

[Translation]

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Corporate Governance Report

Last Update: Jun. 19, 2025

Toyota Industries Corporation

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<https://www.toyota-industries.com>

The corporate governance of Toyota Industries Corporation (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The Company regards the most important managerial task is to earn trust broadly from society and enhance corporate value on a stable, long-term basis. The Company aims to do this task based on its Basic Philosophy and by earnestly fulfilling its social responsibilities. The Company’s basic focus is on contributing to the creation of an enriched society through business activities, and believes it is essential to cultivate good relationships with stakeholders, including shareholders, customers, business partners, creditors, local communities and employees.

Accordingly, the Company strives to enhance its corporate governance in order to maintain and improve management efficiency, fairness and transparency. For example, the Company has established a structure to quickly and flexibly respond to changes in the business environment and has been working to augment management oversight and ensure the timely disclosure of information.

More specifically, the following basic policies drive the Company’s initiatives.

- 1) To ensure shareholders’ rights and equality.
- 2) To promote appropriate collaboration with stakeholders other than shareholders (including customers, business partners, creditors, local communities and employees).
- 3) To conduct appropriate information disclosure and ensure transparency.
- 4) 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) To promote a constructive dialogue with shareholders.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implemented all of the principles of its Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

【Principle 1.4. Cross-Shareholdings】

1. Policy on Cross-Shareholdings

The Company’s basic policy is not to own cross-shareholdings unless there is a rational reason to do so. On the other hand, collaboration, such as maintaining and reinforcing business relationships with business partners, is essential to sustainably enhance our corporate value. The Company thus holds shares as needed based on its business strategies.

2. 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, the Company annually conducts a survey on the significance of cross-shareholdings with responsible departments to pick out less significant investee companies and examine whether to sell their shares. At the same time, the Company carries out verification based on quantitative information, such as profitability indicators of investee companies and investment returns compared to capital cost. If those investee companies are found to be below set criteria as a result of the verification, the Company again examines the significance of holding their shares and consider selling these shares.

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In fiscal 2025, the Company sold shares of six investee companies.

3. Exercise of Voting Rights

- 1) While respecting the management policies of individual investee companies, the Company determines how to exercise its 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.
- 2) Key Proposals Subject to Assessment
 - (1) Expansion of authorized capital
 - (2) Anti-takeover measures
 - (3) Business reorganization and related matters
 - (4) Shareholder returns
 - (5) Appointment and dismissal of directors

【Principle 1-7. Related Party Transactions】

When the Company engages in transactions with its officers, important facts regarding such transactions are submitted to the Board of Directors for resolution in accordance with the Board of Directors Regulations and Board Deliberation Standards. Furthermore, when the Company engages in transactions with major shareholders, transactions of significant importance are submitted to the Board of Directors for resolution in accordance with the Board of Directors Regulations and Board Deliberation Standards.

Transaction terms and conditions are determined in the same manner as those for transactions with third parties.

【Principle 2-4. Ensuring Diversity, Including Active Participation of Women】

Supplementary Principle 2-4(1)

The Company, based on the Toyota Industries Group Sustainability Policy and the belief that "the success of corporate activities is achieved by developing each employee's individuality and abilities and maximizing the overall strength of the organization," respects employees and supports their individual growth. To this end, the Company provides equal employment opportunities, ensures diversity among its employees, and strives to strengthen workplace capabilities.

The Company has formulated action plans and set targets for recruitment and management ratios based on the Act on Promotion of Women's Participation and Advancement.

For foreign nationals and mid-career hires, the Company evaluates their abilities fairly and justly and appoints them to management positions.

For more details, please refer to the Sustainability page on the Company's website:

<https://www.toyota-industries.com/sustainability/stakeholders/employees/index.html>

【Principle 2-6. Roles of Corporate Pension Funds as Asset Owners】

The Company adopts a defined benefit corporate pension plan to cover part of the retirement benefits for its employees. The responsible department manages the pension funds, and the Company seeks advice from external pension fund consultants for operations.

【Principle 3-1. Enhancement of Information Disclosure】

1. Company Objectives (e.g. Business Principles), Business Strategies and Business Plans
The Company, guided by the founding spirit in the "Toyoda Precepts" (Company Creed), has formulated a "2030 Vision," which illustrates its aspirations for the year 2030. These documents are published on the Company's website (<https://www.toyota-industries.com/company/philosophy/index.html>). In formulating and disclosing these, the Company endeavors to provide clear explanations that are easily understandable to stakeholders, including shareholders.
2. Basic Concept and Fundamental Policies on Corporate Governance
As stated above in "1. Basic Views," this outlines the Company's fundamental approach to corporate governance.
3. Determination of Compensation for Directors
 - 1) Basic Perspective
 - To ensure fairness and transparency.
 - To emphasize incentives for achieving better business performance and sustainable growth, link compensation with the business performance of The Company and reflect individual duties and performance.
 - 2) Compensation Structure
 - Compensation for directors consists of fixed compensation (basic compensation) and performance-linked compensation (bonuses and restricted share compensation).
 - However, non-executive directors such as outside directors are paid only fixed compensation as they are independent of the execution of business operations
 - 3) Method of Determining Individual Compensation

