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Notice Concerning the Opinion of the Board of Directors on the Shareholder Proposal

Toyota Industries Corporation (President: Koichi Ito; the "Company") announces that, as of April 9, 2025, the Company has received a letter from its shareholder, Longchamp SICAV (proxy: Dalton Investments Inc.; the "Proposing Shareholder"), stating that it will submit a shareholder proposal (the "Shareholder Proposal") at the 147th Ordinary General Meeting of Shareholders (the "Shareholders' Meeting") scheduled to be held on June 10, 2025.

The Company has deeply examined the contents of the Shareholder Proposal, and as a result, at a meeting of the Company's Board of Directors held today, resolved to oppose the Shareholder's Proposal as follows.

Ⅰ. Contents of the Shareholder Proposal

1. Agenda

(1) Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

(2) Amendment to the Articles of Incorporation Pertaining to the Composition of Outside Directors

(3) Approval of Amount of Compensation for Restricted Stock Compensation Plan

2. Summary of Proposal and Reason for Proposal

As described in the attached "Contents of the Shareholder Proposal."

The attached "Contents of the Shareholder Proposal" is the original text of the Shareholder Proposal submitted by the Proposing Shareholder.

Ⅱ. Opinion of the Board of Directors on the Shareholder Proposal

1. “(1) Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price”

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reason for opposition

This Shareholder Proposal calls for a new establishment in the Articles of Incorporation to implement initiatives described in the "Points and Examples of 'Management Mindful of Capital Cost and Share Price' from the Investor's Perspective" published by the Tokyo Stock Exchange on February 1, 2024, in response to the request for "actions aimed at realizing management mindful of capital cost and share price" made on March 31, 2023.

We believe the proposed initiatives are matters that should be considered in future company management. However, the Company believes that actions necessary for the medium- to long-term enhancement of corporate value should be determined on a case-by-case basis when appropriate based on the highly flexible, highly liquid nature of the Company's management strategy and operating environment. The Company therefore believes that setting forth provisions such as those under this Shareholder Proposal in its Articles of Incorporation, which stipulates fundamental norms in operating a company, is not appropriate.

The Company has adopted the "Toyoda Precepts," the spirit of its foundation, as its corporate creed. The foundation of the Company's management policy is to be in harmony with society and create sustainable growth based on the principles of contributing to various industries and serving society at large through both its "Solutions (Materials Handling Equipment/Logistics)" and "Mobility-Related" businesses in addition to its "Textile Machinery" business, which the Company’s primary business that it has continued since its foundation. Under this management policy, the Company is focusing on management based on investment decisions that are mindful of the cost of capital and share price, and published its "Initiatives to Enhance Corporate Value" on May 13, 2024 with the aim to enhance medium- to long-term corporate value with a view toward the "2030 Vision." Specifically, the Company will balance initiatives such as the compression of shareholders' equity through significant reduction of policy-held shares based on a policy of not holding such shares unless their ownership is deemed reasonable, fundamental investments for sustainable growth, active investment in R&D and M&A to accelerate the growth of the next generation along with improvement in profitability, and shareholder returns that include stable dividends and the repurchase of treasury stock.

Going forward, the Company will continue to enhance dialogue with shareholders and investors, strive to disclose information to shareholders and other stakeholders in a timely and appropriate manner while taking into account the importance of management that is mindful of the cost of capital and share price, and work to increase corporate value.

For the above reasons, the Board of Directors of the Company is against this Shareholder Proposal.

2. “(2) Amendment to the Articles of Incorporation Pertaining to the Composition of Outside Directors”

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reason for opposition

The Company has established an "Executive Appointment and Compensation Committee," with a chairperson and a majority of members who are independent Outside Directors, to further ensure objectivity and transparency in the appointment of Directors. Regarding executive appointments in this committee, nominations for senior management appointments and dismissals, as well as nominations for Directors and Audit & Supervisory Board Members, are submitted to the Board of Directors after exchanging opinions and confirming details. For senior management appointments (including dismissals) and Director nominations, comprehensive consideration is given from the perspective of placing the right person in the right position, taking into account accurate and swift decision-making, appropriate risk management, supervision of business execution, and balance to cover each function and business division of the Company.

