

# Toyota Precepts / Basic Philosophy

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

## Toyota Precepts (Corporate Creed)

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

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

Always be practical and avoid frivolousness.

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

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



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

## Basic Philosophy

### [Respect for the Law]

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

### [Respect for Others]

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

### [Respect for the Natural Environment]

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

### [Respect for Customers]

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

### [Respect for Employees]

Toyota Industries nurtures the inventiveness and other abilities of its employees.

It seeks to create a climate of cooperation, so that employees and the Company can realize their full potential.

# Message from the Chairman, Vice Chairman and President

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

On March 17, 2023, Toyota Industries announced its regulatory violation related to Japan's emissions certification for lift truck engines. We would like to take this opportunity to express our deepest and sincerest apologies for causing great inconvenience to our customers and many other stakeholders.

We are currently compiling a report on the full picture of the incident, including causes and background, as well as measures to prevent recurrence. Toyota Industries is determined to make concerted efforts to resolve the inconveniences caused to our customers, suppliers, and all other concerned parties as soon as possible. We will also commit ourselves to providing comprehensive explanations and disclosing detailed information to our stakeholders.

Turning to the surrounding business environment in fiscal 2023 (ended March 31, 2023), although the global economy showed signs of recovery thanks to the easing of restrictions on economic activities to prevent the spread of COVID-19, uncertainties abound. They include global inflation triggered by soaring raw material and energy prices due to the conflict in Ukraine as well as heightened concerns over an economic recession arising from higher interest rates in various countries. In this operating environment, Toyota Industries strived to expand sales by responding flexibly to market trends. As a result, we posted increases in both net sales and profits.

Toyota Industries determined the year-end cash dividend to be ¥100.0, an increase of ¥10.0. Including the interim cash dividend, we paid annual cash dividends per share of ¥190.0, an increase of ¥20.0. The same as last fiscal year, we decided to pay the year-end cash dividend early based on a resolution by the Board of Directors instead of basing our decision on the resolution of the General Shareholders' Meetings as we usually do.

Turning to the surrounding business environment, uncertainties abound with regard to the outlook of the global economy. In addition, in the political, economic and technological areas, changes are occurring at a growing pace such as accelerating global efforts to realize a carbon neutral society and advancements in digitalization. In this climate, we will renew our commitment to safety and compliance and strengthen our management platform while at the same time further enhancing corporate value through the development of innovative technologies and products.

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

July 2023

Tetsuro Toyoda  
Chairman

Akira Onishi  
Vice Chairman

Koichi Ito  
President

# History of Toyota Industries Group

Toyota Industries was established to manufacture and sell the Type G automatic loom invented by founder Sakichi Toyoda as well as to engage in invention and research. Carrying on Sakichi's spirit of contributing to the development of society by manufacturing useful products, we will keep on flexibly responding to the changing times and achieve sustainable growth.