- The Company has established the Executive Appointment and Compensation Committee consisting of the Company's president and independent outside directors.
 - To ensure the Committee's objectivity and transparency, the Company has a rule that independent outside directors serve as a chairman and make up the majority of the total number of its members.
 - The Executive Appointment and 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 Appointment and 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.
 - The president determines the directors' individual compensation amounts based on the policy and the results of deliberations made at the Executive Appointment and Compensation Committee.
- 4) Composition Ratio
- The ratio of fixed compensation and performance-linked compensation (bonuses and restricted share compensation) for directors, excluding non-executive directors such as outside directors, is approximately 40:60 (in the case of the president and the chairman). However, the Company is not precluded from using a ratio different from the above, depending on the circumstances of the consolidated operating profit amount and others.
 - The ratio of bonuses to restricted share compensation in the performance-linked compensation is approximately 70:30.
- 5) Policy for Determining Fixed Compensation, Bonuses (together, "Cash Compensation") and Restricted Share Compensation
- (1) Cash Compensation
- The cash compensation paid to directors after combining fixed compensation and bonuses is determined to be ¥700 million or less per year (including ¥150 million or less per year for outside directors) as per the resolution approved at the 146th Ordinary General Meeting of Shareholders.
- ① Fixed Compensation
- Fixed compensation for directors consists of monthly salaries, which are paid periodically while in service.
 - The Company determines a reasonable level of individual compensation amounts while considering other companies' compensation levels as well as the rank and duties of each director.
- ② Bonuses
- The Company pays a bonus at a certain time after the end of the General Shareholders' Meeting in each fiscal year.
 - The bonus is determined by using the consolidated operating profit as the indicator and is approximately 70% of the total amount of performance-linked compensation calculated for each rank based on the amount of consolidated operating profit for the previous fiscal year. However, the bonus will be 100% of the total amount of performance-linked compensation if there is a reason for not providing directors with restricted share compensation..
 - In determining the total amount of performance-linked compensation, comprehensive consideration is given to dividends, employees' and other companies' bonus levels, past records of bonus payments and execution of duties and assigned work.
- (2) Restricted Share Compensation
- Restricted stock compensation is scheduled to be granted at a specified time following the conclusion of the Annual General Meeting of Shareholders for each fiscal year. If there is a reason for not providing directors with restricted share compensation, all their performance-linked compensation is paid as a bonus and restricted share compensation is not paid.
 - Compensation paid to provide restricted share units is a pecuniary claim, and the total amount is ¥200 million or less per year separate from the director's fixed compensation and bonus. The class of shares allotted is common share (with a transfer restriction attached to the allotment contract), which is issued or transferred, and the total number is 60,000 shares or less per year (if the total number of the Company's outstanding shares has changed due to a share split or reverse share split, including the allotment of shares without contribution, the ceiling amount is adjusted according to the ratio), as per the resolution approved at the 146th Ordinary General Meeting of Shareholders.
 - The restricted share compensation is determined by using the consolidated operating profit as the indicator and is approximately 30% of the total amount of performance-linked compensation calculated for each rank based on the amount of consolidated operating profit for the previous fiscal year.
 - The reason for selecting the aforementioned indicator is that it was deemed appropriate for reflecting the basic principles of this policy.

- Restricted share compensation is provided on the condition that an allotment contract, which includes the following provisions, is concluded.
 - A transfer restriction is attached to the shares allotted for a period between three years and 30 years from the date of allotment, which is determined in advance by the Board of Directors, and the restriction will be lifted at the expiration of the period. The transfer restriction will be lifted if a director has retired from their position due to the expiration of their term of office, death or other legitimate reasons.
 - If a director violates a law or any of the events specified by the Board of Directors occurs during the period of transfer restriction, the Company may acquire all or part of the shares allotted with no compensation.
- 4. Policies and Procedures for the Appointment and Dismissal of Senior Executives and Appointment of Director and Audit & Supervisory Board Member Candidates

The Company appoints candidates from the viewpoint of placing the right persons in the right positions. As director candidates, the Company appoints persons capable of making sound and quick decisions about corporate management in general, managing risk appropriately and monitoring the execution of business operations. In appointing audit & supervisory board member candidates, the Company ensures a balance among the financial, accounting and legal insights, knowledge of the Company's business fields and the diversity of perspectives on corporate management. The Company also selects senior management officers from the viewpoint of placing the right persons in the right positions, while considering a balance of their abilities to cover each function and business division of the Company in executing business operations. The Company will consider dismissal if a certain situation precludes sufficient execution of duties. Based on these policies, the Company reviews proposals, exchanges views and confirms details at the Executive Appointment and Compensation Committee, which is chaired by an independent outside director and of which a majority consists of independent outside directors, and then submits these proposals to the Board of Directors for resolution.

The experience and expertise matrix of the Directors and Audit & Supervisory Board Members is disclosed on the Corporate Governance page of the company website:
<https://www.toyota-industries.com/sustainability/governance/index.html>
- 5. Explanation of Individual Appointments and Dismissals

Details will be included in the reference materials for the General Meeting of Shareholders.

Supplementary Principle 3-1(3)

Based on the "Toyota Industries Group Sustainability Policy," the Company defines particularly important issues that it must address toward the realization of a sustainable society as Sustainability Material Issues ("Materiality") and has set specific targets for the fiscal year 2031. The progress towards achieving these targets is monitored by the Sustainability Committee. In preparation for these long-term initiatives, the appropriate allocation of management resources to human capital, intellectual property, and other areas is carried out in accordance with the 2030 Vision and the fiscal year 2031 targets for Materiality.

Regarding climate change response, the Company has formulated a vision for the year 2050. As a milestone, the Company is currently promoting activities based on the "7th Environmental Action Plan," which is a five-year activity plan, until the fiscal year 2026. Since expressing support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in December 2019, the Company has conducted analyses based on scenarios below 2°C and 4°C, identified climate-related risks and opportunities, and established management indicators linked to the fiscal year 2031 targets for Materiality. Moving forward, the Company will further strengthen its environmental efforts, including those related to climate change, and strive for appropriate information disclosure.

For more details, please refer to the Sustainability page on the Company's website:

<https://www.toyota-industries.com/sustainability/index.html>

【Principle 4-1. Roles and Responsibilities of the Board (1)】

Supplementary Principle 4-1(1)

The Company has established the Board of Directors Regulations and Board Deliberation Standards to clarify what the Board of Directors itself will decide and delegate other matters to the management team. The management team operates based on the decision-making authority defined in accordance with the scale and nature of transactions and operations.

【Principle 4-9. Independence Standards and Qualification for Independent Directors】

When appointing outside directors, the Company places importance not only on fulfilling the requirements stipulated under the Companies Act but also on their extensive experience and profound insight in corporate management and related fields. Individuals designated as independent directors are those who meet the qualifications for independent officers as defined by the stock exchange where the Company is listed and pose no risk of conflicts of interest with general shareholders.

【Principle 4-10. Use of Optional Approach】

Supplementary Principle 4-10(1)

As stated in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight", under "1. Organizational Composition and Operation" [Matters Related to Directors], in the section "Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee".

【Principle 4-11. Preconditions for Board and Audit & Supervisory Board Effectiveness】

Supplementary Principle 4-11(1)

As stated in **【Principle 3-1. Enhancement of Information Disclosure】** 4. Policies and Procedures for the Appointment and Dismissal of Senior Executives and Appointment of Director and Audit & Supervisory Board Member Candidates.

