drying oven has a main burner to maintain the internal temperature at a set level and a pilot burner that is only used when helping to ignite the main burner. Previously, the main burner had continued to operate even after the

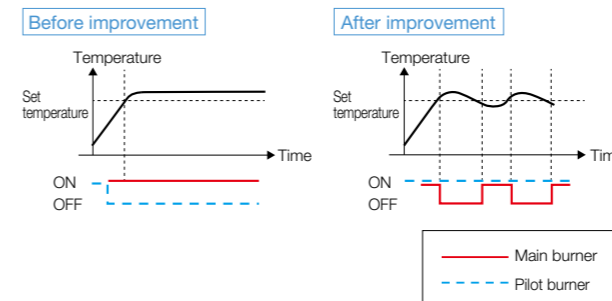
internal temperature reached the set level. Instead, the plant decided to continuously use the pilot burner, which consumes less gas, to shut off the main burner when the set temperature is reached and reignite the main burner when the temperature drops. In this way, the plant successfully reduced its gas consumption while maintaining the desired temperature.

Through the improvement, the plant was able to reduce its annual CO<sub>2</sub> emissions by about 71 tons.



**Shunsuke Sawada**  
Painting Production  
Engineering 2G, Painting  
Production Engineering Office,  
Production Engineering Dept.,  
Toyota Materials Handling  
Japan  
As of March 31, 2023

The project initially started with the task of lowering the internal temperature using a controller, but it was not successful. We then changed our way of thinking and started another task of shutting off the main burner, which went well. In the future, we will take up the challenge of switching to clean energy and work toward achieving zero plant CO<sub>2</sub> emissions by 2050.



#### TOPIC Creating a Climate Change Response Leaflet for Employees

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has created a leaflet for employees about reducing energy use in the workplace. The aim is to communicate to employees easy and simple climate change measures, such as turning off lights and other equipment, and lay the groundwork for all-company efforts to reduce energy consumption.



### Case Example: 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, Vanderlande Industries Holding B.V., a subsidiary engaging in the logistic solutions business in the Netherlands, signed The Climate Pledge in February 2021 and has been promoting various decarbonization strategies. The pledge aims to counter climate change and reach net zero CO<sub>2</sub> emissions by 2040, 10 years ahead of the 2050 target year of the Paris Agreement.

In fiscal 2023, Vanderlande installed about 3,400 solar panels on the roof of the warehouse of its head office. These panels are expected to generate about 1.2 MWh of electricity annually. Together with the panels already installed,



Rooftop solar panels installed by Vanderlande

the annual power generation of the entire system will be approximately 2.2 MWh, accounting for about 30% of the head office's annual electricity consumption.



**Erik-Jan Dik**  
Executive Manager  
Real Estate

As of March 31, 2023



**Jan-Hein De Jong**  
Project Leader  
Facilities

As of March 31, 2023

This initiative shows Vanderlande's commitment to emphasizing sustainability and staying ahead of the times. In the future, in addition to the energy-saving activities conducted to date, we plan to proactively undertake various initiatives to contribute to a decarbonized society, such as introducing renewable energy through the installation of solar panels on the unused rooftop of our buildings.

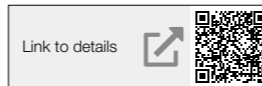
### Supporting the TCFD Recommendations and Disclosing Information Based on the Recommendations

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.

Please visit Toyota Industries' website for details of information disclosed in accordance with the TCFD recommendations.

\* 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.



**TOPIC** Implementing an Eco-Commuting Promotion Activity

Yantai Shougang TD Automotive Compressor Co., Ltd. (YST), a subsidiary manufacturing car air-conditioning compressors in China, held an activity called "Eco-Commuting—Why don't you join us?" for its employees. It encouraged participants to commute on foot, bicycles or public transport, depending on the commuting distance, instead of using cars. About 73% of employees participated in the activity in fiscal 2022, and this increased to 89% in fiscal 2023.

Through this activity, employees reaffirmed the need to engage in environmental activities on their own, which has resulted in increased environmental awareness.

## Establishing a Recycling-Based Society

To establish a recycling-based society, we have been striving to reduce and recycle waste and minimize the usage of and environmental impact on water 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.

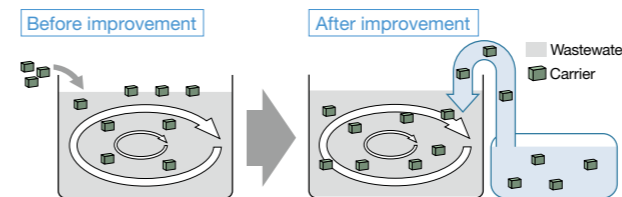
Accordingly, we have set a goal of minimizing the environmental impact on water resources and have been monitoring water input and output in each country and region and promoting the recycling of water and reduction of water withdrawal.

### Case Example: Reducing the Environmental Impact of Treated Water

Toward achieving the goal of minimizing the environmental impact on water resources, Toyota Industries has been making related efforts in its production activities, such as discharging clean water externally after appropriately treating wastewater from production processes.

At the Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, the chemical oxygen demand (COD) concentration, which is an indicator of water pollution, has remained at a legally acceptable level. As a focused effort in fiscal 2023, the plant launched an initiative to reduce its environmental impact by lowering the COD concentration even further.

The plant conducted a survey on water quality in each wastewater treatment process and found that the biological treatment process using microorganisms to reduce COD was not working effectively. Another survey showed the cause was sponges which are carriers of microorganisms. These sponges, which should disperse evenly in wastewater, were not mixing well with the wastewater, some floating on the surface and preventing effective treatment.



In response, the plant implemented a countermeasure to place the sponges in a water-filled tank before putting them into the treatment tank. This made the sponges submerge and disperse in wastewater and allowed them to treat it very efficiently.

Through the improvement, the plant successfully reduced the COD concentration of its discharged wastewater by about 33%.

We will constantly work to reduce the environmental impact of our production activities.



**Koichiro Morimoto**  
Power Section No. 3,  
Plant Engineering Dept.  
As of March 31, 2023

The initiative was carried out as part of our QC circle activities, and joint efforts of all circle members led to the reductions of the COD concentration of the treated wastewater discharged from the Nagakusa Plant as well as treatment costs. We will continue to work to further reduce our environmental impact and treatment costs.

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: Reducing the Use of Masking Materials by Improving Two-Color Painting Process

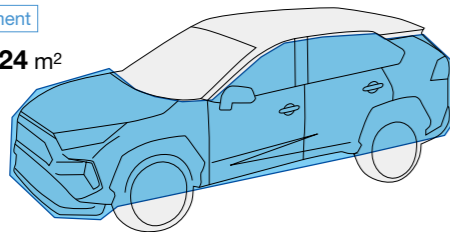
The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has been working to reduce its use of resources.

At the plant, painting a two-color body of the RAV4 is done in two steps. The conventional method applied a first color to the lower part of the vehicle, and after masking the painted part, painted the roof with a second color. In this order, large quantities of masking materials were needed to cover the lower part. The plant launched an improvement activity, based on reducing the use of masking materials by first painting and masking the roof, which is smaller than the lower part.

The plant verified the change in the order of paint application to identify any issue and found that the new order will change the orientation of the edge, which represents a level gap between the two painted portions, and cause the paint to peel off as parts interfere with each other when

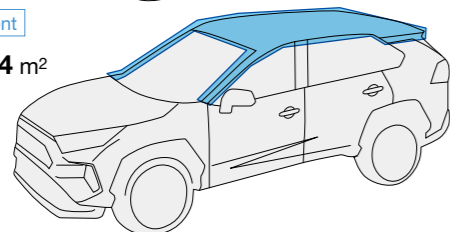
Before improvement

Masked area ..... 24 m<sup>2</sup>



After improvement

Masked area ..... 4 m<sup>2</sup>



opening and closing the doors. The appearance of the edge itself will also deteriorate. The Design, Quality Assurance, Manufacturing and other departments worked together for a design change and resolved these issues by moving the edge further inward. As a result, the use of masking materials was reduced by 74%.

We will continue to make joint efforts, encompassing design and other upstream departments as well as manufacturing sites, to reduce our consumption of materials.



(Top) Yusuke Nakagami  
Body 1G, Designing Office  
No. 1, Vehicle Engineering  
Dept., Vehicle Div.

(Bottom) Takashi Ichikawa  
Quality staff, Paint & Plastic  
Sec., Manufacturing Dept.,  
Vehicle Div.

As of March 31, 2023

In this project, the entire plant worked as a team to respond to a “we wish we could” request from the Manufacturing Department.

The process of applying two colors of paint, the demand for which is growing recently, generates a considerable amount of waste. In response, the Manufacturing Department teamed up with the Design Department to overcome the issue by looking at it from a different angle and succeeded in increasing operational efficiency and reducing the amount of waste. We will continue to promote the reduction of waste through teamwork across departmental borders.

Case Example: Recycling Waste Plastics from Production Processes

Toyota Industries has been promoting initiatives to recycle waste under the theme of “Waste when mixed, resources when sorted.”

The Kyowa Plant, an on-board battery production base in Aichi Prefecture, discharges waste consisting of various types of plastics, such as plastic chips and residues of materials used in products. We promote the recycling of waste by sorting it into four groups of plastics, namely polypropylene (PP), polyphenylene ether (PPE), acrylonitrile butadiene styrene (ABS) and others, and have a recycling operator recover the first three for repelleting.

In fiscal 2023, we promoted recycling even further by examining and sorting the waste plastics included in the “others” group. After discussing the matter with a recycling operator, we found that we can sort out otherwise discarded PP/polyethylene (PE) mix from the group and started recycling it.

