INTEGRATED REPORT

2025



TOYOTA

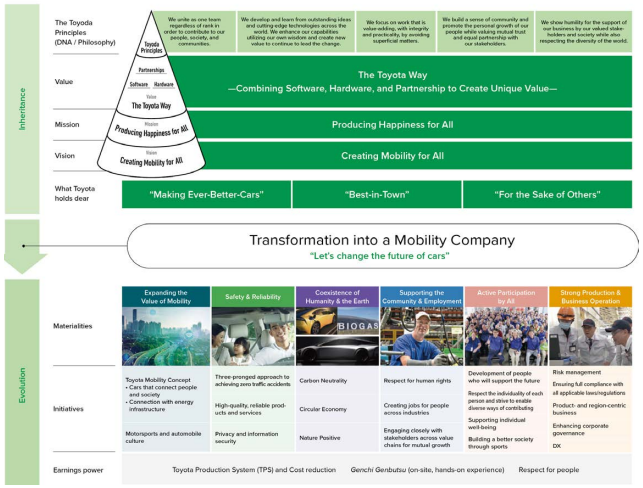
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Integrated Report 2025 is intended to communicate to stakeholders Toyota's policies and strategies for addressing management issues with the aim of achieving its vision for the future. More detailed information is available in Toyota's other reports as well as on the Toyota Times website and the Company's other websites.

(Published in February 2026)

Toyota's Reports and Publications

Financial Information	Non-Financial Information
Integrated Reports	
Toyota Times Website	
Securities Reports, SEC Filings	Sustainability Data Books
Financial Results Briefings, Business Reports	Corporate Governance Reports
Investor Relations Section of Toyota's Website	Sustainability Section of Toyota's Website

Note Regarding Publication

The names of certain people, businesses, organizations, etc., that appear in this publication's text have been abbreviated.

Reporting Period

This report covers the results and forecast for fiscal 2025, the period from April 1, 2024, to March 31, 2025 and fiscal 2026.

Reporting Scope

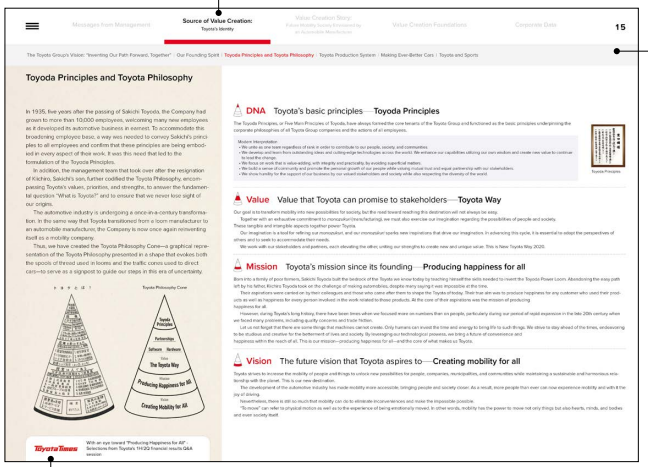
This report covers initiatives and activities of Toyota Motor Corporation and consolidated subsidiaries, etc., in Japan and overseas.

Reference Guidelines

This report was prepared with reference to the International Integrated Reporting Framework issued by the IFRS Foundation.

Features of PDF

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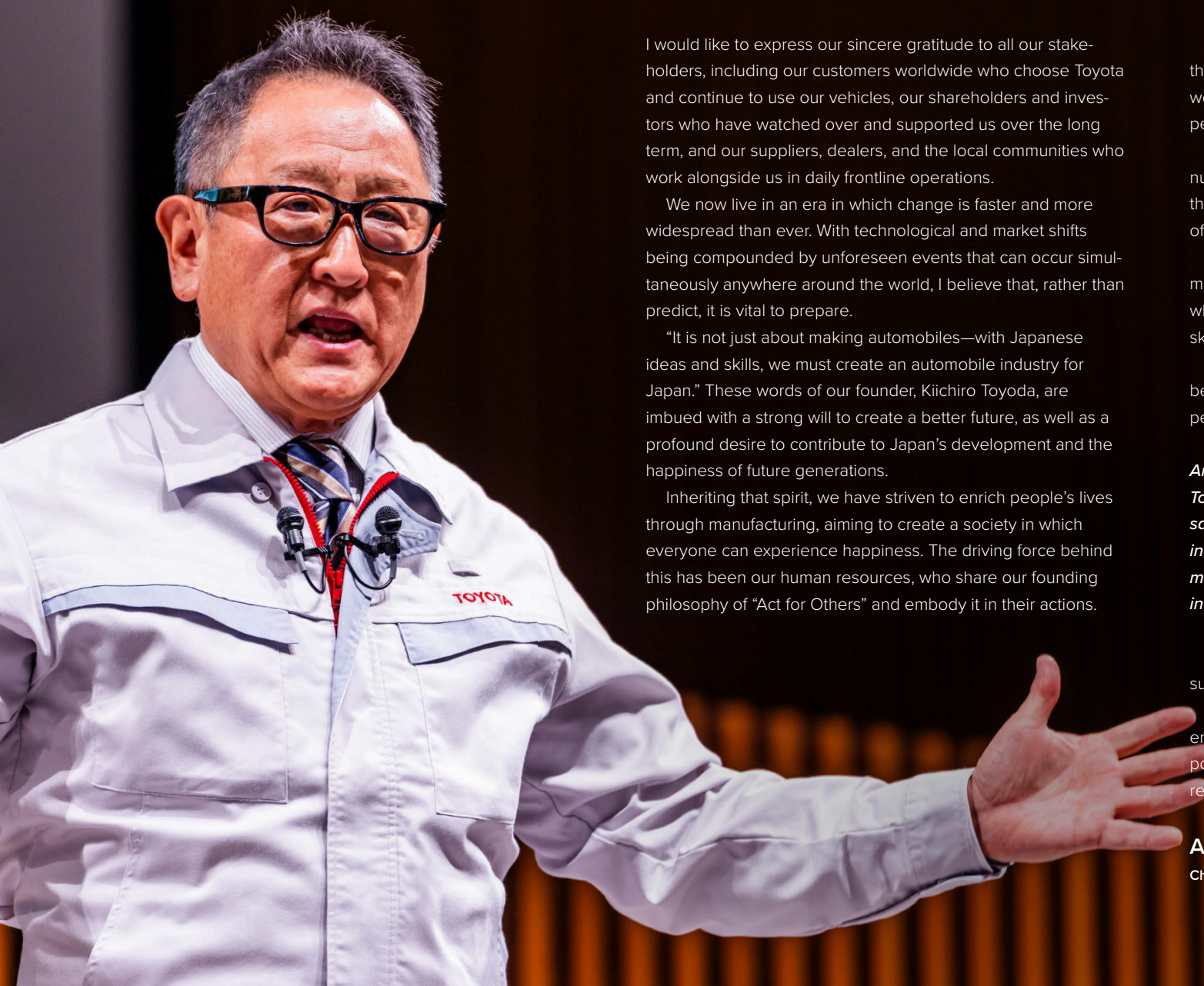
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Message from the Chairman



I would like to express our sincere gratitude to all our stakeholders, including our customers worldwide who choose Toyota and continue to use our vehicles, our shareholders and investors who have watched over and supported us over the long term, and our suppliers, dealers, and the local communities who work alongside us in daily frontline operations.

We now live in an era in which change is faster and more widespread than ever. With technological and market shifts being compounded by unforeseen events that can occur simultaneously anywhere around the world, I believe that, rather than predict, it is vital to prepare.

"It is not just about making automobiles—with Japanese ideas and skills, we must create an automobile industry for Japan." These words of our founder, Kiichiro Toyoda, are imbued with a strong will to create a better future, as well as a profound desire to contribute to Japan's development and the happiness of future generations.

Inheriting that spirit, we have striven to enrich people's lives through manufacturing, aiming to create a society in which everyone can experience happiness. The driving force behind this has been our human resources, who share our founding philosophy of "Act for Others" and embody it in their actions.

Regardless of how much the times change, there is one thing that does not: "Making things means making people"—in other words, before we manufacture anything, we must develop our people.

To create an automobile industry, Kiichiro Toyoda established numerous independent companies that specialized in each of the fields necessary for building cars. This was the starting point of the current Toyota Group.

How is this significant? To me, it is important because it means that we have cultivated numerous managerial talents who, while sharing the same ideals, have each acquired unique skills.

Human resource development precisely of this kind is, I believe, my mission as the chairman of Toyota and as the person responsible for the Toyota Group.

And to ensure that Toyota remains Toyota, and that the Toyota Group remains a corporate group that shares the same ideals, we must cultivate human resources who can independently decide and act without wavering from what makes us Toyota and what makes us the Toyota Group, even in the face of unforeseeable changes.

This, I believe, is what I must do to prepare so that we can survive these turbulent times.

We shall continue to wholeheartedly dedicate ourselves to ensuring that we remain a Toyota and a Toyota Group that support people's lives and are valued by society. We humbly request your continued understanding and support.

Akio Toyoda
Chairman of the Board of Directors (Representative Director)

Message from the President

First, I would like to express my sincere gratitude to all of our stakeholders for their continued support, as well as to our customers who choose Toyota vehicles.

Over the past year, we have faced a challenging business environment, including trade relations with the United States. In times like these, it is especially important that we remain firmly committed to our core principle of managing through our products. One of Toyota's greatest strengths is its full lineup tailored to the needs of each region. By continuing to meet customer expectations through vehicle development that responds to diverse needs, we will further strengthen our ability to adapt to changes in the business environment.

At Japan Mobility Show 2025, we clarified the roles and distinct identities of the Toyota Group's five brands and shared our vision for the future of carmaking.

The Toyota brand's vision is "to you." We stay close to the lives of customers around the world, always picturing a specific someone as we create vehicles designed with that person in mind. We are committed to providing a wide range of mobility options so that no one is left behind. This desire to do something for the sake of others has always been, and will continue to be, the driving force behind our carmaking.

To express this commitment through our products, we are advancing a wide range of initiatives. The new Corolla Concept embodies our multi-pathway approach through technology. The all-new RAV4 marks the first step toward a safe, secure, and truly Toyota-like Software Defined Vehicle. And Woven City, officially launched last fall, serves as a real-world test course for mobility. Step by step, we are bringing our vision as a mobility company to life.

We will continue to refine the fundamental performance of our vehicles while working closely with partners underpinning social infrastructure, such as communications and energy companies, to expand the value that cars can provide. With the aim of realizing a safe, secure, and sustainable mobility society, we will continue working together with a wide range of partners across industries.

At the same time, we believe it is essential to strengthen our earnings power as the foundation that sustains our efforts to realize our goals and support the future.

Toyota's DNA is rooted in "good thinking, good products." Each individual thinks for themselves and, through knowledge, ingenuity, and *kaizen*, pursues *monozukuri* that delivers high quality at low cost. Returning to this origin, we will unite as one team to further enhance productivity and translate our strength at the *genba* into greater competitiveness.

We will continue taking on new challenges together with many partners to help shape the future of mobility, and we sincerely appreciate your continued support.

Koji Sato
President, Member of the Board of Directors



Sustainability Issues and Initiatives: Materiality

Toyota's Origins

The Toyoda Principles represent the origins of Toyota. As expressed in "We unite as one team regardless of rank in order to contribute to our people, society, and communities," our engagement in work that benefits the world and its people and our contributions to people's happiness and social progress through car manufacturing constitute values and a code of conduct that Toyota holds dear.

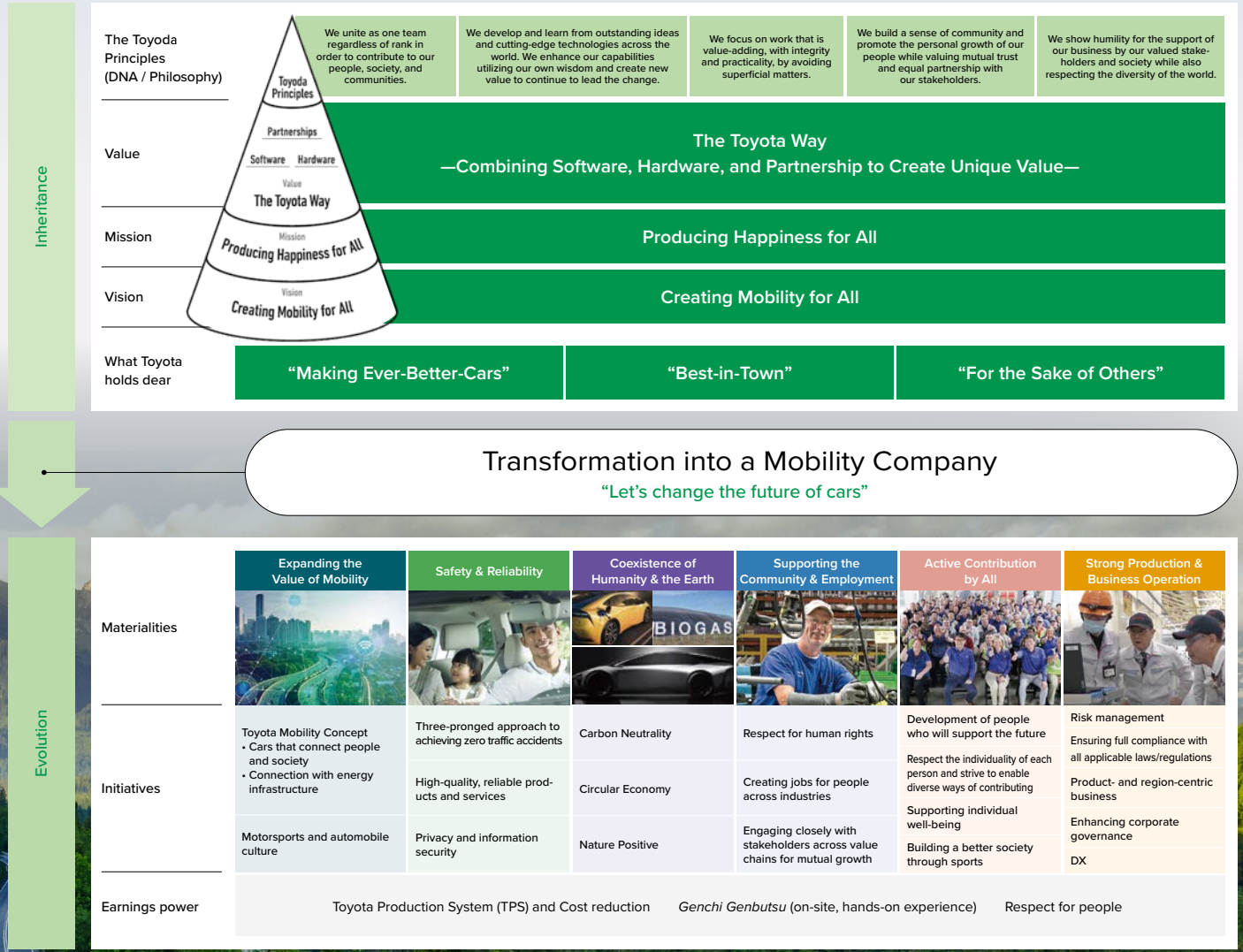
Reflecting on our origins, we established "producing happiness for all" as Toyota's mission under the Toyota Philosophy, which was formulated in 2020. To contribute to the happiness of our customers and all our stakeholders around the world, we aim to contribute to the sustainable development of society and the Company. In other words, we aim to implement sustainability management.

Formulation of Materiality

During the 14 years that Chairman Akio Toyoda served as president, he sought to deeply ingrain the values of "even-better cars," "best-in-town," and "for the sake of others," as well as the essence of what makes us Toyota, which in turn formed the foundation of Toyota's products and businesses.

Looking ahead, we must establish a pathway for more robust growth strategies and our sustainability management and clarify the path toward reaching this vision if we are to achieve our mission of "producing happiness for all."

Toyota's Origins and Materiality (Key Issues)



Sustainability Issues and Initiatives: Materiality

We aim to pursue our transformation into a mobility company that offers freedom of movement for all, without leaving anyone behind. Accordingly, we have established Expanding the Value of Mobility, Safety & Reliability, Coexistence of Humanity & the Earth, Supporting the Community & Employment, Active Contribution by All, and Strong Production & Business Operation as our six key issues (materiality) in achieving our vision for transforming into a mobility company, taking into account the perspectives of our stakeholders, including customers, local communities, business partners, and employees.

Ideas Expressed in "Let's Change the Future of Cars"

We encapsulated our ideas regarding automobile manufacturing, a core activity for our transformation into a mobility company, in our shared motto "Let's change the future of cars." We want to ensure that automobiles continue to serve as a form of mobility that benefits society and brings smiles to people around the world well into the future. To that end, we will work to minimize the detrimental effects that cars have on society—including traffic accidents, pollution, and congestion—while maximizing the emotional value of cars—including convenience, comfort, and the enjoyment of driving—and boosting their positive impact.

To realize our aspirations, we have formulated the Toyota Mobility Concept, which summarizes three specific initiatives for achieving our transformation into a mobility company. Placing cars at the center, we will focus our efforts on enhancing the mobility of data and energy while pursuing their integration with social systems. By doing so, we will strive to create new mobility value. For Toyota, transformation into a mobility company means creating a new industrial structure that benefits the development of a mobility society through the evolution of the automobile. We will lead the transformative journey to shape the future with a sense of mission, working together with business partners who share the same purpose.

We are now in an era in which it is hard to predict the future. That is why we believe that persistent and purposeful action makes a difference. In the spirit of *hyaku-setsu futo* (indefatigability), one of the cherished phrases of our founder, Sakichi Toyoda, we will live up to our convictions and challenge ourselves to change the future of cars.



In formulating our materiality (key issues), we placed emphasis on the following two ideas.

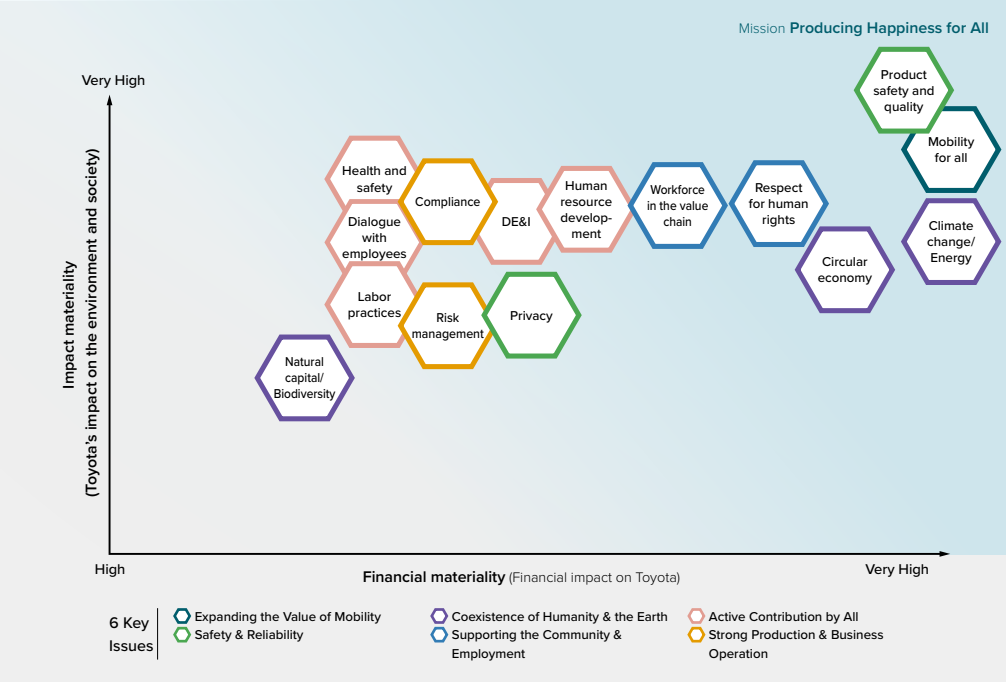
- **Ensuring that these issues are thoroughly understood internally and serve as a guidepost for all employees, thereby leading to concrete actions**
- **Ensuring that our responses to these issues help stakeholders understand and relate to the vision we have for ourselves as a company and how we aim to contribute to society**

To ensure that our responses to materiality lead to concrete actions by employees, we have grouped the key issues presented on the previous page into specific categories. Using a dual-axis framework, we created a materiality map assessing the importance of these issues based on Toyota's impact on the environment and society (impact materiality) and on the impact of the environment and society on Toyota (financial materiality).

The upper-right quadrant of this map, which represents areas of the greatest importance, highlights the following two items.

- **Mobility for all: Provision of sustainable mobility for all, leaving no one behind**
- **Product safety and quality: A core principle valued by Toyota that serves as a basis for "making ever-better cars"**

Sustainability Issues and Initiatives: Materiality



Note: We revised the evaluation method in fiscal 2025 and have adjusted the position of each item.

In addition, the map includes items pertaining to the environment, starting with climate change, and items concerning human capital within the Company and across the value chain.

The materiality map displays our pathway toward "producing happiness for all," which is our mission as a *monozukuri* (manufacturing) company that we aim to achieve by providing the freedom of movement to customers in each region through products that they truly need based on their feedback. The map also contains important sustainability elements to be considered as we pursue this mission.

By fulfilling our mission, we aim to create an even better society by using our technological capabilities to overcome the many social issues facing the world today.

Materiality		Initiatives		Aim
Expanding the Value of Mobility	Mobility for all	**Toyota Mobility Concept** • Cars that connect people and society • Connection with energy infrastructure		Provide freedom of movement for all through people-centric mobility
		Motorsports and automobile culture		
Safety & Reliability	Product safety and quality	**Three-pronged approach to achieving zero traffic accidents**		Zero casualties from traffic accidents, and ultimately, the realization of a society with zero traffic accidents
		High-quality, reliable products and services		Provide safe and high-quality products that meet diverse values and needs of customers
	Privacy	**Privacy and information security**		Create ever better cars, and help develop ever better communities and societies through appropriate information management, use, and application
Coexistence of Humanity & the Earth	Climate change/Energy	**Carbon Neutrality**		Achieve carbon neutrality throughout the entire vehicle lifecycle, including those already owned
	Circular Economy	**Circular Economy**		Achieve circular economy by using less resources, promoting longer use, and avoiding waste
	Natural capital/ Biodiversity	**Nature Positive**		Realize a society in harmony with nature by minimizing environmental impact and promoting conservation throughout the entire vehicle lifecycle
Supporting the Community & Employment	Respect for human rights	**Respect for human rights**		Respect the human rights of all people involved in our business activities
	Workforce in the value chain	**Creating jobs for people across industries** • Engaging closely with stakeholders across value chain for mutual growth		Pursue the best-in-town approach to achieve mutual prosperity through mutual trust with stakeholders across value chain
Active Contribution by All	Human resource development	**Development of people who will support the future**		Acquisition and development of human resources who "continuously think and act for the benefit of others" based on the Toyota Philosophy
	Dialogue with employees			Translate dialogues between the company and employees of mutual trust/responsibility into action
	DE&I	**Respect the individuality of each person and strive to enable diverse ways of contributing**		Create corporate culture where all people working for Toyota feel respected, and can demonstrate their uniqueness, strength, and abilities, while embracing their diverse talents and values
	Labor practices	• **Supporting individual well-being** • **Building a better society through sports**		Contribute to the peace of mind of employees and the sustainable growth of local communities through stable employment and maintaining/improving labor conditions
	Health and safety			Eliminate all kinds of unsafety by fostering company-wide safety culture, while protecting good health and well-being of employees and their families
Strong Production & Business Operation	Risk management	**Risk management**	• **Product- and region-centric business** • **Enhancing corporate governance** • **DX**	Create a system that supports taking on new challenges in the face of uncertainty
	Compliance	**Ensuring full compliance with all applicable laws/regulations**		All people working at Toyota act with integrity to fulfill expectations from the society

Sustainability Issues and Initiatives: Materiality

Major Themes of Sustainability Initiatives

President Koji Sato has identified the following key initiatives to carry out in order to address our material issues. These key initiatives were selected with a focus on the next decade and beyond and because, although they should be tackled immediately, they span multiple functions or present challenges in terms of decision-making on an individual corporate function basis, due to such factors as a lack of short-term cost-effectiveness. Sustainability issues cannot be resolved overnight, and it will take a certain amount of time before our initiatives result in tangible improvements. At Toyota, we place the utmost importance on pursuing practical solutions to sustainability issues, guided by the idea of taking action today for the people of tomorrow. Together with all Group employees, we will strive to address our material issues while taking steps in our day-to-day work to achieve our vision for the future.

Promoting the active role of diverse human resources	At Toyota, we aim to promote Active Contribution by All by maximizing the diverse talents, strengths, and abilities of each team member to deliver better value to our customers. To that end, we are working to bolster systems and initiatives from the perspective of establishing employee-friendly and fulfilling work environments. We are also striving to enhance the awareness of all Toyota employees. Moreover, to empower female employees, we aim to eliminate differences in the turnover rate between male and female employees, which is a significant issue across the automotive industry. Page 140 Diversity, Equity, and Inclusion
Dramatically improving plant environments and reforming workstyles	Amid the ongoing issue of the declining workforce in Japan, we will transform the environment of our plants with the aim of realizing sustainable *monozukuri* centered on productivity and fulfillment. In this way, we will create attractive work environments that allow employees to experience the enjoyment and happiness of manufacturing. Page 51 Factories of the Future
Strengthening initiatives toward carbon neutrality, including for vehicle ownership	Guided by the multi-pathway strategy, we have made it our social mission to realize a carbon-neutral society that leaves no one behind and are advancing initiatives therein. For us to achieve carbon neutrality, we must focus on not only new vehicles but also vehicles customers already own and use. By demonstrating leadership, we will lay the groundwork toward realizing a carbon-neutral world. Page 55 Toyota's Vision for Carbon Neutrality—Overview of the Multi-Pathway Strategy
Pursuing comprehensive corporate digital transformation	Toyota aims to realize an affluent mobility society where cars, people, goods and services, and information are all interconnected in a manner that delivers greater peace of mind and convenience in people's lives. To pursue a broad range of efforts and accelerate innovations aimed at achieving such a society, we must establish an information infrastructure via digital transformation. As the first step in doing so, we will build a comprehensive information management system that goes beyond corporate functions to form linkages between everything from development to sales and after-sales services. Page 154 Comprehensive Corporate Digital Transformation
Promoting a circular economy	The automotive industry requires vast resources, and it is therefore essential that we promote a circular economy from various perspectives, including the environment, human rights, and economic security. As the first step in carefully managing valuable resources, we are working to build new ecosystems together with all of our stakeholders through development, production, sales, and recovery activities based on a circular economy. Page 76 Circular Economy

The Toyota Group's Vision:

"Inventing Our Path Forward, Together"

On January 30, 2024, Chairman Akio Toyoda addressed an audience of chairmen, presidents, and frontline leaders from 17 Toyota Group companies at the Toyota Commemorative Museum of Industry and Technology, outlining his vision for the Group's future direction and reflecting on the aspirations of our predecessors and on the core duty of an automobile manufacturer. Chairman Toyoda also set forth the attitudes needed to be embraced by Toyota Group employees in the future.

Committing to Our Next Step Forward

One of the reasons I invited everyone here to the Toyota Commemorative Museum of Industry and Technology, which is rich in Toyota Group history, is because I wanted us all to consider what lies ahead.

Let's follow the threads of history back to August 27, 1945, less than two weeks after the war's end. On this day, the Toyota Group's holding company, Toyoda Sangyo, held its first postwar board meeting.

All those in attendance had sustained the Company since its founding.

When they met immediately after the war, what did they discuss?

At that time, the Toyota Group was making a major shift in its business areas, from the textile industry to automobiles and machinery manufacturing, primarily for aircraft production.

With the end of the war, demand for machinery manufacturing instantly dried up, and the Group urgently needed to figure out how it would operate.

This board meeting was of tremendous significance in determining the direction of the entire Toyota Group.

The session was held not at the Toyoda Sangyo head office, but rather at Toyoda Automatic Loom Works, the Group's spiritual core.

When faced with a crisis, everyone comes together and returns to the Company's origins.

I believe that's how our forefathers overcame numerous crises.

And now the same is needed of us.

Today, I stand here in the hope that, on this day, the Toyota Group will commit to our next step.



ToyotaTimes

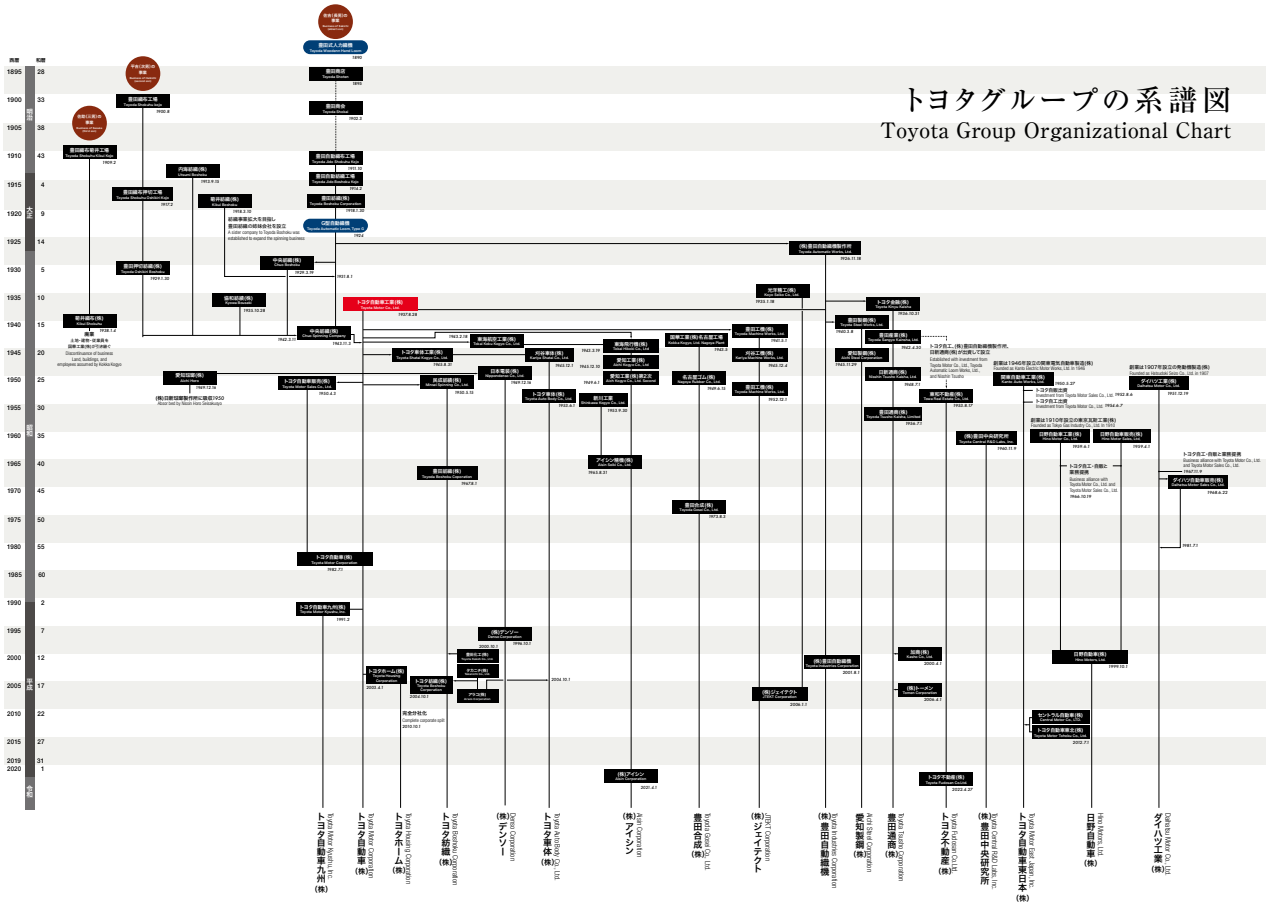
Toyota Unveils Group Vision—Chairman Toyoda: "I Will Lead the Transformation"

"Inventing Our Path Forward, Together"—Chairman Toyoda Presents His Vision for Toyota

The Toyota Group's Vision: "Inventing Our Path Forward, Together"

Passion for Invention Is the Toyota Group's True Starting Point.

The chart below depicts the Toyota Group's lineage, starting with the establishment of Toyoda Shoten in 1895.



Eager to ease the burden on his mother, Sakichi Toyoda immersed himself in researching weaving machines, and in 1890 he invented the Toyoda Wooden Hand Loom.

Thinking of others, learning, honing skills, making things, and bringing smiles to people's faces—I believe that this passion and attitude toward invention is truly the Toyota Group's starting point.

From there, Toyoda Boshoku and Toyoda Automatic Loom Works were established, extending the Company vertically like the warp threads on a loom.

In the 1930s, Kiichiro Toyoda began to get actively involved in the business.

"It is not just about making automobiles. With Japanese ideas and skills, we must create an automobile industry for Japan."

At that time, the technological standards of Japanese industry were lagging far behind the West.

He, therefore, sought to revamp the country's industrial base by producing automobiles domestically.

In addition to automobiles, Kiichiro studied aircraft. He is said to have told his son, Shoichiro, to "build a house no fire can burn down."

What Kiichiro wanted to create was happiness for the people of Japan and a future that allowed the next generation to dream.

Of course, neither an automobile nor the future can be created by a single person.

We need partners to share the struggle, to encourage and elevate each other.

Many companies in the parts, steel, rubber, and electronics industries started following in Toyoda's footsteps.

Not all bore the Toyoda name.

Despite their different backgrounds, Toyota joined forces with partners who possessed a shared purpose: to establish an automobile industry.

The Toyota Group's Vision: "Inventing Our Path Forward, Together"

As we formed alliances with companies possessing their own unique character and strengths, the Toyota Group's lineage extended horizontally, like the weft on a loom.

The Company's Founding Spirit, the Carmaker's Core Duty

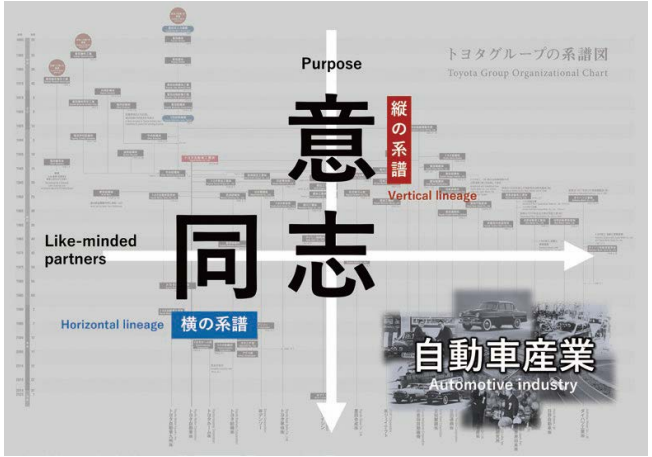
Next, please look at the lineage chart.

In the Group's vertical and horizontal expansions, I found distinct meanings.

Our vertical lineage continues to evolve through our unwavering commitment to paving the way for the future.

And our horizontal lineage continues to evolve together with our like-minded partners.

You could say we have been operating in an automobile industry that was woven together by the vertical and horizontal threads spun by our predecessors.



Do we understand and appreciate how fortunate we are?

I think the first to forget this sentiment was none other than Toyota Motor Corporation.

To make the mobility that sustains people's lives more enjoyable and richer, we need to make ever-better cars.

This is the Company's founding spirit and our core duty as a carmaker.

However, somewhere along the way, we turned into a company that prioritizes volumes and profits—a company that makes money, not cars.

When the numbers go up, you get showered with praise. And people want to be praised. No one can criticize that desire.

What we must consider, however, is where those volumes and profits are coming from.

If you merely reap from the fields seeded, plowed, and cultivated by those who came before, such a business cannot last long.

That was the case at Toyota Motor Corporation when I first became president.

The 2008 global financial crisis caused us to fall into the red for the first time in the Company's history, causing trouble for the many people who support the automobile industry.

Furthermore, global recalls caused us to lose the trust of our customers, which is of the utmost importance to us.

I considered Toyota Motor Corporation to have collapsed at that point.

Over the next 14 years I gave my all, and together with our partners managed to rebuild the Company to the point where we can once more be called a carmaker. And yet, if we are not careful, I think we will soon find ourselves back in the same situation.

The Toyota Group's Path Forward

This is not just about Toyota Motor Corporation.

Given the horizontal threads that connect us so closely, I believe that, just as Toyota Motor Corporation lost sight of its origins, the same thing is now happening at other Group companies.

When a crisis threatens a company's survival, as managers, we are always given two paths.

One heads for short-term success via stopgap measures and all-or-nothing bets.

The other leads back to the founding origins that give our existence meaning.

For us, there is only one right path—returning to the Company's starting point and fixing what had gone wrong with our character.

Yet, that is not all.

At the same time, we must always continue to sow seeds and take on new challenges for the future.

Personally, while continuing the fight to restore Toyota's essence, I vowed not to stop sowing seeds for the future, including the Toyota New Global Architecture and other R&D investments, as well as building partnerships in new fields. I carried on with unwavering commitment.

The Toyota Group's Vision: "Inventing Our Path Forward, Together"

Because such efforts weave the vertical warp threads of our lineage.

Sowing seeds does not grant immediate results. However, you also don't need to struggle alone.

Our forefathers left us Toyota's horizontal weft threads of our lineage.

Today, I am truly grateful for these connecting threads.

The future is something we all build together.

Creating Mutual Gratitude and Being Needed in the Future

Although the history of our companies and the products we make are different, I believe that all of us here share the same love and passion for *monozukuri* (manufacturing) and the same desire to make the world's children happy.

The Toyota Group's essence is about valuing the origin and character of each company and engaging earnestly and honestly with *monozukuri*.

That is, loving humanity and serving society.

With this in mind, I have formulated a vision to which all of us at the Toyota Group can return.

"Inventing our path forward, together."

Even as times change, the spirit of invention—a desire to create something better—has been passed down to us through the generations.

I believe these are our true roots.

We should all embrace the spirit of invention within us, think of others, hone our skills, and continue to make the right things.