Supplementary Principle 4-11(2)

In The Business Report and The Reference Documents for the General Meeting of Shareholders, the Company discloses significant concurrent positions held by each director and audit & supervisory board member, including positions at other listed companies.

Supplementary Principle 4-11(3)

With regard to the effectiveness of the Board of Directors, the Company conducts questionnaire surveys and interviews mainly with outside directors and audit & supervisory board members and holds discussions with them to increase effectiveness. The following summarizes the results of their evaluation.

Evaluation:

- 1) The Board of Directors is recognized as fostering an atmosphere where opinions can be expressed openly, facilitating constructive discussions and active exchanges of ideas. Additionally, it is deemed to possess a framework and functionality that are both necessary and sufficient for its operations.
- 2) Apart from the Board meetings, there is a separate space for informal discussions involving business division executives, enabling access to a wide range of information. These discussions serve as valuable opportunities to deliberate on the overall direction of management.

Feedback for Further Enhancing Effectiveness:

- 1) It would be beneficial to employ additional measures that make it easier to grasp on-the-ground and operational challenges, especially in the context of reporting on business execution.
- 2) At the initial stages of reviewing mid- to long-term plans, increasing opportunities for in-depth discussions on growth strategies with business division executives is recommended.

While the Board of Directors has been evaluated as maintaining sufficient effectiveness, the Company remains committed to pursuing further enhancements in its functionality and operations.

【Principle 4-14. Directors and Audit and Supervisory Board Member Training】

Supplementary Principle 4-14(2)

Directors and audit and supervisory board members are selected based on their ability to fulfill their required roles and responsibilities (including legal responsibilities). Particularly, directors and audit & supervisory board members appointed from within the company are chosen for their comprehensive knowledge of the company's business, finance, and organizational structure.

For directors, regular training sessions with external experts are conducted, covering topics suitable to the Companies Act and current circumstances. Additionally, opportunities to attend external workshops and networking events are provided to help directors acquire necessary knowledge and deepen their understanding of their roles and responsibilities.

Similarly, audit and supervisory board members are encouraged to attend external workshops and networking events as necessary to acquire the knowledge required for their roles and to better understand their responsibilities.

【Principle 5-1. Policy for Constructive Dialogue with Shareholders】

Systems and initiatives to promote constructive dialogue with shareholders

- 1) Dialogue with shareholders is overseen by the officer in charge of the IR (Investor Relations) department, who actively engages in various initiatives, including earnings briefings.
- 2) Concerned departments work proactively to create and review disclosure materials, share necessary information, and ensure constructive dialogue.
- 3) In addition to individual meetings, other means of dialogue, such as investor earnings briefings and plant tours, are conducted. Efforts are continuously made to enhance the content based on feedback and requests from investors.
- 4) Opinions and feedback from shareholders gathered through dialogue are reported to the directors, management, and relevant departments as necessary through meetings and reports, to ensure information is shared and utilized.

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5) During the quiet period preceding the earnings announcement, dialogue with investors is restricted. Additionally, when insider information arises within the company, all involved parties are required to sign the insider information register to ensure stringent information management.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	19/06/2025

Explanation of Actions

The Company is committed to enhancing long-term corporate value by anticipating market needs and providing products and services that benefit society, while focusing on management awareness of capital costs. Specifically, the Company aims to achieve an ROE of 6% around the years 2026 to 2027 and further improve it in the long term. To this end, the Company will work on improving profitability, reducing equity through the reduction of shareholdings including cross-shareholdings, actively investing in R&D and M&A for growth alongside foundational investments, and enhancing shareholder returns through dividends and timely share buybacks. The Company also prioritizes dialogue with the market as a cornerstone for enhancing corporate value. For more details, please refer to the following earnings presentations:

FY2025 4Q Financial Results IR Conference presentation: https://www.toyota-industries.com/investors/item/2025_4Q_presentation_E.pdf

FY2025 2Q Financial Results IR Conference presentation: https://www.toyota-industries.com/investors/item/2025_2Q_presentation_E.pdf

FY2024 4Q Financial Results IR Conference presentation: https://www.toyota-industries.com/investors/item/2024_4Q_presentation_E.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Toyota Motor Corporation	74,100,604	24.59
The Master Trust Bank of Japan, Ltd. (Trust account)	28,717,200	9.53
TOYOTA FUDOSAN Co., Ltd.	16,291,374	5.41
Toyota Tsusho Corporation	15,294,053	5.07
DENSO Corporation	14,823,500	4.92
Custody Bank of Japan, Ltd. (Trust account)	10,191,878	3.38
Nippon Life Insurance Company	6,580,591	2.18
AISIN Corporation	6,578,372	2.18
State Street Trust and Banking Co., Ltd.	5,001,148	1.66
Aioi Nissay Dowa Insurance Co., Ltd.	3,922,472	1.30

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

Name of Parent Company, if applicable

None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market Nagoya Stock Exchange, Premier Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more but fewer than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which May have a Material Impact on Corporate Governance

Regarding Other Associated Companies

Toyota Motor Corporation considers the Company to be an affiliated company, and accordingly, the Company qualifies as an "other related company". Additionally, the Company holds shares in Toyota Motor Corporation. The Company sells automobiles, engines and other products to Toyota Motor Corporation and purchases parts from Toyota Motor Corporation. The terms of these transactions are determined through annual price negotiations, with sales prices based on total cost or market price considerations, and purchase prices determined based on offered prices and third-party transaction comparisons. Furthermore, there are no restrictions on transactional approvals related to business activities, enabling the Company to operate independently while ensuring autonomy from Toyota Motor Corporation and maintaining a highly transparent governance structure.

As a member of the Toyota Group, the Company aligns with broader strategic directions, such as the "Toyota Group Vision." Moving forward, the Company will continue to consider the interests of general shareholders and strive to develop its management system and enhance corporate value together with other Toyota Group companies sharing the same vision.