The four director candidates, excluding independent outside directors, are well-versed in the Company's business operations and possess various expertise with knowledge and experience in industry insights (Materials Handling Equipment/Logistics, Automobile, Textile Machinery), technology development and manufacturing, IT and digital technologies, finance and accounting, legal affairs and risk management, ESG, and other areas.

The Board of Directors composition proposed by the Company at this Ordinary General Meeting of Shareholders consists of seven directors in total, of which three are independent outside directors including a woman, in order to ensure diversity and independence of the Board of Directors and strengthen its supervisory and management policy formulation functions. In appointing independent outside directors, in addition to regulatory requirements, we place importance on their wealth of experience and high level of insight in corporate management and other areas. We designate as independent officers those who meet the qualifications set by the stock exchange and who are unlikely to have conflicts of interest with general shareholders.

As described above, the Board of Directors composed of the director candidates proposed by the Company possesses sufficient diversity and independence to effectively supervise management's execution toward enhancing medium- to long-term corporate value, which we believe is the optimal composition. We believe that the current composition and operation of the Company's Board of Directors will lead to sustainable enhancement of corporate value and, consequently, to the benefit of our shareholders.

On the other hand, establishing provisions in the Articles of Incorporation as proposed by the shareholder proposal could potentially restrict the range of director candidates and hinder the consideration and composition of an optimal Board of Directors at various times in the future.

Therefore, the Board of Directors of the Company is against this Shareholder Proposal.

While the Board of Directors of the Company opposes this shareholder proposal, we will continue to consider a Board composition with diversity and independence that contributes to the interests of all stakeholders, including customers, business partners, shareholders, and investors, toward enhancing medium- to long-term corporate value.

3. “(3) Approval of Amount of Compensation for Restricted Stock Compensation Plan”

(1) Opinion of the Board of Directors of the Company

The Board of Directors is against this proposal.

(2) Reason for opposition

The Company has established a policy for determining individual director compensation (hereinafter referred to as the "Determination Policy") based on the idea of ensuring fairness and transparency while emphasizing incentives for medium- to long-term performance, corporate value enhancement, and sustainable growth of the Company. The policy ensures linkage with company performance and reflects job responsibilities and results.

Specifically, the compensation for directors of the Company, excluding directors who do not engage in business execution such as outside directors, consists of fixed compensation as basic compensation, bonuses as performance-linked compensation, and restricted share compensation. On the other hand, directors who do not engage in business execution, such as outside directors, receive only fixed compensation as they are independent of business execution. The maximum amount of cash compensation for directors is limited to 700 million yen per year (including 150 million yen or less per year for outside directors).

In addition, for directors excluding those who do not engage in business execution such as outside directors, the ratio of fixed compensation to performance-linked compensation (bonuses and restricted share compensation) is approximately 40:60 (in the case of the chairperson and president) as a guideline (however, the Company may use a different ratio depending on consolidated operating profit and other factors). The ratio of bonuses to restricted share compensation within the performance-linked compensation is approximately 70:30 as a guideline, with the total amount of restricted share compensation being 200 million yen or less per year and the total number of shares being 60,000 or less.

As described above, the Company's Determination Policy is designed to appropriately and soundly promote value sharing between the Company's management and shareholders while providing incentives for corporate value enhancement and sustainable growth in light of the current environment surrounding the Company.

In addition, the Company has established an "Executive Appointment and Compensation Committee" consisting of the President and independent Outside Directors. To ensure objectivity and transparency of this committee, the chairperson and a majority of committee members are independent Outside Directors. The "Executive Appointment and Compensation Committee" deliberates on the Determination Policy, individual compensation proposals for Directors, and other

important matters related to compensation. The Board of Directors resolves the Determination Policy based on the results of these deliberations. Furthermore, the Board of Directors delegates the decision on individual compensation amounts to the President from the perspective of flexibility and agility, but the President determines the individual compensation amounts for Directors in accordance with the Determination Policy and based on the deliberation results of the "Executive Appointment and Compensation Committee."

As described above, the current ratio of director compensation was determined after deliberation by the "Executive Appointment and Compensation Committee," which ensures objectivity and transparency.