By doing so, we will build a culture of mutual gratitude and ensure the Toyota Group is needed in the future.

I have put together a list of ideals to guide our way.

– **Aim high and care deeply.**

– **Trust and uplift your colleagues.**

– **Endlessly improve your craft.**

– **Honesty first, integrity always.**

– **Connect and collaborate.**

We Create the Path.

The world we live in is undergoing a once-in-a-century transformation.

A time when there is no right answer.

Instead of seeking instant recognition, wouldn't it be great to receive a "thank you" from those who will live in the future and those who paved the path that brought us here?

In this age of constant division, conflict, discord, and vilification, wouldn't you like to show how adults can live for the sake of children, for someone other than ourselves, and for the future?

A path was left for us by those who came before. But as yet, no path lies ahead.

It is up to us to create it.

"Inventing Our Path Forward, Together"

With mobility as our core business, we will bring smiles to people around the world.

We will build a future in which the children of tomorrow can dream more freely and more richly.

To everyone at the Toyota Group: let's invent our path forward, together.

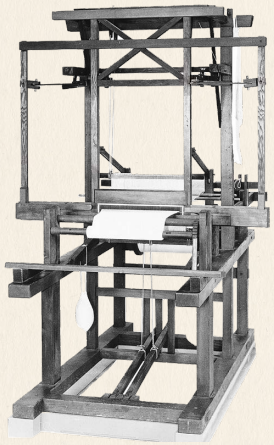


Our Founding Spirit

For the Sake of Others

Origins in Our Founder's Seeking to Ease His Mother's Burden

Sakichi Toyoda, the founder of the Toyota Group, was born the son of a carpenter in the village of Yamaguchi, now part of Kosai City, Shizuoka Prefecture, in 1867. Full of curiosity, Sakichi is said to have spent his early years reading a wide range of books, always thinking of ways he could contribute to society. One day, he came to realize how his mother toiled at her loom late into every night and he wondered if there might be a way to make her work easier. At the time, weaving was a laborious process, requiring the use of both hands and legs to control the threads of warp and weft in sequence. This desire to ease his mother's burden led Sakichi to invent his first loom at the young age of 23. This loom, the Toyoda Wooden Hand Loom, could be operated with only one hand and realized significant increases in efficiency. Sakichi obtained a patent for the loom in May 1891.



Toyoda Wooden Hand Loom, Sakichi's first invention
(Photograph provided by the Toyota Commemorative Museum of Industry and Technology)

In pursuit of greater increases in capacity, Sakichi undertook the development of a powered loom, eventually inventing Japan's first, the Toyoda Power Loom. He received a patent for this loom in August 1898.

Sakichi continued to invent and refine looms for more than two decades, with his efforts culminating in the invention of the Non-Stop Shuttle Change Toyoda Automatic Loom, Type G. Completed in 1924, this loom was created together with his son, Kiichiro.

At the time, automatic looms required operators' constant attention as there was no way of knowing when a thread may break or another irregularity might occur. The Type G automatic loom, meanwhile, was equipped with a mechanism for detecting when a warp or weft thread ran out or broke, automatically stopping the loom in such cases.

Moreover, the Type G was capable of automatically changing the loom's shuttle when the weft thread was close to running out. Previously, to change the shuttles holding the weft thread, operators were required to use their mouths to suck the end of the thread through the eye of the shuttle. It was thus common for operators to inhale cotton dust and develop lung complications as a result. The Type G employed an innovative method to pull the thread through a simple hand-based action that took advantage of the thread's tension.



Type G automatic loom

Kiichiro inherited his father Sakichi's passion for serving others and making their work easier—as seen in the consideration Sakichi showed for his mother and his employees who launched his career as an inventor—and this spirit remains a core value of Toyota today.

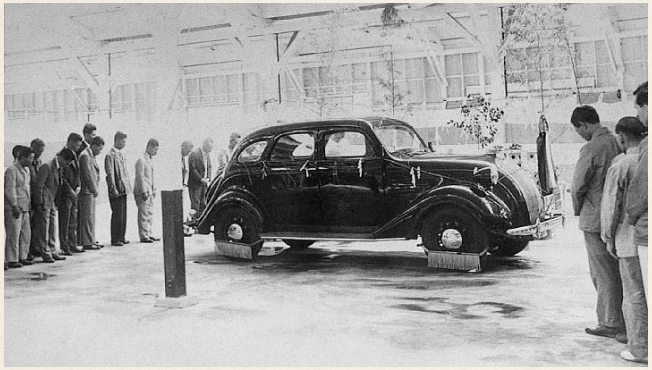
The Type G automatic loom boasted the pinnacle for performance among the looms of the time, increasing productivity more than twentyfold and dramatically increasing textile quality in comparison with other existing looms. The success of the Type G fueled the drive that would lead Kiichiro to devote his life to establishing a Japanese automotive industry more than 80 years ago, at a time when it was considered impossible to conduct automobile production in Japan.

Creation of a Japanese Automotive Industry Through Domestic Automobile Production

Kiichiro Toyoda, the son of Sakichi, was born in 1894. After graduating from university in 1921, he joined his father's company, Toyoda Boshoku. At this company, he made his first trip to Europe and the United States. Ford Model Ts were a common sight on streets in the United States in the 1920s, symbolizing the dawn of the automotive era. At this time, Japan was also witnessing a gradual rise in the number of imported automobiles, though only people of wealth or high social status were able to use vehicles.

Kiichiro was already determined to establish a Japanese automotive industry through the domestic production of automobiles. In 1926, Kiichiro became a managing director of newly established Toyoda Automatic Loom Works, Ltd. It was at this time that he began researching automobiles in earnest. Subsequently, Toyoda Automatic Loom Works went on to establish an automotive department in September 1933 and enter the automotive

Our Founding Spirit



Ceremony commemorating the completion of the Model A1 prototype passenger car

business officially in 1934, completing its first engine prototype soon thereafter.

The first Toyoda Model A1 prototype passenger car was completed in 1935, and the Toyoda Model G1 Truck was announced in the same year. The following year, mass production of the Model AA passenger car commenced. Later, in 1937, Toyota Motor Co., Ltd. was established, and Kiichiro became its president in 1941.

Management Crisis, Labor Disputes, and Commitment to Providing Employment

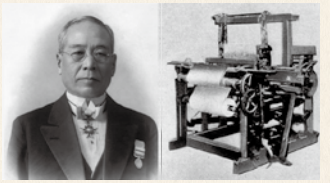
In postwar 1949 Japan, rapid stabilization of prices triggered a reduction in the currency supply, which in turn sparked serious shortages in funds for industry and led to what would become known as the Dodge Line Recession. During this recession, the officially fixed price of automobiles remained unchanged, even as the prices of iron, steel, and other materials rose, striking a devastating blow to the profitability of Japan's automotive industry.

In a move to overcome this crisis, Toyota Motor and its labor union signed a memorandum in December 1949 stating that the Company was at all costs to avoid job cuts as a means of dealing with the crisis. Kiichiro had faced employment issues at Toyoda Automatic Loom Works during the Showa Depression in 1930, and this experience cemented his commitment to never again allow such a situation to arise. Entry into the automotive business was, in part, a means of diversifying operations with the goal of preventing any recurrence of employment problems. He was thus firm in his resolve to avoid job cuts at all costs, even in the face of the 1949 management crisis.

Negotiations with the Bank of Japan regarding a reconstruction plan for Toyota Motor began in January 1950. In April of that year, Toyota Motor Sales Co., Ltd. was established to resolve the problem of delays in payments for vehicles, a major cause of the Company's financial troubles. Far from improving, however, the situation worsened further. With no signs of improvements in performance, labor–management negotiations with the Toyota Motor labor union escalated into a protracted dispute. During collective bargaining that April, the Company proposed a reconstruction plan that focused on job cuts. The labor union, however, expressed its dissatisfaction with the plan, and the dispute continued for another month and a half until a memorandum was finally signed in June.

Accepting responsibility for the labor disputes, Kiichiro Toyoda stepped down from his position as president of the Company in May 1950. In March 1952, he agreed to make his much-awaited return to the position. However, he passed away before he could do so, at the age of 57. Nevertheless, his aspirations were kept alive by his colleagues, who upheld his commitment to realizing an entirely made-in-Japan vehicle, even as other Japanese automobile manufacturers formed technical alliances with U.S. and European manufacturers. These efforts led to the 1955 launch of the Toyopet Crown, the first passenger car to be developed and built entirely in Japan, a long-held dream of Kiichiro.

Enduring Spirit of Sakichi and Kiichiro Toyoda



Sakichi Toyoda



Kiichiro Toyoda

Born into a poor farming family, Sakichi Toyoda was driven by his desire to make others' work easier. Such was his desire, he pursued the self-learning that enabled him to invent automatic looms and eventually build the foundations of Toyota. His son, Kiichiro Toyoda, was not content to merely follow the easy path his father had laid out for him. Rather, he took on the challenge of producing automobiles in Japan, something that was considered impossible at the time, overcoming tremendous social changes as he built the Company and consequently the foundations of Japan's automotive industry. The spirit they embodied—of striving to stay ahead of the times and endeavoring to be studious and creative for the betterment of lives and society—lives on in Toyota today and has become a core part of the Toyota identity.

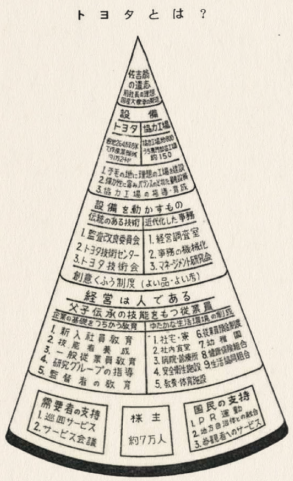
Toyoda Principles and Toyota Philosophy

In 1935, five years after the passing of Sakichi Toyoda, the Company had grown to more than 10,000 employees, welcoming many new employees as it developed its automotive business in earnest. To accommodate this broadening employee base, a way was needed to convey Sakichi's principles to all employees and confirm that these principles are being embodied in every aspect of their work. It was this need that led to the formulation of the Toyoda Principles.

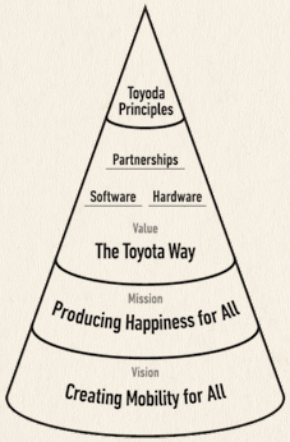
In addition, the management team that took over after the resignation of Kiichiro, Sakichi's son, further codified the Toyota Philosophy, encompassing Toyota's values, priorities, and strengths, to answer the fundamental question "What is Toyota?" and to ensure that we never lose sight of our origins.

The automotive industry is undergoing a once-in-a-century transformation. In the same way that Toyota transitioned from a loom manufacturer to an automobile manufacturer, the Company is now once again reinventing itself as a mobility company.

Thus, we have created the Toyota Philosophy Cone—a graphical representation of the Toyota Philosophy presented in a shape that evokes both the spools of thread used in looms and the traffic cones used to direct cars—to serve as a signpost to guide our steps in this era of uncertainty.



Toyota Philosophy Cone



ToyotaTimes With an eye toward "Producing Happiness for All" - Selections from Toyota's 1H/2Q financial results Q&A session

DNA Toyota's basic principles—**Toyoda Principles**

The Toyoda Principles, or Five Main Principles of Toyoda, have always formed the core tenants of the Toyota Group and functioned as the basic principles underpinning the corporate philosophies of all Toyota Group companies and the actions of all employees.

Modern Interpretation
- We unite as one team regardless of rank in order to contribute to our people, society, and communities.
- We develop and learn from outstanding ideas and cutting-edge technologies across the world. We enhance our capabilities utilizing our own wisdom and create new value to continue to lead the change.
- We focus on work that is value-adding, with integrity and practicality, by avoiding superficial matters.
- We build a sense of community and promote the personal growth of our people while valuing mutual trust and equal partnership with our stakeholders.
- We show humility for the support of our business by our valued stakeholders and society while also respecting the diversity of the world.


Toyoda Principles

Value Value that Toyota can promise to stakeholders—**Toyota Way**

Our goal is to transform mobility into new possibilities for society, but the road toward reaching this destination will not always be easy.

Together with an exhaustive commitment to *monozukuri* (manufacturing), we must also exercise our imagination regarding the possibilities of people and society. These tangible and intangible aspects together power Toyota.

Our imagination is a tool for refining our *monozukuri*, and our *monozukuri* sparks new inspirations that drive our imagination. In advancing this cycle, it is essential to adopt the perspectives of others and to seek to accommodate their needs.

We work with our stakeholders and partners, each elevating the other, uniting our strengths to create new and unique value. This is New Toyota Way 2020.

Mission Toyota's mission since its founding—**Producing happiness for all**

Born into a family of poor farmers, Sakichi Toyoda built the bedrock of the Toyota we know today by teaching himself the skills needed to invent the Toyoda Power Loom. Abandoning the easy path left by his father, Kiichiro Toyoda took on the challenge of making automobiles, despite many saying it was impossible at the time.

Their aspirations were carried on by their colleagues and those who came after them to shape the Toyota of today. Their true aim was to produce happiness for any customer who used their products as well as happiness for every person involved in the work related to those products. At the core of their aspirations was the mission of producing happiness for all.

However, during Toyota's long history, there have been times when we focused more on numbers than on people, particularly during our period of rapid expansion in the late 20th century when we faced many problems, including quality concerns and trade friction.

Let us not forget that there are some things that machines cannot create. Only humans can invest the time and energy to bring life to such things. We strive to stay ahead of the times, endeavoring to be studious and creative for the betterment of lives and society. By leveraging our technological prowess, we bring a future of convenience and happiness within the reach of all. This is our mission—producing happiness for all—and the core of what makes us Toyota.

Vision The future vision that Toyota aspires to—**Creating mobility for all**

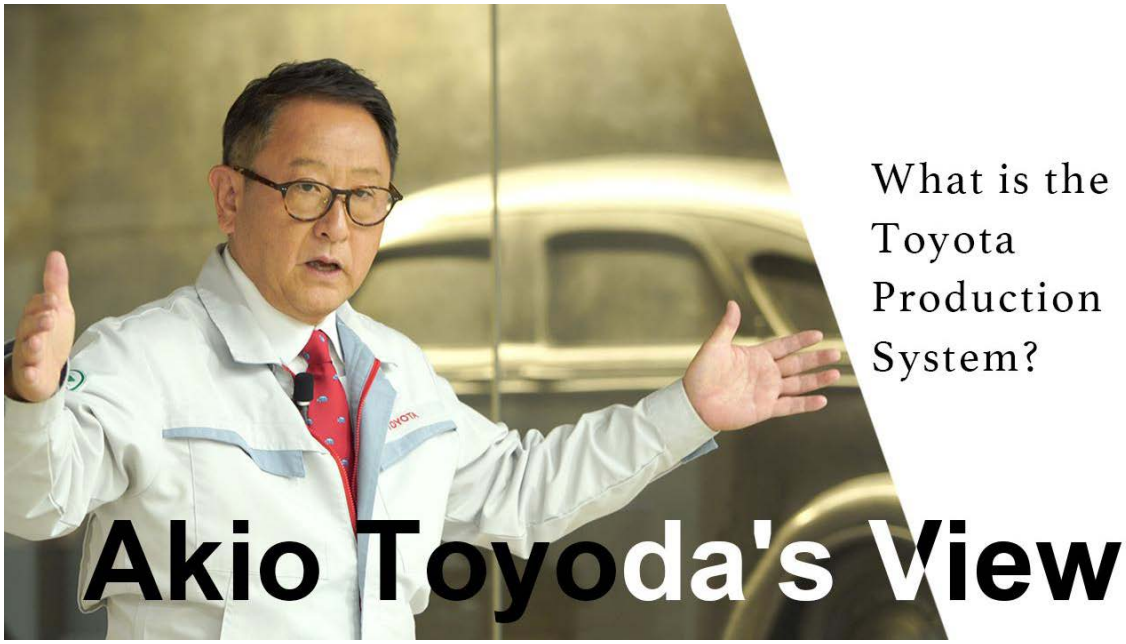
Toyota strives to increase the mobility of people and things to unlock new possibilities for people, companies, municipalities, and communities while maintaining a sustainable and harmonious relationship with the planet. This is our new destination.

The development of the automotive industry has made mobility more accessible, bringing people and society closer. As a result, more people than ever can now experience mobility and with it the joy of driving.

Nevertheless, there is still so much that mobility can do to eliminate inconveniences and make the impossible possible.

"To move" can refer to physical motion as well as to the experience of being emotionally moved. In other words, mobility has the power to move not only things but also hearts, minds, and bodies and even society itself.

Toyota Production System



1. Desire to Make Others' Work Easier

There are two key concepts that have remained a core part of the Company even before the birth of the Toyota Motor Corporation we know today: "just-in-time" and "automation with a human touch."

Our history of automation can be traced back to the automatic loom developed by the Company's founder, Sakichi Toyoda. The first loom Sakichi made was based on his desire to help ease the burden on his mother, who toiled long into every night at her loom. This automatic loom could be operated using only one hand, a breakthrough innovation at a time when looms required the use of both hands to control the threads of warp and weft. Sakichi's loom thus dramatically improved productivity.

These concepts shaped the Toyota Production System (TPS). People often think of TPS as being a process of making things more efficient, and TPS is often spoken of as though its main purpose was the transformation of work processes to improve efficiency. In truth, however, the purpose of TPS is to make others' work easier.

2. Main Purpose Outside of Productivity Improvements

The Type G automatic loom is the machine that helped transform the structure of Toyota's business.

At the time, each automatic loom needed to be monitored by one operator at all times. Operators were the "guards" of their machines, and that was because they were unable to predict abnormalities.

The most common abnormalities were when automatic looms would run out of thread or when the thread would break. The Type G was able to detect such abnormalities, even at this time before sensors.

The Type G was also capable of automatically changing the loom's shuttle when the thread ran out to another shuttle with a new thread. As the shuttle needs to have the end of the thread sticking out, prior to the invention of this machine, it was necessary for operators to use their mouths to suck the end of the thread through the eye of the shuttle. And, because there was a lot of cotton dust in the air in textile factories, it was thus common for operators to inhale this dust and develop lung complications as a result.

Another feature of the Type G was that the end of the thread would come out on its own after the thread was cut. This feature, also invented by Sakichi, eliminated the need for operators to suck out the thread.

This invention was the result of Sakichi simply exploring a desire to do something for his team members on the manufacturing front lines who were suffering damage in their lungs.

Sakichi started first by determining what constituted an abnormality and then developed a system to prevent said abnormality. This process in the end resulted in improved productivity, but the gains in productivity were not the initial goal.

Toyota Times Akio Toyoda's View on the Toyota Production System

Toyota Production System

3. Akio Toyoda's View on Automation

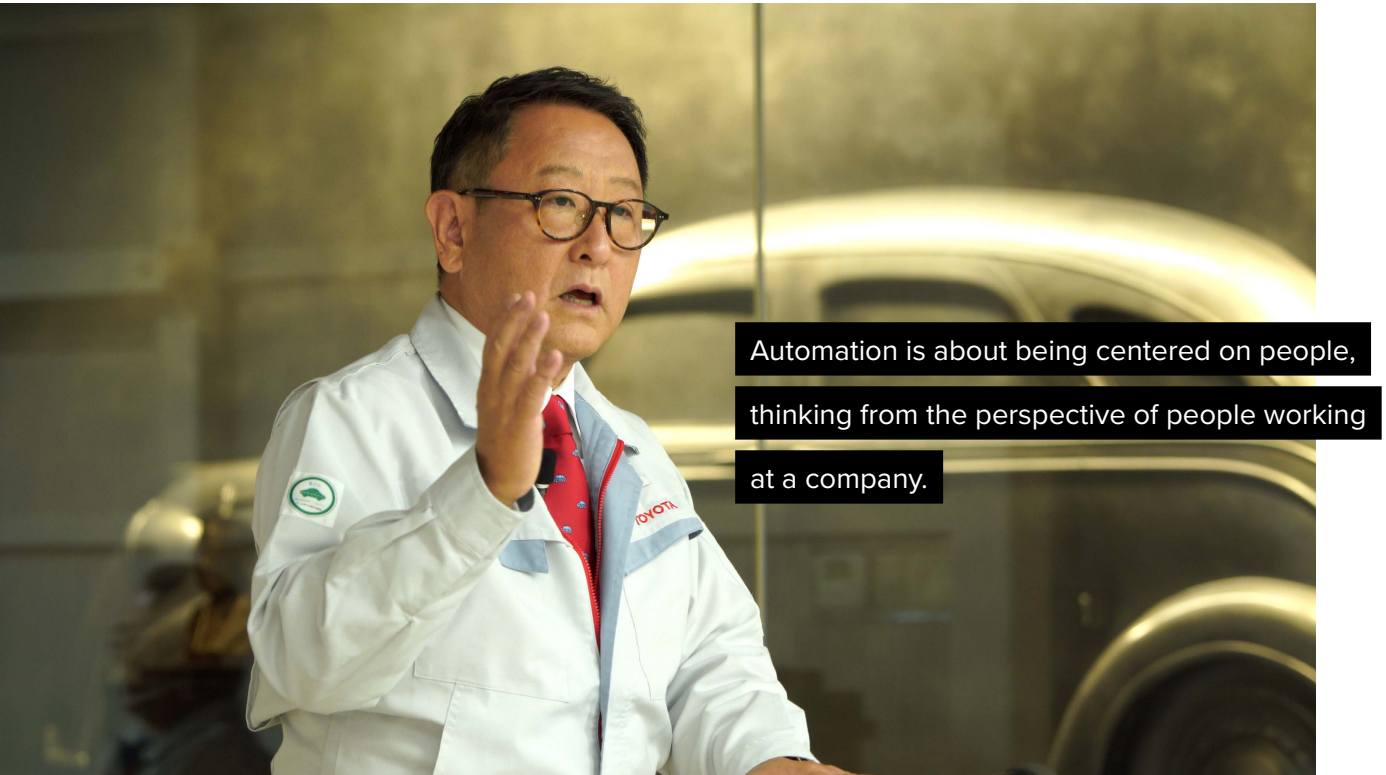
For Chairman of the Board of Directors Akio Toyoda, automation is about being centered on people, thinking from the perspective of people working at a company. One cannot just order improvements to efficiency or reductions to staff from the safety of a position removed from the front lines.

At Toyota, we embrace the concept of adjusting the amount of work per person to match the full output of one unit of manpower.

There are only 24 hours in a day, and this applies equally to everyone. Employees spend a lot of that time devoted to work for a company. For this reason, it is important for supervisors to ensure that the work being done by team members is as meaningful as possible.

Efforts are being made on the front lines of Toyota's manufacturing operations to increase the amount of time devoted to work that creates value and to reduce time spent waiting or redoing tasks.

The focus, which is about valuing each person's time, is on creating more free time for workers by eliminating wasted time in work processes to reduce overtime.



4. Akio Toyoda's Understanding of Just-in-Time

Just-in-time is a concept introduced by Kiichiro Toyoda, son of Sakichi Toyoda and founder of Toyota Motor Corporation. A phrase that is commonly used when explaining the concept of just-in-time is "provide what is needed, when needed, in the amount needed."

Chairman Akio Toyoda, however, chooses to explain this concept by using the term "lead time," which refers to the amount of time required between the receipt of an order and the delivery of that ordered product or service.

Toyota serves over 10 million customers a year, and it is impossible for us to accurately understand the needs of each of these customers.

Accordingly, responding to these needs requires a framework that allows us to detect abnormalities right away and halt the pipeline in the event of an abnormality so that we can rectify problems and make improvements quickly. This is the reason why just-in-time is so important, and the idea of lead time is the most effective tool for explaining this importance.

If we take sushi as an example, supermarkets sell ready-to-eat sushi, for which they stock inventories. On the other hand, sushi restaurants, where a chef prepares sushi right in front of the customer, do not have such inventories of pre-made sushi. When chefs receive an order, they reach for the necessary ingredients, then cut and otherwise prepare those ingredients, before serving the finished sushi to the customer. A short lead time makes that possible.

We may be able to deliver cars to customers just in time if we maintain a stock of all the necessary items, but that is not realistic. Nevertheless, we cannot give up on this idea; we must continue working to provide just-in-time deliveries while constantly shortening lead times.

Making Ever-Better Cars

Product-Centered Management

In fiscal 2009, Toyota recorded its first operating loss since its founding. In the past, Toyota had demonstrated the tenacity needed to weather seemingly any crisis, including the 1970s energy crisis and the collapse of Japan's asset price bubble, without incurring an operating loss. Despite the significance of the impacts of the global financial crisis triggered by the bankruptcy of Lehman Brothers and the subsequent global recession, this operating loss still clearly indicated the fragility of Toyota's earnings structure and corporate constitution. The operating loss at Toyota struck a massive blow to not only the automotive industry but also the economies of numerous countries and regions.

It was at this time that Akio Toyoda, the current chairman, assumed the position of president of Toyota. The message he communicated to employees was incredibly simple: "Let's make ever-better cars." Accomplishing this goal, however, would require Toyota to transition to a product lineup shaped by regional organizations, as opposed to the head office in Japan. Recognizing this fact, Toyoda appointed regional CEOs who were well versed on their respective regions and personally took part in the frontline development of products that could win the favor of customers in specific regions. Toyota was thus reborn as an automotive manufacturer boasting a full, global lineup.

Toyoda's vision of "ever-better car-making" is now enshrined as a core part of Toyota's global identity, shaping our motorsports activities, our carbon-neutrality initiatives, and even the world itself.

Product-centered management is imperative to the making of ever-better cars.

At the November 2021 Nationwide Toyota Dealers Convention, Chairman Toyoda spoke about product-centered management as follows.

Over the decades, Toyota has provided society with a wide range of products aimed at meeting customer needs, beginning with the Toyoda Model AA in 1936. Looking back on our history of car-making, I see two key themes.

The first is "sports cars."

The 1960s were a key era for Toyota's sports cars.

This decade saw the birth of many sports cars that would eventually achieve legendary status, such as the Publica Sports, Sports 800, and 2000GT. Then, in the 1980s, Toyota launched the Supra, MR2, Celica, and Levin/Trueno. In this way, Toyota had created sports cars that brought together the most cutting-edge technological prowess of the era every two decades.

Why is that?

I think it was because Toyota was treating sports car development as the front line for developing the skills and knowledge that will be passed down as well as for human resource development. For Toyota, sports car development was like a rite of renewal and rebirth carried out every 20 years.

Following this cycle, the next generation of Toyota sports cars should have hit the scene in the 2000s.

They did not. Around that time, Toyota was growing its vehicle sales, mainly outside Japan, and pursuing scale expansion. Amid that push, the role of its traditional renewal and rebirth rite was forgotten, and sports cars disappeared from Toyota's vehicle lineup.

I was not the only one who sensed how dangerous this was.

Our test drivers, in fact, felt the danger more keenly than I did. I think that feeling was part of why Hiromu Naruse, then Toyota's chief test driver, told me, very frankly, that he didn't want to be





Making Ever-Better Cars | Product-Centered Management

preached to about cars by someone who didn't know anything about them. But, he said, if I were interested, he would teach me to drive.

That was the start of my journey, under the new nickname Morizo, to becoming a master driver.

From there, though a decade later, Toyota went on to develop the LFA in the 2010s, recapturing the "secret sauce," that flavor unique to Toyota and Lexus cars.

We then revived the 86 and the Supra as well, but all of these vehicles were made in collaboration with outside partners.

We still wanted to once again make a sports car that would be all our own. This dream led to the development of the GR Yaris.

For years, I have constantly been talking about "ever-better car-making." Now, as the number of my colleagues joining me in taking action has risen, this has evolved into "ever-better car-making from a starting point in motorsports."

The second key theme is "long sellers."

Toyota's long sellers have included the Crown and Corolla, which drove the motorization of Japan, as well as the Prius, which created the hybrid electric vehicle market. More rugged long sellers include the Land Cruiser, Hiace, and Probox. The Coaster and Century were long sellers, too.

Indeed, Toyota boasts numerous models that have been beloved by customers for decades.

Despite this, when Toyota was focusing on the number of vehicles sold and making vehicles mainly for overseas markets, the position of long-selling cars within the Company shifted greatly. The Crown and Corolla began to undergo regular model changes based solely on an annual schedule, while rugged vehicles like the Land Cruiser and Hiace no longer had model changes at all. These long-selling cars had been beloved by customers and an integral part of their lives for so long, but now it was considered unimportant for them to change or evolve.

However, I believe that only by constantly changing to meet the needs of the times can a car be a long seller. We have already begun working to reclaim this approach.





Toyota's History of Car-Making Based on Two Key Themes

1. Sports Cars
2. Long Sellers

Making Ever-Better Cars | Product-Centered Management

The Vitz, as it was known in Japan, was unified under the name Yaris, which had taken root overseas, and we expanded its lineup to include the GR Yaris and Yaris Cross. Similarly, the Corolla lineup saw the addition of the Corolla Sport and Corolla Cross. Our strategy was to build a lineup tailored to current needs while leveraging the brand strength of our long sellers.

"Let's make ever-better cars."

This idea was the impetus for the transformation of Toyota's car-making.

Three pillars supported this transformation.

The first pillar, and the first that we took on, was the Toyota New Global Architecture (TNGA).

To achieve excellent performance in the basic functions of a car—propulsion, turning, and stopping—a solid platform is essential.

However, creating a new platform and promoting standardization are not so easy. I found myself wishing that Toyota had moved away from the one-model, one-platform approach and implemented platform reforms while its sales volumes and revenues had been expanding. During the very difficult time after the 2008 global financial crisis, when Toyota fell into the red and we could not increase unit sales, we all had to grit our teeth and work even harder. The fruit of this labor was a powerful tool—the TNGA.

I believe that it is precisely because we have the TNGA that we are able to restore the sports cars and long sellers that for so many years have supported the Toyota brand to their proper places and tackle the challenge of building up their lineups.

The second pillar is the in-house company system.

A defining characteristic of Toyota is its full lineup of diverse vehicles that meet a comprehensive range of customer needs.

Offering a full lineup means that we must always have people who are passionate and responsible about creating cars in all genres, from sports cars to commercial vehicles. Ensuring this is the true objective of the in-house company system.

The lure of increasing unit sales and revenues in the short term is hard to resist. This is why we must nurture people and organizations capable of focusing and placing the highest priority on creating the cars that Toyota and society really need.

The final pillar is a figure at the top who can take final responsibility. It's embarrassing to say so myself, but I think that one thing that sets Toyota apart from other OEMs is a master driver in top management.

A president who can take responsibility for the "flavor" of the products we put out. A president who is able to definitively say "no" to projects, even ones that our development teams have worked hard on, if they don't have that unique Toyota or Lexus flavor.

Morizo, master driver, and president of Toyota.

Wearing these three hats at once, I have gone to front lines myself and worked alongside my colleagues these past 12 years. I am sure that all of that effort shows in our products.

By continuing to make ever-better cars, our brand will continue to evolve.

This is what I believe to be the essence of product-centered management.

It means not aiming to be the biggest in the world in terms of units sold, but aiming to be the best in town by creating better cars that bring smiles to customers' faces.

At first, when I spoke about making ever-better cars, few understood me, or even tried to. However, thanks to the support of my colleagues who believed in me and to the support of our dealers, I think that Toyota's products have slowly but surely changed for the better.

Going forward, we will continue to do our utmost to make ever-better cars.

I hope to convey the heart and the story of Toyota, which we put into every product, to all our dealers and as many customers as possible.

Nothing would please me more than if that story were to become one of the many new stories connecting the hearts of our dealers and customers.

The Three Pillars of Ever-Better Car-Making

1. Platform reforms via the **TNGA**
2. **An in-house company system** transforming people and organizations
3. **A master driver** in top management taking final responsibility

Making Ever-Better Cars from a Starting Point in Motorsports

Chairman Akio Toyoda has often been adding "from a starting point in motorsports" when using the phrase "making ever-better cars." He spoke of his feelings toward this concept at the press conference held in December 2021 announcing the 2022 TOYOTA GAZOO Racing team members.

In 1952, shortly before his death, Toyota founder Kiichiro Toyoda wrote the following.

> "The Japanese automobile production industry must master the art of manufacturing passenger vehicles. In order to test the durability and performance of their cars, companies ought to participate in auto races, demonstrate the full performance of their vehicles, and compete for superiority. This will both lead to progress in their vehicles and spark the enthusiasm of automobile fans. Such races must not be regarded as a simple matter of curiosity, for they are indispensable to the development of Japan's automobile manufacturing industry."



I think that these words provide the core principle of "making ever-better cars from a starting point in motorsports." There were two cars that led me to this core principle. I rode in the first of these cars with racer Kamui Kobayashi at Gamagori four months before entering the Super Taikyu 24 Hours Race. It was while I was in the car that I made up my mind to enter the race.

Although four months was hardly enough time for the engineers to prepare, I safely finished the 24-hour race as well as three subsequent races. For each race, they continued to improve the car, making it stronger and faster.

The other car is the GR Yaris.

We made this car for a specific purpose: to win the World Rally Championship.

Until now, Toyota has made its race cars by modifying its mass production cars. That was the limit of what we could do.

The GR Yaris is our attempt to flip this approach by designing a race car from the ground up. From the initial stages of development, we reached out to professional drivers to have them drive the car. When problems came to light during their drives, they were fixed, and then we had them drive the car again. Development progressed nimbly, and the car evolved into one that is fun to drive. As Morizo (my driver name), I partnered with this car on the Gamagori dirt course for training to hone my driving skills.

Drive it, break it, fix it, strengthen it, drive it again, and break it again.

By repeating this process, the engineers not only advanced the car's development, but also changed themselves. I think that they came to understand Kiichiro's words not just intellectually but in a deeper, visceral way.

Come to think of it, it has been 14 years since Hiromu Naruse and I drove used Altezzas in the 24 Hours of Nurburgring endurance race. Racing on the streets toughens people up and makes cars stronger. I want to enable Toyota to make cars that way again. That may be what I have been working toward all along. In 2009, when I became president, I implored our employees to make ever-better cars.

Since then, I often get asked, "What kind of cars are ever-better cars?"

I have a certain idea of what makes a better car.

It's not necessarily the same as someone else's idea of a better car.

What makes a better car depends on the driver. It is for this reason that cars can only be made in the streets and not at a desk. However, back in 2009, not many people understood what I meant by this. It's not enough to simply tell someone that the streets make the car. I knew I had to show them what it means. That's why I continued to take part in the 24 Hours of Nurburgring endurance race.



Making Ever-Better Cars | Making Ever-Better Cars from a Starting Point in Motorsports

"The streets make cars and toughen people up" became something of a catchphrase. However, changes in car-making do not happen so fast.

On the front lines, each department was focused on its own specialized area of car-making, and they were not handling the overarching car-making process as a united team.

That was when I first went to Le Mans. It was the year after the car driven by Kazuki Nakajima, which was in the lead, suffered a mechanical failure just before the finish line.



When I dropped into the pit, the drivers talked with me. In a qualifying race, Kamui Kobayashi had seized pole position with an astounding time. He passed the trophy to me while thanking me. It made me want to get closer to the drivers and race alongside them.

Racing, however, is hard.

That year, only Kazuki's car finished the race, with the team coming in 8th overall, and 2nd in its class. The other two cars had to be retired from the race. After the race, the drivers said to me, "We're sorry it won't be at the very top, but would you stand on the winner's podium with us?"

The difference between the first- and second-place podium was a height of about 70 centimeters. I thought, is this frustration—this second-place podium—the highest we can reach? I desperately wanted to help the drivers stand at the top. I wanted to prove that Toyota could make the kind of strong car that they would want to drive. I swore to myself, standing on that podium one level down, that we would change Toyota to be capable of the kind of car-making needed to achieve that, no matter what.

That year, we took on another new challenge: the World Rally Championship, or WRC. We entrusted the task of putting together a team from scratch to Tommi Makinen. A legend himself, having won the WRC four times, he knew how to win. However, that was not the only reason I asked for his help. There were many things I wanted to learn from him, with his knowledge of a wide range of cars, including those of Mitsubishi and Subaru.

We made only one promise to each other: to make the GR Yaris at the end of the season the strongest Yaris ever. The team kept this promise.

Our current team principal, Jari-Matti Latvala, was a star driver for other teams before Toyota returned to the WRC. He was such a star, in fact, that I waited in the hotel lobby for him to come out when I first went to watch the WRC. Since then, he has helped secure numerous victories as a Toyota driver, and this season, as team principal, he achieved the Triple Crown. Over the past five years, Latvala has, without a doubt, constantly helped make the Yaris stronger as both a driver and principal.

For next year's WRC, to which Toyota will bring a new car, I am sure he will assemble a team of professionals that is like a close family and hates to lose.

Recently, I have been deliberately adding "from a starting point in motorsports" to the phrase "making ever-better cars."

For 12 years, people have told us that there's no way that Toyota can realize this kind of car-making. Now, however, Toyota has finally changed, realizing a kind of car-making in which not only its engineers and mechanics but also its professional drivers, professional engineers, and professional mechanics all work together, as a team, to advance car-making. Now that this team has come together, we have at last reached the point where we can begin making ever-better cars from a starting point in motorsports.

Motorsports are a starting point for an ever-better car.

We will leverage motorsports to make ever-better cars, from the top categories driven by professional drivers to customer motorsports vehicles driven by amateur racing drivers, the sports cars driven by our many customers, and even down to family cars, and beyond that, automated driving.

As for myself, what I know is that I love cars, and I love driving.

I am very fortunate to now have others who love cars, love driving, and are passionate about motorsports working alongside me.