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System

Company with Audit and Supervisory Board*

*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shuzo Sumi	From another company								△			
Junichi Handa	From another company								△			
Tokiko Shimizu	From another company								○			

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shuzo Sumi	○	The Company maintains a transactional relationship based on insurance contracts with Tokio Marine & Nichido Fire Insurance	The Company believes that Mr. Shuzo Sumi will be able to apply his extensive experience and deep insight in corporate management to the management of the Company. In addition, the Company has

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		Co., Ltd., where outside director Mr. Shuzu Sumi served as an executive officer until March 2016.	designated him as an independent director because he meets the requirements for an independent director and there is no risk of a conflict of interest between him and general shareholders.
Junichi Handa	○	The Company had a business relationship with Management Wisdom Partners Japan, Inc., of which outside director Junichi Handa was an operating officer, for outsourcing internal training until 2013.	Mr. Junichi Handa has experience in researching management and human resource strategies in manufacturing companies at the university level. Additionally, he has experience in corporate management. It has been assessed that his extensive experience and profound insights in both industry and academia can significantly benefit the Company's management. Furthermore, he meets the qualifications of an independent officer and has been designated as such because it has been determined that there is no risk of conflict of interest with general shareholders.
Tokiko Shimizu	○	The Company provided sponsorship funds in 2024 to EmEco Inc., a company represented by outside director Tokiko Shimizu, for an event they organized focusing on women engineers. The sponsorship payment was made under the same conditions as other sponsoring companies. Additionally, the Company arranged for the use of its training facilities as the venue for the event and collected facility usage fees in accordance with the prescribed standards.	At the Bank of Japan, Ms. Tokiko Shimizu has held various key positions, such as Head of European Operations, General Manager of the Nagoya Branch, and Executive Director. She possesses extensive experience in a variety of financial policies aimed at the stability and development of the Japanese economy within the context of the global economy. It has been assessed that her substantial experience at the central bank, which plays a critical role in Japan's economy, and her extensive knowledge of global financial economics can significantly benefit the Company's management. Furthermore, she meets the qualifications of an independent officer and has been designated as such because it has been determined that there is no risk of conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Executive Appointment and Compensation Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Executive Appointment and Compensation Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Company has established the Executive Appointment and Compensation Committee to integrate the discussion and exchange of opinions on executive appointments, executive compensation, enhancement of the effectiveness of the Board of Directors, and various corporate governance-related issues. This committee is composed of the president and independent outside directors, with independent outside directors comprising the majority of its members. Furthermore, the chairperson of the committee is an independent outside director.

Audit and Supervisory Board Member*

*Referred to as "kansayaku" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

【Status of Cooperation between Audit and Supervisory Board Members and Accounting Auditors】

Audit and supervisory board members hear audit plans and audit results from the accounting auditor. Additionally, during the fiscal year, they appropriately attend the accounting audits, receive explanations regarding the audit implementation status, and engage in discussions to exchange opinions.

【Status of Cooperation between Audit and Supervisory Board Members and Internal Audit Department】

Audit and supervisory board members receive monthly reports on the audit plans and the implementation status of audits from the internal audit departments, as well as engage in discussions to exchange opinions. When necessary, they also follow the status of investigations into various issues. Furthermore, they receive periodic reports on the monitoring results of business operations by the various functional departments at the headquarters. Special emphasis is placed on receiving detailed reports regarding the status of compliance.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akihisa Mizuno	From another company										△			
Masanao Tomozoe	From another company							△		△				

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies

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- to the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Akihisa Mizuno	○	The Company receives power supply services (standard transactions) from Chubu Electric Power Co., Inc., where outside Audit and Supervisory Board Member Mr. Akihisa Mizuno served as an executive officer until June 2020.	Considering independence and effectiveness as an outside audit and supervisory board member, it has been determined that Mr. Akihisa Mizuno, in light of his extensive experience and profound insights in corporate management, can significantly contribute to the Company's audit processes. Furthermore, he meets the qualifications of an independent officer and has been designated as such because it has been assessed that there is no risk of conflict of interest with general shareholders.
Masanao Tomozoe	○	The Company has transactional relationships involving the sale of products and the purchase of parts with Toyota Motor Corporation, where outside Audit and Supervisory Board Member Mr. Masanao Tomozoe served as an executive officer until March 2012. Toyota Motor Corporation is a principal shareholder of the Company, holding 24.6% of its voting rights.	Considering independence and effectiveness as an outside audit and supervisory board member, it has been determined that Mr. Masanao Tomozoe, in light of his extensive experience and profound insights in corporate management, can significantly contribute to the Company's audit processes. Furthermore, he meets the qualifications of an independent officer and has been designated as such because it has been assessed that there is no risk of conflict of interest with general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All individuals who meet the qualifications for independent directors or audit and supervisory board members are designated as independent.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

For details, please refer to "I.1. Basic Views", specifically 【Disclosure Based on Each Principle of the Corporate Governance Code】 , 【Principle 3-1. Enhancement of Information Disclosure】 , Section 3. "Determination of Compensation for Directors and Audit and Supervisory Board Members".

Persons Eligible for Stock Options

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Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

Individuals whose total consolidated remuneration exceeds 100 million yen are disclosed individually in the Annual Financial Report. The Annual Financial Report is also published on the Company's website.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

As described in "Disclosure Based on each Principle of the Corporate Governance Code 【Principle 3-1. Enhancement of Information Disclosure】 , 3. Determination of Compensation for Directors and Audit and Supervisory Board Members"

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

The outside directors and outside audit and supervisory board members are briefed in advance on important matters on the agenda of the Board of Directors meetings. In addition, dedicated staff member are assigned to the Audit and Supervisory Board Office to assist them in their duties.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/CEO ended	Term
Tetsuro Toyoda	Sodanyaku	Providing advice to management, including community outreach activities	Full time, with remuneration	2024/6/11	1 year

Number of Persons Holding Advisory Positions (<i>Sodanyaku</i> , <i>Komon</i> , etc.) After Retiring as Representative Director and President, etc.	1
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Other Related Matters

When appointing *Sodanyaku* and *Komon*, discussions are held within the Executive Appointment and Compensation Committee, which includes independent outside directors. After confirming the details, the appointment is made by resolution of the Board of Directors with the term of office set to one year.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company 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 composed of the president, chief officers and audit & supervisory board members as well as relevant senior executive officers and other executives, prior to deliberation by the Board of Directors.

At the Executive Officers' Meeting, the president, chief officers and senior executive officers convene to report and confirm the monthly status of business operations and discuss business and functional issues.

In addition, issues pertaining to quality, production and human resources are discussed at the corresponding functional meetings. We have also put in place committees to deliberate on more specific matters, such as compliance, risk management, sustainability, the environment, safety and health as well as export transaction controls. These functional meetings and committees discuss important matters and action themes in respective areas. Furthermore, in response to the engine certification issue, we established a Restart Committee to promote recurrence prevention measures. Moreover, we strive to maintain and improve internal controls by establishing the Internal Audit Office and conducting internal audits of the Company's business divisions and departments as well as our subsidiaries.