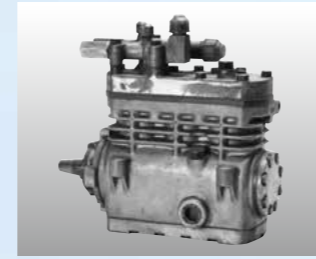
Production of Type G automatic looms



Production of Type S engines started

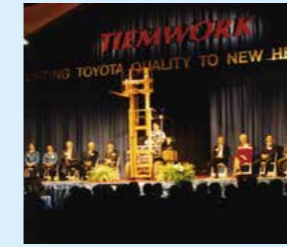


Production of lift trucks started



Production of car air-conditioning compressors started

(FY) 1927 1931 1951 1956 1961 1966 1971 1976 1981



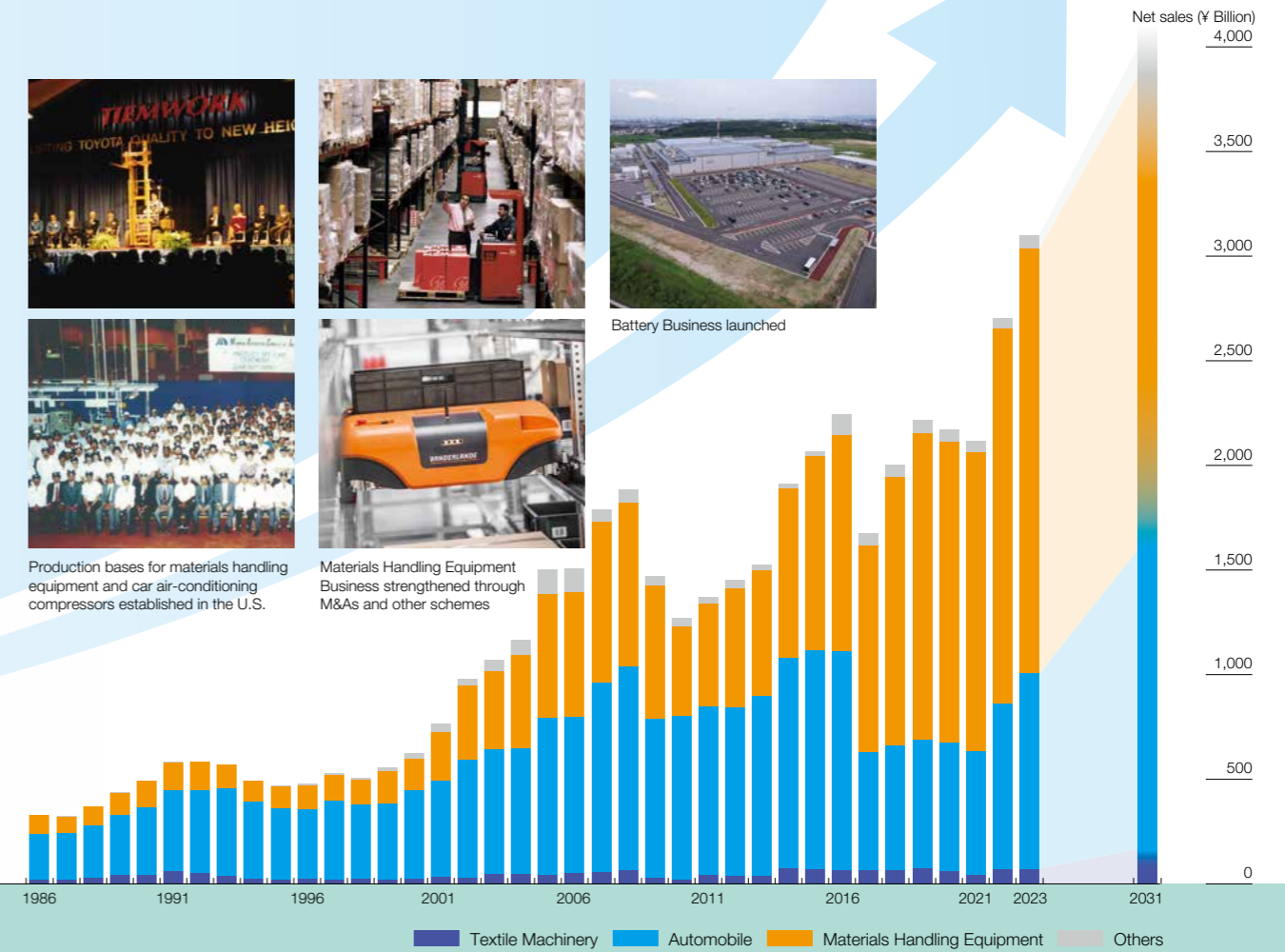
Production bases for materials handling equipment and car air-conditioning compressors established in the U.S.



Materials Handling Equipment Business strengthened through M&As and other schemes



Battery Business launched



**1926—**  
[Founding period]

**1953—**  
[Business diversification and scale expansion]

**1988—**  
[Full-fledged global expansion]

**2000—**  
[Expanding business domains utilizing strategic M&As and other schemes]

## Founding period 1926—

- 1926 Toyota Industries established to manufacture and sell Type G automatic looms.
- 1935 Model A1 passenger car prototype completed.
- 1937 Automobile Department spun off and Toyota Motor Co., Ltd. (now Toyota Motor Corporation) established.
- 1940 Steel Production Department spun off and Toyoda Steel Works, Ltd. (now Aichi Steel Corporation) established.