Going forward, we will work to promote the recycling of waste further.

TOPIC Promoting the Recycling of Household Waste

During the Environmental Month held in June 2022, Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM), a subsidiary manufacturing materials handling equipment in Brazil, conducted “RECICLE,” a project to promote the recycling of waste from employees’ homes. Recycling has become an issue in the community in which TMHM is located because it does not have a public recycling system. With the cooperation of a waste treatment operator, TMHM set up waste bins within its plant to collect household waste from employees, which is then collected by the operator for recycling. As a result, about 32 kg of household waste was recycled.

Through such activities, TMHM will work to increase the recycling awareness of employees and their families and contribute to the resolution of issues in the community.



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.

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 have 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.

## Toyota Industries Group's Activities to Conserve Biodiversity

To contribute to the conservation of biodiversity in the community, the Toyota Industries Group promotes activities globally, leveraging the unique characteristics of each plant.

### ■ Setting up an Insect Hotel within the Plant Premises

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has created a biodiversity area on the plant premises and set up an insect hotel, a man-made habitat, within the area for insects and microorganisms. The aim is to create an environment friendly to insects and microorganisms, attract birds and small animals that feed on them and ultimately establish a balanced ecosystem.



### ■ Contributing to the Local Ecosystem by Distributing Seeds of Indigenous Plants

Raymond Corporation, a subsidiary manufacturing materials handling equipment in North America, distributed seeds of indigenous plants along with an awareness-raising letter to all employees. Through the letter describing a variety of benefits brought about by plants, Raymond communicated to its employees that our lives are supported by diverse ecosystems.



### ■ Holding a Contest on Drawings of an Endemic Bird

P.T. TD Automotive Compressor Indonesia (TACI), a production subsidiary in Indonesia, held a drawing contest for children of its employees on the theme of Rothchild's mynah, an endangered and endemic species in Indonesia. Holding a family-engaging event creates an opportunity for employees and their families to recognize the importance of biodiversity.

TOPIC	Certified as an "Excellent Biodiversity Company" by the Aichi Prefectural Government
	<p>In November 2022, Toyota Industries received "Excellent" certification in the Aichi Biodiversity Company Certification Program.</p> <p>The program was established by the Aichi prefectural government in 2022 to certify companies engaging in activities that contribute to biodiversity, in particular, activities that reach throughout the community and ensure continuity. Going ahead, we will continue to undertake activities together with the local community to contribute to the conservation of biodiversity.</p>
	 <p>あいち生物多様性 優良認証企業</p> <p>Aichi Biodiversity Company Certification Program logo</p>

TOPIC	Cooperation with and Evaluation by External Organizations
	<p>We held a workshop with experts and students of the Chita Peninsula Ecological Network Council and examined ways to utilize the woodland zone. We also work with student committee members of the Project Linking Life with One Another* and regularly conduct surveys to monitor living organisms.</p> <p>In recognition of our activities, Toyota Industries has received a "Good Partnership Project" award under the Cars and Society Partnership Grand Prize program run by the Automobile Business Association of Japan.</p> <p><small>* 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</small></p>
	

## Creation of "Birdpia," a Paradise for Birds

We created "birdpia," a paradise for birds, within the premises of the Higashichita Plant to attract endangered bird species.

### Contributing to Biodiversity within the Plant Premises

Currently, many living organisms are in danger of disappearing, and the ecological balance is on the verge of collapsing. In April 2022, Toyota Industries joined the 30by30 Alliance for Biodiversity, which was established by the Ministry of the Environment prior to the United Nations Biodiversity Conference (COP15). Toward achieving the goal of generating a positive impact on biodiversity as specified in our Environmental Vision 2050, we have been leveraging the unique characteristics of our plants and conducting a range of activities to contribute to the natural environment.

The Higashichita Plant is located adjacent to Kinuura Bay, which used to be a nestling place for many little terns. In recent years, the bird's population has declined as suitable breeding places disappear. In response, Toyota Group companies with plants in the bay area have been working together to conserve little terns and other endangered bird species, under the concept of "Restoring Kinuura Bay to its

original state to provide a safe place for birds to build nests." A survey by experts revealed that the idle land owned by the Higashichita Plant is a wetland that can also attract birds other than little terns, and Toyota Industries has been promoting activities for conserving the bird species.





### Expanding a Habitat for Birds and Using It as a Venue for Education

To become a plant operating in harmony with nature, the birdpia in the Higashichita Plant seeks to secure a stable living environment for birds and achieve habitat separation between humans and birds. It is used to expand the habitat for birds and serve as a venue to provide environmental education for employees and their families to learn about biodiversity. The birdpia is divided into four zones, namely

grassland, woodland, wetland and gravel zones, to provide a diverse environment. An observation shed and walking paths are also set up to allow people to observe birds and other living things without endangering their habitats.


We have confirmed that the birdpia has been visited by about 50 species of birds and will continue to make efforts to contribute to expanding the ecosystem in Kinuura Bay.


	<p><b>Yuka Fukagawa</b> Biodiversity Conservation Group, Environmental Conservation Office, Environmental Management Dept. As of March 31, 2023</p>
<p>We have conducted activities with employees of the Higashichita Plant to familiarize them with the birdpia, such as assembling and painting an observation shed and coloring and setting up little tern decoys. We will continue to engage in activities to enhance the birdpia as a site where people and nature can co-exist.</p>	

Toyota Industries' biodiversity conservation activities are also available on our Instagram account, "Tsu Na Gu ('Link')." 

**Links to Virtual Tours**

Our Biotope at the East of Obu Station and animal path within the Higashiura Plant can be viewed on Toyota Industries' website.

Link to the Biotope at the East of Obu Station (in Japanese) 

Link to the animal path (in Japanese) 

# Relationship with Our Customers

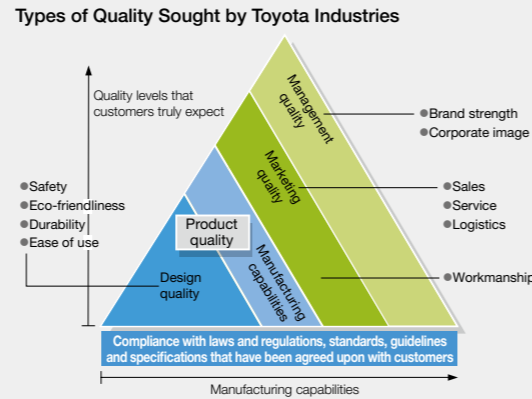
Regarding quality as one of its material issues, Toyota Industries practices *monozukuri* (manufacturing) that quickly responds to the diverse, ever-changing needs of customers.

## Basic Perspective

**Quality Vision** Each and every member of the Toyota Industries Group complies with laws and regulations while thinking and acting from the perspective of customers at their workplaces and positions to supply appealing products/services that exceed the expectations of customers around the world, with safe and reliable quality.

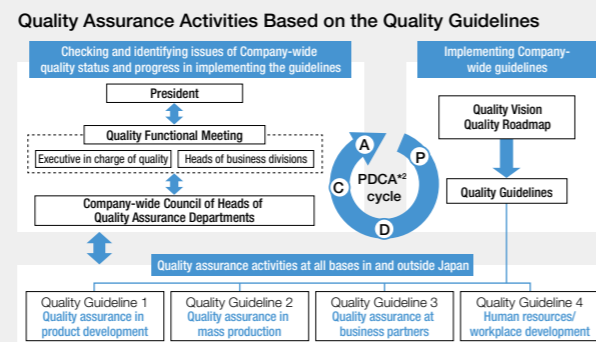
Carrying on the spirit of founder Sakichi Toyoda that “A product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results,” Toyota Industries strongly believes that quality is the lifeblood of a company. Quality must also be built on compliance with laws and regulations, standards, guidelines and specifications that have been agreed upon with customers. 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.



## 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, 2023

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

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, the 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 the Group.

> ISO 9001 and IATF 16949 certification: Acquired by 33 out of the 38 production subsidiaries (as of July 2022)

### ■ 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 the severity of damage caused by it.

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

## 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 the 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. Regarding the regulatory violation related to certification for engines we manufacture for lift trucks for the Japanese market, we are making concerted efforts to not only implement the above measures but also establish a stronger check system.

## Providing Support to Suppliers

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

### ■ 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 2023, we continued to undertake audit activities under the COVID-19 pandemic while attaching greater emphasis

on *genchi genbutsu* inspections and using mobile cameras as necessary.

### ■ Nurturing and Certifying Internal Auditors at Suppliers

To foster voluntary quality improvement efforts of suppliers, we are maintaining and promoting activities for suppliers satisfying our criteria to nurture and certify their own internal auditors and autonomously improve their quality assurance systems. These activities enable our suppliers 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 2023 we received an encouragement award under the QC Circle Kaoru Ishikawa Award program for two consecutive years (for the ninth 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 global QC circle trainers at each base. Even though the COVID-19 pandemic affected QC circle activities of all bases outside Japan since fiscal 2021, these trainers have devised creative solutions to promote and maintain their initiatives. As for the Global QC Circle Convention held in Japan as a



Awards ceremony at the Regional QC Circle Convention in Europe (Sweden)

in three years in fiscal 2023 to share the accomplishments made by respective bases.

All employees are striving for *kaizen* in their day-to-day operations through creative ideas. With regard to such ideas, we received three awards in fiscal 2023 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.

We have held the TICO SQC Convention for 39 years to share best practices of each business division and hone collective skills. In fiscal 2023 as well, this session was held online in response to COVID-19.