The Company has adopted an audit and supervisory board system and appoints outside audit and supervisory board members who meet the requirements of the Companies Act and possess independence. As an independent body entrusted by shareholders, the Audit and Supervisory Board formulates audit policies each year based on changes in the business environment and the status of audits conducted. Each audit and supervisory board member attends Board of Directors meetings and expresses opinions as appropriate. The full-time audit and supervisory board members attend other important meetings, receive reports on the execution of duties from directors and others, and conduct on-site audits at the headquarters, major offices, and subsidiaries, as necessary.

In addition, during the monthly audit and supervisory board meetings, information on audit implementation is shared with outside audit and supervisory board members, and important matters are discussed and decided. The Company has also established the Audit and Supervisory Board Office, staffed with dedicated personnel to assist the audit and supervisory board members in their duties, and strengthens audit functions through collaboration with accounting auditors and the Internal Audit Office.

The Company has entered into liability limitation agreements with all outside directors and outside audit & supervisory board members pursuant to Article 423, Paragraph 1 of the Companies Act. The liability limit under these agreements is set at the amount prescribed in Article 425, Paragraph 1 of the same Act.

The certified public accountants responsible for executing our company's financial audit are Mr. Masahide Kobayashi and Mr. Junji Ichihara, both of whom are affiliated with PwC Japan LLC. The assistants involved in our company's financial audit consist of 16 certified public accountants, 10 individuals who have passed the accountant certification exam, and 24 other personnel.

3. Reasons for Adoption of Current Corporate Governance System

Based on the above recognition that the management supervision system is sufficiently in place and functioning, the Company has adopted the current system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Meetings are scheduled to avoid peak and near-peak dates.
Electronic Exercise of Voting Rights	Voting rights can be exercised online.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English version of the Notice of the General Meeting of Shareholders is published on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	The Company participates in briefings organized by securities companies.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	After the financial results announcements, the Company holds earnings briefings for analysts and institutional investors (4 times/year).	Held
Regular Investor Briefings held for Overseas Investors	In addition to participating in briefings organized by securities companies, the Company responds to individual interview requests, by phone or in person.	Held
Online Disclosure of IR Information	The Company publishes financial results, securities reports, and the Toyota Industries Report (Annual Report) on its website. URL: https://www.toyota-industries.com/investors/index.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established a dedicated IR (Investor Relations) organization to enhance transparency and ensure accountability to shareholders and investors.	
Other	The Company engages in individual interviews and meetings with analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Company's 「Basic Philosophy」 is as follows:</p> <ol style="list-style-type: none"> 1. [Respect for the Law] The Company 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. 2. [Respect for Others] The Company 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. 3. [Respect for the Natural Environment] Through its corporate activities, the Company 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. 4. [Respect for Customers] The Company conducts intensive product research and forward-looking development activities to create new value for its customers. 5. [Respect for Employees]

[Translation]

	The Company 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.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Based on the [Global Environmental Commitment] (established in 2005, revised in 2021) the Toyota Industries Group aims to establish a sustainable society which enables a harmonious coexistence with nature.</p> <p>In March 2021, with a view towards a CO2-neutral society by 2050, we formulated the "7th Environmental Action Plan," a five-year activity plan covering fiscal years 2022 to 2026. Based on this plan, we are working on the four pillars outlined in the "Global Environmental Commitment."</p> <ol style="list-style-type: none"> 1. Establishing a carbon neutral society 2. Establishing a recycling-based society 3. Reducing environmental risk and establishing a society in harmony with nature 4. Promoting environmental management <p>The Company publishes the Toyota Industries Report on its website, disclosing information about the Company's business, policies, and environmental initiatives.</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company clarifies its responsibilities to stakeholders of the Toyota Industries Group and strives for timely and appropriate information disclosure on its website and in the Toyota Industries Report.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Based on the findings of the Special Investigation Committee regarding the engine certification issue, announced on January 29, 2024, the Company is committed to returning to its founding principles and making a fresh start as a company that will never allow such issues to occur again. In this spirit, the Company has decided to implement measures to prevent recurrence and to revise its basic policy on the development of internal controls. Accordingly, the Board of Directors passed the following resolution in April 2024:

In accordance with our "Basic Philosophy," which includes "Respect for the Law, Respect for Others, Respect for the Natural Environment, Respect for Customers, Respect for Employees" our company is committed to fostering a corporate culture where errors are identified, acknowledged, and collectively improved. Furthermore, to ensure appropriate risk management and optimal allocation of management resources, we will establish robust organizational structures and systems. In the course of business operations, we will uphold a commitment to integrity and pursue proper manufacturing practices. This will include embedding mechanisms for issue identification and improvement, such as checks and balances, within our processes, while dedicating continuous efforts to developing personnel capable of executing these practices effectively.

Based on this understanding, the following outlines our company's basic policy and a summary of their implementation status, as stipulated under the Companies Act.

[Basic Policy on the Development of Internal Controls]

1) System to Ensure that the Execution of Duties by Directors, etc. complies with Laws and Regulations as well as the Articles of Incorporation

(1) As a code of conduct to be followed by board members, executive officers, senior managers, and other individuals involved in business execution (hereinafter collectively referred to as "Directors, etc.") and employees, the "Toyota Industries Group Code of Conduct" was established. Directors, etc. shall demonstrate a strong commitment to prioritizing compliance across all aspects of business activities and ensure that this code is thoroughly communicated and implemented among employees.

(2) To ensure that all Directors, etc. have a proper understanding of the legal knowledge required of them, their obligations and responsibilities, various risks surrounding the Company, and shifts in societal perceptions, the Company shall provide training programs for newly appointed officers and periodic legal seminars for officers. These initiatives shall serve to enhance their expertise, raise their awareness and sensitivity to risks, and foster adherence to laws, the spirit of the law, the Articles of Incorporation, and the "Toyota Industries Group Code of Conduct" in their actions and decision-making.

(3) The Company shall appoint chief officers to oversee compliance, legal affairs, and quality management functions across the organization. Chief officers collectively refer to the Global Chief Compliance Officer, responsible for global compliance and risk management; the Chief Quality Officer, responsible for quality management; and the Chief Legal Officer, responsible for overseeing legal affairs. Periodic chief officer meetings, attended by the president and chief officers, shall be convened to share issues and initiatives within their respective areas of responsibility, thereby strengthening the head office's oversight functions with respect to business divisions.