## Business diversification and scale expansion 1953—

- 1953 Production of Type S engines launched; assembly of automobiles launched.
- 1954 Toyoda de Mexico established: Toyota Industries' first foray outside Japan, but withdrew from the country in 1961 due to changes in the surrounding environment.
- 1956 Production of lift trucks launched: Aimed at business diversification, the operation is started as part of new businesses to expand the application of Type S engines.
- 1958 Agricultural machinery business launched: Commenced as part of business diversification but is forced to withdraw from the business in 1966 due to inconsistency in performance and inexperience in sales.
- 1960 Production of car air-conditioning compressors launched.
- 1967 The Nagakusa Plant commences production of small passenger cars to further expand business.

## Full-fledged global expansion 1988—

- 1988 Production outside Japan launched in earnest: Responds to an increase in demand in various countries where Toyota Industries engages in business.

## Expanding business domains utilizing strategic M&As and other schemes 2000—

- 2000 Welcomes the BT Industries Group as a subsidiary to facilitate further growth of the Materials Handling Equipment Business.
- 2001 Takes over Toyota Motor Corporation's industrial equipment sales division, becoming responsible for both production and sales.
- 2003 The world's first mass production of electric compressors commenced for the second generation of Toyota Prius, responding to an increase in sales of electrified vehicles.
- 2011 Accelerates the establishment of plants mainly for car air-conditioning compressors and lift trucks in such emerging countries as Indonesia and Brazil.
- 2017 Augments the Logistics Solutions Business by welcoming Netherlands-based Vanderlande Industries and U.S.-based Bastian Solutions as subsidiaries, thereby meeting rising needs for logistics efficiency and automation.
- 2021 Production of bipolar nickel-metal hydride batteries for hybrid electric vehicles launched. In 2022, the Ishihama Plant commences operation as a battery production base.

# Business Overview

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



## Materials Handling Equipment

### Lift Truck

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



Electric lift truck

### Logistics Solutions

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



High-speed storage and picking system



Airport baggage handling system

## Automobile

### Vehicle

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



RAV4 PHV

### Engine

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



Diesel engine



Gasoline engine for hybrid electric vehicles

### Car Air-Conditioning Compressor

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



Electric compressor



Oxygen-supplying air compressor for fuel cell electric vehicles

### Electronics and Others

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



DC-DC converter



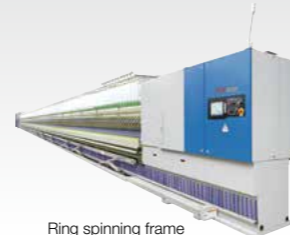
Bipolar nickel-metal hydride battery

## Textile Machinery

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



Air-jet loom



Ring spinning frame

\* Survey by Toyota Industries Corporation

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<b>Editorial policy</b>	In aiming to realize a deeper understanding of the Toyota Industries Group among a broad spectrum of stakeholders, the Annual Report and Social and Environmental Report have been combined into the Toyota Industries Report from the fiscal year ended March 31, 2008. In addition to the Toyota Industries Group's management policies, the report provides easy-to-understand information regarding its business, environmental and social activities as well as corporate governance over the past year as well as its future direction.	
<b>Period covered by the report</b>	This report focuses on activities carried out in fiscal 2023 (April 1, 2022 to March 31, 2023), but also includes some information outside this period.	<b>Reference guidelines</b>
<b>Organizations covered in the report</b>	Toyota Industries Corporation and its consolidated subsidiaries	
		<ul style="list-style-type: none"> <li>Global Reporting Initiative (GRI) Standard</li> <li>ISO 26000</li> <li>Japan's Ministry of the Environment Environmental Accounting Guidelines (2005 Version)</li> <li>Japan's Ministry of the Environment Environmental Reporting Guidelines (2018 Version)</li> <li>International Integrated Reporting Framework by IFRS Foundation</li> </ul>

**Toyota Industries Report 2023 PDF**

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\* Requires Internet connection

### Cautionary Statement with Respect to Forward-Looking Statements

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

The fiscal year ended March 31, 2023 is referred to as fiscal 2023 and other fiscal years are referred to in a corresponding manner.

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