> *In June 2025, Toyota participated in the 24 Hours of Nürburgring endurance race for the first time in six years and took home the class trophy with the GR Yaris. The competing car, entry 109, was equipped with the next-generation DAT* gearbox, a new technology that we were able to demonstrate through this harsh endurance race. The team, consisting of a driver, an engineer, and a mechanic, worked together to quickly deal with issues, even in the preliminary race. Master driver Morizo (Chairman Akio Toyoda) participated as a driver, embodying Toyota's principle of "making ever-better cars." Completing and winning the race are results that demonstrate the enhanced performance of the GR Yaris and Toyota's development capabilities, showing our stance of applying what we have learned on the front lines to vehicle mass production.*

Note: Direct automatic transmission

Toyota and Sports

Sports as Embodiments of the Values and Corporate Culture That Toyota Cherishes

Passion for Sports Passed Down Since Toyota's Founding

Toyota's passion for sports has been a constant since the Company's founding in 1937. That same year, founder Kiichiro Toyoda organized Toyota's first sports club: the track and field club. Since then, Toyota and its athletic clubs have grown and developed together. Chairman Akio Toyoda explains why he thinks this came to be.



Track and field club established together with the Company

More than 80 years ago, our founder Kiichiro Toyoda created a sports club along with the Automobile Division. But what was the sports club for? The spirit of "never giving up" and the spirit of "working for the team," which encourages effort on the behalf of others—I believe these were exactly the mindsets the founding members needed as they recklessly took on the challenge of establishing an automotive industry in Japan. Kiichiro must have felt that sports could help strengthen the values they should cherish, creating Toyota as we know it today.

Growth of Sports Clubs Alongside the Company

Following the track and field club, a judo club was created in 1938. As the years went on, Toyota added more sports clubs to its roster, notably soccer, rugby, and volleyball clubs. Club activities were put on hold during the war years but resumed in earnest immediately thereafter. Four clubs, including men's and women's volleyball clubs, were established in 1946 alone, and a total of twelve were set up in the five years through to 1951.

It was also in 1951 that the Company held the first-ever All-Toyota Games, an event in which Toyota Group companies competed against each other in various athletic events, demonstrating growing enthusiasm for sports activities at Toyota.

In 1964, Tokyo hosted the Olympic and Paralympic Games, a proud moment for Japan that led to increased popularity of corporate sports leagues and teams around the country. Around this time, Toyota helped establish a corporate-backed sports league, the Japan League, to allow companies from across the country to come together in friendly competition. The birth of this league helped forge ties across Japan's economic sector. It was also at this time that Toyota began expanding overseas, and its sports activities grew overseas as well alongside its business operations.

By the 1970s, Toyota had 35 different sports clubs divided among its primary working locations in Japan. For example, the Tokyo office had the basketball club, while the track and field club was in Aichi Prefecture, where the Tahara Plant is located, and at the Higashi-Fuji Technical Center in Shizuoka Prefecture it was the soccer club.

Toyota and Sports

Some of these clubs started to include athletes who participated regularly in worldwide competitions. Sports had taken a prominent position in the minds of employees at Toyota.



Opening ceremony for the All-Toyota Games in May 1965

Support That Places People and Athletes First

Through his interactions with various Para athletes, Chairman Akio Toyoda came to a certain realization. Stated in his own words, "I have become even more committed to the idea that Toyota should provide mobility solutions for all people. With this in mind, we are taking steps as a mobility company, not just by making ever-better cars but also by aiming to address various mobility needs above and beyond cars." This commitment has propelled Toyota forward with efforts to shape the future of the mobility society based on the principle of providing mobility for all and thereby creating a world that allows anyone to enjoy the freedom of movement. In this manner, we hope to help build a society in which everyone is able to participate.

As part of this quest, we concluded worldwide partner contracts with, and acted as the first mobility category partner of, the International Olympic Committee and the International Paralympic Committee spanning four competitions over the period from 2017 to the Paris 2024 Summer Olympic Games.

The decision to sponsor these events was inspired by the commitment of then-President Toyoda to support people in enjoying their lives and chasing their dreams.

Our contracts with the International Olympic Committee and the International Paralympic Committee concluded with the Paris 2024 Summer Olympic Games, but this has not weakened our resolve to support people's lives and dreams and the efforts of athletes striving to overcome all odds to accomplish the impossible. Approximately 300 Global Team Toyota Athletes from 50 countries and regions compete in the Olympic and Paralympic Games. Going forward, we will continue to offer support that places people and athletes first by lending aid to these athletes and the staff members who assist them and by helping out with equipment development.

We believe that sports are not just about competition; first and foremost they are about bringing people together. In this spirit, we have worked with local chapters of the Special Olympics* over the years, and in 2017 we became an official global partner.

The Special Olympics strives to create a better world by fostering the acceptance and inclusion of all people through sport and promotes Unified Sports that join people with and without intellectual disabilities on the same team in order to build relationships of mutual understanding and support. We endorse this pursuit and see the opportunity to work with the Special Olympics as a way to expand our own view of the world and help create a more inclusive, harmonious society.

* The Special Olympics is an international sports organization that supports children and adults with intellectual disabilities in participating in society through the organization of regular sports training and various athletic competitions throughout the year. The victors of these competitions are announced immediately at the end of each competition, rather than victory being determined through season points or other ongoing scoring methods.

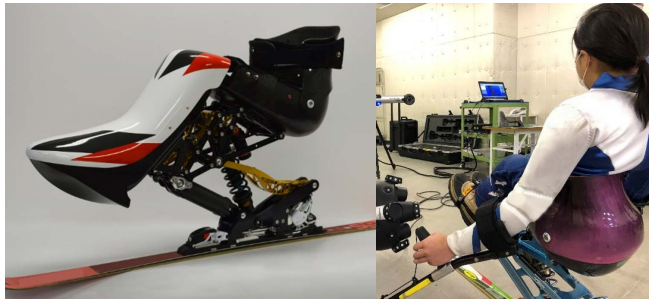
Sports as Embodiments of the Values of Toyota

Since its founding, Toyota has continued to believe in the power of sport to bring people together and boost morale, regardless of the broader business challenges it faces or how the social climate might change. We are proud of the long history of our sports teams, and we will continue to cherish them.

The values embodied in sports —taking on challenges, never giving up, working for the team, and showing respect—are also the values and corporate culture of Toyota.

Every day, across the globe, athletes demonstrate the values of hard work, determination, and perseverance.

It is our admiration for these values that continues to drive us to support the creation of a more inclusive and sustainable society in which all people can achieve the impossible.



Toyota and Sports

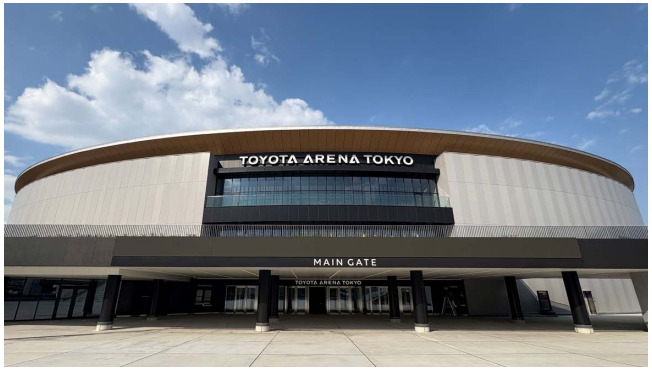
Let's Discover Potential Together! Opening of an Inspiring Arena

TOYOTA ARENA TOKYO opened in Aomi, the Odaiba area of Tokyo, in October 2025. The multipurpose arena, which is the home ground of the men's professional B.League basketball team ALVARK TOKYO, can provide various forms of spectator sports and entertainment. At the opening ceremony, Chairman Akio Toyoda offered the following words.

> ***The concept of TOYOTA ARENA TOKYO is "discovering potential together." I hope this arena becomes a place where people, especially young people, discover their potential in sports and music.***



ToyotaTimes Let's Discover Potential Together! Opening of an Inspiring Arena



Three Pillars of the Arena

1 Sports

First, in the sports domain, we are focused on pursuing original viewing experiences for customers at a completely new spectator arena. We have positioned the seats so that they all face the court, ensuring that spectators can directly view the action on the court, regardless of where they are seated. Furthermore, we have created unique hospitality spaces that combine dining and hospitality, such as freshly-prepared food served from an open kitchen in the TOYOTA PREMIUM LOUNGE.

2 Mobility

Second, we have created a space that utilizes mobility, equipped with a vehicle elevator to bring in food trucks and e-Palette on event days. Furthermore, the Toyota Group has developed a mobility service company in collaboration with Tokyo Metropolis that operates in Symbol Promenade Park in front of the arena. We are striving to work together with the surrounding businesses to solve community issues and create a lively atmosphere through mobility that utilizes our e-Palette and C+walk.

3 Sustainability

Finally, regarding sustainability, we have recycled worn-out sneakers and basketball shoes and utilized the materials in parts of the outdoor basketball court in the adidas SPORTS PARK.

Additionally, we have greenified 40% of the site by planting over 5,000 m^2 of TM9 natural grass (developed by Toyota) on the arena roof and more than 400 trees and other plants in the area surrounding the arena. We have also acquired two forms of environmental certification.*

* Leadership in Energy and Environmental Design (LEED) v4 for Building Design and Construction GOLD certification and Building-Housing Energy-efficiency Labeling System (BELS) and Net Zero Energy Building (ZEB) certification (BEI value of 0.45)



TOYOTA ARENA TOKYO is a dream destination for people who love sports, including basketball, and entertainment. We will create a community together with all our fans and the people who live, work in, and visit this area that is lively all year round and aim for the arena to become a place to unleash countless possibilities in terms of sports, mobility, and community.

We have created a canvas to share inspiration and excitement. We see TOYOTA ARENA TOKYO as a venue that we will continue to build together and hope you will help bring it to life.

Five-Brand Strategy | Century

Century

Japan Mobility Show 2025 opened to the public at the end of 2025. At the event, the Century was unveiled as the inaugural model of a new brand. The brand's goal is to share the pride of Japan with the world. Chairman Akio Toyoda proclaimed that the new brand would take on the challenge of shaping the next 100 years from Japan.



The Century Origin Story Told by Akio Toyoda

"Century stands at the pinnacle, a car in a class of its own. I believe this car was born carrying Japan on its shoulders. Today, I would like to take a moment to recount the Century story in my own words. 'It is not just about making automobiles. With Japanese ideas and skills, we must create an automobile industry for Japan.' These were the words of Kiichiro Toyoda. In the 1930s, a time when Japanese people were seen as incapable of making cars, rather than setting out to build a company called Toyota, his goal was to establish an automobile industry for Japan. He embarked on this challenge together with others who shared his vision. Then in 1938, one year after Toyota was founded, another man joined the effort. Please watch this video."

With that, a video showed how two engineers—Toyota's first chief engineer Kenya Nakamura and a young Shoichiro Toyoda—developed the original Century. With postwar reconstruction efforts making steady progress, Japan was gearing up for the Tokyo Olympics. "What we need now is a car we can proudly show on the world stage." "To be like no other." "A car that continues to inspire all who see it." Inspired by these words, Century's development team combined the latest technology with traditional skills and sought to reflect people's essential needs and aspirations.

Toyota Times — Shaping the Next 100 Years from Japan--Akio Toyoda Tells the Century Story

Century

However, the initial development of Century presented many challenges. Led by Kenya Nakamura and Shoichiro Toyoda, the development team stayed at the bachelors' dormitory of the Kanto Auto Works* Higashi-Fuji Plant. After many hours of working overtime and working all night, they brought the first-generation Century into the world. Following the video that outlined this history, Chairman Akio Toyoda resumed his narrative.

* The predecessor of Toyota Motor East Japan

"Century's development was overseen by Kenya Nakamura, Toyota's first chief engineer. His determination to create a car that was 'like no other' was evident in every aspect of Century, from its development through to its production and sale. Development began in 1963, 30 years after Toyota began manufacturing cars and only 18 years following the war. Unsurprisingly, some wondered how Toyota, which lacked tradition or prestige, could hope to create a world-class vehicle for the pinnacle of the luxury car market. Nonetheless, Kenya Nakamura was undeterred. 'Tradition will naturally develop with time. Let's create a new kind of luxury car. The Achilles' heel of today's luxury cars is that nothing innovative can be done.' Based on this belief, he boldly pursued fresh ideas and breakthrough technologies. At the same time, he adopted elements of Japanese culture and tradition, including Edo metal engraving on the phoenix emblem and Nishijin-ori brocade for the seat fabric. Through a fusion of new and traditional, Kenya Nakamura sought to create a car that was 'like no other.' Fittingly, Century became Shoichiro Toyoda's beloved car. He continued to use it throughout his life, beginning with the original model and then moving on to the second- and third- generation models. To each new generation of engineers, he constantly offered suggestions for improvement concerning such matters as achieving better straight-line stability on the highway or making sure the car could handle a stiff crosswind. On an almost daily basis, he continued giving instructions for improvements 'from the back seat.' Shoichiro Toyoda only went to such lengths for Century. Why was that? Why did Kenya Nakamura take on the challenge of developing Century—a project many at the time regarded as reckless? Here, please allow me to offer my interpretation."

Standing center stage, Akio Toyoda recounted a statement made by Kiichiro Toyoda directly after World War II.

"In their hearts was the same passion that Kiichiro Toyoda poured into establishing the Automobile Association just three months after the war's end. This association was the forerunner of the Automobile Business & Culture Association of Japan, in which I currently serve as chairman. On forming this association, Kiichiro Toyoda said, 'I want to build a democratic nation that has a significant automotive industry, help with the reconstruction of a peaceful Japan, and contribute to world culture.' These words have never left me. The mention of 'the reconstruction of a peaceful Japan' reflects a commitment to benefiting society through industry—a desire to use the power of the automotive industry to restore happiness and peace to the day-to-day lives of the Japanese people. Meanwhile, 'contribute to world culture' means building a better society through mutual understanding and cultural exchange among different countries and peoples. What the people of Japan needed at that time, I believe, was a sense of pride in being Japanese. That is why Kenya Nakamura worked together with Shoichiro Toyoda, the son of Kiichiro Toyoda, and set out to make a car that was underpinned by Japanese tradition and skills. At the same time, he sought to create a car that could be proudly displayed on the world stage and which could contribute to world peace and cultural exchange. I believe Century was created to represent 'the pride of Japan.'"

Century

Shaping the Next 100 Years



Having explained the origin story and vision behind this iconic car, Akio Toyoda turned his attention to the Japan of today, stressing that Century is needed now more than ever.

"Today, more than five decades after the birth of the inaugural Century, where does Japan find itself? The 'Japan as No.1' era is behind us. We are now in what has come to be known as 'the lost 30 years.' As a nation, Japan appears to have lost some of its energy and dynamism. In the world at large, the country's presence seems diminished. If Kiichiro Toyoda and Kenya Nakamura could see Japan today, what would they say? I suspect they would not say anything but instead leap into action. Kenya Nakamura is said to have angrily disagreed with a postwar media headline that declared Toyota was 'Starting from Zero.' 'We did not start from zero. It is true that our facilities were destroyed, and we had no materials or money. But we had the strengths and skills that Japan had built up. That is why we were able to rebuild.' Today, Japan has an automotive industry that operates on a global scale. Our monozukuri (manufacturing) skills have sustained the nation. We have stunning scenery that enchants people around the world, a rich food culture, and a spirit of hospitality. Today, we also have manga and anime, which have become synonymous with Japan. Likewise, in music and sports, young people continue to heighten the international profile of Japan.

"I believe that, now more than ever, we need the Century. The name 'Century' has been said to represent the hundredth anniversary of the Meiji era or the centennial of the birth of Sakichi Toyoda, the Toyota Group's founder. For me, however, it refers to shaping the next 100 years. Also, Century's emblem is a phoenix. In Japanese mythology, the phoenix only appears when the world is at peace. 'Century' is more than just the name of a car. It symbolizes a heartfelt desire for world peace and an endeavor to shape the next 100 years from Japan. That is what Century means to me. With Shoichiro Toyoda's passing, I came to see this endeavor as my personal mission."

After pausing briefly to compose himself, Akio Toyoda delivered his most impassioned message of the day.

"Of course, I cannot do this on my own. Thankfully at Toyota, I have many colleagues who carry on the spirit of Kenya Nakamura. Together, we have decided to launch the Century brand. Our aim is to create automobiles that are 'One of a Kind' or, as Kenya Nakamura put it, 'like no other.' Century is not meant to be just another brand of Toyota Motor Corporation. We want to cultivate the brand in a way that shows the world the spirit of Japan—the pride of Japan. The next Century begins with us."



Toyota and Daihatsu

"You" in Mind

At Japan Mobility Show 2025, President Koji Sato set out a new direction for Toyota and the Daihatsu brand.

"The displays at the entrance of the booth feature many of our seminal offerings: the Toyoda Model AA, our first attempt at passenger car production; the Type G1 Truck, the ancestor of our commercial vehicles, which are so vital to daily life; and the Toyoda Automatic Loom Type G. The Toyota Group began with a wooden loom invented by a young Sakichi Toyoda, who was inspired by seeing the arduous weaving work his mother had to endure. Through continuous improvements, later in life he invented the Toyoda Automatic Loom Type G. At the core of these efforts was a desire to act for others. This has been and will continue to be the starting point of every challenge we take on.

"We have infused the words 'to you' with the spirit of the Toyota brand. We have long worked hard to make 'Mobility for All' a reality. When we thought about the actual activities of monozukuri (manufacturing) genba (front lines), however, something always felt a little off. This 'something' was the fact that we often say, 'for all.' But, in truth, no single product perfectly suits everyone. When we are making something, we want to help someone or make someone happy. We always picture the face of a specific 'you' and keep this 'you' in mind as we make things.

By keeping a 'you' in mind, we will draw ever closer to the day when 'Mobility for All' is a reality. We realized that this is what truly drives our monozukuri—our manufacturing spirit.

A Car for Everyone





"Corolla symbolizes our 'to you' mindset. In other words, it represents our car manufacturing for a specific someone. In line with the changing eras and lifestyles, Corolla has always transformed to reflect the current 'you.' Regardless of the many different looks or body types of the car, it has always been Corolla. That is why it has always been 'a car for everyone.' To retain this status, how should Corolla evolve? The planet is vast, and the world is diverse. Roads differ, as do energy realities. That said, we all have something in common: a sense of stewardship for the planet we call home. Another thing that unites us is that we all want to drive a car that looks impressive. I think that many of us have such aspirations. Therefore, whatever the power source—whether it is a battery electric vehicle or a plug-in hybrid, hybrid, or internal combustion engine vehicle—let us make head-turning cars that everyone will want to drive! Corolla is packed with inventions aimed at realizing this goal.

"Next is the IMV Origin. When planning this vehicle, the 'you' that we had in mind were the inhabitants of rural villages in Africa. With an African 'you' in mind, we incorporated two key ideas into the vehicle. The first was to ship the vehicle from our plant unfinished. The vehicle leaves the plant without being assembled and made ready for driving. In the target region, local people assemble and complete the vehicle. In Africa, this creates new jobs in the form of assembly work. The second idea is that, after the vehicle has been assembled, customers define it on their own terms. Will it carry people or cargo? Will the cargo be boxes or something else? We just build the base. From there, each



ToyotaTimes Inventions for Every "You" —Welcome to the Japan Mobility Show

Toyota and Daihatsu

customer completes the vehicle to fit their needs. As a carmaker, we have a sense of frustration in not being able to produce a completed vehicle. However, as people have different needs in their daily life and work, the incompleteness of the vehicle is what makes it 'for you.' With IMV Origin, we are taking on the challenge of constant reinvention based on the concept of 'deliberate incompleteness.'"

Small Cars, Big Inventions

"Next, please watch this video." With that said, Sato moved off into the stage wing. Daihatsu's new commercial was then shown.

"We launched the Midget in the 1950s. Hearing people around town remarking, 'It would be great to have a small car' triggered the thought: 'Well, then, let's make one!' This led to a unique invention or daihatsumei. Making small cars is incredibly difficult. As someone who has been involved in car manufacturing, I can say this in all sincerity. But Daihatsu continues to take on such ambitious initiatives. The Midget of the future appeared at the end of the commercial. Now, as then, Daihatsu's approach to car manufacturing is unchanged. We visited towns to gather feedback on people's problems and then considered what we could do, racking our brains over how best to use our technologies that make things compact. This led to the Midget X.

"Let me introduce one more offering, the K-OPEN convertible



minivehicle. What makes the vehicle so great? It is rear-wheel drive. It is difficult to convey just how amazing this feat is, but achieving rear-wheel drive in such a compact body with a front-engine-mounted vehicle is truly incredible. You need to place the engine low, carefully package the transmission and propeller shaft, and design the pedal layout and steering so that everything fits perfectly into the body. Well, I would love to take hours explaining why, but to make a long story short, the vehicle was realized because our development engineers demonstrated expertise and ingenuity in many different areas.





"The other day, the media reported that Chairman Akio Toyoda would become Daihatsu's master driver. I think he will be driving and spend a great deal of time breaking in the Copen. So, let me say to everyone at Daihatsu, building a car with Akio Toyoda as the master driver will not be easy! Be ready for quite a ride! (Laughing) But, as an automotive manufacturer, there is no better way to make a car that is more fun to drive. I truly cannot wait to see what kind of car the new Copen will be. Daihatsu can come up with unique inventions by pursuing 'what only small can do.' We will use this strength to work together with Toyota toward 'Mobility for All.'

Toyota and Daihatsu

The Meaning of Taking On Challenges

"Allow me to mention one more thing. This 'to you' advertisement states: 'If you cannot go, mobility will come to you.' Mobility is about more than just someone getting in a vehicle and going. Another key role of mobility is getting closer 'to you' and delivering something. The car shown in the photograph here is the KAYOIBAKO. Just as cardboard boxes come in different sizes,



KAYOIBAKO comes in sizes ranging from small to extra-large. Daihatsu will make the small ones, while Toyota will make the big ones. At the beginning of this presentation, I introduced the Type G1 Truck, which was the origin of our commercial vehicles. At the time, we had just begun taking on the challenge of entering the automotive business, and the trucks that we delivered suffered many breakdowns. Each time this happened, Kiichiro Toyoda is said to have immediately rushed to the scene. This truly is the 'customer first' spirit. I believe he also had two other things in mind. One was the genchi genbutsu (on-site, hands-on experience) spirit of an engineer who wanted to go and see things for himself on-site in order to understand the causes of a vehicle's breakdown and make improvements accordingly. His other motivation was a desire to benefit society. He felt that we should not impede day-to-day life and that we must make Japan better. Firmly carrying this sentiment forward, Toyota intends to continue valuing and nurturing commercial vehicles, or 'hauling mobility.'

The slogans 'Mobility for All,' 'Act for Others,' 'to you,' and 'Daihatsumei for me' inspire our creativity and motivate us as carmakers.

This passion spurs us on to realize even more diverse forms of mobility. We imagine someone—a single 'you'—and explore how we can make that person happy. By earnestly keeping 'you' in mind, we will make a variety of even better cars and realize the ideal of 'producing happiness for all.'

"Sometimes you succeed with an invention, and sometimes things do not turn out the way you had hoped. But it is precisely because it is difficult that it is worth doing. That is what taking on challenges is all about. We want cars and well-being to be at the very center of a future that is created by every 'you' around the world. To this end, our goal is to make cars that are even more beloved and fun. Energized by a profound commitment to changing the future of cars, the entire Toyota Group will continue taking up the challenge of invention.

Lexus

Under Toyota's new brand strategy, Century has become an elevated, separate brand positioned "above Lexus," to use the words of Chairman Akio Toyoda. Speaking about the impact of these changes on Lexus, Chief Branding Officer Simon Humphries made the following comments.

"In a sense, Lexus can now move more freely. The brand should continue to push forward as a pioneer."

The Japan Mobility Show 2025's lineup of Lexus exhibits provided a glimpse into the Company's innovations. At the show, Simon Humphries outlined a new direction for the brand.

Further Evolution for Lexus



"As you just heard from President Koji Sato, the Japan Mobility Show 2025 means more to us than a single event. I hope you-d a chance to see the series of commercials we released, which set the pace for the future of each of the Toyota Group brands. From Toyota to Century, each of our brands makes a clear promise to our customers. With Century in the exclusive ultra-luxury space, Lexus now has the freedom to strengthen its promise to customers and evolve further at the heart of the luxury marketplace. This promise is to discover. We will think independently and confidently and be adventurous and innovative, all with the explicit goal of helping our customers discover a new luxury lifestyle. Today, I want to challenge your perception of what a luxury brand can be."

ToyotaTimes Imitate No One--Lexus Brand Innovation on Show at JMS 2025

Redefinition of Our Flagship

"A car brand begins with its flagship model. The flagship of the Lexus brand is the LS. Since the Lexus LS was introduced in 1989, the rules of the luxury market have changed dramatically. Once upon a time, executive sedans ruled the automotive world. Now, they are fighting a losing battle with SUVs. People are aspiring to completely different experiences. Our customers want to define things on their own terms. They want the space and freedom to curate their time with maximum efficiency. And, they are not afraid to challenge the status quo in pursuit of this ideal. Lexus has always been about more than just four wheels. We have never shied away from the challenge of discovering new products, new services, and new experiences. Now, we will redefine our flagship. LS will no longer stand for 'luxury sedan' or 'luxury SUV' but rather for 'luxury space.'



"Ladies and gentlemen, here it is, the new Lexus LS Concept! I did promise you that the future would be about more than four wheels, but you probably were not expecting six! When the vehicle's door opens, you find yourself drawn into a home away from home, your own private space, a space to truly discover sanctuary. Six wheels revolutionize the package by enabling a vehicle that maximizes floor space, provides unhindered access, and creates an environment to call your own. Space is freedom, and space is privacy. Two commodities that are simply priceless. In a frenetic world, what greater luxury is there than this?"

More Than Just Six Wheels— A Multifaceted Concept

"Even at the flagship level, more of our customers are looking for new car types and values, and they want variety. The current reality in this segment is that people no longer aspire to just one type of car. This is especially clear

Lexus

when we view the segment from a global perspective. As a brand, we believe that the emotional aspect of the driving experience will always remain at the core of people's values. Driving the Lexus Sport Concept is a chance to discover complete immersion. It engages all senses in ways never experienced before. Meanwhile, the Lexus LS Coupe Concept satisfies those who wish to have the best of everything. Designed to realize opposing characteristics, the car is as fun for drivers as it is comfortable for rear-seat passengers. Balancing seemingly contradictory requirements has always been Lexus's forte. As Lexus's flagship series, these vehicles will lead the brand into the future. In this future, you will be able to curate your own luxury lifestyle. Moreover, it is becoming clear that this future lifestyle will comprise many components.



"Since its founding, the Lexus brand has fused products with lifestyle experiences. In just 36 years, the brand has shown that we can set our minds to anything yet remain uniquely Lexus. It is a brand strengthened by



variety. The future we envisage for Lexus goes beyond the manufacturing of cars. City centers are seeing ever-greater constraints on space. This led us to ask, 'What if we took the essence of the private space we created in the Lexus



LS Concept and evolved this essence into an autonomous one-person format?' Our vision is to seamlessly connect business and leisure mobility with terrestrial infrastructure. Taking this vision one step further to its logical conclusion, our next fields are the sea and air. In other words, we will become involved in 360-degree mobility."

Luxury on Land, at Sea, and in the Air

"We foresee an era when mobility will no longer be restricted to roads. The potential for broadening the horizons of the Lexus brand is immense. For many years, we have been working with Joby Aviation, not just because their personal air mobility is smooth, quiet, and efficient but because of the new value we will create in the form of freedom. This type of mobility will fundamentally change where and how we live, enabling people to discover an independent and luxurious life that is off-grid and fully self-contained. The potential of the technology is not limited to the air. What if we could bring both privacy and adventure to seafaring? For example, we are developing an autonomous catamaran that will allow you to discover true escapism. Imagine a world in which many different spaces are interconnected by diverse forms of mobility. Cities and our brand spaces within them are gateways to a multi-dimensional way of living."





A model catamaran on display at Japan Mobility Show 2025

A Brand Continuing to Innovate for Customers

"Ladies and gentlemen, luxury is leadership, and the vanguard of luxury is forever evolving. At Lexus, we believe that everyone is their own brand. We pride ourselves on moving forward and developing with our customers. We want to help them see the world through new eyes, discovering limitless new horizons yet still feeling at home."

GR GT / GR GT3 / Lexus LFA Concept



On December 5, 2025, Toyota held a world premiere for three new sports models at the Woven City Inventor Garage in Susono, Shizuoka Prefecture.

Strength Born of Humiliation

Toyota's head of design, Simon Humphries, recounted two tales of humiliation as he stood across from the Lexus LFA Concept, which had previously been exhibited at Japan Mobility Show 2025 as the Lexus Sport Concept.

"Thank you for taking the time and trouble to come all this way to the Toyota Higashi-Fuji Plant here in Eastern Japan. Originally, this site was a press shop. As some of you may know, it was the factory where Shoichiro Toyoda and Kenya Nakamura created the first Century in 1967. The spirit of invention that was born here has been reborn as the Inventor Garage of Woven City, a facility centered on creating the future. Today will be a celebration not only of invention but of something that I know we all love: the car. The excitement, thrill, and love of speed are things for which I think everyone in this room and everyone watching online share a passion. But as with many aspects of life, a story of strength begins with a story of kuyashisa, or humiliation, in Japanese. I want to tell you two stories. I have been working as a designer for 36 years. I can honestly say that, as a designer, nothing is more painful than being told that what you have put your heart and soul into is boring. Around 14 years ago at Pebble Beach in the United States, this is exactly what happened when Akio Toyoda was told on a visit there that Lexus was boring. The feeling of humiliation was a turning point and became a source of determination."

At the time, Toyota was giving priority to volume and profits in pursuit of greater scale, an approach that led its car manufacturing to favor certain regions and models.

Chairman Akio Toyoda reflected on this period during a lecture he delivered in January 2024. "I believe this strategy stemmed from our oversized ego as a manufacturer, which led us to believe we could sell whatever we made." Over the course of 14 years, he continued fighting to transform the Company by shifting its focus from making money to creating better products. When asked how the new concept car should be showcased at Pebble Beach this year to ensure no one could call it boring, Akio Toyoda gave a very simple answer.

Just Put It Out There

"After the humiliating experience, Akio Toyoda stood up and made a promise: 'No more boring cars.' So, when we asked him about how we should present this car at Pebble Beach this year, his answer was very simple: 'Just put it out there and let the car speak for itself.' And that is exactly what we did. With no preamble, we let people form their own opinions. I was very pleased that at Pebble Beach this year, not one person said that Lexus was boring! Lexus was born to be innovative, adventurous, and original and to help our customers discover."

At this year's Japan Mobility Show, Chief Branding Officer Simon Humphries described the Lexus Sport Concept as a "chance to discover complete immersion." He recalls the ambitious initiatives undertaken when developing the vehicle.





ToyotaTimes The Pain and Humiliation Behind Ever-Better Carmaking--New Sports Models World Premiere

GR GT / GR GT3 / Lexus LFA Concept

"With this car, we wanted our customers to discover a new level of sensory immersion. This meant big breakthroughs, dramatic proportions, and packaging innovation. Just look at the stance. The rear view is just beautiful, and everything is under 1,200 mm in height. For a sports car, this was a huge challenge and a huge accomplishment. When finally finished, this car will comply with the last request that Akio Toyoda made in relation to the model, which was to completely redefine the sound of an electric sports car. We have designed the car to really 'speak for itself.' The sound did not simply come about by chance. The development of the car and its sound resulted from another tale of humiliation."

Chief Branding Officer Simon Humphries paused for a breath before beginning his second story of humiliation.

Two Engine Sounds

"This second story relates to the racetrack. Akio Toyoda told me of an experience he had at the Nürburgring 24 Hours race 20 years ago that he could not forget. It was not about being overtaken or about not coming first. Rather, he saw the earnestness with which other manufacturers engaged in racing. They were using the occasion to nurture not only new technology and new products but also the people who create them. Camouflaged prototypes of never-before-seen cars were being put through their paces on the world's most unforgiving racetrack. At that time, Toyota was not even attempting to build a car capable of racing at the Nürburgring 24 Hours race. In fact, we did not even have a sports car on sale. So, Akio Toyoda, alongside test driver Hiromu Naruse, ended up driving an old Supra. What is more, they did so under the alias of Morizo and his own unknown private team, GAZOO Racing. Every time he yielded to yet another development prototype, it was as if they were saying, 'There is no way that you guys at Toyota could build a car like this!' Well, that was then. This is now."

With that, two sports cars emerged from off-stage: the GR GT and GR GT3 prototypes.

Like the Toyota 2000GT and Lexus LFA before them, these new cars are to be positioned as flagship models. The sound of V8 engines rumbled through the venue.

The Roar of V8 Engines



The GR GT prototype



The GR GT3 prototype

Both cars have front-engine, rear-wheel-drive (FR) packaging. To achieve low weight with high rigidity, Toyota has employed its first all-aluminum body frame. We have actively incorporated a range of technologies to boost the performance of the GR GT, which was designed by first mapping out an ideal aerodynamic profile.

So, what do you think of these? The GR GT and its racecar sibling the GR GT3 will be joined by the new Lexus LFA Concept here to form the apex of sports cars for both Lexus and GR. All based on one race-bred platform, these cars will realize GR's promise of pushing the limits for better, thereby benefiting all Toyota vehicles. Moreover, they fulfill Akio Toyoda's vow to never again make boring cars.

Chief Branding Officer Simon Humphries then explained the development vision behind the two sports cars.

GR GT3: For Drivers Who Want to Maximize Their Abilities and Win

"The GT3 category is all about making cars for everyone who wants to win—both professionals and privateer racers. Speed is a must. The GR GT3

GR GT / GR GT3 / Lexus LFA Concept

racecar has all the critical elements for speed: a 4-liter V8 twin-turbo engine, a rigid aluminum spaceframe, an incredibly low center of gravity, and state-of-the-art aerodynamics. But speed alone is not enough. Races are about much more than the home straight. The real art is how speed is controlled. As our master driver Morizo (Akio Toyoda) likes to say, real-world driving all comes down to a 'conversation' between driver and car. The GR GT3 is engineered to give the driver confidence in all situations. The driver feels reassured by the 'conversation' that takes place, even in extreme situations. The feedback that the car gives to guide you in making split-second decisions is everything. Fluent communication means that you know how the car will respond, avoiding misunderstandings. This brings out the best in your abilities, so you can push the car and yourself even further."

GR GT: A Focus on the Sounds of Acceleration, Deceleration, and Braking

"The GR GT speaks to both recreational and professional drivers, whether they are two different people or you and your alter ego. An integral part of any conversation with a car is sound. This is the case not only during acceleration but also when decelerating and braking. To understand the importance of sound, look no further than a 30-minute drive from here to Fuji Speedway and its transition from the home straight into the tight first corner. You want to brake as late, deep, and fast as possible and then power out of the corner with confidence on your ideal line. This is the first time we have focused on not only the sound a car makes when you put your foot down but also the visceral, guttural sound when you take your foot off. However, the 'conversation' you have with the car on an ordinary street is different. The GR GT road car has the same V8 twin-turbo engine, but with hybrid power, and shares the DNA of its racing counterpart more than any car we have ever made. To achieve this, the development team challenged not only the limits of the car, but also the limits in the development process. Production car test drivers and racecar drivers worked hand in hand. This is a circuit-ready, everyday car. It is wild on a track day but easy to drive around town. It is the kind of car in which you can go for a stint around the track and then stop at a nice restaurant on the way home. From the performance of driving dynamics all the way down to minute adjustments in seat position, the car is designed to cover all the bases."

The 2000s saw a succession of Toyota sports cars end their production runs: the second-generation Supra in 2002, the Altezza in 2005, and the MR-S in 2007. Also in 2007, Chairman Akio Toyoda took on the Nürburgring 24 Hours race for the first time. Unable to use the Toyota name, he entered as Morizo and drove a used Altezza. Out on the race track, he had no choice but to make way for the sports cars that were being developed by European manufacturers. Then he visited Pebble Beach, where an American automotive journalist remarked that "Lexus is boring." These two moments of humiliation have spurred Toyota's pursuit of ever-better car manufacturing through motorsports.

In the words of Chief Branding Officer Simon Humphries, the Lexus LFA Concept, GR GT, and GR GT3 "symbolize a commitment to pass on to the next generation the joy of driving at the limits of what is humanly possible."

Rediscovery of Toyota's "Emotional Side"

"In a race team, there is no hierarchy. When it comes down to it, everyone is in the same pits together. These three cars will work in conjunction to bring the joy of driving to both veteran racers and new generations of car lovers. Both the V8 twin-turbo engine in the GR GT3 and the hybrid version in the GR GT run on conventional fuel and e-fuel. Meanwhile, the Lexus LFA Concept is the future of electric vehicles. These cars symbolize a commitment to pass on to the next generation the joy of driving at the limits of what is humanly possible. We will develop the technology and people needed to create a new era of driving euphoria, just as Hiromu Naruse brought his wisdom from the Toyota 2000GT to the LFA and passed it on to a new generation of test drivers. Over the last 14 years, not only Lexus and GR but all Toyota Group brands have undergone a transformation. The Company has

GR GT / GR GT3 / Lexus LFA Concept

rediscovered its emotional side. Whether this is in terms of driving dynamics, engineering, production, or my field of design, the Company's mindset has fundamentally changed. How a car looks and feels is entirely subjective. Spending time in the pits with Akio Toyoda as the master driver helped us understand how to give a car a story. Even though he is pushing 70 this year, Akio Toyoda went back to where it all began 20 years ago: the Nürburgring 24 Hours race. I can make one guarantee: with these three cars in front of him, for many more years to come he will be powerless to stay away from the race. Equally, there was no way he could miss the chance to be here today.

"Ladies and gentlemen, here is Akio Toyoda!"



Hiromu Naruse's Legacy and Morizo's Role

"About 30 years ago, only Hiromu Naruse and I were enthused about car manufacturing. Little by little, like-minded colleagues joined the effort. When the LFA was finally completed, Hiromu Naruse said with a big smile that I had never seen before, 'This is the first time I have only had to look forward when driving at the Nürburgring 24 Hours race.' Until then, we had constantly been overtaken by other cars. Now, we had a car that overtook others. I could feel how truly happy he was. That did not mean that the sense of humiliation had entirely dissipated. Although the LFA went into mass production, the volume of production was limited. We started to win races, but we were only topping our class. Many cars were still faster than ours. I could imagine a voice saying, 'There is no way that you guys at Toyota could build a car like this!' I will never forget the feeling of humiliation.