(4) In executing business operations, decision-making shall be carried out after comprehensive review of the various risks surrounding the Company at the Board of Directors, the Business Execution Meeting, the Management Committee, and cross-functional management bodies and committees organized by specific functions. Agenda items for these respective bodies and committees shall be determined in accordance with established regulations and appropriately addressed. Additionally, key meetings and committees shall secure the attendance of audit and supervisory board members, while ensuring that audit and supervisory board members have regular access to important documents for review.

(5) A Compliance Committee was established, comprising the president, business unit heads, chief officers, relevant Directors, etc., and regional chief compliance officers. The committee will deliberate on compliance-related risks and concerns, monitor the status of internal reports, and review company-wide policies, issues, countermeasures, and activity plans. Through these measures, the Company will continuously strive to enhance and reinforce the compliance system.

(6) To facilitate the early identification and resolution of compliance-related concerns and issues, the Company shall establish multiple reporting channels, including an internal reporting system that utilizes independent third parties as the recipient. Employees shall be made fully aware that their confidentiality will be strictly safeguarded and that they will not be subject to any disadvantages or adverse treatment for making a report. These steps shall create and maintain a secure and reliable environment and system that enables employees to report or communicate compliance-related questions, concerns, or violations to the appropriate channels with confidence, ensuring its effective operation.

2) System for the Retention and Management of Information Related to the Execution of Duties by Directors and Others
Information related to the execution of duties by Directors, etc. and others shall be appropriately created, retained, and managed in accordance with internal regulations and applicable laws, which specify the scope of information to be retained, the

departments responsible for creation and retention, the retention methods, and the retention periods. Furthermore, such information shall be maintained in a manner that ensures it can be accessed and reviewed at any time, as necessary.

3) Regulations and Systems for Managing Risks of Loss

(1) Risks associated with business operations and investments shall be managed appropriately by business unit heads, chief officers, and functional department managers within their respective areas of responsibility. Significant risks shall be deliberated by the Board of Directors, the Business Execution Meeting, and the Management Committee, and managed on a company-wide basis.

(2) In addition to the above measures, a Risk Management Committee shall be established, comprising the president, business unit heads, chief officers, and relevant Directors, etc. The committee will formulate effective countermeasures based on company-wide risk assessments while taking the allocation of management resources into consideration. The committee shall also confirm and evaluate the progress and outcomes of these measures, aiming to continuously strengthen the organization's risk management capabilities.

(3) Risks related to quality, safety, environment, human resources and labor, information security, export control, and other matters shall be managed by each business unit, with heads of business units assuming responsibility for establishing a system and conducting everyday management within their scope. The functional cross-sectional management bodies/committees and the head office functional departments shall strengthen oversight functions for regular management within business units by establishing internal regulations, preparing and distributing manuals, conducting training, and performing operational audits, thereby ensuring company-wide risk management.

(4) To address risks related to quality fraud specifically, measures shall be implemented to include topics such as data integrity and engineering ethics into the foundational technical education programs, ensuring all necessary training is conducted. A standard development schedule shall also be established to secure appropriate project timelines, along with mechanisms to ensure proper implementation of required development processes. A control system within the certification application processes shall be built, regulations related to legal compliance and certifications shall be developed, and audit functions related to laws and certifications shall be strengthened. Additionally, resources and personnel shall be secured, and employees shall be trained to establish systems that prevent fraudulent activities in regulatory and certification-related operations.

(5) To prepare for potential disasters, manuals shall be developed, training conducted, and, if necessary, measures such as risk diversification and insurance coverage shall be employed to mitigate losses.

(6) The Risk Management Committee shall periodically identify risks surrounding each business unit and assess whether organizational structures and business processes are appropriately aligned to address these risks. If risks materialize and a major issue arises, countermeasures in accordance with the risk response manual shall be implemented, and necessary information shall be disclosed promptly.

(7) Funds shall be appropriately managed through a budget system and risks associated with business and budget execution shall be controlled by defining approvers and individuals responsible for execution according to the level of importance, using the *ringi* approval process. For all *ringi* items requiring approval by the president as per the *ringi* regulations, relevant departments, along with chief officers, shall conduct deliberations and appropriately evaluate risks.

(8) Financial risks shall be clearly identified, and controls addressing these risks shall be documented. The implementation status of these controls shall be verified to ensure the reliability of financial reporting. Additionally, the Information Disclosure Committee shall ensure timely and accurate disclosure of information.

4) Framework to Ensure the Efficient Execution of Duties by Directors and Other Officers

(1) Under the policy management system, the company formulates medium-term business plans and annual corporate policies. Based on these policies, each business unit, under the responsibility of its respective business head, clearly identifies its division-specific policies, profit plans, and operational action items. These initiatives are carried out with consideration for the available resources at each workplace, ensuring proper and efficient management. The status of these business operations is verified through the Board of Directors, the Business Execution Meetings, and on-site hearings conducted by the president.

(2) For activities such as new product development, system development, and the establishment of new production lines, the business heads of the respective units ensure proper management under the Design Review (DR) system. This framework sets procedural checkpoints for reviews during stages such as product planning, product design, production preparation, production transition, and initial production, with the aim of securing quality, cost efficiency, and delivery timelines.

5) Framework to Ensure Employee Compliance with Laws, Regulations, and the Articles of Incorporation

(1) Employees are made thoroughly aware of the Toyota Industries Group Code of Conduct through dissemination efforts, training on key topics such as compliance and risk management, and workplace meetings. These initiatives emphasize that employees must act in accordance with laws, the spirit of the law, the Articles of Incorporation, and the Toyota Industries Group Code of Conduct. Additionally, the company ensures that employees will not face any disadvantage for prioritizing compliance in their actions.

(2) Job responsibilities and authority within each organization are clearly defined, and mechanisms for compliance and risk management are incorporated into business processes. The effectiveness of these measures is validated through internal audits and self-inspections.

(3) Reporting lines through management structures are actively maintained to ensure that compliance-related issues and challenges within each organization are escalated promptly and appropriately. Furthermore, multiple consultation channels, including an internal reporting system handled by independent third parties, are made available to employees. The company ensures the confidentiality of whistleblowers and guarantees that employees will not face retaliation for making a report. These efforts aim to promptly identify and resolve compliance-related issues raised by employees.