This shareholder proposal requests that monetary compensation claims be granted to directors of the Company, including outside directors, for granting restricted shares up to a total of 54,000 shares for a total amount not exceeding 700 million yen per year, separate from the above annual compensation amount. It also proposes to design a system that would grant restricted shares equivalent to three times the fixed compensation on a cumulative basis over the next three years if performance criteria are met. However, we believe that the Company's current director compensation system, considering its compensation ratio, has already introduced a mechanism that appropriately and soundly promotes value sharing between the Company's management and shareholders in light of the current environment surrounding the Company. We believe that granting additional compensation to directors as described above is not appropriate at this stage.

Therefore, the Board of Directors of the Company is against this Shareholder Proposal.

While the Board of Directors of the Company opposes this shareholder proposal, we will continue to consider the compensation system that should be in place for further enhancement of the corporate value of the Group, including the composition, ratio, and level of executive compensation, as well as incentives from a medium- to long-term perspective, in order to contribute to the interests of all stakeholders, including customers, business partners, shareholders, and investors.

(Attachment "Contents of the Shareholder Proposal")

*The following is the original text of the shareholder proposal submitted by the proposing shareholder.

Section 1: Proposed Agenda Items

1 Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

2 Amendment to the Articles of Incorporation Pertaining to the Composition of Outside Directors

3 Approval of Amount of Compensation for Restricted Stock Compensation Plan

Section 2: Summary of Proposal and Reason for Proposal

1 Amendment to the Articles of Incorporation Pertaining to Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price

(1) Summary of Proposal

Add "Chapter 8: Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price" to the current Articles of Incorporation and establish the following provision as Article 40. In the event that the approval of other proposals at this Ordinary General Meeting of Shareholders (including proposals made by the Company) necessitates formal adjustments to the provisions described in this proposal (including, but not limited to, corrections to article numbering), the provisions related to this proposal shall be read as the provisions after such necessary adjustments have been made.

(Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price)

Article 40: As long as the Company remains a listed company, in accordance with the spirit of the "Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price" requested by the Tokyo Stock Exchange, the Company shall implement the following:

1. Adopt the perspective of shareholders and investors in understanding and disclosing the cost of capital

2. Analyze and evaluate the Company's share price from multiple perspectives, taking into account the viewpoints of shareholders and investors

3. Examine whether the balance sheet is efficient from the perspective of capital cost and capital profitability, and if improvements are deemed necessary, disclose and implement such plans

4. Take fundamental measures with awareness of appropriate allocation of management resources, including review of the business portfolio, while being mindful of capital cost and capital profitability, and disclose a capital allocation policy based on appropriate allocation of management resources

5. Maintain awareness of reducing the cost of capital, and if improvements are deemed possible, disclose and implement such plans

6. Design an executive compensation system that serves as an incentive for medium- to long-term enhancement of corporate value

7. Clearly disclose the intention behind each initiative toward realizing the medium- to long-term vision, and how each initiative leads to solving issues
8. Management and the Board of Directors shall proactively engage in dialogue with shareholders and investors

(2) Reason for Proposal

Our company agrees with the purpose of the "Actions Aimed at Realizing Management Mindful of Capital Cost and Share Price" (hereinafter referred to as the "TSE Request") that the Tokyo Stock Exchange has requested of all listed companies on the Prime Market and Standard Market as of March 31, 2023. In addition, we believe that continuous verification of initiatives based on the "Key Points and Examples of 'Management Mindful of Capital Cost and Share Price' from an Investor's Perspective" (hereinafter referred to as "Key Points and Examples") announced by the TSE in February 2024 is effective in ensuring that our response is not merely a formality, but highly effective.

In May 2024, the Company announced its "Initiatives to Enhance Corporate Value," and the scale of shareholder returns and sales of policy-held shares announced therein impressed upon us that the Company's management and Board of Directors are serious about their efforts to enhance corporate value. We considered this to be broadly consistent with the ideas embodied in our shareholder proposal and therefore withdrew our shareholder proposal for 2024. However, we have not yet confirmed any response to the following three improvement points that we proposed to the Company's Board of Directors in 2024:

1. Quantitatively implement the "awareness" of capital cost and share price. The most crucial point in the TSE Request is for listed companies to analyze and establish views on their own cost of capital and share price. As far as we can see, your company has not yet clarified your cost of capital or appropriate share price level (at least not quantitatively).