TICO SQC Convention (online streaming)

### CSR Material Issue

> Rate of eligible employees receiving training to promote quality education (non-consolidated): 92.3%



## Relationship with Our Business Partners

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

### Basic Perspective

<b>Procurement Policies</b>	<ul style="list-style-type: none"> <li>• Fair and equitable business transactions based on an open door policy</li> <li>• Co-existence and co-prosperity based on mutual trust</li> <li>• Reducing environmental impact through environmentally preferable purchasing</li> <li>• Localization of business for good corporate citizenship</li> <li>• Legal compliance</li> </ul>
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### Fair and Equitable Business Transactions Based on an Open Door Policy

We provide fair and equitable opportunities to all potential suppliers. We comprehensively evaluate our suppliers based on factors such as quality, price, adherence to delivery times, safety, business stability and technology development capabilities. We also assess whether they fulfill their social responsibilities, including legal compliance, respect for human rights and environmental protection activities, as we strive for fair and equitable business transactions.

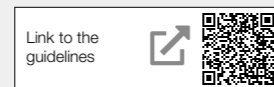
### Co-Existence and Co-Prosperity Based on Mutual Trust

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, as full-year efforts for major suppliers, we implement quality control through quality audits and the development of internal auditors and provide programs such as technical skills training, guidance directed toward *kaizen* at their production sites and safety and health education.

As for changes in the business environment, including rises in various costs, we continually discuss with suppliers to thoroughly understand the difficulties they are facing and seek to achieve sustainable development for both parties.

### Reducing Environmental Impact through Environmentally Preferable Purchasing

We procure parts, raw materials and equipment while using environmental friendliness as one important assessment criterion when selecting suppliers. 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 the development stage.



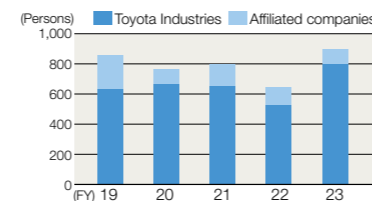
Environmentally Preferable Purchasing Guidelines

### Human Resources Development to Enhance Procurement Knowledge

We proactively provide personnel in charge of procurement at Toyota Industries and affiliated companies with education to enhance procurement knowledge. In fiscal 2023, 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 utilize e-learning to thoroughly inform personnel in charge of procurement about our response to the Japanese government's activities to prevent the unjust use of a superior bargaining position as stipulated in antitrust laws as well as initiatives and guidelines aimed at ensuring fair subcontracts.

Participants of Subcontracting Law-Related Seminars



### Safety and Health Activities for Suppliers

We visit the sites of our major suppliers in person to conduct a *genchi genbutsu* safety and health inspection<sup>\*3</sup>. 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. When an accident or industrial accident does occur, we ask them to report it to us and investigate the cause in accordance with the rules and procedures stipulated by Toyota Industries. Also, we jointly create a comfortable working environment by sharing information on accidents and disorder prevention activities of Toyota Industries.

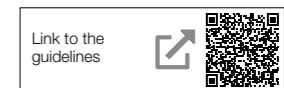
Using past accident cases as a reference, we periodically share various information, including matters that should be observed to prevent similar accidents, with subcontractors of outsourced work. We also request their cooperation to perform risk assessment in the construction work planning stage to 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.

\*3: Canceled due to COVID-19 from fiscal 2021 to fiscal 2023

### Sustainability Guidelines for Suppliers

To work together throughout the supply chain to realize a sustainable society, we distribute the Sustainability Guidelines for Suppliers, which describe our requirements for suppliers related to safety, human rights, labor practices, the environment, compliance and other topics, to suppliers while thoroughly informing them about the content. In April 2023, we made revisions to the guidelines, such as adding provisions on cybersecurity. We inspect 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. Through these checks, we confirmed that all suppliers comply with the guidelines in fiscal 2023. Moreover, through

a periodic check on commodity items of concern, such as conflict minerals, we strive 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%

### Reinforcing Relationships with Suppliers

#### Declaration of Partnership Building

We publicly announced our Declaration of Partnership Building in September 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 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.



#### Toward Achieving Carbon Neutrality in Our Supply Chain

Toyota Industries holds sessions to explain carbon neutrality to its major suppliers. In fiscal 2023, we described our initiatives for reducing CO<sub>2</sub> emissions and asked for their cooperation in managing their emissions. Jointly with suppliers, we will continue to step up our efforts toward achieving carbon neutrality throughout our supply chain.

### 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 to suppliers. Previously, we had conducted an impact survey on suppliers by concurrently using multiple systems for various customers. 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 and contribute to their BCM.

Moreover, in order to recover quickly and maintain production, we continued to reinforce our earthquake and flood control measures at each base while at the same time reevaluating an appropriate level of inventories and examining ways to decentralize suppliers and production bases.

## Relationship with Our Shareholders and Investors

We aim to facilitate an understanding of the Toyota Industries Group and obtain an appropriate company valuation in stock markets through information disclosure based on fair disclosure rules as well as proactive dialogue with shareholders and investors.

### Basic Perspective and Implementation Structure

Toyota Industries continually carries out information disclosure based on fair disclosure rules 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 investor relations. We also strive to engage in proactive dialogue with shareholders and investors by establishing a dedicated department.

### Communication with Shareholders and Investors

As in the previous fiscal year, we implemented various safety protocols for our 144th General Shareholders' Meeting held on June 10, 2022, 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.



144th General Shareholders' Meeting

For institutional investors and analysts, we held financial results briefings by management, while the Investor Relations Office conducted individual interviews, mainly via telephone and the Internet. Through these opportunities, we engaged in dialogue on a range of topics, including the impact of global inflation and supply chain disruptions on our business and business results as well as subsequent future outlook; market conditions in each of the Lift Truck Business and Logistics Solutions Business; production and sales status in our automobile-related businesses; direction of business over the medium to long term; and our approach to and initiatives

### Returning Profits to Shareholders

Toyota Industries regards ensuring shareholder benefits as one of the most important management policies. In returning profits to shareholders, we emphasize stable cash dividends.

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

for the environment, social and governance (ESG) issues.

In December 2022, we hosted an information session at our Toyota L&F Customer Center Tokyo to describe the Materials Handling Equipment Business including logistics solutions, a topic of keen interest among institutional investors. The hybrid session, held in person and via the Internet, was attended by more than 100 securities analysts, institutional investors, journalists and other parties. We held a dialogue with them about our potential and strategies to achieve business growth over the medium to long term and allowed them to see our systems and equipment.

For individual investors, we held web-based company information sessions to explain Toyota Industries' businesses, characteristics and strengths and answered many questions.

Through such communications with shareholders and investors, we successfully promoted a deeper understanding of Toyota Industries' entire businesses. Opinions and requests obtained through these communications are fed back to executives and relevant business divisions as necessary to reflect them in our future business activities.



Information session on the Materials Handling Equipment Business

and demand for funds.

For fiscal 2023, Toyota Industries increased annual cash dividends by ¥20.0 from the previous fiscal year and paid annual cash dividends per share of ¥190.0 (interim cash dividend per share of ¥90.0 and year-end cash dividend per share of ¥100.0).

## Relationship with Our Associates

We undertake initiatives to enable associates to work safely and with peace of mind and to allow diverse human resources to exercise their potential and play active roles.

### Human Resources Management and Labor Management

#### Basic Concept

Toyota Industries undertakes a range of initiatives based on our basic perspective to develop and leverage the capabilities of associates and the organization to the fullest by promoting the creation of a highly motivated team.

#### Increasing Work Motivation

It is essential to create an open workplace so that individual associates can fully demonstrate their abilities in their own ways and find their work rewarding and meaningful.

At Toyota Industries, supervisors and more experienced associates have been taking the lead in creating a workplace culture that allows members to freely share opinions and suggestions. They also work to establish a relationship so that they can sincerely work to solve difficulties or troubles faced by members. To this end, we are making Company-wide efforts and holding labor-management discussions throughout the year.

We also conduct an annual Company-wide morale survey to listen to voices of associates. Survey topics cover various aspects, including workplace culture, an individual's willingness to grow and growth achieved and supervisors' management of subordinates. By doing so, we clarify issues and required measures and make efforts accordingly.



Interview between a supervisor and subordinate

#### Nurturing Human Resources and Promoting Active Roles

It is crucial to build a flexible and robust organization that can adapt to future uncertainties and various changes. Accordingly, we strive to nurture human resources who can trigger changes in the surrounding environment and themselves and back up associates tackling challenges.

##### On-the-Job Training (OJT)

We engage in human resources development in each workplace with a focus on the OJT cycle consisting of three steps: setting a role and theme for each associate, giving guidance and providing performance evaluation and feedback. Specifically, a supervisor and subordinate hold discussions to determine an aspired role and theme at the beginning of a fiscal year. After laying down the growth expectation and target for the subordinate, the supervisor gives guidance on a daily basis. At semiannual interviews, the supervisor gives feedback to the subordinate on his or her strengths and areas of improvement. The cycle leads to further growth and a more active role of each subordinate.



Going ahead, we will introduce a 360-degree feedback system designed to encourage the growth of supervisors. Through the system, we will provide an opportunity for them to reflect on their actions and facilitate behavioral change.

As additional efforts to support autonomous career development, we will establish a system for associates to submit their aspired growth and role to their respective workplaces and enhance our internal job posting system that allows them to apply for a desired job.

##### Off-the Job Training (Off-JT)

We provide various training programs that are practical and useful in the workplace, including induction training for new associates, training for newly promoted associates and seminars to gain specialized knowledge or capabilities. These programs are also made available to associates of affiliated companies in Japan.

We also engage in the development of human resources globally with a focus on the following three pillars.