6) Framework to Ensure the Proper Execution of Operations within the Corporate Group Consisting of the Company, its Parent Company, and Subsidiaries

(1) The primary business divisions responsible for managing subsidiaries disseminate key policies—including the company's fundamental philosophy, code of conduct, corporate policies, division-specific policies, and important policies related to areas such as finance, quality, safety, environment, and human resources—to each subsidiary. Directors, etc. and other officers of subsidiaries, under their responsibility, establish and implement internal controls to ensure the propriety and legality of business execution within their subsidiary.

(2) The primary business divisions responsible for subsidiaries confirm the propriety and legality of the subsidiaries' directors and other officers' operations by conducting regular or ad-hoc information exchanges with subsidiary Directors, etc., audit and supervisory board members, and employees, as well as through oversight of management conducted by non-executive directors dispatched from the company.

(3) The functional departments at the company's headquarters support the subsidiaries and their managing divisions in areas such as the dissemination of key policies and the establishment of internal controls.

(4) A system for subsidiaries to report key management matters to the company is established and operated through the implementation of the Corporate Affiliate Management Rules.

(5) The company ensures that the directors, officers, and employees of subsidiaries are thoroughly informed that whistleblowers are fully protected, their confidentiality maintained, and that they will not face any disadvantages or retaliation for reporting compliance-related issues. The company encourages the use of internal reporting channels facilitated by independent third parties. Moreover, subsidiaries are required to report important cases submitted to their internal reporting systems directly to the company. These measures are intended to promptly identify and resolve compliance-related issues involving subsidiary Directors, etc., officers, and employees.

7) Matters Regarding Employees to Assist Audit and Supervisory Board members in the Execution of Their Duties Upon Request

A dedicated Audit and Supervisory Board Office is established as an organization to assist audit and supervisory board members in their duties. Multiple audit and supervisory board office staff are assigned, independent of the direction and supervision of directors and other officers.

8) Ensuring the Independence of the Employees Mentioned in the Previous Section from Directors, etc. and Other Officers, and Securing the Effectiveness of Instructions Given to These Employees

(1) Personnel decisions related to audit and supervisory board office staff require prior consent from the Audit & Supervisory Board or an appointed full-time auditor designated by the Audit & Supervisory Board.

(2) Directors, etc., officers, and employees of the company and its subsidiaries shall cooperate with audit and supervisory board office staff in conducting investigations and information gathering as instructed by audit and supervisory board members.

9) Framework for Reporting to Audit and Supervisory Board Members by Directors, etc., Employees, Subsidiary Directors, etc., Subsidiary Employees, or Those Who Receive Reports from Them

(1) Directors, etc. and employees of the company shall, upon request from audit and supervisory board members, provide periodic or ad-hoc reports on the status of business execution. Additionally, if they discover any facts that could cause significant damage to the company, they shall promptly report such matters to the auditors.

(2) Directors, etc. and employees of subsidiaries shall, upon request from audit and supervisory board members, provide ad-hoc reports on business matters. Furthermore, the primary divisions managing subsidiaries, as well as the functional departments of the company's headquarters, shall report significant management matters of subsidiaries to the Audit and Supervisory Board as appropriate.

(3) A system is established and operated to ensure that Directors, etc. and employees of the company or its subsidiaries are not subjected to any disadvantageous treatment for reporting to the Audit and Supervisory Board Office.

10) Framework to Ensure the Effective Execution of Audits by the Audit and Supervisory Board

Audit and supervisory board members are granted the opportunity to attend key executive meetings and are provided access to review important documents. Mechanisms are established to facilitate regular and ad-hoc information exchanges between audit and supervisory board members and the accounting auditor, as well as collaboration with the internal audit departments. Additionally, the company bears the costs necessary for the audit and supervisory board members to perform their duties, including, when necessary, the direct engagement of external resources.

Overview of the Implementation Status of the Basic Policy

1) Compliance with Laws and Regulations by Directors, etc. and Employees

- To ensure all Directors, etc. have a correct understanding of various risks surrounding the company and changes in societal perceptions, newly appointed officers undergo induction training, and all officers attend regular legal seminars and are provided with the Laws and Regulations Handbook. These initiatives aim to enhance the knowledge and awareness of directors, improve compliance consciousness, and heighten risk sensitivity.
- A chief officer system has been established to oversee key functional areas across the company, including compliance, legal regulations, and quality. This enables the headquarters to strengthen its checks and balances over divisional operations.
- The Company continuously communicates essential messages, emphasizing compliance as a fundamental prerequisite of business activities and advocating prioritization of compliance without hesitation. These messages are disseminated through various channels, including the Code of Conduct training, videos, internal newsletters, and personalized letters. These efforts aim to instill the principles and mindset of Directors, etc. across the company and foster an employee culture that prioritizes compliance above all else.
- To deepen employees' understanding of compliance, the Toyota Industries Group Code of Conduct is actively promoted through new employee training, tier-based education programs, and company-wide workplace meetings. For overseas locations, video materials supporting the dissemination of the conduct code have been translated and distributed globally. Additionally, e-learning content with monthly compliance-related themes is provided, aiming to create an environment for employees to voluntarily enhance their compliance awareness.
- To ensure the effective functioning of reporting and consultation channels, including independent third-party-operated internal whistleblowing systems, employees are thoroughly informed that whistleblowers' confidentiality will be fully protected and that they will not suffer any unfavorable treatment for reporting issues. This communication aims to foster an environment where employees feel secure in utilizing these systems. Furthermore, consultation cases are appropriately addressed, and utilization trends are reported to directors and officers.
- Regarding the engine certification issue disclosed on January 29, 2024, organizational and structural improvements have been made based on the findings of the Special Investigation Committee to create mechanisms that ensure correct processes in manufacturing, enabling employees to detect errors, pause operations where necessary, and prevent recurrence of misconduct.