2. Adopt return on invested capital (ROIC) as an investment decision criterion and commit to its targets. In principle, the evaluation and decision-making for individual investment projects should be determined by whether ROIC exceeds the (weighted average) cost of capital. Investments with capital profitability that does not meet the cost of capital diminish corporate value. While the Company's "Initiatives to Enhance Corporate Value" shows commitment to ROE improvement targets, we understand that improvement of "R" will mainly be driven by existing businesses. There is currently strong uncertainty about how much return the 1.5 trillion yen growth and infrastructure investments will generate, and we are concerned that if these fall below the cost of capital, they could lead to long-term erosion of corporate value.

3. Further enhance opportunities for dialogue between top management and shareholders/investors. Dialogue between top management and investors/shareholders is the engine of the corporate value enhancement process, and we hope that you will ensure a frequency of at least once per quarter.

All of the above are encompassed in the "Key Points and Examples." In order to make the content universal and appropriate for inclusion in the Articles of Incorporation, we have structured it to cover most of the "Key Points and Examples."

2 Amendment to the Articles of Incorporation Pertaining to the Composition of Outside Directors

(1) Summary of Proposal

Add the following wording to Article 20 of the Company's Articles of Incorporation in order to make outside directors a majority:

As long as the Company remains a listed company, a majority of the Company's directors shall be outside directors as defined in Article 2, Paragraph 1, Item 15 of the Companies Act.

(2) Reason for Proposal

We believe that diversity and independence of the Board of Directors are essential in the management of today's listed companies. A diverse Board of Directors means a board that can make management decisions from a wide range of perspectives, including skills, experience, age, nationality, and gender, while an independent Board of Directors means a board composed of at least a majority of independent outside directors.

In the Company's case, Toyota Motor Corporation, the largest shareholder, is a major customer in the automobile segment, which exceeds 1 trillion yen in sales, and a former Toyota Motor Corporation executive holds the position of Representative Director and Chairman. The Company's situation can be generally described as one that tends to create conflicts of interest between the major shareholder and external minority shareholders. To eliminate such risks and concerns, we believe it is desirable to establish a conflict prevention system that is stronger than that of ordinary listed companies.

3 Approval of Amount of Compensation for Restricted Stock Compensation Plan

(1)Summary of Proposal

In addition to the total compensation for the directors of the Company, which was approved at the Ordinary General Meeting of Shareholders held on June 11, 2024, as cash compensation of up to 700 million yen per year (including up to 150 million yen for outside directors) and a share-based compensation framework of up to 200 million yen per year, monetary compensation claims shall be granted to the directors of the Company, including outside directors, for granting restricted shares up to a total of 54,000 shares for a total amount not exceeding 700 million yen per year, separate from the above annual compensation amount. The specific timing and allocation of payment shall be determined by the Board of Directors, but shall be designed as a performance-linked incentive system including ROE and total shareholder return (TSR), and shall be designed

to grant restricted shares equivalent to three times the fixed compensation on a cumulative basis over the next three years if the performance criteria are met.

(2)Reason for Proposal

We believe that the greatest weakness of Japanese boards of directors is the limited share ownership by each director, resulting in a lack of shareholder perspective. At the Company as well, the majority of directors' economic benefits are tied to basic compensation and short-term performance. While there is some compensation linked to performance achievement, we believe that the value sharing with shareholders, which is the purpose of restricted stock compensation, is insufficient. Directors need to have an economic incentive to sustainably enhance the corporate value of the Company and to align their interests with shareholders so that they can share the results of corporate value enhancement with shareholders.

Therefore, we now propose granting directors restricted shares equivalent to three times their fixed compensation over the next three years on a cumulative basis.

In addition, almost all major listed companies in Europe and the United States have adopted stock ownership guidelines that stipulate requirements for continued ownership of a certain amount of shares deemed necessary for value sharing with shareholders for a certain period of time. After a grace period of several years, most cases require top management to hold shares worth 3-5 times their basic compensation, and outside directors to hold shares worth the equivalent of their compensation. We propose that the directors and other management of the Company aim for a level of ownership that is not inferior to global standards and that is unbound by past conventions, as well as demonstrate their commitment through appropriate disclosure. We believe that stock ownership guidelines should be established.