"This pain deeply motivates me even now. One day 15 years ago, I suddenly assumed the role of master driver. Hiromu Naruse left me with a 'secret sauce' for manufacturing cars that was made from the pain of humiliation. He also left me colleagues who shared in this pain. Using the pain and frustration as motivation, we simply continued focusing on making ever-better cars. Our achievements include the GR86, GR Supra, GR Yaris, and GR Corolla; hydrogen-powered engines; our performances in the Super Taikyu Series and the Nürburgring 24 Hours races; and now these latest cars. At Toyota today, I now have many colleagues with an approach to car-making that shows they share my conviction! I want to entrust our car manufacturing to these colleagues. and I want to make cars with them so that our 'secret sauce' can be passed on to future generations. You can count on us to keep you excited."

At these words, the venue erupted in applause. Akio Toyoda waited for it to subside before continuing.

Master Driver Morizo

"My life has been a series of battles. Through them, I have come to realize that my role is to be a 'rear guard.' Rather than being president or chairman, my real role is to help comrades take refuge from battles and reach safe places that allow them to fight with greater robustness and win the next battle. As Morizo, I am not ready to stop yet! I will keep on running until I drop!"



TOYOTA WOVEN CITY

Official Launch of Toyota Woven City, A Test Course for Mobility

Toyota aspires to transform into a mobility company. On our journey toward accomplishing this goal, Woven City will function as a "mobility test course" for creating new products and services.

Toyota and its Group company Woven by Toyota, Inc. are advancing the Woven City project.

Woven City saw its official launch on September 25, 2025, with companies and individuals commencing demonstrations of various products and services, and some residents have begun moving in.

Access to this facility will not be limited to the Toyota Group. Rather, we hope to make Woven City a place where external stakeholders who share our desire to act "for others" can also use the environment, in which people actually live, to create new value to help shape a better future and enhance well-being for all.

At the official launch, Akio Toyoda made the following comments.

> *Woven City is all about "multiplication" (kakezan). No single company can create meaningful kakezan on its own. It takes at least two. Let's multiply all these smiles together.* Don't you think that we can weave together a future full of happiness?*
>
> * In Japanese, the number "2" is pronounced "*ni*," which naturally lifts the corners of your mouth, like a smile. So when everyone says "*ni*," the act of speaking the word itself makes everyone smile.

ToyotaTimes Woven City Official Launch—Multiplying Smiles by *Kakezan*

Production of New Value Through *Kakezan*

The companies and individuals who utilize Woven City to develop and demonstrate new products and services are called Inventors.

By combining Toyota's manufacturing expertise, Woven by Toyota's advanced software capabilities, and the unique strengths of each Inventor, Woven City seeks to foster *Kakezan*, a Japanese concept of "multiplication," where new innovation and societal value emerge from the convergence of different ideas and capabilities.

The people who live in and visit Woven City, called Weavers, also participate in inventions through *kakezan*.

Weavers test the products and services developed by Inventors, sharing their comments on usability and opinions as feedback that Inventors will incorporate into their inventions.

A Team of Like-Minded Inventors and Weavers Answer the Call

The Weavers and Inventors who gather at Woven City aim to work together to produce well-being for all under Toyota's goal of working for others.

Toyota Woven City

Inventors are Toyota Group companies as well as the like-minded outside companies and other organizations who have joined this quest for expanding mobility.

Toyota and Woven by Toyota will also take advantage of Woven City to conduct tests as Inventors.

Additionally, Toyota is hosting an accelerator program attended by start-up companies, entrepreneurs, universities, and research institutions and is planning to make the final selection in spring 2026.*1

*1 Applications for the program are now closed as of January 2026.

Demonstration themes according to Inventors

Inventor	Co-Creation Theme by Inventor
Daikin Industries	Testing "pollen-free spaces" and "personalized functional environments"
DyDo DRINCO	Creating new value through innovative vending machine concepts
NISSIN FOOD PRODUCTS	Creating and evaluating food environments to inspire new food cultures
UCC Japan	Conducting a proof-of-concept study to demonstrate the effect of coffee on creativity and productivity
Zoshinkai Holdings	Leveraging data to realize innovative educational methods and new learning environments
Interstellar Technologies	Developing a robust rocket production system*2
Kyoritsu Seiyaku	Finding new ways to enhance human-pet coexistence
Naoto Inti Raymi	Developing future-oriented soundscapes
Toyota Motor Corporation	1. e-Palette: Enabling diverse services through a versatile BEV platform, including food and beverage offerings and other mobility service applications 2. Personal Mobility Vehicle (PMV): Providing safe, accessible, and enjoyable personal mobility through a shared service of compact, three-wheeled EVs 3. Summon Share: Delivering shared vehicles directly to users through autonomous service driving robots (Guide Mobi)
Woven by Toyota, Inc.	Smart Logistics: Simplifying the movement of goods through a delivery platform, with future applications such as cleaning and storage to support daily life

*2 Interstellar Technologies will conduct its work outside Woven City, with development support provided by Toyota and Woven by Toyota in the form of engineering know-how and technical staff.

Note: The following Toyota Group companies are confirmed as Inventors: Toyota Industries, JTEKT, Toyota Auto Body, Toyota Tsusho, Aisin, DENSO, Toyota Boshoku, Toyota Motor East Japan, Toyoda Gosei, and Toyota Motor Kyushu from the Toyota Group are also participating in tests.

The products and services developed by Inventors and exhibited at Woven City will be tested by Weavers (residents and visitors). These individuals are indispensable to the testing processes and co-creation activities and will serve a similar function to the test drivers who take part in the automobile development process. Their contributions to tests will come in the form of the feedback they provide with regard to the products and services being tested.

Following the official launch of Woven City, in September 2025, residents—primarily Toyota and Woven by Toyota staff and their families—are expected to reside in Woven City as Weavers. The community will then gradually expand to include external Inventors and their families. Under Phase 1, the total population of Woven City is expected to reach approximately 300 in the future.

Initially, visitors will be limited to related parties, with plans to welcome the general public to participate as Weavers in co-creation activities starting in fiscal 2026 and beyond.

Features of Woven City's Test Course for Mobility

Woven City is a test course for mobility that demonstrates mobility infrastructure via a three-pronged approach of people, cars, and infrastructure. The goal of this approach is to help realize the safe and secure mobility society that Toyota envisions. Up until now, Toyota has pursued this vision by focusing on the development of automobiles and working to make ever-better cars on dedicated automobile test courses.

However, realizing a truly safe and secure mobility society requires that we expand our focus beyond automobiles and other forms of mobility to also consider the people who use these mobility options and the infrastructure that supports mobility.

Woven City functions as a test course for implementing such demonstration testing. Under Phase 1, which has been officially launched, we have included the following features.

Example features of Woven City's test course for mobility

Features	Implementation	Function
Three-type road system	Citywide	Ground-level roads are classified into three types—one exclusively for pedestrians, one shared by pedestrians and personal mobility, and one dedicated to vehicles.
Underground road network	Underground	A fourth underground road enables testing unaffected by weather or temperature conditions.
Traffic signals	Citywide	A system that coordinates traffic signals with mobility, advancing safety through a three-pronged approach (mobility, people, and infrastructure)
Multifunctional poles	Citywide	Serving as both streetlights and traffic signal posts, these poles can also host sensors and cameras used in testing and co-creation activities.

We plan to expand Woven City as an Ever Evolving City™ going forward. We will create a test course for safe and secure demonstrations throughout the entire site to support *kakezan*, such as Inventor Garage, where initial stage development and improvements of products and services are carried out, and some areas of Phase 2, which entails carrying out performance and safety tests in areas with no residents.



Quest to Become a Mobility Company That Moves People's Hearts

Woven City has officially launched, but this is just the starting point.

We will work through trial and error together with Inventors and Weavers, while improving Woven City's performance as a test

Toyota Woven City

course, to create products and services that will become the future fabric of life.

Mobility is not just the physical movement from point A to point B. It is also about being able to "move" people's hearts and creating excitement.

Moving toward inventions that will become the future fabric of life and expanding people's potential: this is our vision for expanding mobility and for Woven City itself.

Together with allies who share our vision, we will leverage Woven City to further our transformation into a mobility company that will help weave the future.



Timeline

January 2020	Announcement of concept at CES
February 2021	Phase 1 groundbreaking ceremony; start of site preparation work in March 2021
October 2022	Phase 1 safety prayer ceremony; start of building work for Phase 1 in November 2022
October 2024	Completion of Phase 1 construction
September 2025	Phase 1 official launch

Connecting the Past to the Future—Transformation of Former Higashi-Fuji Plant into Woven City

Woven City is being constructed on the site of the former Higashi-Fuji Plant of Toyota Motor East Japan, Inc. This plant functioned as a production site for Toyota for 53 years, starting in 1967. At its peak, the plant had about 2,000 employees, and around 7,000 individuals worked there over its history, producing such diverse vehicles as the Corolla Levin and the Century as well as the JPN Taxi, a vehicle that required substantial durability.

The idea to transform the Higashi-Fuji Plant into Woven City traces back to the Great East Japan Earthquake of 2011. Under Chairman Akio Toyoda's leadership, we sought to create jobs for the region's people, who were hit hardest by the disaster, by creating a third base of operations in the Tohoku region. Guided by his strong leadership, Toyota established Toyota Motor East Japan in 2012. However, the shift in production to the Tohoku region also led to the difficult decision to close the Higashi-Fuji Plant.

When Toyoda, who was still president at the time, visited the plant, a member of the plant's staff approached him, thinking of his colleagues who were unable to uproot their lives and move to the Tohoku region due to family or other circumstances. Toyoda was moved by their feelings for their colleagues, and this experience was what first inspired the proposal to use the threads of the Higashi-Fuji Plant, which remained unbroken for 53 years, to weave a brighter future by creating a massive testing city.

Immediately following the official launch on September 22, 2025, we invited employees who had worked at the Higashi-Fuji Plant to an event at Woven City.

Senior vice president of Woven by Toyota, Daisuke Toyoda, gave the following speech.

> *"There is something I wanted to say to everyone from Toyota Motor East Japan: "Welcome home." Given how much things have changed here, it may not feel quite like "home" to you anymore. However, if I may say so, we believe we are carrying on the spirit of Higashi-Fuji. The Woven City project is about connecting our past and present to the future. Even though we don't yet know all the answers, we want to explore and shape it together with everyone."*

Going further into the past, this spirit was first seen in Toyota Group founder Sakichi Toyoda's drive to invent an automatic loom out of a desire to make his mother's work easier.

The name "Woven City" comes from the concept of how multiple threads can be woven together to create a fabric that is stronger and more vibrant than the threads themselves.

The mindset of "working for the sake of others" that was held by Sakichi and his colleagues who worked at the Higashi-Fuji Plant is also being integrated into Woven City, and we will advance demonstrations at Woven City aimed at "well-being for all" together with all our diverse Inventors and Weavers.



Toyota's Vision for the Mobility Society

Toyota Mobility Concept

Carbon Neutrality and Expansion of the Value of Mobility: Two Principles of the Toyota Mobility Concept

Toyota is committed to evolving automobiles to be more useful to society based on the essential values for which they have become known—being safe, secure, and fun to drive. We also seek to realize a mobility society in which everyone can move freely, happily, and comfortably. As we work toward such a future, we will continue our transformation into a mobility company in three domains. Mobility lies beyond the future of the car. Cars lie at the center of our transformation into a mobility company.

To expand the possibilities of automobiles, it is essential we evolve them based on our long-cherished values of being the best in town and making ever-better cars.



AUTOMOTIVE COMPANY

1.0 TRANSITIONING CARS to MOBILITY

2.0 EXPANDING MOBILITY ACCESS

3.0 SYNERGY OF MOBILITY & INFRASTRUCTURE

ToyotaTimes Accelerating the shift to a Mobility Company: President Sato Talks about Toyota's Future

Toyota's Vision for the Mobility Society | Toyota Mobility Concept

Toyota Mobility Concept



Toyota's Vision for the Mobility Society

Product-Centered Management

The challenges our industry faces—carbon neutrality, connected mobility, and AI—cannot be solved by a single company acting alone. True breakthroughs emerge from synergies created when diverse people with varying perspectives collaborate and engage in lively discussion. We believe that co-creating in this manner is key to shaping the future.

For example, take our recent collaboration on battery technology. Through continued development efforts, Toyota has successfully reduced the size of its all-solid-state batteries by one-third compared with conventional batteries while maintaining performance. These batteries are compact and lightweight, offering both short charging times and exceptional durability, and are targeted for commercialization in 2027 to 2028. These technologies will enhance the flexibility of BEV proportions and packaging, enabling designs that strike a better balance between aesthetics and performance.

BEVs are just one pillar of Toyota's multi-pathway strategy for becoming carbon neutral. We are working with our partners on the development of carbon-neutral fuels such as biofuels and synthetic fuels, striving to lower the CO_2 emissions of our existing vehicles. We also see great potential in hydrogen. For commercial vehicles, we are collaborating with Daimler Truck Holding AG, and for passenger vehicles, we are working with BMW, as well as the governments in Fukushima Prefecture and Tokyo, to expand the use of hydrogen in both markets. In Japan, with the support of the government, we have begun introducing light-duty fuel-cell trucks for logistics in regions such as Fukushima and Tokyo. By promoting the wider adoption of hydrogen in commercial vehicles, which consume large amounts of fuel, we aim to accelerate infrastructure development to help contribute to the realization of a hydrogen society wherein hydrogen fuel can be stable and reliable.

Furthermore, we are expanding the possibilities of mobility across land, sea, air, and even outer space. Our collaboration with Joby Aviation, Inc. on Joby's electric vertical take-off and landing aircraft (eVTOL) has the potential to transform people's sense of distance and time, and we are working with them to steadily progress to open up a new dimension of mobility. Furthermore, we are venturing into the satellite and rocket fields with Interstellar Technologies Inc. and are also working to provide solutions to terrestrial issues through satellite communication.



Initiatives for Future Growth

The ultimate goal of automated driving and Software Defined Vehicles (SDV) is to realize a world with zero traffic accidents. Driving assist technologies and automated driving are expected to further reduce the number of accidents, but responding to unpredictable situations such as sudden obstacles emerging from blind spots requires information from the infrastructure side. We are building a system that integrates vehicles, people, and infrastructure, enabling the prediction and prevention of accidents before they occur. Demonstrations are already underway in Japan and China, and we are working steadily toward realizing a safe and secure mobility society in collaboration with many partners.



In addition, Toyota Research Institute is taking on the challenge of developing AI robots that work and grow together with humans as partners, rather than simply replacing them. To accelerate demonstrations and the advancement of these technologies, we are leveraging Woven City, a mobility test course. Woven City, which held its grand opening in 2025, brings together partners, universities, start-ups, research institutions, and other diverse part ners to turn innovative ideas into reality. From here, Woven City will pave the way toward the next generation of mobility.

Today, Toyota has outstanding partners who share our vision and are committed to creating the future together. They are like-minded allies who share a long-term perspective and the belief that collaboration accelerates progress. Together with these partners, we will realize the future of mobility and the sustainable growth of society.



Toyota's Vision for the Mobility Society

Region-Centered Management

Value Creation Rooted in Each Community: The "Best in Town" Philosophy and Toyota's Regional Strategy



The foundation of Toyota's region-centered management is the concept of "best in town." This concept does not aim to maximize global sales volume or market share. Instead, it reflects our commitment to remain the company that stays closest to customers' daily lives and earns their trust in each community. Mobility is an integral part of everyday life. By continuing to address the unique challenges and expectations of each region, we believe we can achieve sustainable, long-term growth.

Being recognized globally and being needed locally are not always the same. Toyota has achieved the former by steadily accumulating the latter. "best in town" expresses this management approach.

Customer-First Mindset

"Best in town" does not simply mean providing high-quality products. It means understanding customers' lifestyles, culture, road conditions, climate, and values and providing mobility that best fits each region.

Even the same vehicle may be used differently depending on the environment. Cold climates, deserts, urban areas, and rural communities require different performance and value. For this reason, rather than applying uniform global strategies, we emphasize systems that allow decisions and actions to be made locally.



This philosophy extends beyond product planning and design to sales and after-sales services. Dealers around the world serve not only as sales locations but also as our closest points of contact with customers. Feedback gathered through daily dialogue serves as the starting point for product improvements and new initiatives.

For Toyota, volume and share ultimately represent the trust we build with customers. The accumulation of this trust has supported our business over the long term.

Region-Centered Operations

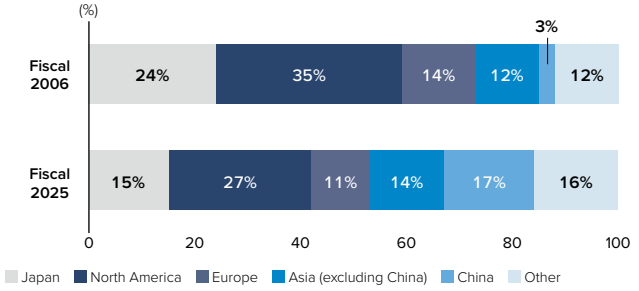
Toyota operates by dividing the world into eight major regions and managing each business based on the characteristics of those regions. Economic conditions, social issues, and levels of market maturity vary significantly from one region to another. For this reason, we have established a structure that enables each region to assess its own circumstances and customer needs and to make decisions and execute initiatives locally.

The cornerstone of this approach is our commitment to stay close to people's lives and contribute to local communities through mobility. While the best solutions may differ by region, our overall direction remains the same. This approach remains consistent across both emerging and developed markets. Guided by our belief that "no one should be left behind," Toyota has continued to offer a full global lineup. Leaders in each of the eight regions work closely with customers and local communities to deliver vehicles that best meet the needs of their respective markets.

1 Results of Region-Centered Management

As a result, we deliver vehicles to customers globally on the basis of a well-balanced business foundation, without depending too heavily on any particular region or market.

Retail Sales Volume by Region

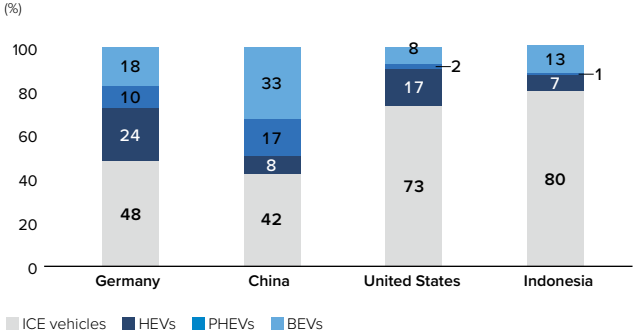


Toyota's Vision for the Mobility Society | Region-Centered Management

2 Finely Tuned Approach to Accommodate Differences in Electrification Progress

Energy conditions differ by region, and the pace of electrification and vehicle usage also varies widely. The powertrains required in each market therefore differ as well. To ensure that customer choice is never limited, Toyota continues to enhance the appeal and competitiveness of all powertrains, including battery electric vehicles (BEVs). In an uncertain environment, rather than trying to predict the future, we prepare a range of options to respond quickly to change.

Distribution of Market by Powertrain (2025)



Source: S&P Global Inc.

As examples of initiatives based on regional characteristics and focused on staying close to people's lives and contributing to local communities, we will introduce here the Innovative International Multi-Purpose Vehicle (IMV) series and our initiatives in China.



Returning to the Origins of Mobility: The IMV Series

The IMV series is designed to support the diverse lifestyles of customers around the world, including those in emerging markets. While the frame, engine, and basic structure are shared globally, the body, specifications, and intended uses are optimized for each region. Since the launch of a new pickup truck in Thailand in 2004, the series has expanded to more than 180 countries and regions and continues to evolve in line with local needs.

As customer needs diversify worldwide, Toyota has sought to provide high-quality, affordable vehicles by leveraging flexible hardware that enables customers to tailor vehicles to their lifestyles. Guided by this commitment and returning to our original concept of creating a truly affordable pickup truck that supports working people, we introduced the IMV 0 in 2023. In addition to its affordable price, the IMV 0 offers a high degree of flexibility, enabling a wide range of uses from business to personal applications. As a result, it has been well received, including by first-time vehicle buyers.


IMV 0


IMV Origin

IMV Origin, unveiled at Japan Mobility Show 2025, represents a new initiative to expand the IMV approach to regions where mobility remains a daily challenge. Vehicles are shipped from the factory in an unfinished state, with final assembly carried out locally. This approach creates new jobs in vehicle assembly within the community and contributes to the development of employment opportunities and skills. In addition, by allowing flexible customization to suit a wide range of lifestyles and work needs, IMV Origin aims to deliver mobility that best fits the unique conditions of each region.

IMV Origin takes a life-centered rather than product-centered approach. By enabling people to transport as many goods as possible safely and efficiently, it aims to improve quality of life and support changes in how people work and live.

– Toyota believes that mobility can support people's lives and livelihoods. –

The IMV series is one example of how we put this belief into practice. By working closely with local communities and addressing the specific challenges and conditions they face, we develop mobility solutions that are rooted in everyday life. Through these efforts, the series reflects Toyota's commitment to providing mobility for all.

Toyota's Vision for the Mobility Society | Region-Centered Management

Autonomous Initiatives in China

In China, many customers place a strong emphasis on interior comfort and space. Reflecting these preferences, vehicles have continued to grow in size, and China leads the world in BEV adoption. The market has shifted toward new-energy vehicles, including BEVs, which now account for a significant share of sales. At the same time, changes in the market environment and product cycles are rapid, and competition continues to intensify.



bZ5



bZ7

To better meet the needs of customers in China, and deliver smiles to its customers, Toyota has enhanced its on-the-ground approach and established an autonomous operating structure specifically tailored to the market. Functions ranging from research and development to battery production and manufacturing have been localized, enabling decisions and actions to be taken within China. In February 2025, we also established a wholly owned company in Shanghai to develop Lexus BEVs, allowing us to deliver vehicles that meet local needs faster.

Rapid advances in digital technologies and rising expectations for new customer experiences in China also provide valuable learning opportunities for Toyota. Short product cycles and fast-paced development offer insight that helps strengthen and enhance the agility of our global operations.

BEVs developed and launched in China are steadily gaining traction in the market. By empowering regional teams to make decisions and act autonomously, these initiatives demonstrate how Toyota can achieve growth on a global scale. At the same time, we are strengthening our presence in the world's largest automotive market while leveraging insight from China's rapidly evolving digital ecosystem and BEV development across our global operations.

Rooted in Local Communities, Connected Globally

Initiatives that begin in a single town and with a single customer are carried out by thousands of dealers around the world. By working together, Toyota has become a company chosen by customers globally.

In addition to delivering high-quality products, Toyota is supported by the people who bring those products to customers in each region and build lasting relationships. Partnerships grounded in trust, credibility, and mutual understanding create value rooted in local communities and foster loyalty across generations.

Guided by our aim to be "best in town" and the mantra of "making ever-better cars," we continue to evolve our vehicles by responding to the unique characteristics of each market and the needs of customers in every region.

By maintaining a full global lineup and continuously evolving our vehicles to meet the needs of different eras and regions, we have produced many long-selling models, such as the Corolla and the Land Cruiser, that are loved by customers worldwide.

Going forward, under its "best in town" philosophy, Toyota will remain deeply rooted in local communities, stay close to customers' lives, and continue delivering products that are loved for generations as a mobility company.



Value Chain Businesses

Overview of Value Chain Businesses

Value chain businesses provide customers with continuous value throughout the long ownership period after the sale of a new vehicle. We view automobiles not as products whose value is delivered at the point of sale but as products whose true value is delivered only through their entire life cycle, including use, maintenance, and replacement.

We work together with dealers to offer a wide range of services, including accessories and service parts, maintenance, financing, insurance, used vehicles, and connected services. Underlying these efforts is our "best in town" philosophy. Rather than implementing uniform global measures, we place emphasis on designing optimal services tailored to the needs of customers in each region.

Characteristics of Automobiles as Products

Automobiles are products with exceptionally long lifespans.

Toyota's first product, the Type G1 Truck, experienced frequent breakdowns. Our founder, Kiichiro Toyoda, personally visited customers and service sites to address issues directly. This experience became the starting point of Toyota's philosophy that our responsibility does not end at the point of sale.

Chairman Akio Toyoda has also spoken about this in past remarks:

> *"An automobile company must take responsibility for the entire flow—from materials procurement and the manufacturing of parts and vehicles to disposal. Vehicles remain in use for 30 to 40 years. While the technology to build vehicles is important, what matters even more is the commitment to respond to customers and to changes over the long period after a vehicle has been sold."*

Value chain businesses embody this philosophy in practice and reflect Toyota's commitment to taking responsibility for each vehicle throughout its life cycle.

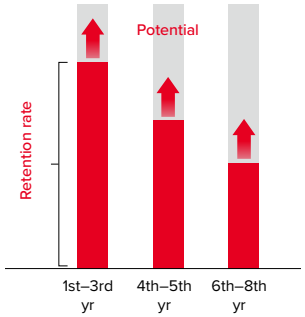
Current Value Chain Business Foundation

Currently, more than 150 million Toyota and Lexus vehicles are in use worldwide, and this installed base forms the foundation of our value chain businesses. Leveraging this global customer base, Toyota continues to strengthen these businesses.

Automobiles have long product lifespans, creating many touchpoints with customers over time. By building continuous relationships through daily services and support, dealers become trusted and dependable partners, and vehicles expand their role from a means of transportation to part of social infrastructure.

Against the backdrop of these long-term customer relationships, operating income from value chain businesses—including accessories and parts, maintenance, financing, insurance, and connected services—has increased steadily by approximately ¥150 billion per year in recent years, reaching around ¥2 trillion and accounting for roughly half of our total operating income. While new vehicle sales are more susceptible to macroeconomic conditions, value chain businesses provide a stable earnings base supported by our installed vehicle base and serve as a key pillar sustaining continued investment toward our transformation into a mobility company.

Retention Rate by Vehicle Age (Global, Fiscal 2025)

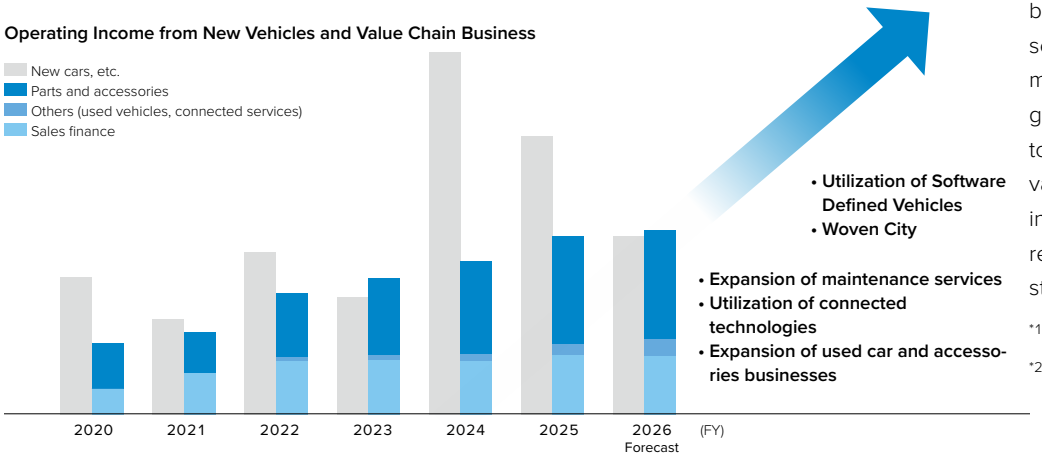


To further expand our value chain businesses, we aim to increase our customer retention rate.*1

During the manufacturer warranty period,*2 regular inspections and maintenance enable us to sustain a high level of contact through dealers. However, after the fourth year, contact with customers gradually declines.

To address this, we are expanding maintenance services, strengthening coordination with financing and insurance through connected technologies, and broadening affordable options for service parts and accessories. By maintaining more frequent and longer-lasting connections with customers, we will further enhance the value of the over 150 million units in our installed base, which remains one of Toyota's core strengths.

Operating Income from New Vehicles and Value Chain Business



*1 The rate at which we maintain ongoing touchpoints with customers through our dealers

*2 Varies by region. In Japan, the general warranty is valid for three years from the date of new-vehicle purchase or up to 60,000 km, whichever comes first.

Toyota's Vision for the Mobility Society | Region-Centered Management

Value Chain Businesses

Strengthening Customer Touchpoints

As a specific example of value chain business initiatives, we have introduced Service Activated Warranty (SAWA), primarily in Europe. Unlike a conventional extended warranty, this program provides one year of additional warranty coverage from the date a vehicle is brought to a dealer for regular maintenance. It applies regardless of past purchase or service history. Eligibility is not limited to customers who purchased new vehicles from Toyota dealers. It also includes used vehicle owners and customers who purchased Toyota vehicles through other channels. As a result, the program has created opportunities for customers who previously had limited contact with dealers or whose vehicles were serviced elsewhere to return to Toyota dealers.

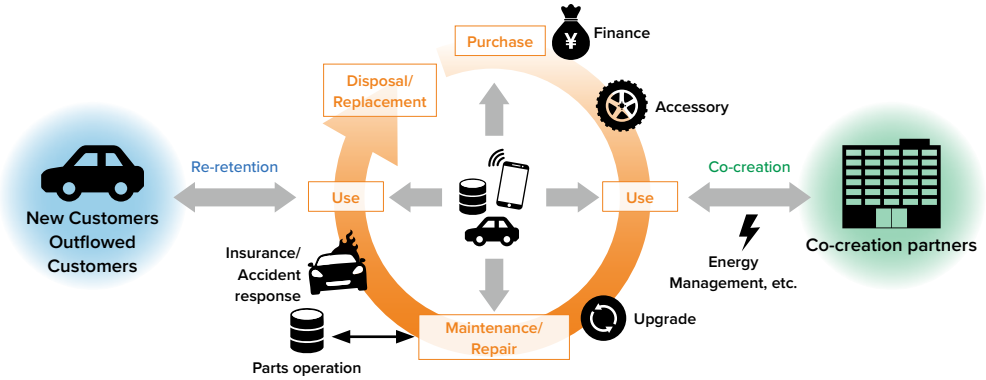
In addition, primarily in Southeast Asia, we began expanding our lineup of value-priced parts (brand name: T-OPT) in 2024. Working with Toyota-certified partner companies, we develop and offer affordable service parts to meet the needs of customers, particularly owners of older vehicles, who prioritize a balance between price, performance, and durability.





For accessories as well, many customers in the United States prefer vehicle customization, and we offer a wide range of products tailored to these needs. For example, we provide accessory packages such as "Trailhunter," which help meet customer demand while increasing our customer retention rate and contributing to earnings growth.

Significance of SDV Services in Value Chain Businesses



Further Expansion of Value Chain Businesses

Software Defined Vehicle (SDV) services are the primary growth driver of the continued expansion of our value chain businesses. They enhance the value of existing value chain offerings, including accessories and service parts, maintenance, financing, insurance, used vehicles, and connected services, while also serving as a business foundation that continuously enables the creation of new services and supports future earnings.

Page 78 Software Defined Vehicles (SDVs)

Expansion of value chain Businesses Through SDVs

- Establish continuous customer touchpoints through the vehicle
- Deliver timely solutions and value by leveraging vehicle, user, and environmental data
- Expand service domains through collaboration with co-creation partners
- Reach new customer segments previously beyond our reach
- Enhance operations and improve profitability through the use of SDV data

Toyota's Vision for the Mobility Society | Region-Centered Management

Value Chain Businesses

Upgrade Services Already Underway

The Toyota/Lexus Upgrade Factory is an official upgrade service that enables customers to retrofit or update genuine manufacturer equipment and functions on Toyota vehicles they currently own.

By offering driver-assistance features, comfort functions, and software updates (previously available only at the time of new vehicle purchase) to vehicles after purchase, the service aims to sustain and enhance vehicle value over the long term.

The Toyota Upgrade Factory was established by reexamining the conventional assumption that the latest features can only be provided with new models and based on the belief that our responsibility does not end at the point of sale but extends throughout a vehicle's life cycle.

Examples of Upgrade Services



Enhancement of Toyota Safety Sense in Taiwan



Meter design update

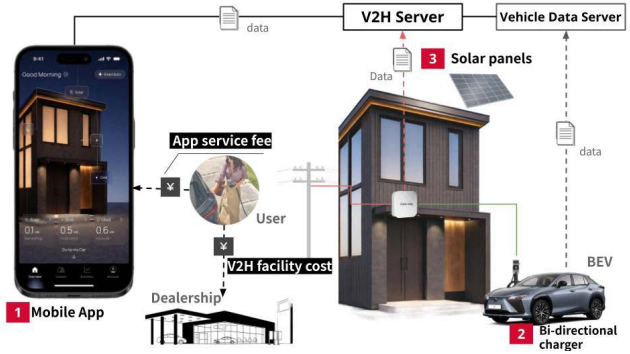


Performance SU

Emerging Energy Management Domain (V2H–V2G)

Vehicle to Home (V2H) and Vehicle to Grid (V2G) connect electrified vehicle batteries bidirectionally with homes and power grids, optimizing how energy is stored, used, and returned. Adoption is accelerating amid expanding renewable energy and fluctuating electricity prices.

For example, electricity generated by solar power during the day can be stored in a vehicle and supplied to homes or the grid at night when generation is lower. This offers several benefits, including helping stabilize the power supply, curbing the amount of electricity purchased, and utilizing grid-side incentives, thereby enabling customers to realize economic value. Such initiatives require large-scale, real-time coordination of electricity data. Through SDV services, we can immediately understand the ways customers use vehicles and the condition of batteries and control charging and discharging accordingly, enabling the practical implementation of these services.



As vehicles evolve into SDVs, the scope of our value chain businesses will continue to expand.

Looking ahead, with SDV services as the foundation, we will strengthen our existing sales and service operations, pursue new value creation, and expand the value chain ecosystem, enhancing convenience in customers' daily lives as we continue our transformation into a mobility company chosen by customers.

Toyota's Vision for the Mobility Society

Human-Centered Automobile Manufacturing | Our Inheritance of Craftsmanship

Through human-centered *monozukuri* (manufacturing), Toyota is changing the plant environment and the future of cars.

Advanced technologies that will change the future of automobiles take shape at the manufacturing *genba*.

In an era without a clear path forward, we must transcend the boundaries between development and production to work together with a "stat-up-company" mentality to shape the future, especially if we are to continue enhancing the strengths of Toyota's *genba* (front lines). Our plants aim to provide an environment where everyone is empowered to contribute and succeed.

This section introduces the key strengths of Toyota's manufacturing.

Unmatched Strengths of Toyota's *Monozukuri*

1 Founding Spirit

The spirit of wanting to make someone else's work easier and making everyone smile, present since the Company's founding, is still alive and well at Toyota's *genba* and can be sensed throughout the entirety of the organization. Just as when Sakichi Toyoda invented the automatic loom, there is a start-up-company mentality that continues to be a driving force within Toyota even today. This force propels us to create something out of nothing, make improvements, and introduce the world to appealing products.

2 Passing Down Superior Skills and Techniques

There is a set of superior skills and techniques that underpin our *monozukuri*, which are passed to each new generation of employees. While utilizing automation, human operators teach robots the skills used to achieve both high quality and high productivity, and, while teaching, these human operators are also raising the level of their own skills. Those skills are then used again, in turn, to teach robots. This cycle drives the ongoing refinement of Toyota's skills and techniques.

3 Training Human Resources and Toyota's Strengths in the Workplace

The power of the *genba* comes from the effective utilization and entrenching of the Toyota Production System (TPS), whereby everyone is encouraged to act with a passion for manufacturing and pursue *kaizen* (continuous improvement), and we are training people to adopt this approach. This *genba* power has enabled us to achieve a full lineup of automobiles generating annual sales volumes of over 10 million units that answer the diverse needs of our customers.

The automotive industry is in an era of massive transformation, a change in the game where survival is in at stake. At times like these, it is increasingly important to effectively pass on Toyota's unique techniques and *genba* power—the *monozukuri* strengths that only Toyota possesses.

Evolution of *Monozukuri*

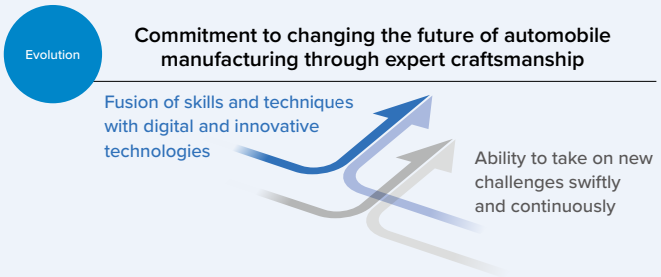
Toyota aspires to change the future of automobile manufacturing through its expert craftsmanship. To accomplish that, we need to evolve *monozukuri* through the fusion of skills and techniques with digital and innovative technologies. We must also shorten lead times so that we can swiftly and continuously take on new challenges. Within the Toyota Production System is a technique called lead-time reduction. The strength of our *monozukuri* lies in the ability to increase the speed of evolution and respond to changing times.

We also aim to change the future of *monozukuri* by changing plant environment landscapes. To do this, we may need to break the status quo of the production divisions. We aim to halve the number of processes by using Toyota's techniques in synergy with digital and innovative technologies. At the same time, we will work to eliminate the barriers between development and production to swiftly provide new mobility. In addition, efforts will be made to resolve issues at the foundation of our *monozukuri*, such as carbon neutrality as it relates to plants and logistics. We aim to achieve all these objectives using the power of Toyota's *genba* through a mutually beneficial relationship between people and technology.

Toyota has been, and always will be, a pioneer, shaping the times and mass-producing happiness for all by creating a *genba* with people at the center, where work is done to make someone smile, where gratitude overflows, and where people can work with enthusiasm.