2) Management of Risk of Loss

- A chief officer has been appointed to oversee risk management efforts alongside divisional and functional department heads responsible for business execution. Risk management is carried out appropriately within their respective areas of responsibility. Furthermore, all company departments are tasked with periodically reviewing relevant laws and regulations to identify changes, pinpoint unaddressed areas or vulnerabilities, and allocate responsibility to the appropriate departments. A system is in place to enhance the problem-solving capabilities of managers in these departments.
- For significant matters such as large-scale investments, evaluations of business opportunities and associated risks are conducted and decisions are made by the Board of Directors and the Management Committee based on established deliberation standards.
- Compliance and risks related to safety, quality, and the environment are managed through the Compliance Committee, Risk Management Committee, etc. as specialized committees, ensuring a company-wide oversight system.
- Disaster preparedness measures (earthquakes, fires/explosions, floods, etc.) are actively addressed through the convening of Disaster Prevention and Fire Safety Meetings. Evacuation drills are conducted at all production facilities, along with plant-specific headquarters training exercises that simulate roles during emergencies—such as initial fire response, information gathering, and transport/first aid activities.
- To prevent unauthorized disclosure of confidential information, information security and confidentiality manuals are developed, disseminated, and used for employee training. Case studies of incidents, both internal and external, are shared to raise company-wide awareness and promote a proactive mindset.
- Regarding the engine certification issue disclosed on January 29, 2024, company-wide initiatives have been strengthened, focusing on compliance and risk management as part of comprehensive measures to prevent recurrence based on the findings of the Special Investigation Committee.

3) Efficiency in the Execution of Duties by Directors, etc. and Officers

Under the policy management system, medium-term business plans and annual corporate policies were formulated, with specific implementation actions defined for each organizational unit. Policy management and daily operations were carried out accordingly. Key matters were deliberated and resolved at the Board of Directors and the Management Committee based on established deliberation standards. The execution status of these matters was monitored through the Board of Directors, Executive Officer's Meetings, and on-site dialogues by the president.

4) Ensuring Proper Business Operations within the Corporate Group

- Primary business divisions responsible for subsidiaries disseminated key policies, including the fundamental philosophy and corporate policies, to the subsidiaries. They established regular or ad-hoc opportunities for information exchange with the subsidiaries to confirm and follow up on the implementation status of corporate policies, and areas such as safety, quality, environmental management, and compliance.
- The internal audit departments and functional divisions responsible for areas such as safety and environmental management conducted audits and oversight of subsidiaries using methods including self-assessment sheets and internal audits to confirm and follow up on legal compliance status and other matters.

5) Reporting to Audit and Supervisory Board Members and Ensuring the Effectiveness of Audits

The Directors, etc. and officers of the company as well as its subsidiaries provided reports to audit and supervisory board members regarding the status of business execution. Additionally, through audit and supervisory board members' participation in key executive meetings, they ensured oversight of important decision-making processes, business execution, and legal compliance by Directors, etc., while also facilitating the sharing of information crucial to audit effectiveness.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The company has established the Toyota Industries Group Code of Conduct as a set of behavioral standards to be observed by its directors, officers, and employees. Included within these standards is the policy for addressing anti-social forces.

The fundamental principle is to adopt a resolute stance against anti-social forces, ensuring they are not allowed to influence or approach the company in any way.

Specifically, the company has clarified the department responsible for handling such matters, developed response manuals, and established an internal framework to address these issues effectively. Additionally, when necessary, the company consults with the police and other relevant governmental agencies to take appropriate measures.

[Translation]

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

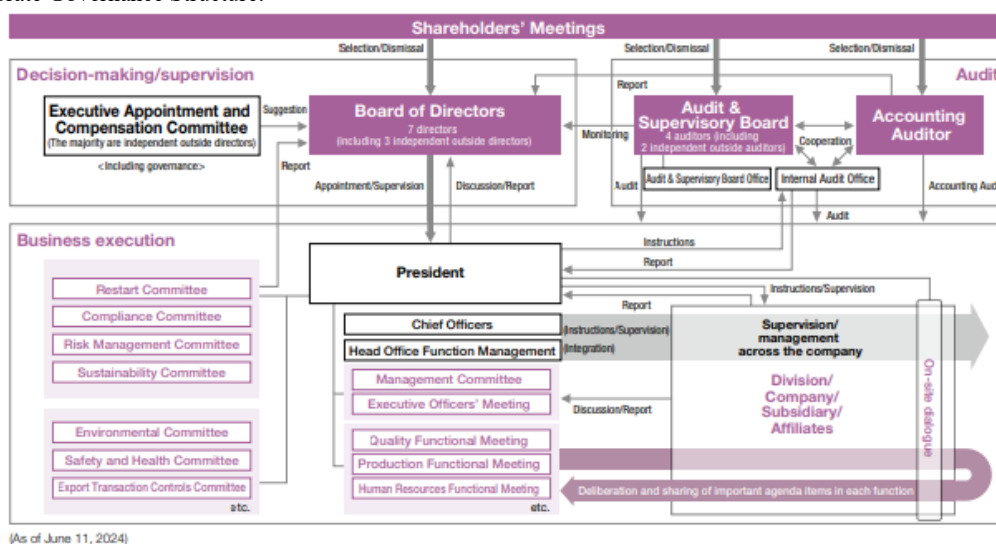
【Internal System for Timely Disclosure】

To ensure appropriate and timely disclosure, the Company has established a Disclosure Committee chaired by the officer in charge of accounting.

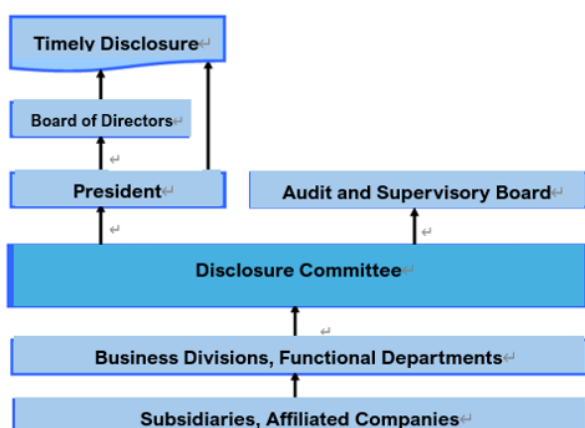
The Disclosure Committee reviews the aggregation of information and the appropriateness of its disclosure based on the Financial Instruments and Exchange Act and the disclosure rules set by stock exchanges.

Timely disclosures is made promptly upon approval by the Board of Directors or the president.

Corporate Governance Structure:



Governance Structure for Timely Disclosure:



Scheduled Meetings:

- Annual Securities Report (June)
- Semi-Annual Securities Report (November)
- Quarterly Reports (July, October, January, April)

Other major decisions or events occurring are followed by ad hoc meetings.

END