- (1) Global leader training
- (2) People-to-people exchange (temporary overseas assignment, overseas training and Intra-Company Transferee (ICT) system to accept associates of Group companies outside Japan)
- (3) Training to be held at Group companies outside Japan to cultivate a sense of value shared across the Toyota Industries Group

##### Support for Personal Development

We provide opportunities and venues for personal development and voluntary study to increase associates' willingness to expand their knowledge and perspective and to learn independently. We also provide financial aid to support their personal development.



Training

■ Work Styles without Time or Place Constraints

To enable associates to work productively, we are working to create systems and an environment for them to work flexibly without time or place constraints. To offer more diverse work style options, we have enhanced our telecommuting system

in addition to establishing a flex time system without core-hour requirements, satellite offices and a discretionary work system.

Supporting Active Roles of Diverse Human Resources

For generating new value by flexibly responding to the changing business environment and diversifying customer needs, we aim to create an organization that allows human resources that are diverse and proactive to exercise their abilities to the fullest and make accomplishments through co-creation.

We are promoting initiatives to realize a corporate culture in which associates accept and respect each other's differences, including gender, age, nationality, race, religion, sexual orientation, gender identity, disabilities, experience, sense of value or any other invisible difference.

■ Empowerment of Female Associates

We aspire to let individual associates take active roles regardless of gender. Accordingly, we have been undertaking a range of initiatives from various aspects, such as changing mindsets, providing career support for female associates and promoting flexible working practices.

Targets and Major Initiatives for Promoting Active Roles of Female Associates

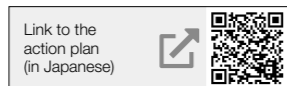
Target	Major Initiatives
Target 1	Ratio of female managers: Double the ratio to 2.4% in fiscal 2025 and triple it to 3.6% in fiscal 2031 compared with fiscal 2015 when the target was defined
Result	1.7%, or 1.4 times the fiscal 2015 level (as of March 31, 2023)
Example efforts	Awareness-raising seminars for managers; training for career development for female associates; formulating and implementing individual development plans; role model exchange meetings; pre-maternity leave seminars; installing delivery lockers in-house
Target 2	Ratio of female graduate recruits: 40% in office work positions and 10% in engineering positions
Result	57% in office work positions and 8% in engineering positions (among new hires in April 2023)
Example efforts	Recruitment events for female students; participating in initiatives of the Toyota Female Engineer Development Foundation
Target 3	Ratio of male associates taking parental leave: 30% in fiscal 2026
Result	32.5% (fiscal 2023)
Example efforts	Encouraging associates and their spouses to participate in pre-maternity leave seminars; internally communicating our parental support systems and example support for a work-life balance

In seeking to ensure that female associates engaging in production operations fully work and take active roles until an older age, we also hold a work style seminar for female production associates and a seminar for supervisors on nurturing female subordinates.

As a result of these efforts, Toyota Industries received Japan's "Eruboshi" certification and an "Excellent Company"



Training program to practice career interviews



award under Aichi Prefecture's "Female-Friendly Company" certification program.

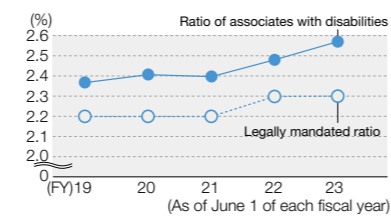
■ Initiatives for Persons with Disabilities

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. In order to ensure that they receive fair opportunities for achieving growth and taking active roles after joining Toyota Industries, we dispatch sign language interpreters when they receive training, provide tools to support communication and assign counseling staff.

CSR Material Issue

> Ratio of associates with disabilities: 2.57% (non-consolidated)

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



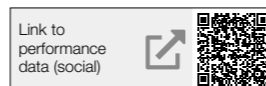
■ Creating an Age-Inclusive Workplace

We provide practical digital skills education for experienced associates, who have broad work experience and perspectives, to learn the knowledge on digital technologies and know-how to use them through themed practical work in the workplace. They cultivate knowledge and skills through education and contribute to the workplace by actively promoting the use of digital technologies after finishing their education.

In order to enable older associates to work and take active roles in production operations, we have been creating better, less physically stressful production lines 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 using digital technologies.



Practical digital skills education for experienced associates



■ Supporting 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.

As a result of these efforts, Toyota Industries received "Platinum Kurumin" certification and won a "Family-Friendly Company" award.

■ Working with Colleagues from Different Countries

We have been undertaking business outside Japan for many years and now have 236 overseas bases, of which more than 200 companies are led by a local president. In addition, some 50,000 associates are engaging in business activities outside Japan, accounting for about 70% of all associates of the Toyota Industries Group.

■ Efforts for Mid-Career Recruitment

We have been reinforcing mid-career recruitment to incorporate external knowledge. In fiscal 2024, we plan to increase the ratio of mid-career associates in office work and engineering positions to 30% of all main career track



Enhancing systems to support a work-life balance	Establishing in-house daycare center; shorter work-hour system for childcare; leave system and loan system for fertility treatment; return-to-work system to reinstate associates who have left work to provide child or family care or to accompany their spouse for a job transfer, etc.
Facilitating an understanding of maintaining a work-life balance	Distributing the Handbook for Balancing Work with Nursing Care; distributing the Handbook for Balancing Work with Family Care; seminars on balancing work with nursing care; providing newsletters on nursing care, others

associates (20% in fiscal 2023). Mid-career associates are assigned to their desired business divisions or job categories and after finishing induction training, take active roles in each workplace.

■ Safety and Health

Basic Perspective

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.

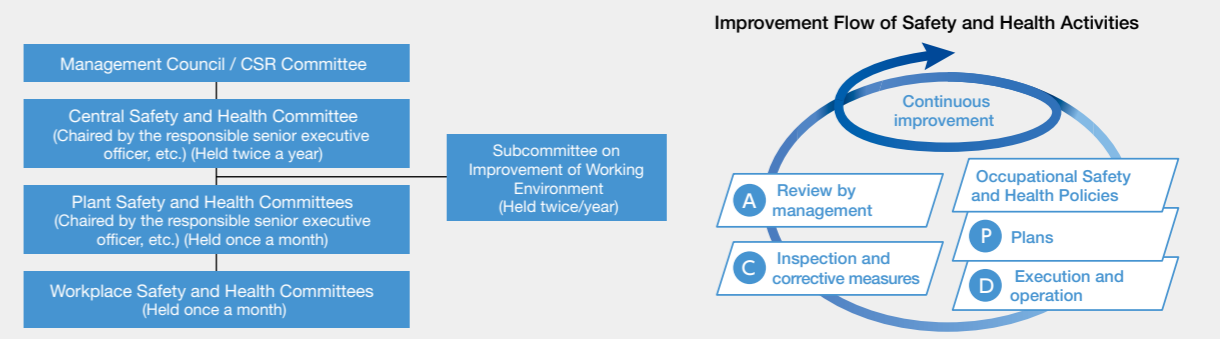
**Safety Vision**  
Each and every associate in the Toyota Industries Group, guided by the spirit of our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas and focuses on mutual courtesy and safety as well as realizing workplaces where associates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

■ 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 occupational 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.



## Prevention of Accidents and Disorders through Safety and Health Education

In order to cultivate knowledge, awareness and the skills necessary to prevent accidents and disorder, Toyota Industries proactively provides safety and health education, including education required by law to cultivate relevant knowledge and skills and to raise safety and health awareness, 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.

Purpose	Major Initiatives
Acquire qualifications (cultivate personal skills)	Licenses; skills seminars; special education; repeated education for capability improvement
Raise safety and health awareness	Education to improve ability to predict hazards; education to actually experience hazards (safety dojo)
Prepare for roles associated with positions/grades	Induction training; training for third-year production associates; training for newly promoted senior experts and chief experts; training for newly promoted experts; safety manager education
Prepare for job categories and business characteristics	Education on emergency measures; education on equipment lockout; education for equipment safety inspectors; hands-on safety education using virtual reality (VR)

## Creating a Safe Workplace by Preventing Occurrence and Recurrence of Industrial Accidents

Since the occurrence of a serious accident in 2019, we have been working to eliminate accidents related to powered machinery and constantly upgrading our physical and administrative measures. Specifically, we have incorporated into our new and existing equipment a mechanism that cuts off power whenever an operator accesses a machine with its safety device disabled. We have also rebuilt our equipment safety assurance system. The system includes a visualization of which parts of the equipment are shut down, the control category under which it is operating and safety feature checks by qualified equipment safety inspectors.

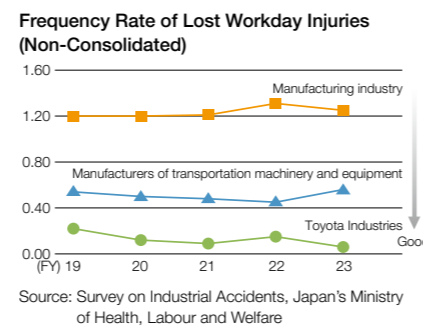
Moreover, to make further efforts toward zero accidents, we believe that it is important to prevent accidents caused by the unsafe behavior of operators themselves, including taking a shortcut, omitting a step in a particular work process or showing disregard for safety. In fiscal 2023, as part of human-related measures, we started undertaking an initiative to quantitatively assess the tendencies of individuals, namely

risk perception and risk-taking attitude\*4. We will keep carrying out this initiative to prevent accidents caused by human factors.

We will continue to work toward the development

of safe workplaces and safety-oriented human resources based on an approach to always shut down a machine when something is wrong and take fundamental measures to remove the root cause.