Basic tenets of Toyota's *Monozukuri* (Founder's philosophy / High level of skills and technologies)









Toyota's Vision for the Mobility Society | Human-Centered Automobile Manufacturing

Factories of the Future

Toyota's factories should be a place where *monozukuri* continues to bring excitement 10 years from now and beyond.

未来工場
THE FUTURE FACTORY

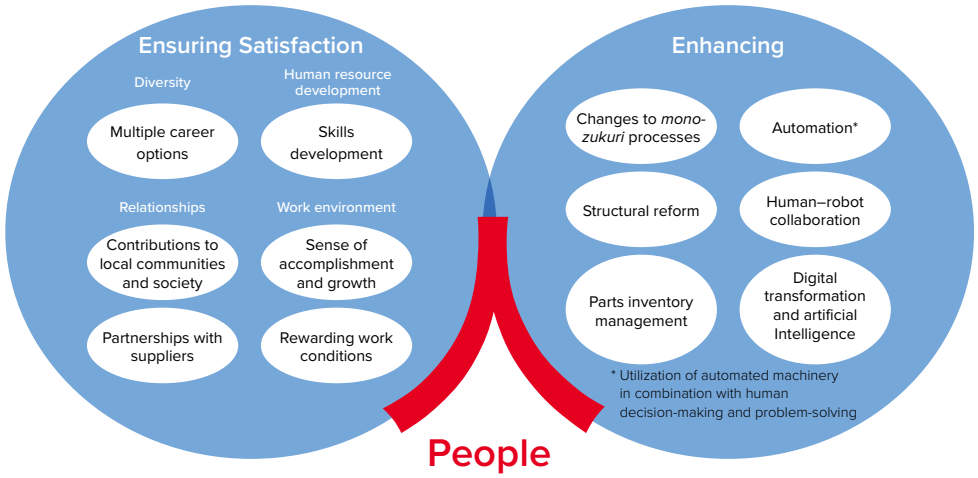
The environment surrounding the manufacturing industry is undergoing major changes, such as declining work populations, the changing lifestyles of people, and rapid technological advancements, and accordingly the industry is facing various challenges.

Recognizing this situation as a significant opportunity for change, we will come together with our employees, our suppliers, and local communities to envision and realize our ideal factory of the future that will invent our path forward and produce happiness for all, so that *monozukuri* (manufacturing) continues to bring excitement to Japan and the rest of the world 10 years from now and beyond.

In 2024, we launched a Factories of the Future Team to establish a vision for our factories 10 years from now and to consider future workstyles for employees working in these factories. Accordingly, the team is currently taking on the challenge of demonstrating concepts for future factories.

In addition, by pursuing changes in not only the environment of factories but also workstyles, the team aims to realize sustainable human-centered *monozukuri* focused on employee fulfillment and productivity. By doing so, the team is promoting the creation of attractive future factories that enable employees to experience the happiness and joy of *monozukuri*.

Two Essential Axes for Future Factories



Sustainable Human-Centered *Monozukuri*

1 Ensuring Satisfaction

By adopting cutting-edge technologies and fully automating arduous tasks, we will shift our employees' focus to highly skilled tasks that provide high added value. At the same time, we will create a workplace where diverse people can grow and gain a sense of satisfaction and happiness through their work.

Over the years, we have cultivated genuine, robust *monozukuri* capabilities through our employees' commitment to Toyota's structures and systems. Going forward, utilizing these capabilities as a foundation, we will develop our factories into places with structures and systems tailored to our employees, where diverse people of all genders, ages, and capabilities can play an active role and work comfortably, and where people desire to work. To that end, we are conducting pilot tests to shift from conventional values and systems and aim to create new standards to be deployed on our factory floors.

For example, those seeking to balance childcare or nursing care may flexibly schedule work around these other demanding tasks. In consideration of those with declines in physical strength or visibility, such as those that come naturally with age, and to allow them to continue their involvement in car manufacturing and enjoy a continuing rewarding experience, we will review and revise manufacturing processes, environments, and systems and strive to create a workplace culture in which diverse people can play a diverse and active role. We will also provide opportunities for education on AI, robotics, and digital technologies so that employees continue to have opportunities for personal development within the changing environment.

2 Enhancing Productivity

Anticipating a declining global workforce 10 years from now, rather than focusing on conventional drivers of production efficiency, we will promote the advancement of diverse personnel and pursue significant automation and labor-savings to further evolve the structure and *monozukuri* of automobiles, integrating development, production, logistics, and suppliers.

- Redefine productivity and expand the range of human-friendly processes in which diverse people can play an active role
- Reduce lead times through automation and labor-savings via the use of cutting-edge technologies (including digital transformation, robotics, and AI)
- Pursue the advancement of innovative processes that enhance both vehicle structures and manufacturing
- Respond to the diversifying needs of customers while promoting the manufacture of low-cost, high-quality products

A Workplace for All—How a Focus on People and Skills Drives the Takaoka Plant's Evolution

Three Initiatives Aimed at Evolving the Takaoka Plant

The Takaoka Plant boasts Toyota's first dedicated battery electric vehicle (BEV) specific production line in Japan. We are taking on the following challenges at each *genba* (front line) to revitalize the plant into a place where anyone can thrive and work anywhere.

1 Doing Away with Physically Taxing Tasks

After the stamping and welding processes in body manufacturing, the body shell is sent to the paint shop still containing holes required in upstream processes. These holes are unnecessary on a finished vehicle, and if left as-is, could allow water to enter the cabin. To prevent this, they are closed off with adhesive patches.



Adhesive patches used to cover holes from earlier production stages

The patches are applied by hand as the body passes overhead. A single vehicle has around 30 such holes, requiring different patches depending on their size.

The task of looking up at the vehicle body and applying different seals is both physically and mentally demanding. To that end, we are working to utilize robots to automate this work, allowing workers to switch to the role of robot operator. The aim is to have robots handle these kinds of physical demanding tasks, making work easier for human workers.

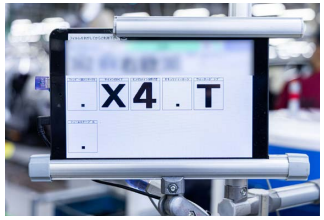
2 Changes for a Stronger *Genba*

During the assembly process, each body that comes down the line bears a paper instruction sheet listing all of the parts to be assembled by each section.

Line workers check the necessary parts by deciphering the combinations of symbols, letters, and numbers that fill the A3-sized (297×420mm) page. Should they happen to misread one, the car may end up being delivered to customers with an incorrect part.

What's more, certain parts are mounted inside the vehicle where the instruction sheet is not visible, forcing workers to go in and out every time they need to check it.

The plant is addressing these issues with electronic instruction sheets that show each assembly worker only the information they require. These electronic sheets are displayed on tablets mounted on the work carts used for assembly. Parts requiring special attention can be highlighted, reducing the mental strain of worrying about misreading.



Electronic sheet



Electronic instruction watch

The Takaoka Plant has also introduced wristwatch-style devices that display assembly information, which eases the physical burden by eliminating the need to go in and out of vehicles to check instructions.

3 Letting Robots Do the Heavy Lifting

In addition to improving workstyles for each part of the production line, significant reforms are being made to the logistics *genba* at the Takaoka Plant.

Parts are welded together to create vehicle body frames. Before arriving, these components are delivered to the plant's yard by logistics contractors. Since their trucks are unable to enter the plant, drivers must switch to forklifts to unload each shipment. Once the parts are inside, the plant's logistics personnel use transporter vehicles to deliver them to the appropriate sections. This setup requires both the truck drivers and logistics staff to travel back and forth through the vast plant.

To streamline this operation, the Takaoka Plant is turning to autonomous mobile robots (AMRs) for transporting parts. AMRs can move forward, backward, left, or right and make their way around by reading 2D codes affixed to the floor. With such codes arranged throughout the plant, operators can map out the optimal route for a given situation. Onboard sensors automatically ensure that the robots avoid collisions with other AMRs or obstacles.



AMRs



2D code

Automated guided vehicles (AGVs) are another option for unmanned transport within production plants. However, because

Plant Initiatives

they move by following magnetic tape along the floor, routes cannot be easily altered once set. Among other disadvantages, AGVs are unable to navigate around obstacles in their path.

By contrast, the flexible route-setting of AMRs makes it possible to cover a larger area with unmanned transport. Combined with reorganizing the logistics yard, this upgrade means that delivery drivers now travel no more than five meters from their truck when unloading by forklift, reducing the risk of accidents.

AMRs autonomously convey parts within the plant as well, reducing the distances driven by transporter operators.

The Toyota High Density Storage Sorting System (THDS) was developed on the assembly lines at the Takaoka Plant. A single car is said to contain some 30,000 parts. As the name suggests, the THDS deals with all the parts delivered by logistics contractors, automatically sorting them according to type and the production stage in which they are required.

The system automates the task of moving and sorting parts onto their designated racks, previously carried out by the plant's logistics personnel using transporters. Parts for specific production stages can then be entered into the THDS as required, and the system will automatically prepare them for pickup.

Previously, line workers had to search for and retrieve what they needed from the racks of components. In a single day, they would walk as much as 15 km. Thanks to the THDS, that figure has fallen to around 2.7 km. Pickup points are also set at heights that can be easily reached by all staff.



THDS automates moving and sorting parts

The Future of the Takaoka Plant

Takaoka Plant General Manager, Mitsuhiro Morita, discussed the future of the plant.

Right now, the Takaoka Plant is pursuing initiatives to transform its working environment with a human-centered perspective.

We are striving to eliminate any tasks that involve carrying heavy loads or working in hot environments, for example, with the vision of becoming a plant where all employees can thrive. When I explained this to President Koji Sato, he asked me, "So, what happens to the people who were working in those roles?"


Takaoka Plant General Manager Mitsuhiro Morita

Those forklift and transporter operators, for instance, have cultivated extensive knowledge and skills in logistics. We harness that expertise by asking them to take on higher-level challenges in roles that involve designing efficient logistics systems that utilize robots and digital solutions.

By acquiring new knowledge as times change, those who possess advanced skills can pave the way forward by drawing on next-generation technologies and approaches to work. Doing so gives rise to roles that make use of their skills in different ways, and by continuing to hone their craft they drive further evolution. In my mind, therefore, there is absolutely no need to worry about machinery eliminating the need for skilled people.

When I said as much to President Sato, he remarked, "That is the very heart of Japanese *monozukuri*, isn't it?" It is about coexisting with machines and technology while allowing people to perform jobs that make greater use of their unique strengths. We believe that evolution comes through reforms that place skills and workers at the center, and that is what we will continue striving to achieve.

Beginning with the Corolla, over its history, the Takaoka Plant has continued to produce many beloved popular models. Building on the skills cultivated by earlier generations, the plant's next evolution is aimed at helping bring BEVs to the masses. It brings an unwavering dedication to craftsmanship, and a production lineup that changes with the times. To ensure that this *monozukuri* spirit lives on into the future, the Takaoka Plant's *genba* is committed to creating an environment where every worker can flourish.

How Automation, Digitalization, and Diversity Drive the Kamigo Plant's Evolution

Two Initiatives That Are Driving the Kamigo Plant's Evolution

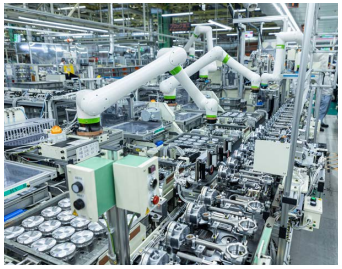
Toyota's Kamigo Plant began operating with state-of-the-art facilities and weighty expectations. Today, what is the plant doing to ensure it will still be making engines a decade from now?

1 An Automated Line 18 Years in the Making

On piston sublines, the work is now performed entirely by robots. A row of robotic arms grasps parts and fits them together. Engine production can be broadly divided into two assembly processes: the main line, which assembles the engine itself, and sublines that put together the engine's individual components. On the piston subline, pistons are attached to the connecting rods that transmit the piston's up-and-down movement to the crankshaft. These

Toyota's Vision for the Mobility Society | Human-Centered Automobile Manufacturing

Plant Initiatives



assemblies are then sent off to the main line.

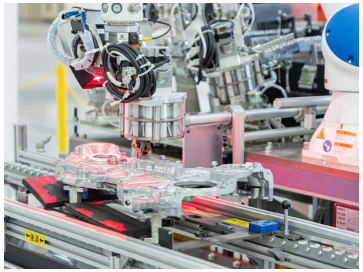
The Kamigo Plant had previously added robots to sublines from 2008 as a labor-saving measure, but only for certain processes. At the time, however, Toyota was in the middle of expanding its engine plants globally. Lacking skilled maintenance staff overseas, the Company had to revert back to manual operations so that expertise from domestic plants could be deployed abroad. In response, employees developed jigs and tools that could double or triple efficiency, even when working by hand, and this assembly line configuration was rolled out around the world.

In the case of the piston line, which began running with robots in January 2025, experience gained in the days when parts were assembled by hand has benefited the automation process. This entails not just moving in a straight line but training robots to have the sense and instincts of a human worker, reflecting aspects of how the task is done by hand. While we have achieved full automation here, with three operators becoming zero, no other line in the Kamigo Plant has achieved this.

2 Setting Sights on Future Automation

In 2024, the Kamigo Plant launched its Co-Creation Line project. The objective is to establish a line that harnesses current technical capabilities while offering a rewarding experience for future workers. At the same time, the plant is also looking to bring casting, machining, assembly, and even maintenance and quality control together from separate lines and buildings.

The Plant is currently developing various technologies that will underpin future automation in engine manufacturing. The hope is that, with increased automation, workers can shift to tasks that add greater value.



These underlying technologies are refined on mass-production lines before being incorporated into the Co-Creation Line. The first automated machine created in this way will start out on the Toyota New Global Architecture engine assembly line.

Furthermore, a robot has been designed at the Co-Creation Lab, which develops equipment for the Co-Creation Line. This machine sets bolts on an engine component known as the timing chain cover, a process that can now be automated thanks to advances in camera technology.

Engines Aren't Going Anywhere



Kamigo Plant General Manager Saito

At the Auto Salon in 2025, Toyota unveiled a GR Yaris midship concept featuring a new 2.0-liter engine. Even in this so-called age of electrification, Toyota has remained committed to making engines.

General Manager Saito feels that the foundation for the Kamigo Plant's current push into automation, digitalization, and greater diversity is its ceaseless dedication to *kaizen* (continuous improvement).

There was a period when even we believed that engines were on the way out.

"If we're going to switch to BEVs, we'll need capital for BEV production."

"We need to earn money while we can."

"It's up to our plants to generate capital for new businesses."

That's how we all felt. Our mindset has always been that, to make this possible, we needed to continually improve. I think that served us well. Even with BEVs on the rise, we are still ticking along. At that point, if we had just stopped and said, "That's it for engines, we're done—stop spending money and making improvements," I don't think we would be here today.

If we're thinking about the future, automation is essential. We have a vision of where we want to be, and we intend to keep working toward it. We face personnel shortages stemming from Japan's declining birth rate and an aging population, which is shifting away from manufacturing. To solve this problem, we need more than just worker-friendly environments—we must change the way our production lines operate. That's why all of us now talk about making good use of digital solutions. Bit by bit, we are discovering how best to transform our facilities through the use of digital technologies.

Assigned to the Kamigo Plant upon joining Toyota, General Manager Saito forged his career at the plant. He describes the evolution highlighted in this feature as a way of "giving back" and hopes "the plant will remain firmly profitable, even in 10 or 15 years."

We closed out the interview by asking him if the end was in sight for engines. "Engines aren't going anywhere. We want to keep making engines that are more efficient and can contribute to decarbonization. I believe there is still much that can be achieved through development."

ToyotaTimes How Automation, Digitalization, and Diversity Drive the Kamigo Plant's Evolution

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Carbon Neutrality

Overview of the Multi-Pathway Strategy

The push for carbon neutrality is a matter of urgency if automobiles are to remain a necessary part of society.

Efforts to provide our customers around the world with options for mobility under our multi-pathway strategy, while also promoting the decarbonization of our *monozukuri* (manufacturing) and supply chains, serve as the core of our activities.

It is important to consider the ways in which mobility takes into account the future of energy. The multi-pathway strategy's basic premise is that we need to move away from fossil fuels from the perspectives of the global environment and sustainability. Furthermore, over the medium to long term, renewable energy sources are expected to continue to proliferate, with electricity and hydrogen emerging as the primary energy sources sustaining society. In the short term, however, it is critical to acknowledge global realities and implement changes in practical ways that maintain energy security.

That is precisely why we are committed to providing mobility options that are in tune with a diverse range of energy situations and customer needs, while also keeping an eye on the future of electricity and hydrogen. In short, the underlying concept of our multi-pathway strategy is to focus on promoting a practical transition even as we pursue carbon neutrality.

Diverse Options (Multi-Pathway Solutions)



- Toyota sales volume to reach 3.5 million units per year by 2030

- Positioned as practical BEVs
- Development of PHEVs with EV driving range of 200 km or more

- Effective means to reduce GHG emissions immediately

- Contributions to GHG emissions reduction from owned vehicles*1

*1 New and previously sold vehicles

- Development of hydrogen engines utilizing internal combustion engine technologies

- Mass production and commercialization of vehicles mainly used for commercial purposes
- Annual number of Toyota vehicles equipped with fuel cells anticipated to total 100,000 by 2030

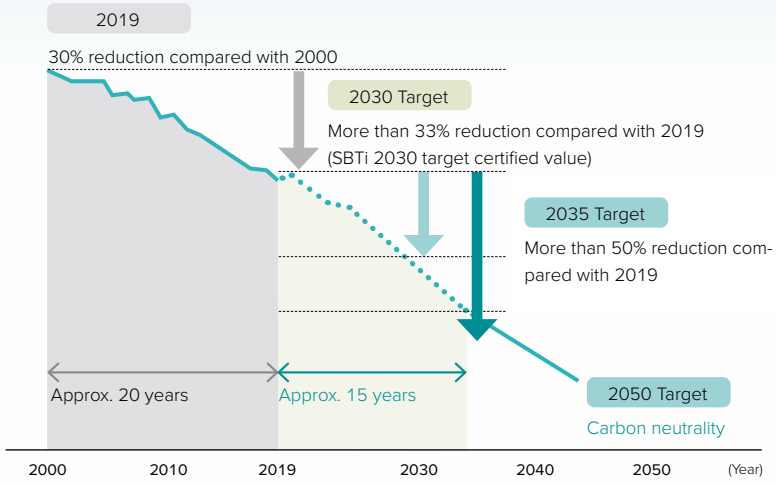
Greenhouse Gas Reduction Targets

We are fully committed to the goal of achieving carbon neutrality throughout the entire life cycle of our vehicles by 2050. We aim to reduce the average greenhouse gas emissions of vehicles sold worldwide by more than 33% by 2030 and by more than 50% by 2035 compared with 2019.

Well-to-Wheel Greenhouse Gas Reduction Targets*2

Global (including emerging countries)

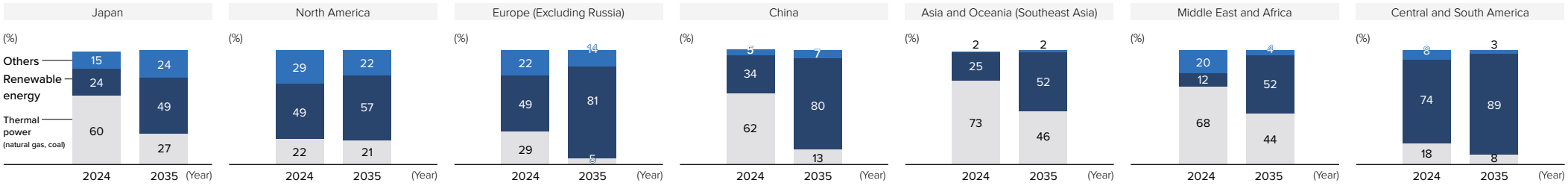
Global greenhouse gas emissions per new vehicle (including emerging countries)



*2 Includes greenhouse gases emitted during the production of fuel and electricity in addition to greenhouse gases emitted while driving

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Energy Situation by Region Source: STEPS scenario, World Energy Outlook 2025, International Energy Agency



References Source: Global unit sales (S&P Global)

Motor | Battery | Engine | Gasoline tank | Hydrogen tank | Fuel cell

BEV

Battery **E**lectric **V**ehicle



BEVs are electric vehicles that lack engines and are therefore powered solely by motors. BEVs can run without directly emitting CO_2 while in operation.

Global Market Scale (2024)

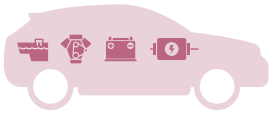
11.1 million units

Projected Major Adopting Markets

China, North America, Europe

PHEV

Plug-in **H**ybrid **E**lectric **V**ehicle



PHEVs feature rechargeable batteries and, like BEVs, are capable of running solely on electricity without emitting CO_2 in various situations as part of daily use. For long-distance driving, PHEVs can run on both motor and engine power, offering a long driving range.

- Operation possible without charging Infrastructure

Global Market Scale (2024)

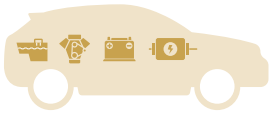
6.0 million units

Projected Major Adopting Markets

Developed countries, China

HEV

Hybrid **E**lectric **V**ehicle



HEVs are hybrid vehicles that achieve low fuel consumption by effectively using two propulsion systems: an engine and a motor.

- No need for new infrastructure facilities

Global Market Scale (2024)

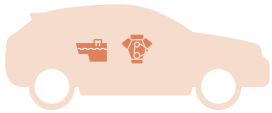
12.0 million units

Projected Major Adopting Markets

Emerging and other countries

CN Fuel

Carbon-**N**eutral **F**uel



In conventional internal combustion engines, Toyota seeks to utilize e-fuel (synthetic fuel) and sustainable biofuels. Although CO_2 is emitted during the combustion of such fuels, they are referred to as carbon neutral because they are produced using CO_2 found in the atmosphere and thus have no effect on the total amount of CO_2.

- No need for new infrastructure facilities
- Can be used with already owned vehicles

Projected Major Adopting Markets

Emerging and other countries

H_2

Hydrogen Engine Vehicle



Hydrogen engine vehicles use hydrogen to fuel conventional internal combustion engines. Despite being internal combustion engine vehicles, these can run with virtually no CO_2 emissions while in operation. Development of hydrogen engine vehicles is underway geared toward offering these vehicles as a new option for the future.

Projected Major Adopting Markets

China, Europe, North America, Japan

FCEV

Fuel-**C**ell **E**lectric **V**ehicle



FCEVs are fuel-cell vehicles, also known as hydrogen fuel-cell vehicles. These engine-less vehicles run on a motor powered by electricity generated through a chemical reaction between the hydrogen and oxygen in the tank. FCEVs can run without directly emitting CO_2 while in operation.

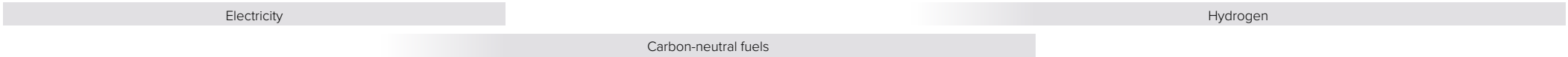
Global Market Scale (2024)

10,000 units

Projected Major Adopting Markets

China, Europe, North America, Japan

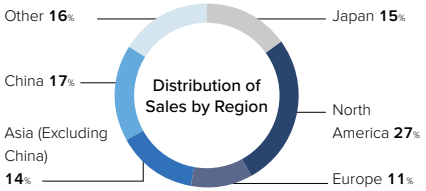
Medium- to Long-Term Trends in Energy Use



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

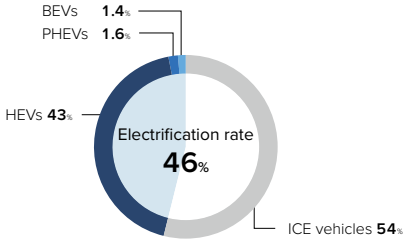
Full Lineup for Meeting Diverse Needs (Fiscal 2025)

Global



Sales by Series (Thousands of units)

Series	Units
Corolla	1,661
RAV4	1,047
Yaris	908
Camry	591
Hilux	580
Highlander	323
Sienna	278
Tacoma	257
Lexus RX	224
Innova	210



Distribution of Sales by Powertrain (Thousands of units)

Powertrain	Units
Internal combustion engine (ICE) vehicles	5,526
Hybrid electric vehicles (HEV)	4,441
Plug-in hybrid electric vehicles (PHEV)	161
Battery electric vehicles (BEV)	145
Fuel-cell electric vehicles (FCEV)	1
Total	10,274

Major Vehicle Models

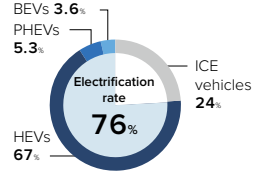


Europe

Sales by Series

(Thousands of units)

Series	Units
Yaris	372
Corolla	201
C-HR	140
Aygo	96
Proace	95
RAV	82
Hilux	30
Lexus LBX	28
Lexus NX	26
bZ4X	25



(Thousands of units)

Powertrain	Units
ICE vehicles	283
HEVs	776
PHEVs	62
BEVs	42
FCEVs	0
Total	1,165

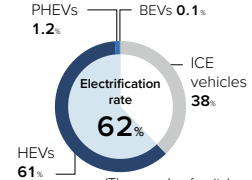


Japan

Sales by Series

(Thousands of units)

Series	Units
Yaris	172
Corolla	165
Sienta	116
Alphard	88
Roomy	84
Prius	80
Aqua	75
Noah	74
Voxy	73
Raize	68



(Thousands of units)

Powertrain	Units
ICE vehicles	574
HEVs	912
PHEVs	18
BEVs	2
FCEVs	1
Total	1,505

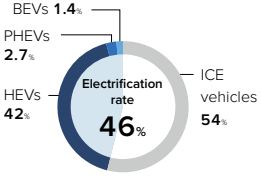


North America

Sales by Series

(Thousands of units)

Series	Units
RAV4	569
Corolla	400
Camry	314
Tacoma	256
Tundra	177
Highlander	164
Lexus RX	139
Sienna	102
Lexus NX	87
4Runner	69



(Thousands of units)

Powertrain	Units
ICE vehicles	1,472
HEVs	1,146
PHEVs	74
BEVs	38
FCEVs	0
Total	2,731

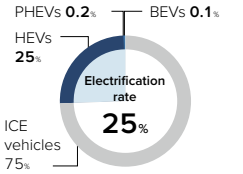


Asia (Excluding China)

Sales by Series

(Thousands of units)

Series	Units
Innova	206
Yaris	179
Hilux	168
Avanza	124
Corolla	114
Fortuner	83
Agya	78
Urban Cruiser Hyryder	62
Vios	59
Glanza	47



(Thousands of units)

Powertrain	Units
ICE vehicles	1,084
HEVs	363
PHEVs	3
BEVs	1
FCEVs	0
Total	1,451

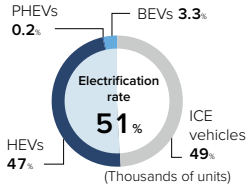


China

Sales by Series

(Thousands of units)

Series	Units
Corolla	506
RAV4	202
Sienna	174
Camry	171
Wildlander	139
Highlander	132
Lexus ES	113
Avalon	102
Levin	63
bZ3	49



(Thousands of units)

Powertrain	Units
ICE vehicles	883
HEVs	844
PHEVs	3
BEVs	59
FCEVs	0
Total	1,789

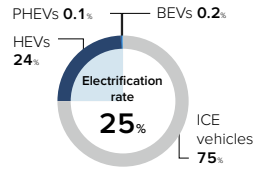


Other

Sales by Series

(Thousands of units)

Series	Units
Hilux	358
Corolla	275
Yaris	172
Land Cruiser	155
RAV4	140
Fortuner	81
Camry	79
Land Cruiser Prado	60
Ace	35
Hiace	30



(Thousands of units)

Powertrain	Units
ICE vehicles	1,229
HEVs	400
PHEVs	1
BEVs	3
FCEVs	0
Total	1,632



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Advancement of the Multi-Pathway Strategy

Advancing Technologies That Support the Multi-Pathway Strategy

"Unveiled at the Japan Mobility Show in October 2025, the Corolla Concept embodies Toyota's aim to create a vehicle that people want to drive, regardless of powertrain, whether battery electric (BEV), plug-in hybrid, hybrid, or internal combustion. A new compact, high-efficiency engine currently under development, together with the evolution of platforms that support Toyota's multi-pathway strategy, plays a central role in realizing this aim."



President Koji Sato communicates Toyota's multi-pathway approach and initiatives to partners and stakeholders from around the world at the WORLD ARIGATO FEST.2025, held in December.

This was how President Sato explained about the Corolla Concept.

Even at times when the world appeared to be focused solely on battery electric vehicles (BEVs), we did not waver from the core of our multi-pathway strategy. This is because we believe that there is no single path to achieving carbon neutrality. Customer needs differ by region, and so do the solutions required. That is why we are pursuing the potential of all powertrains, rather than relying on a single powertrain alone.

The same applies to internal combustion engines. The flame has not been extinguished. Smarter and cleaner engines will continue to play an important role on the path toward carbon neutrality.

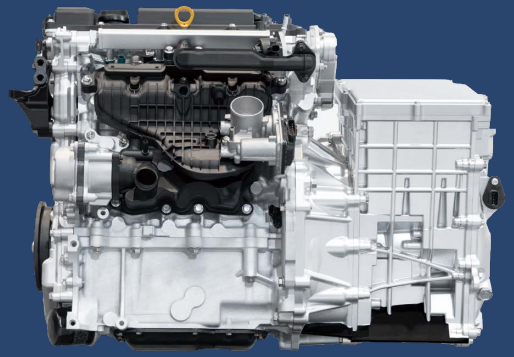
However, offering a diverse range of powertrains also presents a challenge, as it requires a similarly diverse set of platforms. From the perspectives of engineering and manufacturing (monozukuri), the question has been how a single platform can accommodate all powertrains. The new Corolla Concept is the result of our pursuit of that answer.

This concept symbolizes the evolution of the Toyota New Global Architecture (TNGA). A single platform can accommodate all powertrains without compromising design or interior space. In 2024, Toyota announced the development of a new engine that achieves significant downsizing. By leveraging this technology, everything from BEVs to internal combustion vehicles can be produced on the same platform.

While Toyota is a mass production automaker, it aims to pursue mass production focused on each individual customer. In doing so, this platform will play an important role.

ENGINE ReBORN

Developing a New Concept Engine Based on Electrification



The 1.5L inline 4-cylinder engine being developed by Toyota

Toyota's 1.5L and 2.0L Inline 4-Cylinder Engines

Under its multi-pathway strategy, Toyota has been leveraging the technologies it has cultivated in each of its powertrains to enhance the competitiveness of its products. When analyzing BEVs based on fundamental principles, the greatest factor impacting driving distance is aerodynamics. Building a car with an emphasis on aerodynamics naturally changes its design and structure. For a car to have a low center of gravity and a low hood, the size of its components must be reduced. By applying the insight gained through the development of BEVs to the development of PHEVs and HEVs, we can further improve the fuel economy of these vehicles.

To that end, we are developing new engines with a shift in perspective, which is to create a PHEV using a BEV package or a PHEV that is essentially a practical BEV with an engine.

Furthermore, as these electrified vehicles run on both an engine and a motor, there is no need for the engine to cover all driving ranges, since the motor can be relied on to a moderate degree. In this way, the new engines truly cater to the characteristics of electrified vehicles.

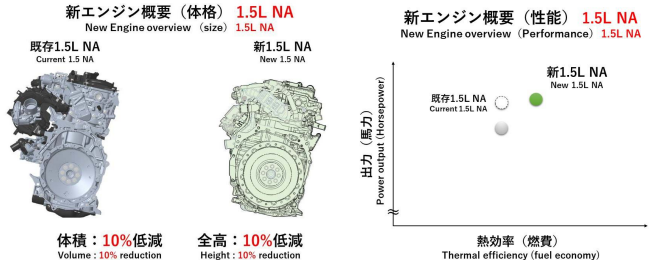
By designing the new engines with electrified vehicles in mind, we are able to actively control the engine using the motor, a hitherto unaccomplished feat for Toyota. We can also control the fuel injection volume and level of motor assistance to optimize combustion of the engine cylinders by calculating the combustion status in each cylinder using the motor signal. In this way, we can realize powertrains with enhanced environmental performance.

The concept for these new engines differs completely from that used in Toyota's conventional engines. This new concept is encapsulated in the phrase "ENGINE ReBORN."

As a starting point, we prepared two models for the 1.5L inline 4-cylinder engine, one naturally aspirated and the other turbocharged. The naturally aspirated model reduces both volume and height by 10% compared with the current 1.5L 3-cylinder engine.

By adding another cylinder, we have allowed our engineers to lower the height and make the overall engine more compact.

For its current engine to clear the strict emissions regulations slated to be enforced in Europe and the United States, Toyota would need to curb the engine's power output and use expensive catalysts to clean up exhaust gases.



By contrast, the new engine retains output thanks to improved combustion technology. At the same time, its compact size allows for lower hood design, reducing aerodynamic drag. These changes are expected to yield 12% better fuel economy in sedan-class vehicles.

Furthermore, the 1.5L turbo model of the engine can cover the territory of Toyota's 2.5L naturally aspirated engine, which is used in vehicles that tow heavy loads.

The new turbocharged engine also complies with regulations that would require the existing model's power to be cut by 30%. It can also reduce volume by 20% and height by 15%.

Similarly, the 2.0L turbocharged engine is expected to have 10% lower volume and height than the existing 2.4L turbo engine.

Despite this lower volume and height, the 2.0L turbocharged engine drastically improves output and will serve a wide range of applications where power is required, from trucks and other heavy-duty vehicles to sports cars.

By combining highly efficient, compact, and powerful engines with electric power units, we will expand the potential for offering more affordable BEVs.

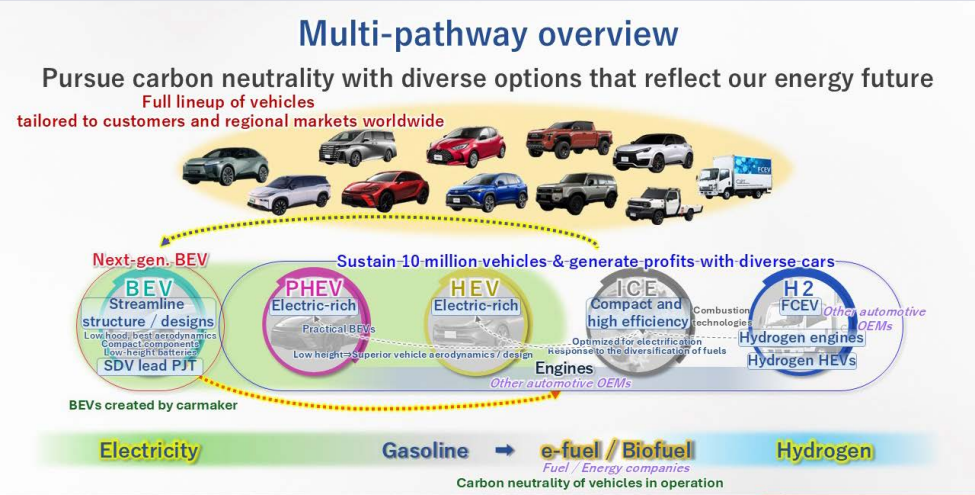
Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Advancement of the Multi-Pathway Strategy

Enhancing the Clarity of the Multi-Pathway Approach

At the financial results briefing in May 2025, President Koji Sato commented as follows on the direction of Toyota's multi-pathway initiatives.

Multi-Pathway Approach and Powertrains

Within Toyota's multi-pathway approach, a core principle we value is ensuring that "no one is left behind" as we contribute to achieving carbon neutrality. While reducing CO_2 emissions through a diverse range of vehicles, we will also leverage technologies refined through next-generation BEVs to drive further evolution across the entire powertrain lineup.

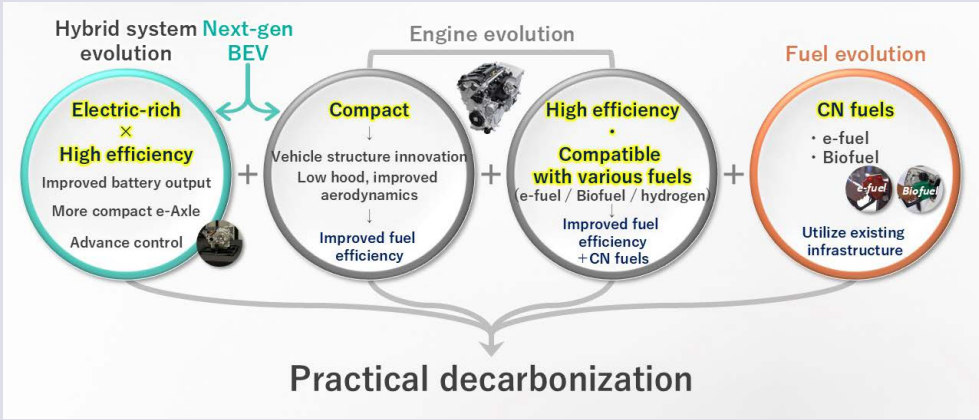


In addition, to ensure that each powertrain becomes a true and viable option, we will continue to work with many like-minded partners to support the advancement of fuels and infrastructure.



Internal Combustion Engines and Hybrid Systems

For vehicles with internal combustion engines, we will continue to refine core technologies and pursue advances across each area, including engines, hybrid systems, and fuels.