\*4: Risk perception: An ability to recognize a risk as a risk  
Risk-taking attitude: Tendency to intentionally accept a risk and act accordingly even when one perceives the risk



## Health

### Basic Perspective

As a task for the medium term, we are promoting health improvement of associates, mainly focusing on the 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) and offer a Milestone Health Class as part of this education. 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 fit for work, assessment of physical fitness age and recommended exercises to increase motivation for promoting physical fitness.

Since fiscal 2022, we have been promoting the "KENKO Challenge 8 (8 Challenges for a Healthier Lifestyle)" initiative to promote the cultivation of appropriate lifestyle habits in daily lives by defining eight lifestyle habits and giving each a score. In fiscal 2023, we took two approaches to instill the initiative among associates and increase their health literacy\*5, the two pending issues from fiscal 2022. One approach targeted individuals, and we provided health-related information to



Milestone Health Class

encourage behavior change, along with the results of a KENKO Challenge 8 survey. As for the other approach covering the entire Company, we focus on conveying the meaning of the initiative and providing information on workplace programs to improve each of the eight lifestyle habit items through meetings of the Plant Safety and Health Committees.

With a declining labor force and aging society, it is essential to maintain the physical fitness of associates. However, the score for "Exercise" was lower than other lifestyle habit items defined in the initiative. In response, we will promote various efforts and initiatives to encourage associates to exercise during a short break or after work.

To prevent and ameliorate metabolic syndrome, we

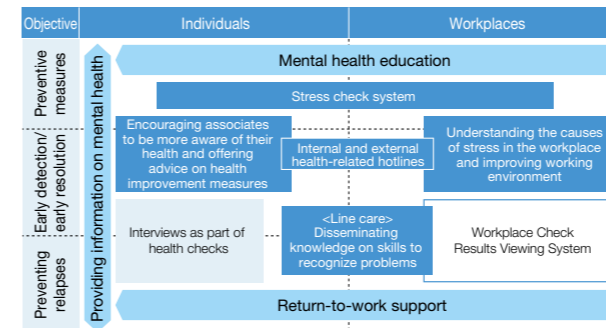


## Mental Health Support

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 operating a return-to-work support program for persons on long-term leave for the 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 check sheets to recognize the sign of a problem with their subordinates early and confirm its implementation status through interviews and questionnaire surveys. The results revealed that, 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

### Improving Mental Health Support Systems



## Response to COVID-19

In fiscal 2023, we again provided workplace vaccinations to all willing associates at Toyota Industries facilities. As another response, we updated our Infectious Disease Response Manual as necessary in accordance with the infection alert level announced by Japan's national and local governments, communicated the revisions thoroughly within

implemented a new weight reduction program that uses a body composition analyzer (BCA), in addition to providing the Milestone Health Class and health guidance to associates whose body mass index (BMI) is above 25.0. The program has led to reductions in the body-fat percentage and visceral fat level as well as behavior change among the participating associates. Some participants noted the use of a BCA makes it easier to see a difference (or a positive effect) as it visualizes their body shape. We plan to use a BCA in annual health checkups and health guidance to raise associates' interest in changing themselves and provide better motivation for their behavior change.



Weight reduction program using a BCA

\*5: Knowledge, willingness and ability to obtain, understand and utilize health-related information

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, including making an individual recommendation to associates found to have a high level of stress through the internal check, and providing improvement support as necessary to individual workplaces.

### Major Health Promotion Events in Fiscal 2023

Stop smoking awareness event	World No Tobacco Day: One-day no smoking (May 31) 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 (2,432 participants)
Early detection	Providing financial aid for various examinations (used by 958 associates)

### Major Activity Indicators

Activity indicator	FY2021	FY2022	FY2023
Participants of age-based health education*6	—	1,140 persons	2,576 persons
Average score of KENKO Challenge 8*7	5.51	5.54	5.58
Rate of undergoing a stress check	99%	99%	99%
Overall assessment of the stress check results (National average: 3)*8	3.28	3.27	3.27

\*6: Temporarily suspended from March 2020 for prevention of COVID-19. In 2021, held only during the period from July to December.

\*7: Average score at which associates are practicing the eight health habits (1. Desirable weight, 2. Breakfast, 3. Snacks, 4. Sleep, 5. Exercise, 6. Alcohol consumption, 7. No smoking, 8. Stress level) (Scale of 1 to 8)

\*8: 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)

Toyota Industries and dealt with the changing situations appropriately. Based on the experience, we have formulated the Infectious Disease Basic Business Continuity Plan, which compiles our responses to all risks anticipated upon the outbreak of a new variant of COVID-19 or an unknown infectious disease.

# Relationship with Our Local Communities

To contribute to the harmonious and sustainable development of the earth and society, we actively undertake social contribution activities while respecting the culture, traditions and history of each country.

## 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 the 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 while cooperating with NPOs and interacting with local community members.

## Enlightenment Activities

We promote a range of activities for employees of Toyota Industries and its Group companies 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<sup>9</sup>; providing information on volunteer activities via the intranet; and presenting examples of social contribution activities of Group companies across the world. In this way, we provide various opportunities and venues to participate in social contribution activities.



Pruning and weeding by an employee association

## 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.



Local community meeting

### Major Social Contribution Activities of Toyota Industries and Group Companies

Theme	Activities	Theme	Activities
<b>Social welfare</b>	Events to interact with persons with disabilities (Japan) "Welfare Festival," farming experience, Walk Rally (orienteering) and other events Donating and leasing free of charge materials handling equipment (worldwide) Christmas donations (worldwide) <b>Paralym Art® illustrations on the cover of internal newsletters (Japan) P. 57</b>	<b>Community contribution</b>	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) <b>Community support for a better living environment (India) P. 57</b>
<b>Youth development</b>	Providing <i>monozukuri</i> workshops (Japan) Holding plant tours and work experience events (worldwide) Holding mini concerts at elementary schools (Japan) <b>Job introduction event for students (Germany) P. 57</b>	<b>Other</b>	Holding charity concert (Japan) Disaster relief and humanitarian support (worldwide) Blood donation drives (worldwide)
<b>Environmental protection</b>	Providing environmental education program for elementary school students (Japan) Donating benches that made effective use of thinned wood (Japan) Tree-planting activities to curb global warming (worldwide) <b>Cleanup activities (worldwide) P. 57</b>		

<sup>9</sup>: Voluntary organizations formed by employees at each job level

## Activity Examples of Toyota Industries Group

### Japan Paralym Art® Illustrations on the Cover of Internal Newsletters Social welfare

Since April 2021, we have been using illustrations by artists with disabilities on the cover of our monthly internal newsletters in support of the Paralym Art® initiative promoted by the Shougaiha Jiritsu Suishin Kikou Association. The initiative aims to promote the social engagement and financial independence of persons with disabilities through their artwork. Each month, we ask a different artist to draw an illustration of our products or people working in various departments. This has facilitated an understanding of our products and helped us cultivate a corporate culture that accepts diversity.



Internal newsletters using Paralym Art® illustrations

### Germany Job Introduction Event for Students TD Deutsche Klimakompressor GmbH (TDDK) Youth development

TDDK, which manufactures car air-conditioning compressors, invited female students from nearby schools to its event to introduce jobs mainly in male-dominated fields, such as science, technology, engineering and mathematics. After a plant tour, they received a briefing on jobs related to metal processing and electronic devices and experienced tasks under the guidance of female employees serving as role models. TDDK holds a job introduction event about 10 times a year for students and kindergartners to present their career options in the future.



Female students participating in a job experience workshop

TDDK has also created an Instagram account to showcase a variety of careers and professions.

### Worldwide Cleanup Activities Environmental protection

Toyota Industries and its global Group companies are undertaking cleanup activities as part of our environmental protection programs. In May 2022, Toyota Industries conducted Shokki Smile Plogging<sup>\*10</sup>, a fun, smile-filled cleanup event for colleagues and their families. The event was attended by 409 employees and their families, and they spent a day cleaning up their community as well as their minds.



Shokki Smile Plogging



Joining the World Cleanup Day (TMHRO<sup>\*11</sup>)

Around the world, 34 Toyota Industries Group companies in 11 countries carried out their respective activities with a total of 7,913 participants mainly on Earth Day and World Cleanup Day.

<sup>\*10</sup>: A coined word that combines "plocka up (trash picking in Swedish)" and "jogging," plogging is a fitness activity started in Sweden in 2016.  
<sup>\*11</sup>: Toyota Material Handling Romania s.r.l

### India Community Support for a Better Living Environment Toyota Material Handling India Pvt. Ltd. (TMH India) Community contribution

Every year, TMH India, which engages in the sales and servicing of materials handling equipment, provides support to nearby schools, welfare facilities and other organizations according to their needs. In fiscal 2023, TMH India provided support amounting to some ¥7.8 million to 10 organizations.



Children using donated desks and chairs

**Major support provided:** Installing new toilets and water dispensers equipped with water purifiers for better water and hygiene control; installing solar power generation systems; donating school desks and chairs

### Status of Social Contribution Activities in Fiscal 2023 CSR Material Issue

Total for companies outside Japan  
12,553 persons from 69 companies  
Activity expenses: ¥263,955,000

Total for Toyota Industries Corporation  
6,546 persons from 1 company  
Activity expenses: ¥603,073,000

Total for companies in Japan  
9,401 persons from 30 companies  
Activity expenses: ¥47,370,000

Grand total  
28,500 persons from 100 companies  
¥914,398,000<sup>\*12</sup>

<sup>\*12</sup>: On a consolidated basis including Toyota Industries Corporation and its major subsidiaries as of February 28, 2023

# 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 by 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.

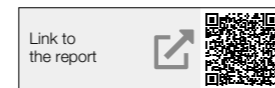
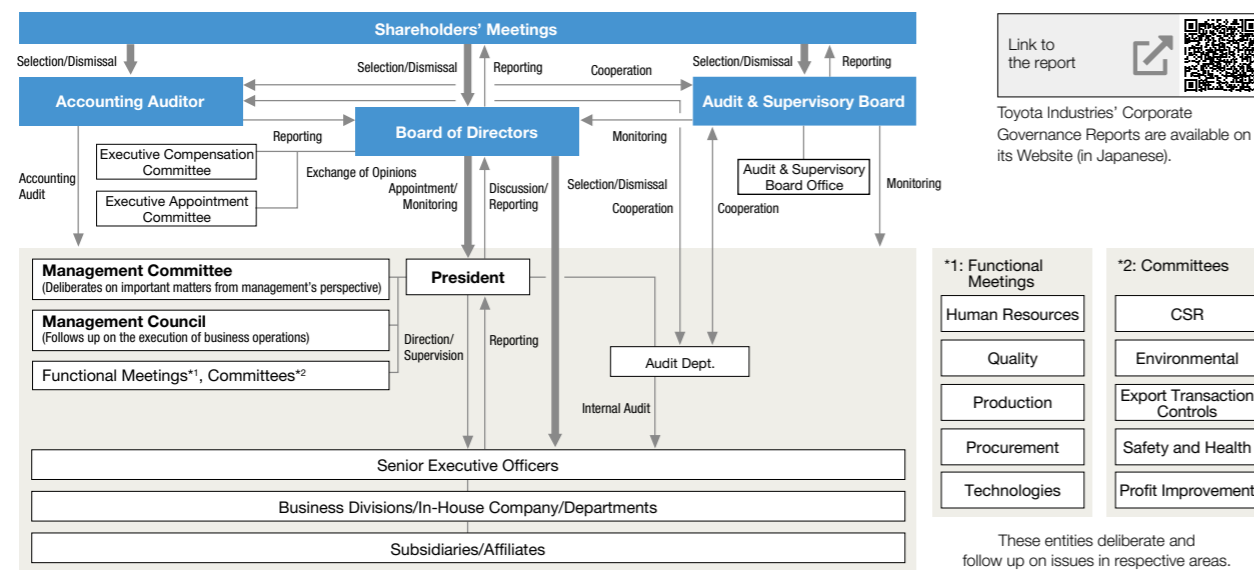
More specifically, the following basic policies drive our initiatives.

- (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 such as 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 the directors' execution of duties from an objective perspective. Moreover, 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, are discussed by the Management Committee, which is



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.

(As of June 9, 2023)

composed of directors at the executive vice president level and above as well as relevant senior executive officers and other executives, prior to deliberation by the Board of Directors.

At meetings of the Management Council, directors, audit & supervisory board members and senior executive officers convene to report and confirm the monthly status of business operations and share overall deliberations at Board of Directors meetings and other management-related information.

In addition, issues pertaining to human resources, quality, production, procurement and technologies are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as corporate social responsibility (CSR), the environment and export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas.

Moreover, we strive to maintain and improve internal controls by establishing the Audit Department and conducting internal audits of Toyota Industries' business divisions and departments as well as our subsidiaries.

### 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	IT and digital technologies	Finance and accounting	Legal affairs and risk management	ESG	Internationality
		Materials handling equipment	Automobile	Textile machinery						
Members of the Board	Tetsuro Toyoda	○	○	○			○	○	○	○
	Akira Onishi	○	○	○			○	○	○	○
	Koichi Ito	○		○		○	○	○	○	○
	Shuzo Sumi	○				○	○	○	○	○
	Junichi Handa	○				○	○	○	○	○
Audit & supervisory board members	Kazunari Kumakura		○			○	○	○	○	○
	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, because outside directors are independent of the execution of business operations, 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.

#### 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 the 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

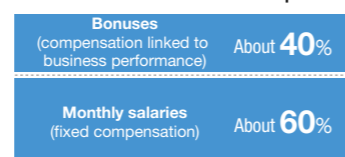
previous fiscal year.

- 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.

#### Breakdown of Executives' Compensation (Excluding Outside Directors)



#### Compensation for Directors and Audit & Supervisory Board Members

Executive category	Total compensation (¥ million)	Monthly salaries (fixed compensation)	Bonuses (Compensation linked to business performance)	No. of applicable executives
Director (Of which, outside director)	308 (45)	243 (45)	65 (—)	9 (4)
Audit & supervisory board member (Of which, outside audit & supervisory board member)	91 (27)	91 (27)	— (—)	4 (2)
<b>Total</b>	<b>400</b>	<b>334</b>	<b>65</b>	<b>13</b>

#### Notes:

- The figures include three directors (of whom one outside director) who resigned at the conclusion of the 144th General Shareholders' Meeting held on June 10, 2022.
- Bonuses show the amounts approved by resolution of the Board of Directors meeting held on May 18, 2023.
- At the 144th General Shareholders' Meeting held on June 10, 2022, it was determined that the compensation for directors is to be changed from monthly to annual and the compensation is to be within ¥900 million per year (of which the amount of compensation for outside directors is to be no more than ¥150 million).
- At the 132nd General Shareholders' Meeting held on June 23, 2010, it was determined that the compensation for audit & supervisory board members is to be within ¥15 million per month.

#### 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

- The Board is operated efficiently with a clear focus depending on the agenda and spends sufficient time to enable focused discussion on important business issues.
- The Board members include outside directors with extensive experience, and the Board proactively asks them to provide opinions on each item on the agenda for lively and constructive discussion.
- Appropriate decision-making and management oversight are ensured by reporting and deliberating on important matters several times to make sure that these matters are thoroughly discussed prior to the resolution.

#### Suggestions for Further Improvement of the Effectiveness

- Amid the changing business environment, the Board's agenda should pay greater attention to matters matched to the demands of the times, such as those related to management focused on environmental, social and governance (ESG) factors.
- The Board should continue to deepen the discussion on the status of both Group-wide and respective business operations, including direction over the medium to long term.

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.

#### Meetings of the Board of Directors and Relevant Committees

Meeting body	No. of meetings held per year	Average attendance rate
Board of Directors	12	99% (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)

## 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 and 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 full-time members with outside members, to receive reports on important business statuses from Board members and responsible persons, and to receive reports from the accounting auditor regarding how key audit matters have been examined and determined.

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.

# 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.

## Exercise of Voting Rights

While respecting the 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.

## 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 a comparison of total shareholder return and weighted average capital cost as well

as the return on equity (ROE) of each investee company, and qualitative information, such as the transaction status and the outlook of future business relationships. In fiscal 2023, we held shares in 35 listed companies, a decline from 46 in fiscal 2011.

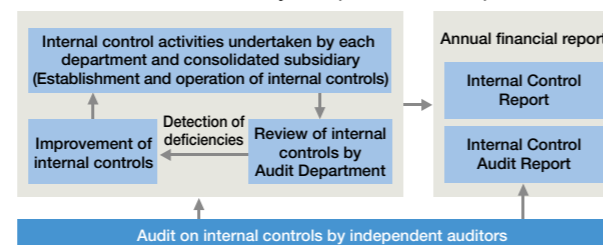
# Internal Control System

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 2023 were effective, and accordingly, submitted an Internal Control Report in June 2023. The report was reviewed by independent auditors and judged fair in their Internal Control Audit Report.

Internal Control Assessment System (Based on J-SOX)



# Sustainability Implementation Structure

Based upon our belief that the realization of the Toyota 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

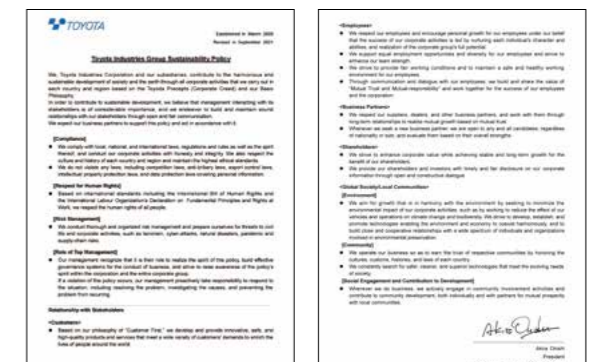
accordance with the Toyota Industries Group Sustainability Policy, approve action plans and evaluate the results.

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
Members	Executive Vice President, full-time audit & supervisory board members, general managers of each business division and related senior executive officers/executive officers
Office	Enterprise Risk and Compliance Management Office
Main Agenda	<ul style="list-style-type: none"> <li>Determining the direction of initiatives under the Toyota Industries Group Sustainability Policy; approving action plans; evaluating results</li> <li>CSR materiality; determining and reviewing action policies and targets</li> <li>Risk management for the Group</li> </ul>



# Respect for Human Rights

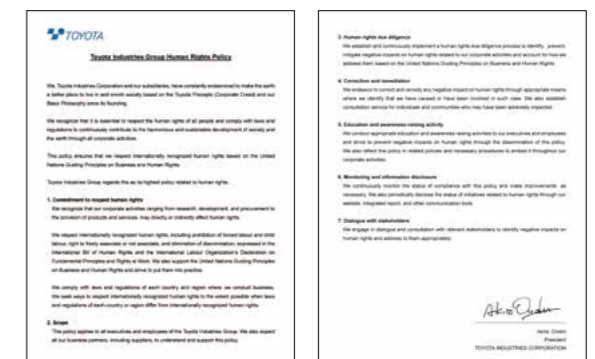
## Basic Concept

Since its founding, Toyota Industries has endeavored to make the earth a better place to live and enrich society based on the Toyota 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 has formulated the Toyota Industries Group Human Rights Policy ("Human Rights Policy") 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 the Corporate Planning, Purchasing and Legal departments. In accordance with the Human Rights Policy, 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.