Enhancing the Clarity of the Multi-Pathway Approach

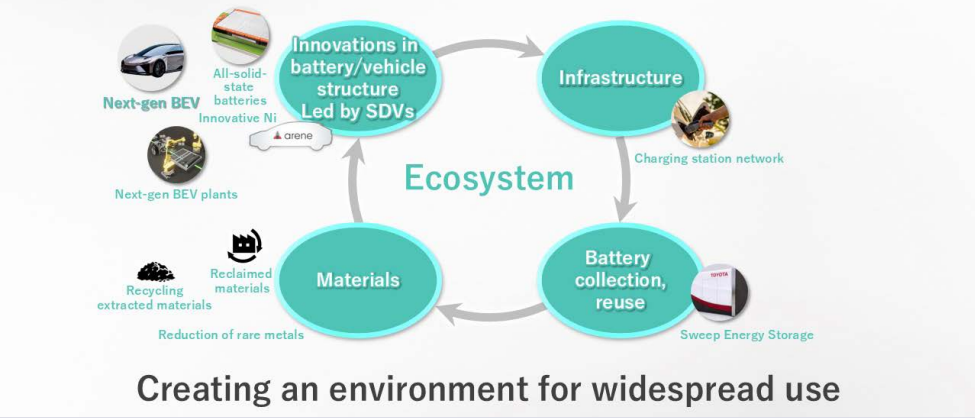
Carbon-Neutral Private Vehicles

From the perspective of achieving carbon neutrality for vehicles in use, we believe it is important to promote a shift to more environmentally friendly mobility, centered on hybrid vehicles that can reduce CO_2 emissions immediately. We also see the acceleration of carbon-neutral fuel adoption as essential.

By responding to the expectations of customers around the world going forward, we will continue to deliver practical options that contribute to carbon neutrality, beginning with ever-better, high-quality, affordable hybrid vehicles.

BEVs

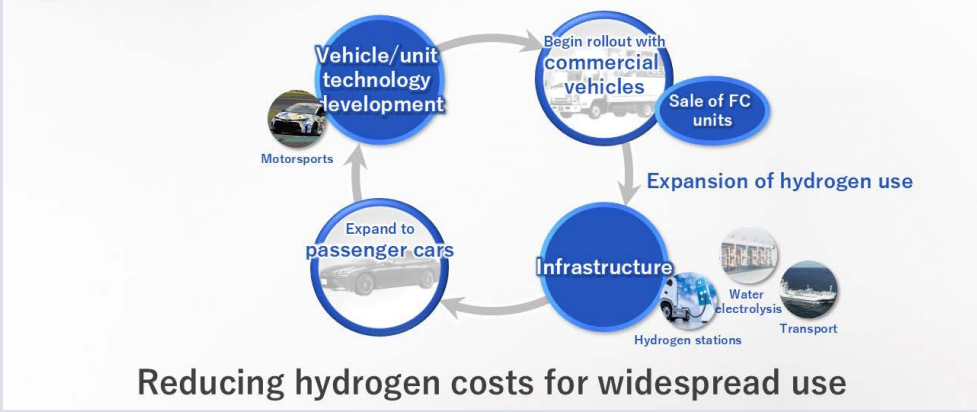
To promote the widespread adoption of BEVs, we believe it is necessary not only to advance vehicle and battery technologies but also to build a battery ecosystem that spans the entire value chain, from materials procurement to collection and reuse. Going forward, we will strengthen cross-industry collaboration frameworks and focus on developing the necessary environment to support broader adoption.



Hydrogen

With regard to hydrogen mobility, the key to wider adoption lies in reducing hydrogen costs. By accelerating the social implementation of hydrogen mobility in the commercial vehicle sector, including through the sale of units to external customers, we aim to increase hydrogen usage and thereby drive cost reductions and the expansion of infrastructure.

Without wavering from our commitment to the future of hydrogen, we will also continue to advance these efforts across the entire value chain.



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Strategy for Battery Electric Vehicles

Expansion of Growth Areas

On February 5, 2025, Toyota announced that it will sign a comprehensive partnership agreement with the Shanghai municipal government in China regarding carbon neutrality. In addition, Toyota established Lexus (Shanghai) New Energy Co., Ltd., a new wholly owned company in Jinshan District in southwest Shanghai, to develop and produce BEVs and batteries.



Locally developing and producing BEVs in China to be cherished by chinese drivers

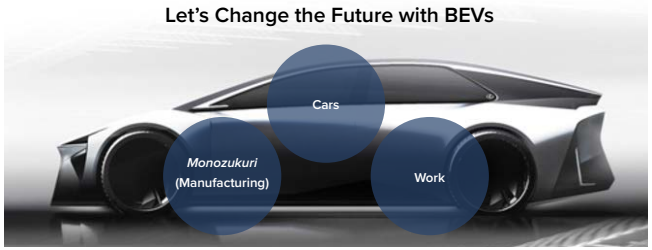
Under this partnership with the Shanghai municipal government, Toyota hopes to contribute to the Chinese government's goal of achieving carbon neutrality by 2060 in fields such as hydrogen energy, automated driving technology, and battery recycling and reuse. To drive the initiative forward, Toyota will establish a new company based on the belief that quicker supply of products that meet customers' needs is important in China, where there is a high demand for new energy vehicles.

- Start of Production: From 2027 Onward
- Production Capacity: Approximately 100,000 Units (At Launch)
- Jobs Created: Around 1,000 Jobs (At Launch)

The newly formed company will develop a new BEV under the Lexus brand, with production scheduled to begin from 2027 onward. The initial production capacity will be around 100,000 units per year, and 1,000 new jobs are planned for the start-up phase.

Toyota has been working with partners such as China FAW Group Co., Ltd. and Guangzhou Automobile Group Co., Ltd. to bring smiles to customers in China. Going forward, Toyota will continue working together with all its partners to be a "best-in-town" company to achieve its goal of "producing happiness for all." In doing so, we will forge ahead with our mission of transforming cars, *monozukuri* (manufacturing), and work to change the future with BEVs.

Let's Change the Future with BEVs



Future of Cars

Through our next-generation BEVs, we seek to change the future of cars. This will entail evolving the products we provide to customers.

Through the integration of next-generation batteries and sonic technology, we aim to achieve a game-changing BEV driving range of 1,000 km.

Our next step will be to capture customers' hearts with stylish designs. AI will be used to help ensure excellent aerodynamic performance, doubling the time that designers can devote to creating attractive cars.

Our BEVs will also offer a customizable ride feel. The Arene software platform and a full over-the-air system, which provides vehicle software updates via wireless transmission, will infinitely expand the possibilities for enjoying cars.

Moreover, Toyota will deliver exciting surprises and fun, like the manual EV, to its customers with technologies that only an automobile manufacturer can create.

Future of *Monozukuri*

1 Transformation of Toyota's Business Structure

Toyota's previously labor-intensive business practices are transforming together with its manufacturing processes. In our full assembly processes, we seek to create opportunities for employees to think about how to improve processes and produce other innovations. Moreover, we adopt people-oriented processes and work with our suppliers to construct the factories of the future that empower employees and provide a sense of emotional security.

People-Oriented Processes

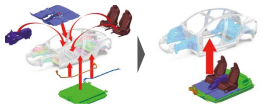


Cramped, poorly lit, and stressful processes



Open, well-lit, and worker-friendly processes

Full Assembly Processes

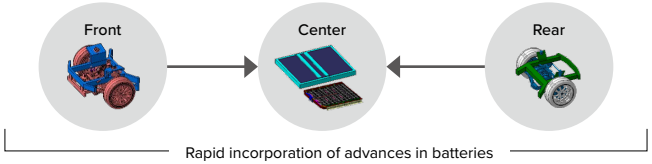


Opportunities to think

2 New Modular Structure for Automobile Bodies

Automobile bodies will be constructed in a new modular structure consisting of three main components. The finished automobiles are then assembled after each of the three modules is completed. This structure allows each module to be evolved separately, expediting action, particularly important in the race to develop better batteries. Furthermore, the use of giga casting will allow significant component integration, contributing to the reduction of vehicle development costs and plant investment.

New Modular Structure for Automobile Bodies

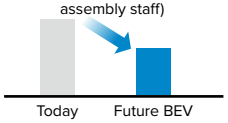


Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Strategy for Battery Electric Vehicles

3 Reducing Production Lead Times by Half

In this manner, the future of *monozukuri* aims to halve processes and production lead times for BEVs. Specifically, the new modular structure and self-propelling production and other automation technologies will halve the number of processes required. Self-propelling production will be key to building next-generation BEVs. By greatly reducing the time and cost, as well as efforts on the part of production and technical staff required to modify plants and expand buildings whenever a new model is introduced, this technology will accelerate the launch of new products to market. Such new approaches to manufacturing, combined with the use of digital twin technology, are expected to halve production lead times.

Labor-Savings



Future of Work

Toyota is not the only organization developing next-generation BEVs. Rather, it is an all-in-one team that extends beyond the framework of an automobile manufacturer to encompass all functions and regions, including Woven by Toyota, Inc. and external partners.

This one organization is charged with developing the entire lineup from start to finish—from development to production planning, business planning, domestic and overseas product fleet designing, and procurement and battery strategy formulation. This all-in-one team ensures that all employees from all functions stay on the same page, allowing everyone to share the same awareness of issues in order to achieve prompt decision-making and initial response.

Furthermore, by using the Arene platform, we will improve development and evaluation efficiency. At the same time, we are practicing wide-ranging external collaboration to foster new, creative thinking, and the resulting growth of individuals will change the future of the Company.

Let's Change the Future with BEVs

The earnings of Toyota's next-generation BEVs will be driven by our next-generation batteries, which will be developed with a focus on achieving world-leading levels of efficiency. Our development approach entails viewing batteries and vehicles as a set, and this approach is the starting point for the development of BEVs.

Toyota's development of both batteries and vehicles in-house provides an advantage in this area. The resources afforded by this advantage will be used to improve our product appeal to exceed customer expectations and secure earnings.

We are advancing the integrated planning of our full global lineup of next-generation BEVs. In addition to efforts to increase product appeal, we will transform our manufacturing approaches to eliminate processes as well as reduce investment and lead times while securing earnings and increasing sales volume.

Base Unit Sales Projections

Toyota is targeting global BEV sales of 3.5 million units by 2030. This figure is shaped by customer demand and represents the base unit amount based on which supply systems will be prepared together with suppliers and dealers. However, we will adopt a flexible approach toward sales in recognition of the fact that it is customers who will ultimately decide what they purchase.

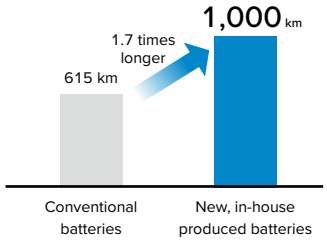
Next-Generation BEVs: Smaller Is More

Our next-generation BEVs will be an amalgamation of new initiatives and undertakings. We have been focusing on the potential for constant evolution of the augmentation capacity of BEVs—making components smaller and vehicle interiors more spacious. Examples of these initiatives can be seen in three models.

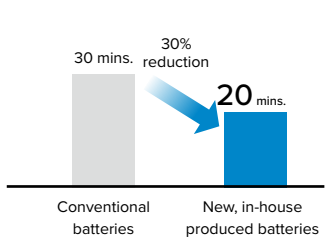
1 New Batteries

Our new batteries are playing a key role in the evolution of BEVs with their low height and high energy density. Low-height batteries and compact peripheral components create and enable unparalleled stylish design. Performance will also be greatly improved, with a driving range of 1,000 km and charge time of 20 minutes.

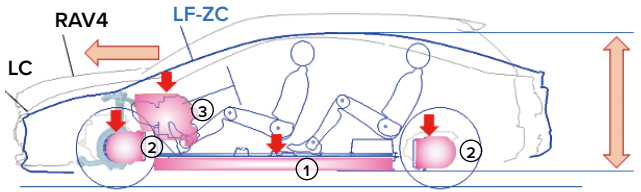
Driving Range



Charge Time



More compact components also have the potential to transform the shape of cars. On a BEV, the battery is mounted under the floor of the cabin, near the middle of the vehicle. The larger the battery installed there, the greater the driving range. However, the use of larger batteries requires increasing the distance between the front and rear tires, leading to elongated, bulky designs.



① Low height and high energy density
② Compact eAxle
③ Compact air-conditioning system
Driving range: 1,000 km (CLTC mode)

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Strategy for Battery Electric Vehicles

Conversely, the higher energy density of the new batteries means that the batteries themselves can be smaller without sacrificing driving range, allowing for overall smaller vehicles and greater freedom of design, shattering the notion that BEVs have to be tall. The combination of downsized components achieves sleek, elegant styling.

2 Evolution of Vehicle Interiors

Transformation will also be seen in vehicle interiors. The dashboard will sit lower, providing a superior range of vision, with the sky stretching out in front of the driver. The lower dashboard will mean that the seats can be lower, so that, with the same vehicle height, the ceiling feels strikingly high. This change should make time spent in vehicles feel more comfortable and relaxing for passengers of all heights. We are also focusing on the basics to transform the way vehicles drive. Specifically, we are developing a new suspension to create a drive feel worthy of the vehicle's styling and to enhance responsiveness.



3 Expansion from Cars to Mobility

Software is expanding the range of possibilities for vehicles.

With software, one vehicle can, for example, replicate the feel of any other—the handling, the sound, the vibration—be it that car you loved when you were young or the model you have always dreamed of driving. Any vehicle can become a beloved car that helps customers connect to their memories or look forward to their future lifestyle.

For Toyota, nothing is more important than its connections with the customers who have chosen and loved their cars over the years.

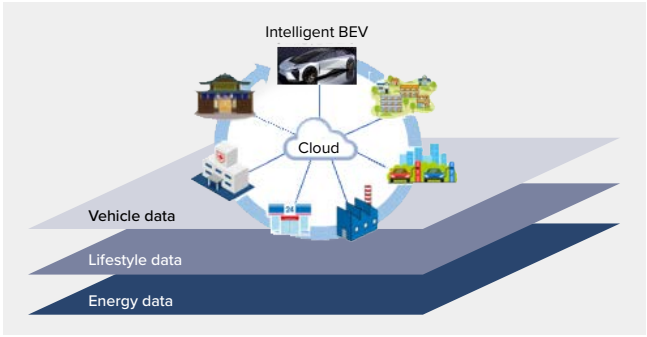
By effectively using intelligent BEVs as a medium for transferring energy and data and linking vehicle, lifestyle, and energy data, we will expand our efforts from cars to a world of mobility.

Constant Evolution of Augmentation Capacity

Vehicle Perspective | Memories of younger days



Social Perspective | Effective use as a medium for energy and data transfer



Innovative Battery Electric Vehicle Technologies

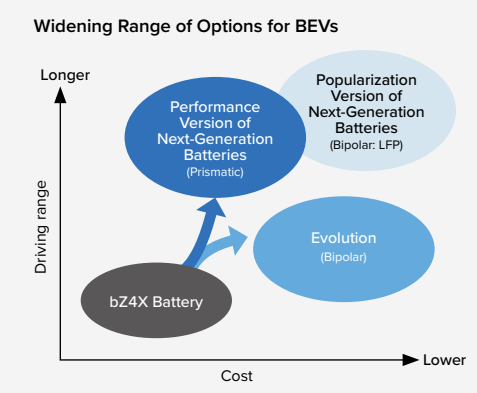
Batteries

The battery is the heart of the battery electric vehicle (BEV). Just as the heart pumps blood through the body, the battery transmits electricity throughout the vehicle. As Toyota advances initiatives aimed at introducing next-generation BEVs, it is also evolving batteries with new technologies to meet customer expectations.

For liquid lithium-ion batteries, which are currently the mainstream, Toyota will work to enhance performance by improving to the energy density of prismatic batteries, an area in which the Company has longstanding expertise. In addition, we will expand our lineup to provide customers with a variety of options—from low-cost batteries for popularization to batteries optimized for maximum performance—by using the bipolar battery structure developed for hybrid electric vehicles (HEVs) in BEVs.

Furthermore, all-solid-state batteries, which are garnering attention as an innovative new type of battery, are finally approaching the phase of practical application for use in BEVs. By assembling a full lineup of competitive batteries, we will seek to support the ongoing evolution of Toyota's BEVs.

Notes: 1. The performance versions of next-generation batteries are being developed with Prime Planet Energy & Solutions, Inc., while the popularization and high-performance versions of the next-generation batteries and all-solid-state batteries for BEVs are being developed with Toyota Industries Corporation, combining the knowledge of the Toyota Group.
2. The bZ4X referenced in this report refers to the 2022 model. The bZ4X underwent a partial update in October 2025



Liquid Lithium-Ion Battery Development

1 Next-Generation Batteries: Performance Version

The next-generation BEVs will have a driving range of 1,000 km.* For these vehicles, we are developing a performance-focused prismatic battery to increase the degree of freedom in vehicle design. This battery will feature higher energy density along with improved aerodynamics and reduced weight aimed at extending driving ranges through vehicle efficiency improvements. At the same time, we look to reduce costs by 20% in comparison with the current bZ4X and achieve a quick charge time of 20 minutes or less (state of charge (SOC) = 10%–80%).

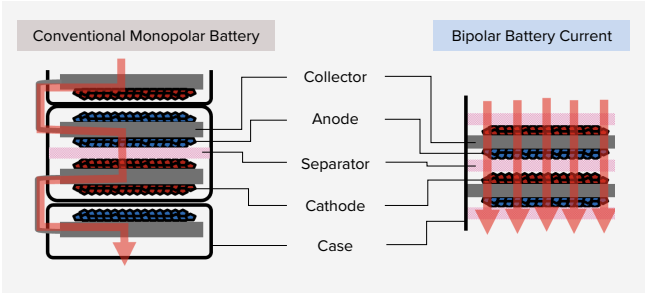
* Includes driving range gains through vehicle efficiency improvements such as aerodynamics and weight reductions

2 Next-Generation Batteries: Popularization Version

Toyota is also developing high-quality, low-cost liquid lithium-ion batteries that are anticipated to contribute to the widespread use of BEVs to provide customers with a variety of battery options.

Bipolar structure batteries, which have been used in the Aqua and Crown hybrid vehicles, are now being used in BEVs. These batteries utilize inexpensive lithium iron phosphate (LFP), and we are working to commercialize these batteries.

We are aiming for a 20% increase in driving range* and a 40% reduction in cost compared with the earlier bZ4X as well as a quick charge time of 30 minutes or less (SOC = 10%–80%). We are also examining the possibility of installing these batteries in BEVs in the popularization price range.



In a standard battery, individual current collectors are coated on both sides with either an anode or cathode and then paired to make a set. In contrast, every current collector in a bipolar configuration is coated with an anode on one side and a cathode on the other, making for a simpler structure that requires only one-third as many components. At the same time, material costs can be reduced by using LFP for the cathode in place of rare metals, such as nickel and cobalt.

To make these batteries a reality, Toyota must overcome three challenges: applying the cathode and anode materials evenly, doing so at high speeds, and simultaneously sealing all the cells. Furthermore, these need to be achieved in batteries large enough to power a car.

Battery type		Shape	Structure	Cathode	EV driving range (CLTC mode, including gains through vehicle improvements)	Costs (For same driving range)	Charge time (SOC = 10%–80%)
Conventional	bZ4X battery	Prismatic	Monopolar	NCM	615 km	–	30 mins. or less
Next-generation batteries	1. Performance version				200% increaseCompared with bZ4X (before improvements)	20% reduction Compared with bZ4X (before improvements)	20 mins. or less
	2. Popularization version	New structure	Bipolar	LFP	20% increaseCompared with bZ4X (before improvements)	40% reduction Compared with bZ4X (before improvements)	30 mins. or less
Evolved batteries	3. High-performance version			Ni	10% increase Compared with next-generation batteries (performance version)	10% reduction Compared with next-generation batteries (performance version)	20 mins. or less

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Strategy for Battery Electric Vehicles

Innovative Battery Electric Vehicle Technologies

In tackling these challenges, Toyota is drawing on its battery production technologies honed through its roughly 30 years of developing HEVs as well as its bipolar nickel-metal hydride battery technologies and expertise, precision coatings used for fuel-cell electric vehicles (FCEVs), and various digital technologies. By combining these assets, we are making strides in development projects aimed at mass production.

3 Bipolar Lithium-Ion Batteries: High-Performance Version

The high-performance version of our bipolar lithium-ion batteries combines the best aspects of both the performance and popularization versions. These are batteries that are being evolved through the combination of a bipolar structure and a high nickel cathode.

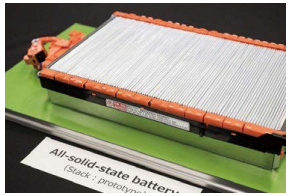
Compared with the performance version, the high-performance version will boast an impressive 10% increase in driving range*3 and a 10% reduction in cost as well as a quick charge time of 20 minutes or less (SOC = 10%–80%). We aim to commercialize this battery in 2027 or 2028.

*3 Includes driving range gains through vehicle efficiency improvements such as aerodynamics and weight reductions

All-Solid-State Battery Development

All-solid-state batteries have a solid electrolyte, allowing faster movement of ions and greater tolerance of high voltages and temperatures. It is hoped that this technology will contribute to increased power output, longer driving ranges, and shorter charge times.

However, one of the issues faced had been short battery life. All-solid-state batteries repeatedly expand and contract as the battery charges and discharges, which can create cracks in electrodes that inhibit the movement of ions between the cathode and anode. Toyota, fortunately, has been able to develop a new technology that overcomes this issue.



Technology enabling even longer driving ranges than Toyota's next-generation batteries together with charge times under 10 minutes

Aiming for commercialization in 2027 or 2028, Toyota continues to advance product development and the development of mass production methods.

Current battery production consists of three main processes: materials processing, battery processing, and battery assembly. While the sequence is the same for all-solid-state batteries, the assembly process for these batteries requires high-speed, high-precision stacking that does not damage the materials in order to ensure the battery's performance. Advanced technologies are imperative for achieving such levels of speed and precision in mass production.

The equipment developed by Toyota resolves this issue by making the pallets that carry and receive batteries all move at the same speed—that is, at zero relative velocity. In addition, the pallets and machinery are equipped with *karakuri* (non-powered mechanical gadgets that help improve productivity and reduce costs) to prevent misalignment as batteries are passed through. Together, these solutions enable high-speed, high-precision stacking crucial for mass production.

In October 2023, Toyota announced a partnership with Idemitsu Kosan Co., Ltd. in which the companies will work toward the mass production of all-solid-state batteries for BEVs. By integrating the two companies' materials development technologies, along with Idemitsu's materials manufacturing technologies and Toyota's battery processing and assembly technologies honed in electrified vehicle development, the partners aim to achieve mass production of solid electrolytes and all-solid-state batteries that will be widely used throughout society.

In October 2025, we announced a collaboration with Sumitomo Metal Mining Co., Ltd. aimed at mass production of cathode materials. Leveraging the company's proprietary powder synthesis technology, we jointly developed a new cathode material with superior durability suited for all-solid-state batteries. Going forward, we will continue to draw on Sumitomo Metal Mining's expertise accumulated over two decades of supplying cathode materials, as we work toward the supply and subsequent mass production of this newly developed material.

Sumitomo Metal Mining and Toyota Announce Collaboration Aimed at Mass Production of Cathode Materials for All-Solid-State Batteries

Aerodynamics Technologies Based on Rocket Technologies

Battery development is not the sole factor that determines the performance of BEVs. Vehicle design considerations, such as minimizing aerodynamic drag, improving energy regeneration, and ensuring overall energy and heat management, must also be addressed as part of the vehicle development process.

One such aspect of vehicle design is aerodynamics technologies. In this area, Toyota is working with the Space Systems Division of Mitsubishi Heavy Industries, Ltd. to apply hypersonic rocket technologies to cars. Through this partnership, we are studying technologies that protect rockets from the heat caused by air friction and compression and looking for ways to transfer that knowledge to the speed range of a car.

Aerodynamic drag can be lowered by controlling points of contact with the airflow—for example, through body surface treatment. Toyota hopes to reduce the drag coefficient (Cd) to around a tenth of that for existing car bodies (0.20).

This technology has the potential to enable designs that are both stylish and aerodynamic without placing restrictions on the shape of a car or whether the material is steel or aluminum.

Development is moving forward with the goal of achieving commercialization in 2026. In addition to battery innovation, we strive to extend driving ranges by minimizing aerodynamic drag as one facet of our ongoing efforts to improve the appeal of our BEV products to surpass customer expectations.



Model for wind tunnel testing

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Strategy for Battery Electric Vehicles

Background of bZ3X Development

Creating Ever-Better Battery Electric Vehicles for China



China's automotive market continues to evolve along a unique motorization path. Vehicle size expansion, electrification, and intelligent technologies are advancing at remarkable speed, positioning China as a global leader in these areas. In 2025, new-energy vehicles accounted for more than 50% of total vehicle sales.

bZ3X is an SUV-type battery electric vehicle (BEV) launched in China in March 2025 to meet the needs of this market. Developed under the concept of "COZY HOME," which represents a comfortable, mobile living space, bZ3X was created through a locally driven development structure led by a Chinese regional chief engineer. Working in close collaboration with our partner Guangzhou Automobile Group (GAC), Toyota advanced vehicle development with the aim of creating a vehicle beloved by Chinese customers.

By combining the "intelligent" features and spacious comfort sought by younger new-energy-vehicle customers with Toyota's hallmark safety and peace of mind, bZ3X achieved strong market acceptance. Offered at an accessible price range starting at the 100,000-yuan level (approx. ¥2.2 million), bZ3X became the top-selling BEV among China joint-venture brands in 2025.

Product Features

1 Intelligent Technologies

Building on the data-driven intelligent driving assistance technology of local partner Momenta, Toyota analyzed frequent accident scenarios and, guided by its aspiration to realize a society with zero taffic accidents and fatalities, refined safety and security performance to enhance peace of mind.



2 Spacious Comfort

Leveraging the inherent spaciousness of a BEV, bZ3X offers a large, flat cabin enabled by flexible seat arrangements. A 14.6-inch display, four-seat independent voice recognition, and a panoramic sunroof deliver the comfort features customers expect from new-energy vehicles.



3 Safety and Security

Toyota applied its own high safety standards to the battery, the core component of a BEV. Features such as redundant brake design and the use of high-strength special steel in more than 70% of the body reflect Toyota's commitment to safety, including in areas not immediately visible to customers.



Challenges

1 Continuous Enhancement of Product Competitiveness

To meet customer expectations in China's rapidly changing market, Toyota significantly reexamined its conventional development methods, incorporating improvements based on customer feedback gathered at motor shows and other venues right up to launch. Following market introduction, Toyota continues to move beyond traditional approaches by implementing timely product improvements and over-the-air (OTA) software updates based on customer feedback.



bZ3X owner interviews, December 2025

2 Reaching More Customers

In addition to its existing customer base, Toyota implemented significant improvements to customer touchpoints to engage younger customers with a strong interest in new-energy vehicles. Initiatives included creating modern retail environments, strengthening communication through social media—a key information source for younger customers—and assigning BEV-specialized sales staff.



Event held in collaboration with a music school, May 2025

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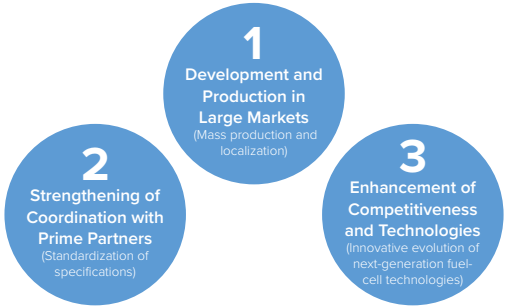
Hydrogen Business Strategies



Three Key Axes for Advancing the Hydrogen Business

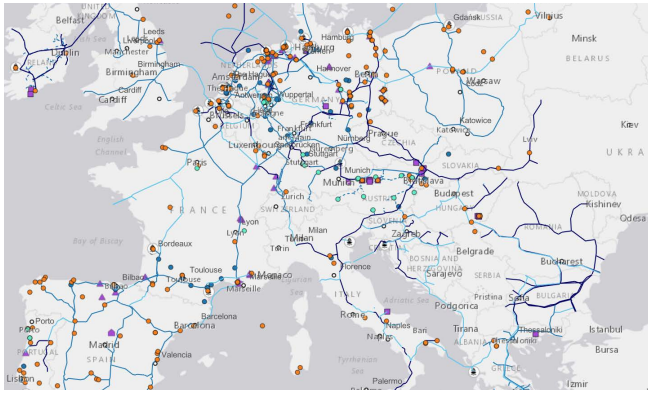
Toyota's hydrogen business may appear to be a distant prospect, with no clear path to success. However, we have seen significant global developments in this area in recent years, with countries introducing policies and taking active steps with an eye toward 2030. To anticipate these changes and respond to customer needs, the Hydrogen Factory is advancing business activities based on three key axes.

Business Axes of the Hydrogen Factory



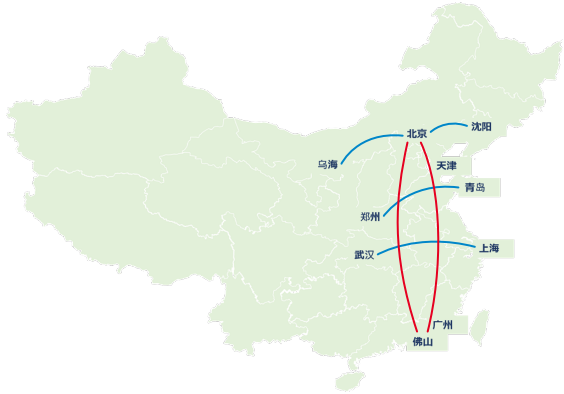
1 Development and Production in Large Markets

In Europe, Toyota Motor Europe NV/SA is engaged in the development of hydrogen fuel-cell systems and carries out production and external sales. Furthermore, the Alternative Fuels Infrastructure Regulation (AFIR) has come into effect, and plans have been announced to install hydrogen stations every 200 kilometers along major highways by 2030.



Europe's hydrogen highway concept under AFIR
Source: Directorate-General for Mobility and Transport

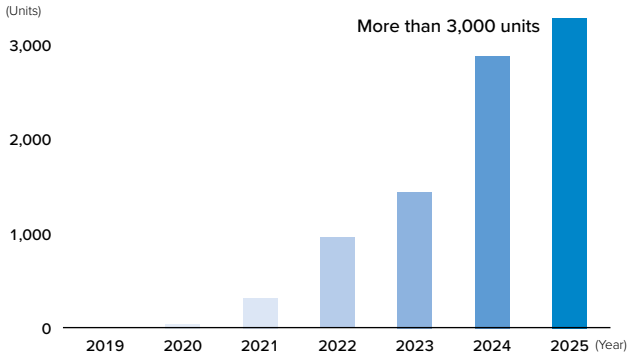
In China, we have already established a development and production base in collaboration with Beijing SinoHytec Co., Ltd. This base began production of fuel cells in August 2024. In addition, under the Medium and Long-term Plan for the Development of Hydrogen Energy (2021-2035), a "hydrogen highway" concept has been outlined, with a target to introduce fuel-cell trucks on a scale of several tens of thousands of units annually to decarbonize trunk-line logistics.



China's hydrogen highway concept

In response to these market changes, in 2019, Toyota began offering the fuel-cell unit installed in the Mirai passenger vehicle as a modular product to partners aiming to realize a hydrogen society. In recent years, as demand for commercial applications has expanded across various countries, sales of fuel-cell units have continued to grow year by year, reaching a global cumulative total of more than 3,000 units as of December 2025.

Cumulative External Sales of Fuel-Cell Units (as of December 2025)



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Hydrogen Business Strategies

2 Strengthening of Collaboration with Major Partners

Hydrogen has been positioned as an important energy source in Toyota's CO_2 emissions reduction efforts in its quest to achieve carbon neutrality. To create a hydrogen-powered society, we are promoting the widespread adoption of fuel-cell products, including passenger and commercial fuel-cell electric vehicles as well as fuel-cell stationary generators. Through such initiatives, we are working with various industry partners in the areas of producing, transporting, and using hydrogen.

In Europe, Toyota announced a partnership with Daimler Truck Holding AG in May 2023. The scope of this partnership includes collaboration on hydrogen-related development. Furthermore, in September 2024, we unveiled plans to bolster coordination with BMW in the field of hydrogen, pursuing joint development and standardization of components to drive cost reductions. These components are also being considered for use in Toyota models going forward.

Additionally, France-based Hyliko has operated fuel-cell heavy-duty trucks equipped with Toyota's fuel-cell units for a cumulative distance of over 60,000 km. During the Paris 2024 Summer Olympic Games these trucks supported vehicle transportation for event operations.



Utilization of fuel-cell heavy-duty trucks by Hyliko at the Paris 2024 Summer Olympic Games

In China, we entered into a partnership in November 2024 with GLP Investment (Shanghai) Co., Ltd. (GLP China) in the field of high-value-added green trunk-line logistics. In collaboration with leading domestic logistics companies For-U Smart Freight and Shenzhen Dekun Logistics Co., Ltd., we began operating 50 heavy-duty fuel-cell trucks in 2025. This marked our first overseas trunk-line logistics trial, aimed at identifying challenges to establishing a viable total cost of ownership and establishing successful examples.



Implementation of trunk-line logistics with For-U and Dekun

In Japan, we have been working with Isuzu Motors Limited, Hino Motors, Ltd., Suzuki Motor Corporation, and Daihatsu Motor Co., Ltd. on initiatives to make commercial vehicles carbon neutral. Furthermore, in February 2024, we agreed with Chiyoda Corporation to jointly develop a large-scale water electrolysis system that produces hydrogen from water and electricity by applying the fuel-cell technology used in the Mirai. Preparations are underway for demonstrations to begin in 2026.

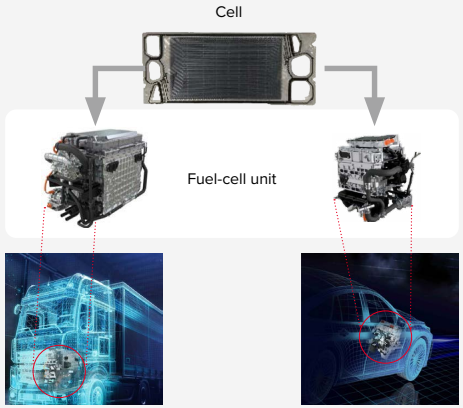


Collaboration with Chiyoda Corporation on hydrogen production systems

3 Enhancement of Competitiveness and Technologies

The next-generation (third-generation) fuel-cell unit currently under development aims to offer durability equivalent to twice that of the current generation and is designed to be virtually maintenance-free even under commercial vehicle operating conditions. Fuel efficiency and driving range have been improved by 20%, enabling travel between Tokyo and Osaka without refueling. We are developing dedicated units for both passenger and commercial applications, while standardizing cells to achieve lower costs. Our plan is to roll out this next-generation fuel cell unit, capable of meeting a wide range of use cases, from passenger cars to commercial vehicles, starting in fiscal 2027.

Fuel-Cell Systems



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Initiatives for Producing Hydrogen

At the same time, hydrogen remains a costly energy source. To expand its utilization, reducing its price is essential. To this end, Toyota is working with partners on technology for hydrogen production.

In 2023, DENSO Fukushima Co., Ltd. introduced an electrolysis system at its production plant. The system leverages fuel-cell technology from the Mirai and has a capacity of approximately 0.4 megawatts. Since April 2024, it has been supplying hydrogen to combustion furnaces within the plant and continues to be used.

The hydrogen production market is expected to grow rapidly both in Japan and overseas. To enhance scalability of hydrogen production equipment, Toyota is combining Chiyoda Corporation's processing plant design expertise and large-scale plant construction technologies to develop large-scale electrolysis systems in the 5 megawatt to 20 megawatt range. In 2026, Toyota plans to build a facility called Hydrogen Park at its Honsha Plant and begin large-scale demonstration testing. Going forward, we will continue accelerating efforts toward commercialization.



The Completed Hydrogen Park at Toyota Honsha Plant



The portable hydrogen cartridge installed at the Seven-Eleven West Gate store at Expo 2025 Osaka. The cartridge allows hydrogen to be easily transported.



Toyota collaborated with UCC Ueshima Coffee Co., Ltd. to commercialize hydrogen-roasted coffee by leveraging hydrogen's combustion characteristics, translating the ride comfort of four Toyota Crown models into distinct coffee drinking experiences.



Joint development of hydrogen-powered sauna with Harvia Plc (Finland)

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Commercial Sector Initiatives

Contributing to Carbon Neutrality Through Commercial Vehicle Electrification and Enhanced Logistics Efficiency

In Japan, Toyota established Commercial Japan Partnership Technologies (CJPT) in 2021 together with Isuzu Motors Limited, Hino Motors, Ltd., Suzuki Motor Corporation, and Daihatsu Motor Co., Ltd. with the aim of contributing to the resolution of issues in the transportation industry and helping realize a carbon-neutral society.

ISUZU SUZUKI TOYOTA HINO DAIHATSU → CJPT Commercial Japan Partnership Technologies

Commercial Japan Partnership Technologies Corporation (CJPT)

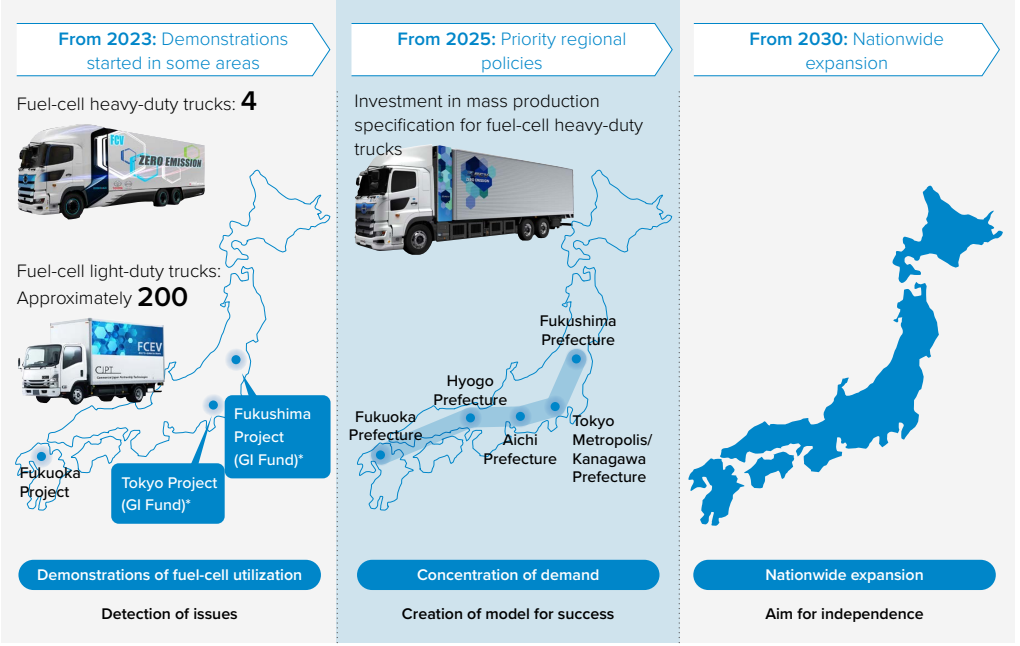
Adoption and Expansion of Fuel-Cell Commercial Vehicles

We are working with shippers and logistics companies in Fukushima Prefecture and Tokyo on the social implementation of electrification that utilizes heavy- and light-duty fuel-cell electric trucks and light-duty BEV trucks. As of the end of December 2025, approximately 200 fuel-cell electric trucks have hit the roads, supporting the daily lives of local people not only as general delivery vehicles but also as waste collection vehicles and school lunch delivery vehicles. In addition, around 180 fuel-cell electric buses are operating across Japan and are beginning to take root as part of local transportation infrastructure. From fiscal 2027, we will begin production of a new model, further promoting the utilization of hydrogen.