## Human Rights Due Diligence

We conduct human rights due diligence to specify, prevent and mitigate negative impacts on human rights caused by the Toyota Industries Group's corporate activities.

The Human Rights Task Team has evaluated human rights issues relevant to the corporate activities of the Toyota Industries Group, which were identified based on

the handbooks of Japan's Ministry of Justice and the Japan Federation of Economic Organizations (Keidanren) as well as checking items defined by external rating agencies. Consequently, we have specified two priority human rights issues, namely immigrant labor and raw material procurement, and have been undertaking related activities.

### ■ 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 conducted a survey to check trainee enrollment and appropriate operation of the program at its consolidated subsidiaries and major suppliers in Japan and

found that, as of December 31, 2022, 216 companies have accepted trainees under the program. The largest number of trainees was from Vietnam, accounting for 40% of all trainees.

At our consolidated subsidiaries, we have further surveyed the fees charged to these Vietnamese trainees. 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. We have also set up a consultation hotline for non-Japanese trainees working under the program by utilizing the Japan Platform for Migrant Workers towards Responsible and Inclusive Society. Our efforts in the future will be geared toward reviewing fee charging, which, if done inappropriately, could lead to forced labor of non-Japanese trainees.

### ■ Initiative on Raw Material Procurement (Minerals)

As another initiative to respect human rights, Toyota Industries has formulated the Policies and Approaches to Responsible Mineral Sourcing. 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.

> Rate of performing an annual survey on conflict minerals at applicable suppliers (non-consolidated): 100%

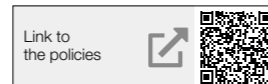
#### Policies and Approaches to Responsible Mineral Sourcing

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 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 and joint study sessions with other Toyota Group companies. We also hold training sessions for consolidated subsidiaries, in which their top management participates. Our education and awareness-raising activities

target executives and all employees and aim to cultivate a correct knowledge of 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	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 of 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
Shareholders and investors.....	<i>Toyota Industries Reports</i> , Toyota Industries' official website, ESG dialogue
Business partners ....	Procurement policy meetings, hotline
Local community .....	Inviting residents to Toyota Industries' events, participating in local events, local community meeting

# 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. 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.

In response to the issue of regulatory violation in certain engines for lift trucks related to Japan's emissions certification in fiscal 2023, we will thoroughly identify compliance risks, revise our compliance structure and activities and work for improvements while seeking advice from external experts.

**CSR Material Issue** > Number of serious compliance violations in the Toyota Industries Group: 1

## 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 compliance (prevention of bribery, corruption and profit sharing, conformance to antitrust laws and others), 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 April 2023, we held a meeting to raise compliance awareness and communicate both the revisions to the Code as described in the TOPIC section below and our efforts to prevent the recurrence of the regulatory violation related to Japan's emissions certification for lift truck engines. In addition, we have created

and disseminated e-learning materials on 48 topics and compliance mini quizzes on 48 topics (as of March 2023) 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

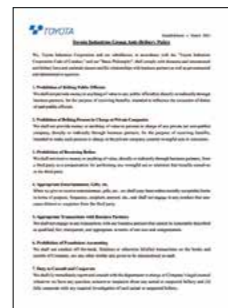
Compliance; Antitrust laws; Prevention of bribery; Human rights; Various types of harassment; Safety behavior; Environmental protection; Management of confidential information; Product liability; Accounting process; Quality; Import/export controls

## Efforts for Prevention of Bribery and Corruption

To prohibit and prevent bribery, in 2014 Toyota Industries 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 has been conducting activities to familiarize employees with them in each country and region.

**TOPIC** Formulating the Toyota Industries Group Anti-Bribery Policy

In March 2023, we formulated the Toyota Industries Group Anti-Bribery Policy to clarify our stance both within and outside the Toyota Industries Group. We have positioned the policy above our Global Guidelines for Bribery Prevention and have been working to communicate and thoroughly implement the policy in each region and country.



[Link to the policy](#) 

## 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 for clarifying our relationships with competitors and ensuring fair transactions with business partners (e.g., the need to hold sincere dialogue with business partners to deal with changes in the business environment caused by rises in various costs). 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 Japan, in response to the revisions to the Whistleblower Protection Act, which went into effect in June 2022, we have revised our related rules and communicated the revisions among employees while stepping up our efforts to thoroughly protect whistle-blowers and ensure the early

resolution of problems. In fiscal 2023, we received 70 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.

## TOPIC Revising the Toyota Industries Corporation Employee Code of Conduct

In fiscal 2022, Toyota Industries formulated the Sustainability Policy and Human Rights Policy to further promote corporate activities whose values are aligned with those of society. In April 2023, we revised the Toyota Industries Corporation Employee Code of Conduct for the first time since 2014 to implement these policies.

The purpose of the revisions was to update the content based on the roles expected of Toyota Industries and turn the Code into an action guideline for every employee amid the growing call for responding to various issues, including those related to the Sustainable Development Goals (SDGs).

We have been making efforts to educate and inform employees about the Code, such as holding Company-wide meetings and distributing enlightenment cards, so that they can practice the Code to fulfill their social responsibilities and contribute to the realization of a sustainable society.

[Link to Code of Conduct](#) 



## 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 2023, compliance officers from nine bases in China attended the Compliance Officer Conference held in the country. They shared information about the compliance activities of each company and updates to relevant laws and exchanged views. After the conference, these bases have been conducting activities in a mutually coordinated manner.



Compliance Officer Conference in China

### Main Compliance Officers

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

## Tax Governance

### Basic Perspective

The Toyota Industries Group regards the most important managerial task is to earn trust broadly from society and enhance its corporate value on a stable, long-term basis. We strive to contribute to society and maintain and enhance corporate value by complying with the applicable tax laws and regulations of each country and region, as well as by paying the appropriate level of taxes.

### Tax Policy

Under the basic perspective described above, Toyota Industries has formulated the Toyota Industries Group Tax Policy.

The Toyota Industries Group will educate its employees as necessary through tax and accounting training and e-learning programs so that we are able to pay the appropriate level of taxes and take the proper tax measures in accordance with the Code of Conduct.

## Information Security

### Basic Perspective

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

#### Basic Policies for Information Security

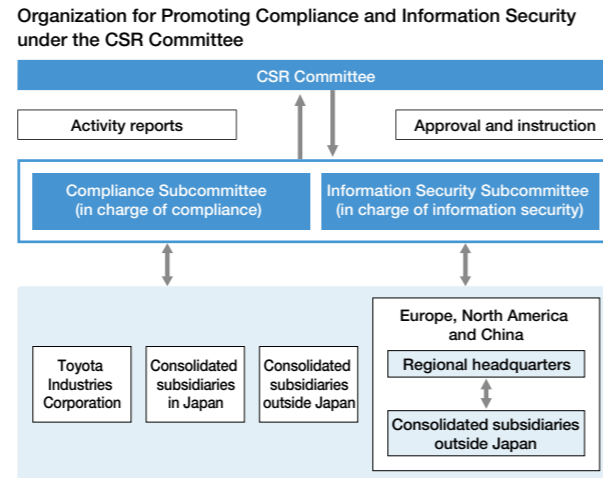
- (1) Legal compliance**  
We comply with laws and regulations related to information security while fostering awareness of them among employees.
- (2) Maintaining a stable business foundation**  
We safeguard and manage information assets appropriately, carry out information security-related education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

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

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



### Information Security Management

#### Information Security Monitoring and Incident Response

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

**CSR Material Issue** > Number of serious incidents occurred: 0

#### Providing Education on Information Security

In addition to our ongoing training on targeted attacks via e-mail and a cybersecurity awareness website, we created a Cybersecurity White Paper to further reinforce our efforts to raise awareness of information security. The white paper compiles past incidents that occurred within the Toyota Industries Group, the current state of our security measures and tasks ahead. It is also available in English and is distributed to consolidated subsidiaries and affiliates around the world with the aim to increase awareness throughout the Group.



Cybersecurity White Paper

#### Preventing Leakage of Confidential Information

As an effort to reinforce workplace activities led by information security managers and information security administrators, we have created and distributed the Information Security Managers/Administrators Guidebook, which describes the roles of each, the risk of damage caused by leakage of confidential information and response details. In the future, we plan to distribute the guidebook to our consolidated subsidiaries around the world.

#### Conducting Information Security Audits

In accordance with the All Toyota Security Guidelines (ATSG)\*3, we annually inspect the implementation status of information security at Toyota Industries and our consolidated subsidiaries and affiliates around the world in order to maintain and improve the level of information security on a continuous basis. In performing ATSG-based inspections, we also check the rationale for implementing certain measures to upgrade the level of our activities.

\*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 2023
- Conducting an emergency security inspection on consolidated subsidiaries and affiliates in and outside Japan
  - Formulating a three-year action plan for improving the security level of affiliated companies in Japan and obtaining their agreement for the implementation
  - Creating and issuing a Cybersecurity White Paper
  - Opening a cybersecurity awareness website
  - Checking the actual security levels of suppliers and requesting corrective actions
  - Creating and issuing the Information Security Managers/Administrators Guidebook
  - Incorporating security requirements into the quality control rules for product development

## Risk Management

### Basic Perspective

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

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

### Implementation Structure

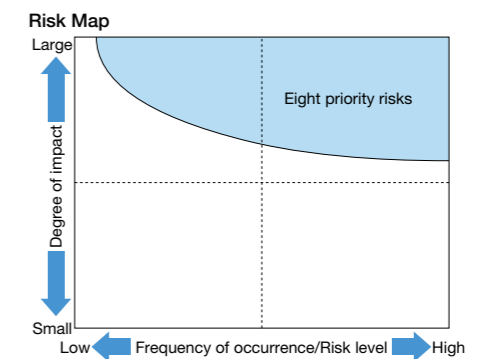
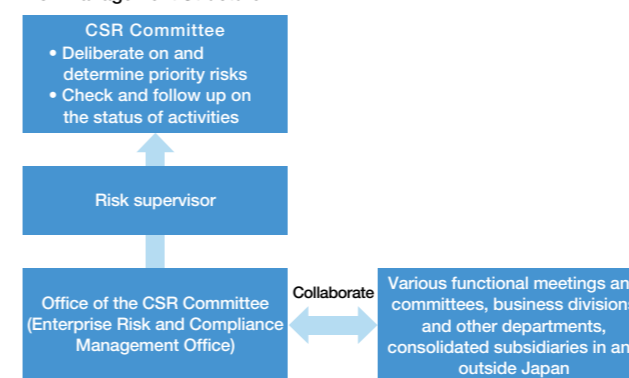
Business divisions and other departments at the Head Office develop and promote annual action policies that integrate measures to prevent and control risks related to safety, quality, the environment, personnel, export transactions, disasters and information security. Progress is assessed and followed up by each functional management entity such as the CSR Committee and the Environmental Committee. We created the position of risk supervisor within the CSR Committee. By doing so, we promote 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. In fiscal 2023, we newly added geopolitical risk to our list of priority risks, and relevant functional management entities are working together to implement a range of initiatives.

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. The content of the manual is reviewed and revised as deemed necessary in response to changes in businesses and the surrounding environment.

#### Risk Management Structure



### Response to Possible Major Earthquake

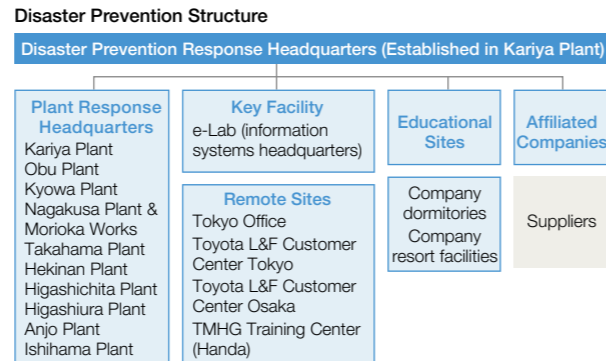
We consider the impact of a major earthquake as one of the most significant risks and have accordingly formulated a business continuity plan. Based on the three basic policies of placing maximum priority on human life, placing top priority on the recovery of local communities and ensuring the quickest

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.



## Efforts to Cultivate Personnel to Engage in Disaster Prevention Activities

### 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 2023, we again conducted training remotely as in the previous fiscal year to collect damage information of each plant and report the information to the Disaster Prevention Response Headquarters. At the same



Drill to use electrified vehicles as part of our emergency power source

time, we conducted a drill on using electrified vehicles (HEVs, BEVs and FC buses) of each plant as part of our emergency power source. We will continue to implement measures to ensure that the headquarters can function under any circumstances.

### Simultaneous All-Company Disaster Prevention Training

In fiscal 2023, we extended the duration of our training and conducted more effective, simultaneous all-Company disaster prevention training.

The training at the Kariya Plant assumed stormy weather, and participants first evacuated the building to an outdoor primary evacuation site, and after checking the safety of

the building, went inside to a secondary evacuation site. We will continuously conduct training to ensure higher safety and security for our colleagues, customers and business partners while dealing with new issues found through the training.



Drill to evacuate to an indoor secondary evacuation site, assuming stormy weather

step up our efforts to ensure quick restoration activities.

### System Restoration Drill

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

## 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. In fiscal 2023, we focused on disaster prevention measures for when we are outside the home and worked to increase disaster preparedness by creating and distributing material on how to ensure safety when an earthquake occurs while we are in a car or using public transportation.

## 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.

# Toyota Industries' Activities Related to Intellectual Properties

## Basic Perspective

One tenet of the Toyoda 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 proactively makes investments in research and development, protects and uses the resulting intellectual properties, such as inventions and know-how, and leverages them in the strategies of each business. In addition, we make sure to acquire rights on intellectual properties both in and outside Japan and seek to prevent infringement of these rights while working to increase our corporate value by holding intellectual properties.

## 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 acquire intellectual properties and promote the sharing of information to avoid risks of infringement, both from the viewpoint of Toyota Industries Group as a whole.

Under this implementation structure, we filed some 1,000 patent applications in fiscal 2023. As of March 31, 2023, Toyota Industries holds about 6,000 patents across the world.

## Investment in Intellectual Capital toward Electrification and Automation

Toyota Industries has diverse technologies and know-how cultivated in various businesses and provides a variety of solutions to customers. Leveraging this strength, we have promoted research and development in the electrification and automation fields, which will help realize a decarbonized society and resolve labor shortages while actively encouraging inventions in these fields.

Our patents related to electrification, such as those for batteries, electronics products and electric compressors,

account for more than half the number of patents held by Toyota Industries around the world (including those under review) in the past five years (See Figure 1).

Additionally, the ratio of inventions related to automation in the Materials Handling Equipment Business has been increasing year by year (See Figure 2). Going forward, we will work to secure competitive superiority through intellectual properties.

Figure 1. Number and Ratio of Patents for Electrification-Related Technologies Held by Toyota Industries

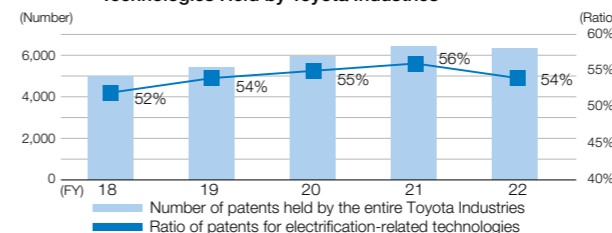
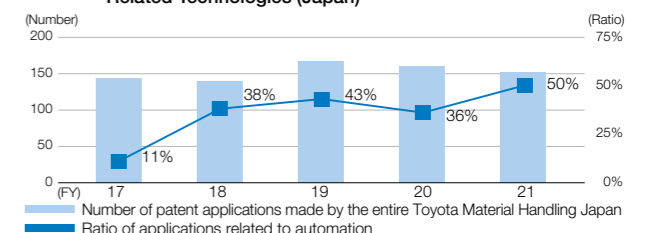


Figure 2. Number and Ratio of Patent Applications for Automation-Related Technologies (Japan)



## 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. By receiving these awards, we make our excellent technological capabilities known internally and externally and increase the "inventive" motivation of employees who work at the forefront of our development activities.

### Recent Award Won by Toyota Industries

#### Details

2023 Invention Award  
 Patent No. 5201113  
 Back pressure control mechanism for scroll-type compressors



# Directors, Audit & Supervisory Board Members, Vice President, Senior Executive Officers and Executive Officers (As of June 30, 2023)

## 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)

**Vice Chairman**  
**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  
Jun. 2023 Vice chairman (current)

**President**  
**Koichi Ito**



Apr. 1986 Joined Marubeni Corporation  
Jun. 1998 Joined Toyota Industries Corporation  
Jun. 2012 Managing Officer  
Jun. 2019 Senior Executive Officer  
Jun. 2023 President (current)

**Director (Outside, 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 Millea Holdings, Inc. (now 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

**Director (Outside, 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.)  
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)

**Director**  
**Kazunari Kumakura**



Apr. 1985 Joined Toyota Motor Corporation (TMC)  
Jun. 2016 Managing Officer of Toyota Industries Corporation  
Jun. 2019 Operating Officer  
Mar. 2020 Retired from Operating Officer  
Apr. 2020 Deputy Chief Officer, Purchasing Group of TMC  
Jul. 2020 Chief Officer, Purchasing Group of TMC (current)  
Jun. 2023 Director of Toyota Industries (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)

**Audit & Supervisory Board Member (Outside, 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)

**Audit & Supervisory Board Member (Outside, 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

<b>Vice President</b>	<b>Senior Executive Officers</b>				
<b>Yojiro Mizuno</b>	<b>Masahiro Kawaguchi</b>	<b>Hiroshi Matsumoto</b>	<b>Kazunari Masuoka</b>	<b>Toshihiko Shimizu</b>	<b>Brett Wood</b>
					
	<b>Norio Wakabayashi</b>	<b>Hiroaki Matsuda</b>	<b>Sotaro Kumazawa</b>	<b>Ken Suito</b>	<b>Hisashi Ichijo</b>
					
	<b>Hisanori Miyajima</b>	<b>Shinya Mizutani</b>	<b>Keitaro Hara</b>		
					

<b>Executive Officers</b>	<b>Hiroya Akatsuka</b>	<b>Yoichiro Yamazaki</b>	<b>Haruhiko Kimata</b>	<b>Hiroshi Kobayashi</b>	<b>Takehiko Oishi</b>
	<b>Shigeru Sawaki</b>	<b>Tomoji Tarutani</b>	<b>Hiromichi Asao</b>	<b>Taeko Kojima</b>	<b>Hiroyuki Taniguchi</b>
	<b>Toru Suzuki</b>	<b>Takashi Kubooka</b>	<b>Hiroyasu Takagi</b>	<b>Naomori Suzuki</b>	<b>Motoki Takahashi</b>