At the same time, the widespread adoption of fuel-cell commercial vehicles faces challenges, including reductions in vehicle costs, the expansion of hydrogen refueling infrastructure, and the lowering of hydrogen costs. To address these challenges, efforts are being undertaken through close collaboration between the public and private sectors.

In May 2025, the Japanese government selected Fukushima Prefecture, Tokyo Metropolis, Kanagawa Prefecture, Aichi Prefecture, and Hyogo Prefecture as Priority Regions for Promoting the Deployment of Fuel-Cell Commercial Vehicles. In response, Toyota and CJPT have started work on the following initiatives, aiming to ultimately roll them out nationwide.

- Creation of massive hydrogen demand and new hydrogen utilization models through the deployment of heavy-duty fuel-cell electric trucks
- Establishment of sales and operating environments in newly designated priority regions
- Expansion of the lineup of fuel-cell commercial vehicles
- Support for businesses working to reduce hydrogen costs



* Green Innovation Fund

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Commercial Sector Initiatives

1 Tokyo Metropolis and Aichi Prefecture: Creation of Massive Hydrogen Demand Through Fuel-Cell Heavy-Duty Trucks



Fuel-cell trucks responsible for trunk-line transportation possess larger hydrogen tanks, ensuring a long driving range. As such, we anticipate significant and stable hydrogen consumption. To date, we have operated four demonstration vehicles, such as for the transportation of components between Toyota's plants and transportation companies. In October 2025, Hino Motors, Ltd. launched a mass production model equipped with Toyota's fuel-cell technology. Going forward, we will steadily introduce these vehicles across Japan, promoting the utilization of hydrogen while contributing to the stabilization of hydrogen station operations.

2 Aichi Prefecture and Hyogo Prefecture: Launch of Fuel-Cell Truck Adoption



In November 2025, operation of fuel-cell trucks also commenced in Aichi and Hyogo prefectures.

Building service infrastructure poses a challenge for introduction into new regions, but we are developing such an infrastructure through cooperation with local dealerships and vehicle conversion manufacturers. Going forward, we will continue to collaborate with communities in priority regions to realize a hydrogen society.

3 Tokyo Metropolis: New Model That Uses Hydrogen (Fuel-Cell Taxi)



As the first stage of the TOKYO H2 project announced by the Tokyo Metropolitan Government, a taxi service that utilizes Toyota Crown fuel-cell electric velicles was launched in September 2025. To achieve the aims set out by the Tokyo Metropolitan Government (approximately 600 vehicles by fiscal 2031), Toyota will verify the optimal balance between hydrogen supply and demand utilizing data acquired from fuel-cell taxis.

4 Fukushima Prefecture: Support for Autonomous Maintenance of Stations to Reduce Hydrogen Prices



In response to feedback from our dealers that car transporters should also be carbon neutral, we have independently planned and manufactured a fuel-cell car transporter with a Fukushima Prefecture-based vehicle conversion manufacturer and began introducing the vehicle at dealerships in January 2026. Going forward, we will promote the introduction of this vehicle at dealerships in other regions, while enhancing its practicality as a carrier truck, including efforts to expand loading space.

5 Reducing Hydrogen Costs Necessitates Ongoing Support for Autonomous Maintenance of Stations to Lower Hydrogen Prices



Reducing hydrogen costs requires keeping the maintenance costs necessary for managing hydrogen stations as low as possible. Together with the Nemoto Tsusho Group, which operates hydrogen stations in Fukushima Prefecture, Toyota has been working on initiatives such as conducting regulatory inspections in-house and lengthening the lifespan of components. From January 2025, employees from the Nemoto Tsusho Group began visiting the Toyota Shimoyama Plant and Motomachi Plant in Aichi Prefecture to acquire the knowledge needed for maintenance and, by January 2026, had become capable of conducting the majority of regular voluntary inspections in-house.

Going forward, we aim to standardize these initiatives and expand them to hydrogen stations nationwide.

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Development of Hydrogen Engines for Motorsports



In 2025, Toyota's efforts to race a Corolla equipped with one of the Company's hydrogen engines currently in development entered their fifth year.

Hydrogen engines are partially modified versions of conventional gasoline engines that burn 100% pure hydrogen, unmixed with gasoline, directly as fuel. As no fossil fuels are burned, hydrogen-engine vehicles emit almost no CO_2 when in operation, with the only emissions being from the combustion of minute amounts of engine oil. The hydrogen-powered engine is an option with significant potential to contribute to carbon neutrality while making use of technologies for internal combustion engines built up over past decades and protecting engine-related jobs in the automotive industry.

In late 2020, after taking a test drive in a hydrogen engine prototype car, master driver Morizo (Chairman Akio Toyoda) decided on the spot to enter a hydrogen engine car in the Super Taikyu Series race. The development of race vehicles is dramatically faster and more agile than that of mass production vehicles. We decided that racing would provide the ideal environment for refining our hydrogen engines, which are being developed with the goal of achieving carbon neutrality.

Since its first time entering a hydrogen-powered Corolla in the 2021 Super Taikyu Series, Toyota has continued to develop technologies for producing, transporting, and using hydrogen. In 2021 and 2022, we raced a Corolla with a hydrogen engine that ran on gaseous hydrogen fuel. These efforts shifted to the next stage in 2023, when we launched a world-first initiative to utilize liquid hydrogen fuel. The switch to liquid hydrogen fuel increases the volumetric energy density of the fuel, approximately doubling a vehicle's driving range, an important advancement given that short driving ranges have been an issue with gaseous fuel. In addition, liquid hydrogen fueling stations take up only a quarter of the space required to install a gaseous hydrogen station, enabling refueling in the pit itself.

In 2024, we took another step forward in the evolution of our hydrogen engines by increasing the durability of pumps, which had needed to be replaced numerous times in prior races; extending driving ranges by modifying tank shapes; automating the processes of switching CO_2 collection units; and implementing other substantial improvements. This cemented the achievement of our target driving range of 30 consecutive laps.

In 2025, we conducted test drives of vehicles with small, highly efficient superconducting motors within their fuel tanks, improving tank capacity over 1.3 times. Going forward, this will lead to further improvements in driving range and driving performance and a reduction in the volume of boil-off gas.

We are striving to practically implement superconductivity technology with the aim of further developing liquid hydrogen technology.

Expansion of Partnerships

Toyota could not have made such progress alone. In 2023, a portion of the liquid hydrogen used in the hydrogen-powered Corolla in the Fuji 24 Hours Race was lignite-derived hydrogen produced in and transported from Australia in the Suiso Frontier liquefied hydrogen carrier built by Kawasaki Heavy Industries, Ltd. as part of the HySTRA project. In addition, the mobile liquid hydrogen fueling station used at the circuit was jointly developed by Iwatani Corporation and Toyota. Moreover, accompanying the switch to liquid hydrogen fuel, many parts required modification.

In 2024, Toyota partnered with Japan Metals & Chemicals Co., Ltd. to develop an electricity supply system that used hydrogen storage alloy in order to address the boil-off gas* issues faced with prior liquid hydrogen fueling systems. A concept model of an engine that reused boil-off gas produced during driving as fuel or for generating electricity was displayed at the final race of the Super Taikyu Fuji Final 4 Hour Race, attracting individuals with similar ambitions to join us in the development process.

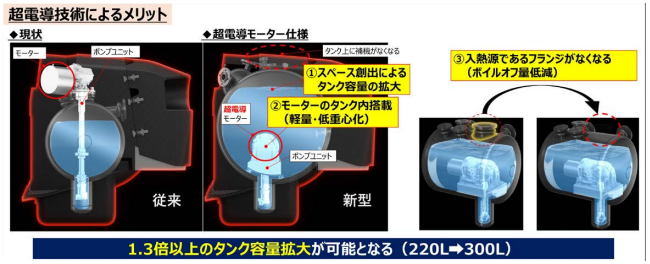
Through cooperation with our numerous partners, the liquid hydrogen-fueled Corolla has successfully completed its races, and, as a result of such efforts, the number of partners has grown from eight in May 2021 to 60 at the end of the 2025 season.

* Vaporized hydrogen produced due to the evaporation of liquid hydrogen fuel contained within tanks as a result of natural influx of outside heat

Continuous Efforts to Develop Hydrogen Engines

The scope of hydrogen engine development is expanding beyond motorsports. For example, a verification test of a hydrogen-powered Hiace was conducted on public roads in Australia from the end of 2023. In addition, Japan's first verification test of a mobile liquid hydrogen fueling system was carried out at the Iwatani Hydrogen Station in Kariya City, Aichi Prefecture, in 2024.

Toyota will continue in its efforts to expand the possibilities of hydrogen engines. Aiming to contribute to the realization of a carbon-neutral society, we will continue to evolve alongside our partners in line with the principle of "making ever-better cars from a starting point in motorsports" and our multi-pathway strategy.



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Carbon-Neutral Fuel Initiatives

The chart below shows CO_2 emissions, including emissions from vehicles in use, on the vertical axis and time on the horizontal axis.

It is also necessary to provide a wide range of energy options to meet the needs of diverse vehicles, regions, and customers. With regard to hydrogen fuels, synthetic fuels, bioethanol fuels, and other products based on electricity derived from renewable energy sources, we are collaborating with a diverse range of partners from across various industries to reduce CO_2 emissions throughout the entire production process, starting from raw material procurement, and to achieve the practical application of such products.

Carbon-Neutral Fuel Initiatives

1 Collaboration with Partners in Japan

In May 2024, with the aim of realizing a carbon-neutral society, we commenced a study for the introduction and popularization of carbon-neutral fuels*1 that contribute to the decarbonization of automobiles together with Idemitsu Kosan Co., Ltd., ENEOS Corporation, and Mitsubishi Heavy Industries, Ltd. Seeking to introduce carbon-neutral fuels in Japan around 2030, we embarked on this study together with these companies, fulfilling major roles respectively in supply, technology, and demand.

Furthermore, at the ENEOS Super Taikyu Series 2025 Empowered by BRIDGESTONE Round 3 NAPAC Fuji 24 Hours Race, held in May 2025, fuel suppliers and automobile manufacturers announced the development of low-carbon gasoline*2 through an all-Japan collaborative framework. Serving as an important testing ground, this 24-hour endurance race provides an extremely demanding environment in which technologies can be refined, while enabling the acquisition of practical data that can be applied to mass-produced vehicles.

Page 73 Development of Hydrogen Engines for Motorsports

*1 Carbon-neutral fuels are fuels that limit CO_2 emissions across the entire product life cycle. It is a collective term that includes synthetic fuels (e-fuel) made using hydrogen and CO_2 as well as biofuels made from raw materials such as plants that absorb CO_2 through photosynthesis. Liquid carbon-neutral fuels in particular are advantageous in terms of energy storage and transportation, are suitable as transportable energy sources, and also offer benefits from the perspective of disaster resilience.

*2 A fuel produced by blending plant-derived bioethanol with conventional fossil fuel-based gasoline. As the plants absorb CO_2 from the atmosphere during growth, the fuel has lower net carbon emissions compared with fossil fuels.

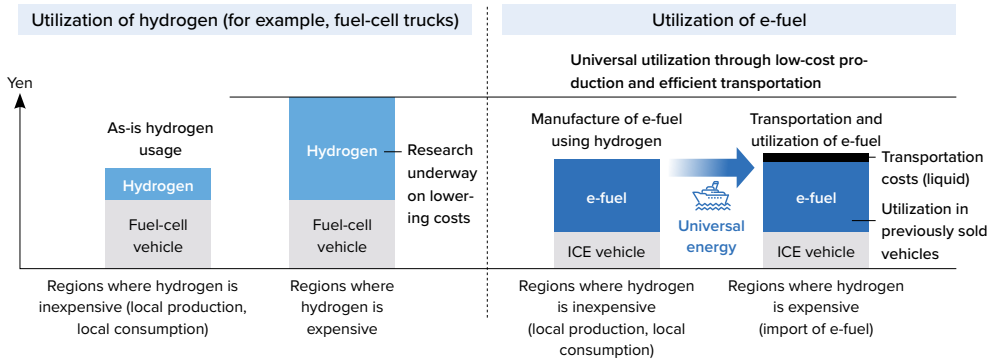
2 Collaboration with Partners in the United States

In the United States, we are carrying out on-road evaluations of fuels used for research purposes together with Exxon Mobil Corporation and are implementing fueling demonstrations of low-carbon fuels in new vehicles in collaboration with Chevron Corporation. In these ways, we are working closely with domestic and overseas fuel companies, including oil companies, to raise awareness and promote the practical application of carbon-neutral fuels.

Utilization of E-Fuel in the Multi-Pathway Strategy

E-fuel refers to fuels produced by synthesizing CO_2 captured from the air and other sources with hydrogen produced by water electrolysis.

In regions where hydrogen is inexpensive, it is commonly used directly in fuel cells under a local production and consumption model. However, in regions with high hydrogen prices, there is potential to achieve lower overall costs by producing e-fuel in regions with lower production costs and transporting them to demand areas. Research is currently underway to verify the feasibility of this strategy.



Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Carbon-Neutral Fuel Initiatives

Biofuels

Biofuels are biomass-based products such as bioethanol and biodiesel.

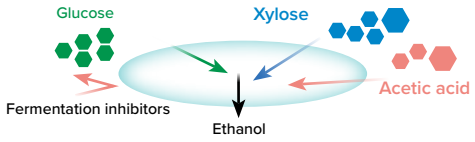
1 Initiatives of the Research Association of Biomass Innovation for Next Generation Automobile Fuels (raBit)

In July 2022, Toyota and six private companies established the raBit, through which we have been promoting research with the aim of improving manufacturing technologies for second-generation bioethanol fuels.

In November 2024, a ceremony was held to celebrate the completion of a bioethanol production research facility in Okuma Nishi Industrial Park, located in Okuma Town, Fukushima Prefecture.

Research Association of Biomass Innovation for Next Generation Automobile Fuels

Utilization of Toyota Yeast



World-class ethanol fermentation concentration

10% increase in production

Framework of raBit

Integrated promotion of manufacture, transportation, and utilization

ENEOS Corporation, Suzuki Motor Corporation, Subaru Corporation, Daihatsu Motor Co., Ltd., Toyota Tsusho Corporation, Mazda Motor Corporation, and Toyota Motor Corporation

2 Initiatives in Emerging Countries

In emerging countries, the use of biofuels is expanding, and efforts are being promoted to introduce biofuel (ethanol)-compatible vehicles in a timely manner and in the best possible locations.

- Blends of 10% biofuel compatible with all vehicles types
- In Brazil, sale of HEVs that make use of 100% biofuel



- In India, announced introduction of HEVs compatible with biofuel (November 2022)



- In Brazil, unveiled prototypes of plug-in hybrid ethanol vehicles and biomethane vehicles at G20 in 2024



Collaborating on the Use of Synthetic Fuel Toward Carbon Neutrality in Engine-Powered Vehicles

– Providing Vehicles Using Synthetic Fuel Within the Expo 2025 Osaka, Kansai Venue –

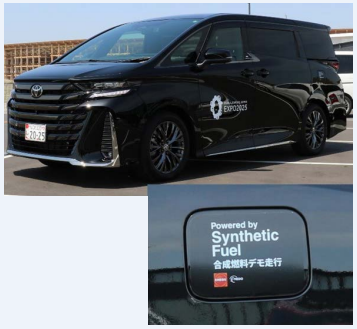
During the period of the 2025 World Exposition, Japan (Expo 2025 Osaka, Kansai),*1 Toyota provided passenger vehicles using fuel blended with synthetic fuel for the transportation of guests and related personnel operating within the Expo venue.

The vehicles used synthetic fuel provided by ENEOS Corporation. The fuel was produced at a demonstration plant*2 completed in September 2024 at the ENEOS Central Technical Research Laboratory, with support from NEDO*3 under its Green Innovation Fund.*4

What is Synthetic Fuel?

Synthetic fuel is a clean fuel produced using hydrogen derived from renewable energy and CO_2 as raw materials, enabling a reduction in CO_2 emissions across the entire product life cycle. As a liquid fuel, synthetic fuel can utilize existing infrastructure, thereby contributing to the reduction of CO_2 emissions from internal combustion engine vehicles.

Through the operation of vehicles for guests and related personnel at Expo 2025 Osaka, Kansai, we demonstrated that engine-equipped vehicles powered by synthetic fuel represent one of the important mobility options toward achieving carbon neutrality. We will continue to contribute to the realization of the "EXPO 2025 Green Vision,"*5 which articulates the sustainability goals set forth by the Expo.



*1 April 13 (Sun) – October 13 (Mon), 2025
*2 ENEOS press release issued on September 30, 2024
*3 New Energy and Industrial Technology Development Organization
*4 The development of fuel production technology using CO_2 was selected for support under NEDO's Green Innovation Fund Project: Development of Technology for Producing Fuel Using CO_2, etc.
*5 Sustainability initiatives of Expo 2025 Osaka, Kansai

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy

Circular Economy

Basic Approach

Toyota believes in the principles of conducting business for the public good and contributing to people's happiness and social development. To ensure that we can reflect upon these principles, it is important that we address the material issue of Coexistence of Humanity & the Earth. To build relationships of mutual gratitude with stakeholders in each country and region, we must conduct our business activities in a manner that carefully considers the global environment.

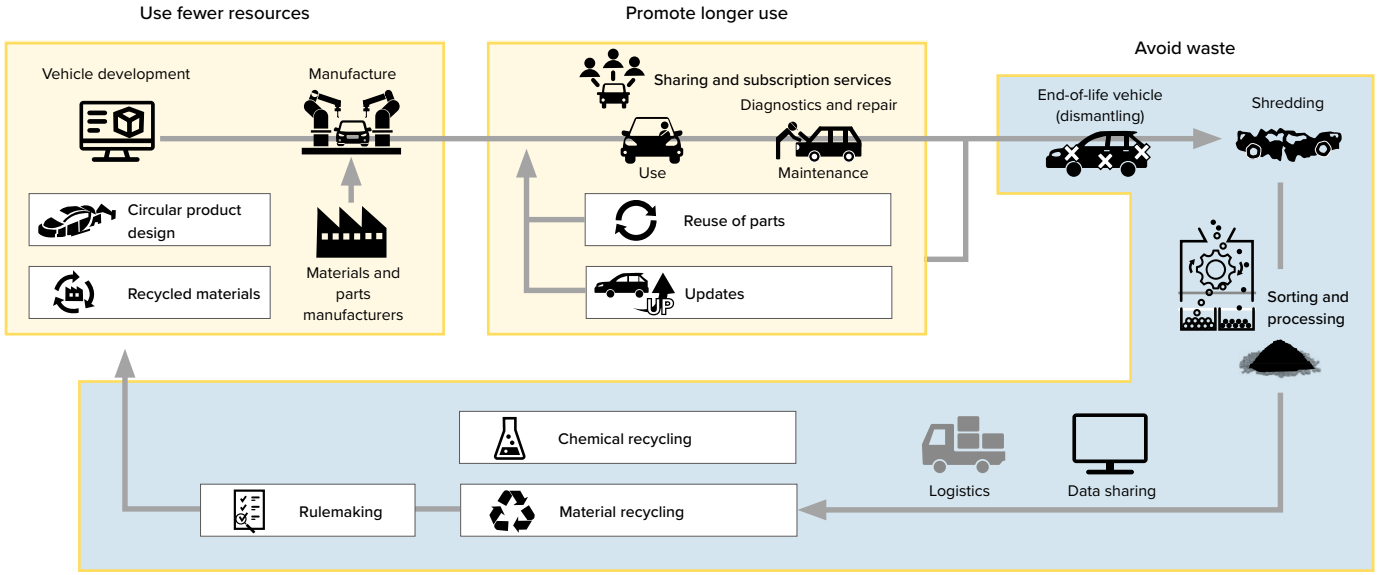
Some of the challenges faced by the automotive industry in this regard are waste management and the extraction of rare metals, which has been driven by the major shift toward electrification. As the use of powertrains evolves from conventional internal combustion engines to HEVs, PHEVs, BEVs, and FCEVs, Toyota is proceeding with multifaceted examinations focused on each drive system and on reducing environmental burden.

One vision that we are pursuing is the circular economy.

Toyota aims to transition to a circular economy in which efforts to reduce, reuse, and recycle resources are balanced with economic growth.

The circular economy is formed through collaboration between manufacturing, sales, and the collection, dismantling, and resource recycling of vehicles. By promoting the recovery and recycling of rare resources, minimizing waste, and utilizing recycled materials, we aim to not only maintain the value of cars throughout the value chain but also reduce environmental burden. We will also take steps to re-evaluate and leverage the value of materials for over 30,000 automotive parts while recovering, reusing, and recycling automobiles as a valuable resource. In this way, we will contribute to transitioning the entire automotive industry to a circular economy ecosystem.

See here for a summary and video of Toyota's approach to a circular economy.



The Three Pillars of the Circular Economy at Toyota

1 Use Less Resources

Toyota has been working to standardize parts and reduce the number of parts needed. At the same time, we have pursued car manufacturing that avoids the use of rare resources. Moreover, we have been working to enable the use of recycled materials and used parts through technological development with the aim of establishing a lineup of cars that meets the needs of our customers and caters to the conditions in each country and region.

2 Promote Longer Use

For our customers to be able to use our cars for longer periods of time, we have endeavored to create highly durable vehicles with specifications that enable long-term, ongoing use. Moving forward, through analysis of the data we have thus far accumulated on vehicles and parts, we will promote appropriate vehicle diagnostics and repairs and support decision-making for the right timing to do so. Furthermore, by enhancing hardware (parts) crucial for customers to maintain and continue to use their favorite automobile as well as by upgrading software, we will aim to ensure that customers can use the same car for longer.

3 Avoid Waste

Toyota has promoted the appropriate treatment of end-of-life vehicles so as to prevent pollution. To make dismantling as easy and appropriate as possible, we have been making efforts to develop parts with simple structures using a single material. In addition, we have worked to recover usable parts from end-of-life vehicles and reuse other resources therefrom. We have also been promoting the development of technologies that make use of automotive shredder residue (ASR), which is waste generated from shredding end-of-life vehicles.

2030 Circular Economy Target (Recycled Materials)

Based on the three pillars of the circular economy, Toyota aims to use 30% or more recycled materials on average* to facilitate the creation of a society that maximizes resource circulation by 2050.

* On a vehicle weight basis

Toyota's Vision for Carbon Neutrality: Overview of the Multi-Pathway Strategy | Circular Economy

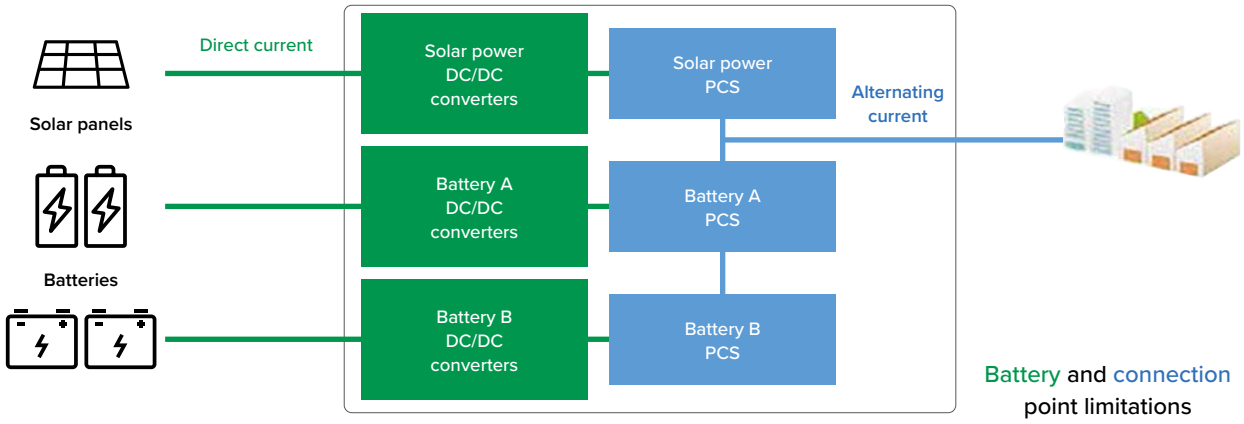
Battery Ecosystems

In our battery ecosystems, we aim to utilize resources effectively and reduce environmental burden by recovering, reusing, and recycling batteries.

1 Battery Recovery

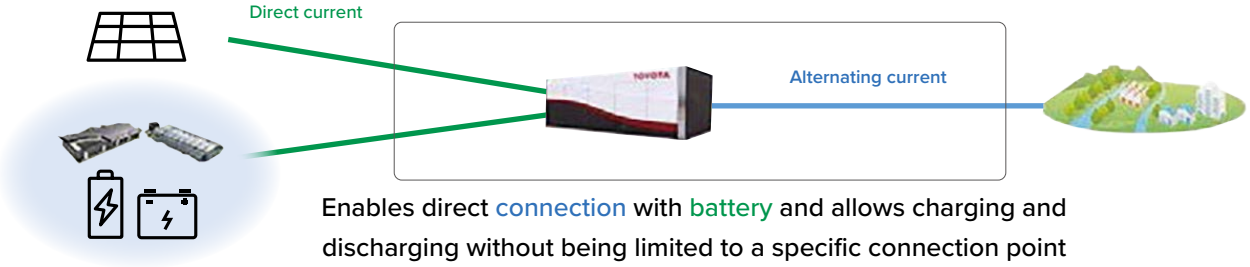
At the Toyota HV Recovery Center, we recover and appropriately dispose of nickel-hydrogen batteries (recovered and disposed of approximately 40,000 batteries in fiscal 2025). Furthermore, we collaborate with the Japan Auto Recycling Partnership to recover lithium-ion batteries.

Conventional Energy Storage System



Battery and connection point limitations

Toyota's Sweep Energy Storage System



Enables direct connection with battery and allows charging and discharging without being limited to a specific connection point

2 Sweep Energy Storage System

Drawing on the technologies we have cultivated in the development of electrified vehicles (HEVs, PHEVs, BEVs, and FCEVs), we have developed the Sweep Energy Storage System, which utilizes the drive batteries of electrified vehicles. This system has many features, such as the ability to simultaneously use a variety of battery types, as well as batteries with varying degrees of degradation; the ability to greatly simplify power conversion equipment, resulting in lower facility costs and less energy loss during power conversion; and the ability to replace degraded batteries while the system is operating, thereby realizing lower operating costs.

For many years, we have worked with JERA Co., Inc. to conduct demonstration and verifications of the system's effectiveness and stable operation. Building on these insights, in August 2025 we began joint field tests with Mazda Motor Corporation, connecting Toyota's Sweep Energy Storage System, which utilizes batteries from electrified vehicles, to the power system at Mazda's headquarters to verify the feasibility of stable, high-quality, and efficient charging and discharging.

In the future, the storage system will be used to regulate power supply and demand from renewable energy, which fluctuates depending on weather and time of day, contributing to carbon neutrality.

3 Non-Calcined Batteries

Lithium-ion batteries have conventionally been calcined during disposal. However, by using a direct-crushing recycling method, which we are currently developing and verifying, we have been able to recover not only rare metals from these batteries but also electrolytes. Through this method, we have both reduced CO_2 emissions and improved the rate of resource recovery.

Toyota's Aim to Expand the Value of Mobility

Software Defined Vehicles

Software Defined Vehicles (SDVs) are playing a leading role in the transformation of mobility. Toyota's main aspiration in working with SDVs is a society with zero traffic accidents. Through SDVs, we aim to realize safer, more reliable, and more fun mobility. However, realizing such a society is difficult with just the technological innovation of cars. It requires an integrated three-pronged approach involving cars, people, and infrastructure. For example, this includes coordination with road infrastructure that utilizes data from built-in sensors to address blind spots—an issue that evolution of vehicles cannot overcome alone—and AI agents that autonomously support drivers (people). An environment with uninterrupted communication and the development of infrastructure such as data centers are key to linking cars with society.

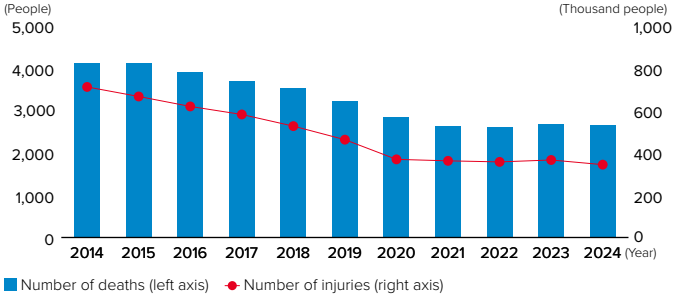
Accordingly, we worked together with Nippon Telegraph and Telephone Corporation (NTT) last year to begin creating appropriate infrastructure.

Toyota places strong emphasis and priority on safety and security. At the same time, we have an opportunity to leverage the strength of having 150 million private vehicles in operation to help identify the diverse values of SDVs, including the use of things such as AI agents that grow alongside customers and cars that may one day be capable of reproducing more professional or proficient driving styles. We aim to continue to provide customers with safe, reliable, high-quality software through innovative digital platforms that are the foundation of software development and our Arene software creation platform.

We will accelerate the development of an SDV infrastructure unique to Toyota through cooperation with our partners across industries.

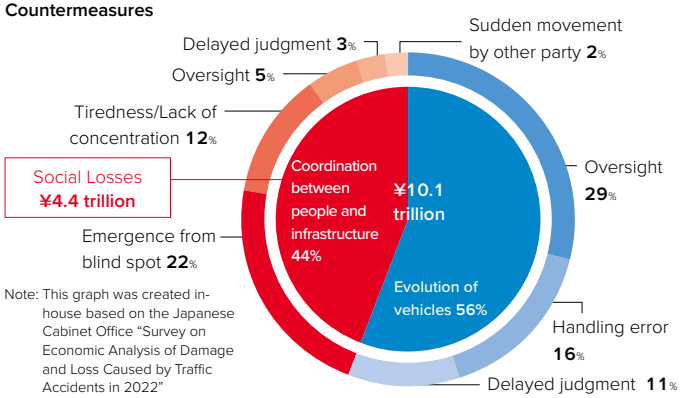
What SDVs Can Help Us Achieve

Trends in the Occurrence of Traffic Accidents



Source: Tokyo Metropolitan Police Traffic Bureau "Survey Regarding Traffic Accident Fatalities and Enforcement of Traffic Violations in 2024" (Japan)

Contributing Via a Three-Pronged Approach: Accident Causes and Countermeasures



Note: This graph was created in-house based on the Japanese Cabinet Office "Survey on Economic Analysis of Damage and Loss Caused by Traffic Accidents in 2022"

The number of traffic accidents has decreased with the evolution and adoption of safety technology, falling nationwide to one-sixth of its peak in 1970, although this decrease has stagnated since 2020. Cars equipped with Toyota Safety Sense experience fewer traffic accidents with the potential to cause death or injury compared to cars without. Additionally accidents caused by driver carelessness such as collisions and single-vehicle accidents have fallen significantly. We aim to realize ultimate aspiration is a society with zero traffic accidents, and continuously develop technology to help achieve this ideal state.

Regarding traffic accident-related casualties within Japan, accidents while walking or riding a bicycle remain persistently high. Among these, accidents from people or things emerging from blind spots highlight the importance of implementing a three-pronged approach that includes not only developing safe cars, but also changing the behavior of people such as drivers and pedestrians, and the development of a traffic environment (infrastructure) such as signals and roads.

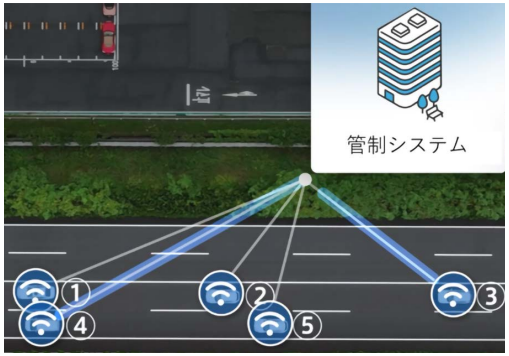
Approximately 40% of accidents cannot be prevented solely through the evolution of a vehicle's autonomous features (as of 2020). To account for this and achieve our aspirations of a society with zero traffic accidents, we need collaboration between people and infrastructure. We believe this will lead to avoiding economic losses as a result. Toyota has positioned "safety and reliability" as a top priority of SDVs and we are proceeding with development of technology to try and help eliminate the sorrow caused by traffic accidents.

Infrastructure Coordination



Even vehicles equipped with automatic braking systems can struggle to respond to objects that suddenly emerge from a blind spot. To compensate for blind spots, there is a need to coordinate infrastructure and install sensors, such as cameras, on the road. For example, imagine a scene where a vehicle, aiming for the gap between cars, attempts to quickly make a right turn, and encounters a pedestrian on the crosswalk. By collating sensor information from infrastructure on digital signage, risks may be predicted faster and provide earlier warnings to drivers.

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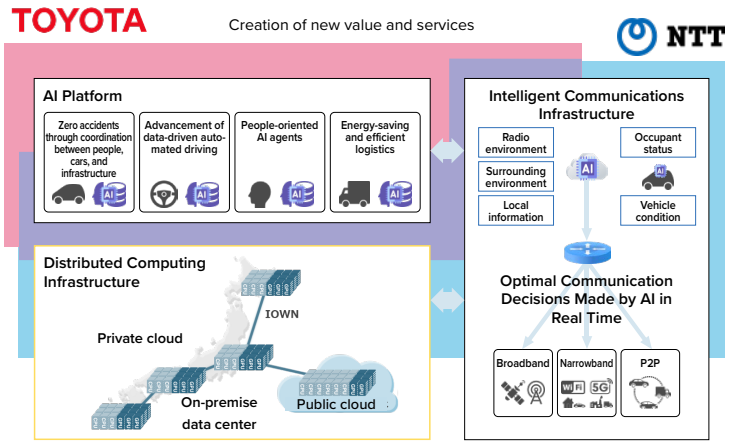
Developing this technology, we can help enable smooth merging at places like expressway junctions. For example, in cases where a car cannot merge into the space between two cars, making them stop suddenly, they may be rear-ended by the car behind. In such cases, sensors could be installed on the road to acquire data, such as the position of each car. Then, a cloud-based control center can use the information to instantly calculate which vehicle should move and how. If the system is able provide orders to each vehicle, then measures can be taken, such as leaving a gap between vehicles, to prepare for the merge even before they approach the junction.

We will accelerate social implementation by conducting living laboratories together with other car companies and partners based on the concept that "traffic safety is created by all."

Overview of a Mobility AI Platform

Establishing foundational infrastructure for communication linking cars and infrastructure, along with the computational resources to process that data, is also crucial. We will build three foundational pillars as our "Mobility AI Platform".

Overview of Mobility AI Platform



1 Development of a Distributed Computing Platform (Data Centers)

The first component is the development of distributed computing resources (data centers). Our calculations indicate that as the number of SDVs increases, the required communication volume will grow to 22 times the current level by 2030, while the required computing volume will increase to 150 times the current level by that same time. Therefore, it is prudent that we utilize NTT's IOWN technology to deploy distributed data centers capable of supporting this massive computing demand.

2 Highly Reliable, Next-Generation Communications

The second component is highly reliable, next-generation communications. By having AI determine the optimal communication method in real time based on the actual traffic environment, we will establish the foundation for high-speed, low-latency communication essential for the three-pronged infrastructure collaboration.

3 AI Infrastructure

Utilizing data collected from computational resources and communication infrastructure, we will create AI models to implement various services, such as automated driving and AI agents, thereby creating new value.

In October 2024, NTT and Toyota agreed to collaborate on a joint AI and communications initiative in the mobility sector as part of our aspiration to realize a society with zero traffic accidents. We are advancing the construction of a "Mobility AI Platform" toward 2030. Through open innovation, we will work with a wide range of partners with the intent to promote the use of this platform through standardization.

Behavior Prediction



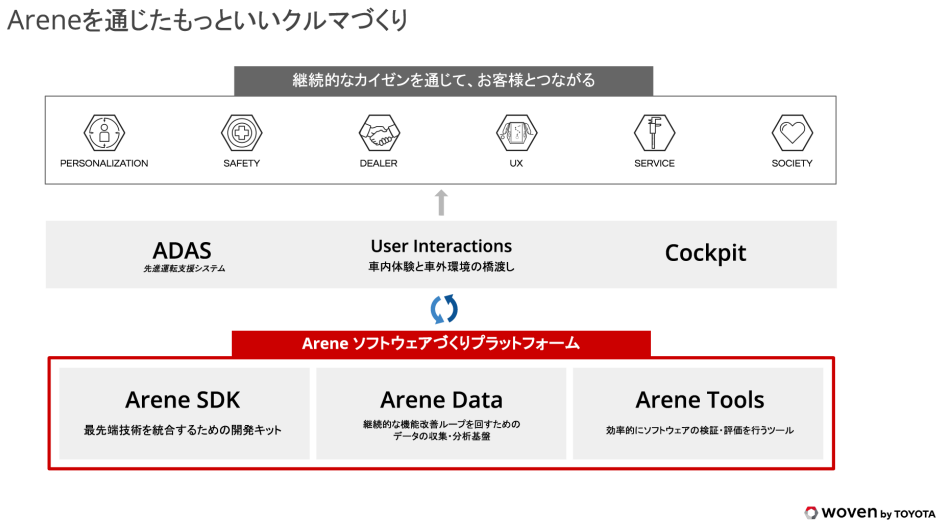
We are also developing agents that predict human behavior. For example, when a driver intending to turn left is distracted by a conversation with passengers, the agent may prompt them with: "Caution: Left Turn" before the intersection to alert them. Or when a driver is preparing to turn across oncoming traffic, the agent could say, "Watch for oncoming traffic and pedestrians at the crosswalk." By understanding the driver's state, we can provide better driving support systems.

Toyota's Aim to Expand the Value of Mobility | Software Defined Vehicles

Also, by leveraging data from on-board cameras, combined with driving patterns for the day and data from daily life, we can gain more insight into driver's emotions and anticipate dangers. This will enable us to provide timely and precise advice, encouraging behavioral changes toward safer driving. Furthermore, by accumulating such data, we can grow the AI agent together with customers. Finally, we will realize the value of SDVs through data collected from our fleet of 150 million vehicles in operation. Beyond integrating vehicle motion control to evolve the car itself, we believe we can leverage data from professional drivers and customers to provide professional-level driving in the future. We aim to not only make driving safer but also enhance driving skills, with an aim to achieve both safety and a car that is "fun to drive."

Arene

The structural components supporting SDVs include applications, software, and electronic platforms. To enhance the scalability as it relates to cars, we have encouraged co-creation with partner companies and have renewed our electronic platforms, including improving chip performance.



Furthermore, supporting the software development is Arene, introduced with the new RAV4. Arene is a software development platform through which we will mass-produce safe, reliable, and high-quality software, which will help accelerate the development of SDVs by applying the knowledge and technologies from the *monozukuri* that Toyota has cultivated to date. There are three components of the Arene platform.

1 Arene SDK

Arene SDK is a modular development kit for developers, enabling the rapid development of high-quality software and easy deployment of developed software across multiple vehicles.

2 Arene Tools

Arene Tools are tools for verifying and evaluating software in a virtual environment, reducing physical inspections of actual cars and enabling the creation of functions at an even earlier stage. The Arene SDK and Arene Tools shorten the development period for software, contributing to the quick provision of better software to customers.

3 Arene Data

Arene Data is the component referring to the collection and analysis of data that will contribute to providing a personalized driving experience tailored to each customer by continuously improving the car's functions as the owner drives it.

By adopting Arene in the RAV4, a popular Toyota model loved by countless customers across regions, we can collect various data from customers around the world and continue evolving cars. Looking ahead, we expect this approach to expand and will consider cross-domain development. As the first step in mass production of Toyota RAV4 SDVs, we will make ever-better cars in line with regional needs through Arene, contributing to the future realization of a society with zero traffic accidents.

RAV4

–Arene Debuts in World-First Reveal of All-New RAV4, Further Realizing "Safety and Reliability" and "Excitement of Mobility"–



The latest RAV4 had its world premiere in Tokyo in May 2025. Marking the lineup's first addition in six years, the new model (fifth generation) comes in three grades: CORE, ADVENTURE, and GR SPORT, honed for aerodynamic performance and handling stability.

With expanded battery capacity, the PHEV system boosts the RAV4's electricity-only range from 95 km to 150 km, while rapid charging can recharge the battery to 80% in around 30 minutes.

Simon Humphries, Toyota's chief branding officer and senior general manager of design, took the stage as presenter to outline the concept behind the latest model.



Presenter Simon Humphries, CBO

ToyotaTimes RAV4 World Premiere—Chief Branding Officer Shares the Story Behind the New Model

The Monocoque That Made History

For over 100 years, the automobile has tapped into the fundamental human desire to explore. It gave us freedom of mobility, and we shaped our lives around it. From bubble cars to muscle cars, for the first 80 years of the 20th century, there were all kinds of wonderful car designs. But during that time, the everyday car remained remarkably consistent. If you asked a child to draw a car in the 1980s, just as in the 1950s, it would probably look something like this.

But in 1989, at the Tokyo Motor Show (now the Japan Mobility Show), something happened. The concept car that was to become the RAV4 was revealed. It was quirky. It was a bit of fun. No one at the time would have thought that it was about to change the automotive world. But that's exactly what this little monocoque SUV did. Because from that day onwards, the crossover RAV4 gave the everyday car buyer a new choice.



Concept car for the first-generation RAV4

Streetwise, Yet Ready for the Outdoors

And with new choice, came new opportunity. The opportunity to go to new places; the opportunity to take all your stuff; and the opportunity to express your own personality in the process. Now, many of the best inventions are things that you never imagined you needed, until suddenly they became an indispensable part of life. In pioneering the crossover segment, the RAV4 shifted the epicenter of the automotive industry, bringing aspiration and fun to the "daily driver."

The first generation was streetwise but ready for the outdoors; small, but spacious and versatile; strong character, but friendly and approachable. It started off as a niche product, but by the time the second and third generations came along, people all over the world had embraced the RAV4. Over the last 30 years, it's taken on a life of its own. From the very beginning of life to the start of a life together, to new chapters in your professional life to cherishing the 92nd year of life.

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RAV4

What it all comes down to is that Life is an Adventure. And it's our job to make that adventure ever more fruitful and enjoyable for as many people as possible.



The Dilemma

Now at this point I'd like to tell you that it was all plain sailing but, of course, it wasn't. As the RAV4 grew in popularity, we faced a dilemma. We started out with a car with a strong outdoor personality, but as SUVs matured around it, the RAV4 risked becoming middle of the road. Like a rebel rock star, it had created a new genre of music, only to find itself in the mainstream.

Now, we talk a lot about Chairman Akio Toyoda's mantra of "making ever-better cars." Now I believe the key to achieving this is that every product should have a clear and honest story. So, when it came to developing the fifth generation, we made a conscious decision to play to its strengths: Everyday Adventure. And it's safe to say, it's been more successful than ever. The RAV4 series is now sold in 180 countries and regions. In 30 years that's 15 million units driven 60 million times around the globe.



Fifth generation RAV4

Bold, Strong, Fun

So, with the all-new sixth generation RAV4, we wanted to extend the opportunities even further—we wanted a RAV4 that was even more confident in its abilities, a RAV4 that was even more versatile, more efficient, more dynamic, and more connected. Now when I said it was about "confidence in its abilities," the design is there primarily to express the bold, strong, yet fun personality of the RAV4. And it's also about confidence in the fundamentals. From steering to turning to braking, from torque and power delivery to body rigidity, all have been improved for more precise dynamics. And critically, the new RAV4 will have increased capability on rough roads—torque where it's needed, when it's needed. Yet at the same time the suspension is smoother and the interior is quieter on-road.

The World's Most Efficient PHEV System

Since 1996, the RAV4 has been a pioneer in electrification. And its mission remains to bring electrification to the majority. In addition to the highly-efficient hybrid powertrain, the popular plug-in hybrid has been taken up a level. With new high-capacity batteries, this is the world's most efficient PHEV system. It's got 50% longer EV range, up to 150 km on electricity alone, as well as new DC fast charging. So whether you charge at home or on the move, the majority of journeys for the majority of people can be zero emission.

And when you need even longer range, a fully charged, fully fueled PHEV can give you over 1,350 km of total range. Wow! Now, the further you go away from home, the more you want to carry with you. There's more luggage space, and it's more versatile, realizing a wealth of storage accessories. However...it's not always great for us as designers!



But thanks to the tapered cabin architecture, together with a more vertical back window, we've increased versatility while still making the car more dynamic. And looking at the athletic rear stance, I'd say we achieved that goal.

Toyota's Aim to Expand the Value of Mobility | Software Defined Vehicles

RAV4

The GR SPORT

Now just finishing there would be more than enough, but you may have noticed there's an extra space on the stage, because we know there are certain people who interpret recreation in another way. Ladies and gentlemen, presenting the all-new RAV4 GR SPORT! The GR development team has a mission to take technology from track to street, and the GR SPORT is extensively re-engineered. In total, 70,000 hours have gone into the development, putting the car through its paces at our new Shimoyama testing facility. It's wider, it's lower; it looks like a whole new car. It's got performance dampers, lightweight wheels, and higher rigidity. And when paired with the new PHEV system, you've got 320 horsepower behind you! So, with the new GR grade, we believe the RAV4 will continue to lead in choice and opportunity.



Toyota's Vision for SDVs

And it doesn't end here. The new RAV4 is not only a new adventure for our customers, but also a new adventure for us as a company. As we all know, the next paradigm shift for the automotive industry is not just physical, but also digital. Now I think for many people here, the first thing you think of when I say "software-defined vehicle" is entertainment. And make no mistake, that's a big part of it.

However when Chairman Akio Toyoda was recently asked what the definition of an SDV was, his answer was crystal clear: it's first and foremost a path to zero traffic accidents. Now this journey began in 2018 when the threads of Woven by Toyota were established. One of the team's tasks was to build a completely new software platform for mobility. And the fruits of their labor is Arene.

Incorporating AreneArene Promises Greater Safety and More Fun

Built by Woven by Toyota, Arene is an integral platform for the rapid development of safe, secure, and high-quality software to underpin the creation of "ever-better cars."

The new RAV4 is the first step in Arene's deployment, paving the way for a vehicle that grows together with our customers. Benefiting from advanced learning and updating capabilities, the next-generation Toyota Safety Sense can now learn from big data to make you even safer. And every step we take towards increased safety will allow us to develop new opportunities in infotainment too. The new multimedia system, with an intuitive AI voice agent, is a canvas for future digital customization. Safety and entertainment, hand in hand.

Always By Your Side

Ladies and gentlemen, life truly is an adventure. And we believe this new RAV4 family will be an essential part of enhancing that. Because whatever life throws at you, or whatever you throw at life, RAV4 will be there by your side. Here's to a million more everyday adventures!



Toyota's Aim to Expand the Value of Mobility | Software Defined Vehicles

Drive Recorder119

Dashcams Become the Eyes of the Fire Department

Cars are the key to our free mobility. However, they also possess the negative aspect of being the cause of traffic accidents. Cars made with the intent of helping people can also become a source of deep grief. Everybody working in the automotive industry understands the pain such dilemmas produce.

The ultimate dream of a mobility society is to eliminate all traffic fatalities and injuries. To achieve this goal, Toyota pursues a three-pronged initiative that involves the creation of safer vehicles, awareness programs for people—from drivers to pedestrians—and the development of a transport environment, such as signals, roads, and other infrastructure. As well as such long-term initiatives, we aim to help people in their moment of need, when they are dealing with a traffic accident as it occurs. One of these initiatives is Drive Recorder 119, which utilizes footage from on-board dashcams in firefighting activities.

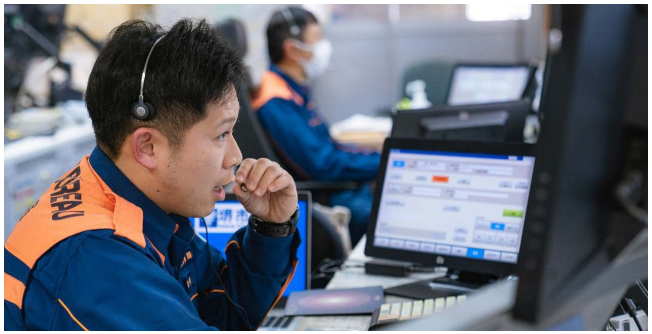


When a dispatcher receives a 119 (fire and rescue) call at the emergency dispatch center, they learn the situation at the scene of a traffic accident or fire by phone. If they deem that they cannot acquire sufficient information this way and video footage is required, dispatchers confirm the situation in real time through the dashcams of vehicles driving in the vicinity. This footage is utilized as "the eyes of the fire department," and aids in swift and appropriate firefighting, first aid, and rescue efforts.



New Business Born from Firefighting Frontline Voices

There are said to be approximately 20,000 emergency 119 calls made every day throughout Japan. Based on these calls, dispatchers pinpoint the location of an incident, select the vehicles to send, and give instructions and support to those on scene. However, most of these are made by people calling for the first time in their life. In a world where every second counts, people who have witnessed a traffic accident or fire cannot provide the necessary information. This includes numerous instances of differences in what they have told dispatchers, where additional teams need to be sent to a scene. In 2020, Toyota employees who learned of these issues faced by firefighters proposed the idea of Drive Recorder 199 to our in-house new business creation program.



We gathered employees with knowledge of in-house development of systems and from departments that specialize in information on privacy and personal data while repeatedly implementing simple trials. We also approached the fire department headquarters of local government, asking them to test the system in real situations and making numerous improvements based on their feedback.

In October 2023, we commenced the first living laboratory in Japan in collaboration with the Sakai City Fire Bureau. We installed dashcams on approximately 400 vehicles from bus, taxi, and truck companies who were interested in the project and took part in the over-12-month verification test. Based on these results, they officially introduced the service in April 2025. In December 2024, we commenced joint living laboratories with the Kyoto City Fire Department. Since then, we have conducted living laboratories for approximately 500 vehicles and confirmed the system's effectiveness at the scenes of both traffic accidents and fires.

We arranged and fitted specialized dashcams for all vehicles in these two cities. However, there were issues with this scheme in terms of business continuity and practicality of the dashcams. Accordingly, we began a new endeavor to connect already installed dashcams capable of communication.



As the first stage, we launched a living laboratory with the Okayama City Fire Department in December 2025. We collaborated with Micware Mobility Co., Ltd., who develop specialized software for the mobility sector to connect existing dashcams with our servers through their service. We launched a scheme that eliminates the need for purchasing and installing a dashcam as the number of demonstration sites increases.

Toyota's Aim to Expand the Value of Mobility | Software Defined Vehicles

Drive Recorder119



Going forward, we will develop a framework capable of utilizing more footage in shorter time spans, conducting demonstrations for connection with dashcams capable of communication offered by non-life insurance companies as part of their service and Toyota connected cars.

Effects Seen in Demonstrations and Public Acceptance

We have confirmed that dispatchers have used footage in approximately 40% of cases as part of the living laboratories conducted with the Sakai City Fire Bureau. We have increased the number of dashcams to approximately 800, enabling their utilization in an even greater number of cases. Below, we introduce two cases where this service has proven useful in fire incidents.

1 Reducing Emergency Response Times by 15 Minutes

During a 119 call, when the only information provided was "there was a traffic accident and a person is unconscious," dispatchers ascertained that the person was not moving via footage from the road. An emergency vehicle was dispatched immediately, enabling medical treatment to be carried out 15 minutes earlier. Following this, the person was transported to a medical center where their condition stabilized. The doctor who carried out the treatment stated that the early dispatch of the medical vehicle led to medical treatment that paramedics could not have carried out, which would have had a significant impact on patient prognosis.



Digital reconstruction based on real footage

2 Identifying Accidents at Raised Intersections

A call was received regarding a traffic accident via smartphone shock detection. The location was near a raised intersection and, despite attempts to communicate with the person, it could not be ascertained if they were above or below the intersection. After viewing footage of the area, dispatchers were able to correctly identify the location of the crashed vehicle, traffic levels, and frontline risks. This enabled them to prevent secondary accidents while allowing traffic support teams to preemptively deploy vehicles, as well as arrive on-scene approximately five minutes early.

We place importance on and take various measures to protect the personal information and privacy of individuals under this project while consulting with outside experts.



Digital reconstruction based on real footage

We conducted a large-scale survey for citizens of Sakai City (twice among approximately 1,500 people) on the use of dashcam footage. After explaining the objectives and methods of using footage, our approach to privacy, and our handling of personal information, over 90% of surveyed citizens responded that they had "no objections" or "almost no objections" regarding the use of footage from personal dashcams in these initiatives.

Going forward, we must continue to keep in mind increased transparency and proactive dissemination of information to gain understanding of initiatives that utilize dashcam footage in accidents, disasters, and other incidents and social acceptance of their use.

Leveraging Data to Produce Happiness for All

Drive Recorder 119 can contribute to the safety and security of local communities in collaboration with local governments. As initiatives spread nationwide, they help realize a future where emergency fire and rescue services mutually utilize footage from the scenes of large-scale disasters. During such times, services around Japan can respond to disaster sites in cross-boundary efforts beyond the means of local governments. As Japan is known for its vulnerability to natural disasters, dashcams from cars around town are expected to play a significant role in the future.

Expanding the use of data obtained from vehicles increases their value. Through our initiatives, we will aid in the realization of an affluent mobility society that contributes to people's happiness.

Take a Look!

Please click here for the Drive Recorder 119 website.

Diversifying Mobility: Enhancing Freedom of Movement

Mobility that offers greater comfort and freedom is an important aspect of making everyday life with cars a richer experience. Toyota operates around the world, and the needs and values of our customers differ from region to region and generation to generation. To meet these expectations, we seek to offer a diverse selection of products and services.

e-Palette



As the first step in its transformation into a mobility company, Toyota has advanced the development of the e-Palette, sales of which began in September 2025.

First, we introduced it at TOYOTA ARENA TOKYO, which opened in 2025, as well as the surrounding area and Toyota Woven City, and advance various projects such as its adoption in transportation services and mobile stores that sell components and other products. Furthermore, in October 2025, we launched a service that utilizes e-Palette as part of the Tokyo Metropolitan Government public solicitation project aimed at improving accessibility to and creating prosperity in Aomi and Odaiba.

We are also advancing automated driving demonstrations and other projects with the goal of introducing vehicles installed with Level 4 automated driving systems to the market in fiscal 2028.

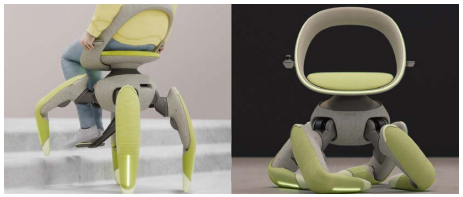
e-Palette will transform cities with its excellent exterior design and provision of new mobility experiences through versatile uses envisioned by the creative concepts of our customers.





ToyotaTimes Mobility Unlocks Boundless Possibility

walk me



The concept for the walk me was to move "beyond the wheelchair." Instead of tires, the walk me gets around on four legs, enabling it to seamlessly navigate steps and uneven surfaces both indoors and outdoors. The way it rises from the ground even resembles a person standing up from a traditional Japanese kneeling position. It can move around freely, even in tight indoor spaces where a wheelchair would be difficult to turn. Because it can climb, you can go up a flight of stairs while seated or get into a vehicle outside. It allows for truly barrier-free mobility.

Whereas previous walking robots were guided by calculating where to place their feet, the walk me takes a completely different approach. Having learned the right moves from some 10,000 motion simulations, it continues to evolve every day.

boost me



This vehicle can be operated by simply shifting your weight. By freeing up the rider's hands, the boost me seeks to broaden access to wheelchair sports such as basketball and tennis. The seat is 3D-printed, since it needs to fit the rider's body shape. We are exploring ways of making that part detachable so that the main unit can be rented out for people to play with at a low cost.

challenge me



Designed for outdoor adventure, this electric wheelchair lets everyone enjoy extreme adventures, regardless of disability. Riders support their body by gripping the handles and operate the wheelchair with joysticks. From older adults to wheelchair users, this can help everyone enjoy hiking, fishing, off-roading, and other outdoor activities to their heart's content. The battery and control unit are housed in the cylindrical armrests, and have been waterproofed. Everyone can discover their favorite places in their own way. The challenge me brims with potential for delivering renewed happiness to those who thought their days in the great outdoors were over.

Mobile Toilet (Barrier-Free Mobile Toilet Trailer)



Toyota has developed a barrier-free mobile toilet trailer to respond to the needs of wheelchair users for a "toilet that comes to where you need it." This toilet was developed based on the premise that it can be used anytime, anywhere, and by anyone. With a wide interior and a gentle slope, the toilet has been designed to barrier-free specifications and can be transported by anyone with a regular license, without the need for a special towing license. The mobile toilet has a wide range of applications, both

Diversifying Mobility: Enhancing Freedom of Movement



Utilization at community events (Nishitokyo City, Tokyo Metropolis)



Utilization as barrier-free toilets at evacuation centers (Noto Town, Ishikawa Prefecture)

during normal times and emergencies.

The toilet was used by those impacted by the 2024 Noto Earthquake who were in need of a barrier-free toilet for approximately six months at evacuation centers.

Following its launch in July 2024, we accelerated introduction at local government facilities and are expected to be in operation at approximately 20 sites nationwide by the end of fiscal 2026. We have also established networks among government facilities that have introduced these toilets so that they can be shared between said facilities, particularly during times of disaster. Additionally, we have collaborated with a portable toilet manufacturer to implement living laboratories for a rental business from June 2025 to meet episodic demand.

Moving forward, we will promote the widespread adoption of the barrier-free mobile toilet trailer with the aim of creating a society where people can go on outings freely without having to worry about if they have access to toilet facilities.



Rental demonstration

One-Touch Wheelchair Fastening Device

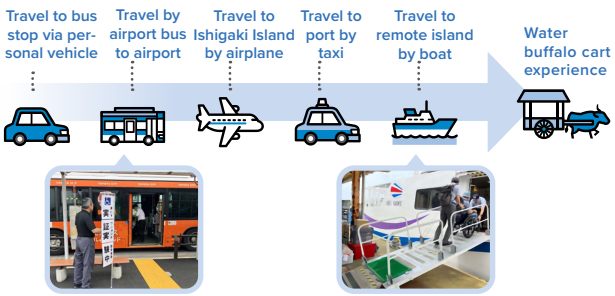
Toyota has developed a system that allows anyone to easily and securely anchor a wheelchair in a vehicle to enable freedom of movement for wheelchair users. Many conventional anchoring methods require the person to crouch down and use a belt or other devices. However, this takes not only a physical toll on caregivers in terms of time and physical effort, but an emotional toll on wheelchair users at times as well.



With Toyota's one-touch wheelchair fastening arm that was debuted in Hiace vehicles in January 2024, once the wheelchair is in position, the arm latches onto the anchor bar mounted on the base of the wheelchair with the press of a switch to secure it. The wheelchair, bus, and automotive industries are working together to create standards for anchor bars and wheelchair manufacturers are already selling four models.

Widespread adoption of this technology could make it more practical for wheelchair users to, for example, take their private car from their home to a bus stop, transfer onto a bus to the airport, and from there fly to their destination. Stress-free travel by taxi or boat at the wheelchair user's travel destination could also be possible. We also conducted living laboratories on buses in May 2024 and on boats from December 2024, with the aim of making various developments to mobility.

Examples of demonstrations on buses and boats



C⁺walk



The C⁺walk series is a form of pedestrian mobility assistance. In the series, we offer the sitting-type C⁺walk S and the standing-type C⁺walk T models. With travel speeds that are roughly the same as pedestrians, with simple controls and no need for a license, the C⁺walk pursues a high level of affinity with pedestrian spaces, such as allowing users to hold conversations with the pedestrians around them while in motion. In November 2025, we commenced demonstrations for shared services in Odaiba. We will contribute to creating highly accessible communities through familiar mobility that connects numerous tourist attractions, including TOYOTA ARENA TOKYO.



ITSUDEMO Welcab

ITSUDEMO Welcab enables users to retrofit their personal car with welfare products, enabling them to function as assisted mobility vehicles in step with changing life stages. Aimed at the elderly and people with disabilities, these products include a seat that turns and tilts, making getting in and out of vehicles easier, and an electric wheelchair storage device that can lift equipment weighing up to 35 kg. Users can turn to ITSUDEMO Welcab when they need support for any reason, be it aging, illness, or accident, for shorter delivery time compared to buying a new assisted mobility vehicle and reduced financial burden.



Appointment of New CEO

Management Team Formation Change—

Koji Sato Moves to Vice Chairman, Kenta Kon Named New President



Toyota Motor Corporation announced on February 6, 2026, that as of April 1, President Koji Sato will assume the position of vice chairman and the newly established role of chief industry officer. Operating Officer Kenta Kon will become the company's president and chief executive officer (CEO).

ToyotaTimes Management Team Formation Change—Koji Sato Moves to Vice Chairman, Kenta Kon Named New President

"A management team formation change is necessary for the future of Toyota and the industry."

President Sato described the purpose of this leadership reshuffle as follows.

This reorganization is intended as a formation change, one that enables us to dedicate all our energies to tackling the management challenges Toyota will face moving forward.

I believe there are two major challenges.

The first is the earning power that will sustain the company's future. Enhancing our ability in this regard has become a critical priority.

At Toyota, we have spent the past two years strengthening our foundations. From here, given shifts in the external environment, we are entering a phase where we will pursue improved productivity, and even greater quality and affordability in our car-making. The fact that we are at this inflection point is one key consideration.

The second challenge is the need to accelerate industry collaboration.

For our auto industry to remain internationally competitive, I believe we need to unite as one, specify concrete areas of collaboration, and identify Japan's path to success.

As cars evolve to be increasingly integrated into the infrastructure of society, I believe the key lies in collaboration with partners across different industries. In other words, as I see it, Toyota's role within the industry is growing larger than ever.

Appointment of New CEO



Against this backdrop, the proposal from the Executive Appointment Meeting spurred us to consider the optimal leadership structure for Toyota in light of the current management challenges.

In doing so, we determined that a management team formation change is necessary for the future of Toyota and the industry. We discussed and approved the role changes in today's board meeting.

Going forward, Operating Officer Kon will focus on the internal situation as president and CEO, driving initiatives to enhance the earning power I mentioned earlier. Operating Officer Kon is well-versed in accounting and finance and, as you are aware, has most recently served as CFO of Woven by Toyota, giving him experience viewing Toyota from the outside and pursuing internal reforms across functional lines.

As we turn our initiatives into concrete action, and strive toward optimization that transcends individual functions, I believe Mr. Kon will leverage these strengths to provide effective leadership.

For my part, as vice chairman and chief industry officer, I intend to focus my efforts increasingly on industry-centered activities, including the Japan Automobile Manufacturers Association and Keidanren (Japan Business Federation).

I will continue working on the flont lines to connect Toyota with the industry and accelerate collaboration across the sector. I am dedicated to making this happen and will strive to be a more dynamic presence.

At Toyota, we have always said that our work should revolve around roles, not titles. Since becoming president, I have consistently sought to ensure that the pace of management doesn't slow, while continuing to take action. I believe this team approach to management has long been championed by Toyota's leaders.

We want to energize the automotive industry and Japan. To contribute to this goal, we will focus on fulfilling our respective roles within the new formation. Once again, we ask for your continued understanding and support.

Afterward, Yuta Tomikawa of Toyota Times News led a Q&A session, posing questions to which the two responded.



Personal Conflict

Tomikawa **What was your honest reaction when you heard the proposed changes from the Executive Appointment Meeting?**

Sato In that moment, I had very conflicted feelings.

The discussions around appointing the Japan Automobile Manufacturers Association chairman had begun in early autumn, and we deliberated among the heads of the member companies. Due to various circumstances, there were growing calls for Toyota to take the lead, and I started asking myself whether I would be able to give my all to both the JAMA activities and my responsibilities overseeing Toyota's executive side.

But in my human weakness, I couldn't bring myself to raise the issue, and as I struggled with that personal conflict, the Executive Appointment Meeting asked whether the current arrangement would allow me to tackle these two important roles. I was taken by surprise.

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In a sense, it made me realize that our governance is really effective. The Executive Appointment Meeting pointed out that, objectively, in the current situation, I am quite overloaded. Thanks to that, I was able to step back a bit and assess things more calmly, and I remember thinking this was something I needed to consider.

Tomikawa **While you're giving your all as JAMA chairman, Keidanren vice chair, and in other responsibilities at the national level, a part of you also wanted to continue serving as president for a little while longer.**

Sato That's right. Having come up from *the genba*, and doing this because I love making cars, I've been constantly asking myself, "What exactly is the president's role?" I truly believe that car-making is something worth dedicating your life to, and because of that, part of me also wants to just focus on this aspect. That's why I felt very conflicted.

The Toyota Badge

Tomikawa **The press release mentions not only the executive changes effective April 1, but also changes to the Board of Directors that will take effect on the day of the 122nd Ordinary General Shareholders' Meeting. In this section, you are listed as "resigning," which means you will be stepping down as a director?**

Sato I think there are two meanings. One is that, while being mindful of the corporate governance code, we want to continue our approach to corporate governance and the management improvement efforts that Toyota has implemented so far.

The board is structured so that all directors engage in serious discussions about management, with the aim of driving Toyota's success. Given how particular we have been about the diversity and number of members, my appointment as vice chairman cannot simply be about securing a title for outside appearances.

Society tends to be more concerned with titles than we care to admit. But that's not really the case at Toyota. One part of this move is that we want to preserve what's important at Toyota from the perspective of corporate governance.

The other side is that, in terms of what I will be trying to do moving forward, the badge of Toyota president, or board member, may not necessarily be beneficial—it may even get in the way.

For example, many of the areas we are tackling with JAMA are industry-spanning initiatives. We need to break out of situations where everyone agrees in principle, yet each company acts on its own. But if I try to take leadership while wearing the badge of "Toyota so-and-so," it's ultimately just Toyota exerting pressure on others to conform.

Going blank

Tomikawa **Mr. Kon, when did you hear about these role changes, and from whom?**

Kon I was told around mid-January. Like Mr. Sato, I was informed about the proposal by an executive from the Appointment Meeting.

My sincerest apologies to that executive, but in all honesty, I was so stunned that my mind went completely blank. No doubt they explained various details, but to be honest, I don't remember much.

Afterward, another executive who was present outlined the points that Mr. Sato has explained, and that was when it clicked.

To be honest, at this point, I can't really say that I have a clear



picture of all the different elements and how exactly everything is going to unfold.

I will be consulting with the chairman, Mr. Sato, and other executive members about the direction we will take after April 1, and the kind of team that we will set out to build.

With Mr. Sato becoming more involved in the so-called "all-Japan" efforts, I feel that the scope of Toyota's team-based management will grow, and I intend to give these aspects my utmost attention as well.

Tomikawa **Do you think you will be able to leverage your experience at Woven by Toyota?**

Kon Currently, I am based at Woven by Toyota, which is a software development company with many very young members, pursuing agile development that differs from hardware. That's the mindset.

Woven by Toyota has thorough information-sharing—something Toyota also needs to strengthen. It's a company where

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various discussions are instantly shared through various means, an essential element in agile development.

As that experience shows, while the company is very close to Toyota, they are also not the same. There's some distance. The experience of seeing Toyota from that viewpoint has been incredibly valuable for me.

Tomikawa **Mr. Sato, what are your thoughts?**

Sato There are certainly many things you don't notice unless you look from the outside. Like acting big despite having good intentions.

I feel like Mr. Kon was choosing his words just now. The company very much revolves around functions, and the people handling our operations all work hard, with only the best intentions. Yet in terms of overall optimization, our coordination across functions may sometimes be lacking.

When you view that from an environment like Woven by Toyota, which is engaged in agile development as Mr. Kon described, things may appear rigid and restrictive. I think transforming Toyota with this kind of objectivity is extremely important.

I myself came up through the technical side, what Chairman Toyoda calls the "ivory tower." In that sense, I feel that Mr. Kon's perspective on the world will be a driving force that greatly transforms Toyota.

Guy Who Loves...?

Tomikawa **Even after the certification issues, I often saw you at the *genba*. Did you observe anything on the ground that you hope to build on moving forward?**

Sato In my first year as president, I focused on exploring concrete ways to move toward Toyota's goal of becoming a mobility company, and that was when the certification issues arose.

The advice I received from Chairman Toyoda was very simple:

"Sato, in times like these, the president must go to the genba."

That was all. Having come up on the development side, to a certain extent, I thought I knew the *genba*. But going there, I realized I didn't know anything. At every Toyota production plant and development site, the teams on the ground are working incredibly hard. We have so many unsung heroes.

It struck me that I had been saying I know the *genba* without actually knowing the effort everyone puts in. Over these past three years, I have been trying to figure out what I can do to help everyone give their best.

At the risk of sounding sentimental, I was invited to jump in the car with some junior colleagues at Toyota's test course in Shimoyama, and we spent the day driving. The people working in development had a really beautiful sparkle in their eyes.

I apologize for getting personal, but in taking on this role, I said I wanted to be "a president who keeps on making cars," and I wanted to enable these people to make cars to their hearts' content.

The sparkle in everyone's eyes really struck me, and when I think about what I can do, I realize that it's not about jumping in as an engineer myself but rather creating an environment where they can do what they want to do.

Gone are the days when we could accomplish this by simply continuing to work hard within Toyota. Today, Toyota's business exists within an array of interwoven factors, such as the industry, economy, and trade. This brings us to the idea of "*ba*," or "place," which Chairman Toyoda wrote as his calligraphy character for this year. This is what he meant.

The *ba* in *genba* where our efforts are needed is expanding and changing. When I thought about the place where I ought to be, that brought me to this decision.

Tomikawa **You spoke about a love of cars, which is how Akio described himself—a guy who loves cars. Mr. Sato, you were the guy who loves making cars. And Mr. Kon, what kind of guy are you?**

Kon I too love cars, but being in finance, I am particularly focused on the numbers, the money, and earnings that enable us to invest in making great cars.

Tomikawa **So, you're a guy who loves money and numbers?**

Kon I'm a guy who loves money.

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Taizo Ishida



Tomikawa **But when you say money, you don't mean greedy for money, right?**

Kon I don't think I am, but when I was talking with the chairman, he brought up the name of Taizo Ishida.

Taizo Ishida was the *Banto* (a watchdog executive) who sustained Kiichiro's automobile business, and he was also extremely money-conscious, never spending a penny on anything unnecessary. When it came to Kiichiro's dream, however, I understand that he boldly undertook major investments.

I believe the same is still true now. When I say that I love money, I mean to use for the future.

What's more, Toyota's earnings do not come through our efforts alone. I believe Toyota must continue to make proper investments not just for ourselves but for others, for the entire automotive industry, and for Japan. In mentioning Mr. Ishida's name, I feel that the chairman was underscoring the need to create a culture and earnings structure that makes this possible, and I will work hard to do that.



Break-Even Volume

Tomikawa **In the press release, improving the break-even volume was highlighted as a priority issue. Meanwhile, in his New Year's address, Koji spoke of making 2026 an "intentional pause" and entering a phase focused on productivity and execution. Does this mean that, rather than increasing volume, the emphasis will be on quality, including on the financial side?**

Kon I think both.

We still have many customers waiting for delivery of their new cars. Given that we currently face constraints on orders, I think working to produce and deliver each vehicle to customers as quickly as possible is a crucial foundation.

On the other hand, as you pointed out, there is quality. Toyota is not a company that sets earnings targets of "this many trillion yen." That said, no matter how challenging the environment becomes, we make sure that we continue to generate income to keep the business running and avoid having to slash various operations.

I believe this is the earnings structure that Toyota's stakeholders seek, and to maintain it, we need to lower our break-even volume and build a structure that gives us a firm footing in tough times.

Sato Without earning power, you can't do the things you want to do. For Toyota to accomplish what we hope to accomplish, we need to strengthen our ability to earn.

A Conversation with Chairman Toyoda

Tomikawa **Did you discuss this role change with Chairman Toyoda?**

Sato When we spoke briefly in early January, he said very simply that he wants to "help make Japan better."

Chairman Toyoda shared his current outlook and thoughts in very simple terms, which is why they resonated. There was no talk about the details, whether we should go one way or another with the leadership formation.

That's probably what everyone expects, but we didn't go into it at all. Not even a hint. But we did discuss the big picture, along the lines of "Let's work to make Japan better, after all this talk of contributing to society through industry."

Tomikawa **So, Chairman Toyoda was not involved in these personnel decisions?**

Sato I'm sure he has opinions on the matter, but he was not involved in the decision-making process.

Executive changes at Toyota go through the Executive Appointment Meeting that we mentioned earlier, which has effective authority over appointments. In our case, we reviewed the institutional framework and, following last year's ordinary General Shareholders' Meeting, transitioned to a Company with audit and supervisory committee structure, establishing a new board structure. As part of that arrangement, the Executive Appointment Meeting personnel were also reviewed, and this served as the starting point.

That kicked off discussions about how Toyota's leadership structure should look in the future. In terms of risk management, for instance, how would management recover if something happened to the sitting CEO, and how should we prepare successors? We have been discussing such questions since that stage.

Regarding these particular changes, my appointment as

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chairman of the Japan Automobile Manufacturers Association was largely finalized by the end of last year, and that's when the discussions up to that point became concrete—all right, what are we going to do? After taking part in several of these discussions, I ultimately made the decision, and the proposal was put to the Board of Directors, resulting in this arrangement.

Tomikawa **How has Chairman Toyoda responded to these personnel changes?**

Sato He noted that, firstly, adapting the leadership formation in this way requires a flexible management structure. From his perspective—Chairman Toyoda is currently 69 and will turn 70 this year—he also stated that as chairman, he will focus his efforts in three areas, with the foremost being nurturing talent.

We need to create opportunities for people to learn management practices under Akio Toyoda, adding more depth to Toyota's management team.

This formation change will make Toyota stronger. Chairman Toyoda hopes that, by making Toyota a more competitive company, we will, in turn, energize the industry in Japan, and I believe he views these personnel changes in light of that conviction.

[Questions from reporters]

——What challenges do you perceive in relation to the break-even volume? How will you resolve them?

Kon In terms of challenges, today we announced our latest results, which showed that our break-even volume has risen slightly over the past year or two. Of course, there are various external factors, as well as problems with inflation, but do we really have the foundation to ensure a firm footing regardless of how tough the environment becomes? That is the issue for us.

I think there are many factors, but as Mr. Sato mentioned, our operations revolve around functions. I feel we may have focused a bit too much on what's good for individual functions, at the expense of overall cohesiveness.

In this regard, we will continue to strengthen cross-functional coordination. Everyone now recognizes this is necessary. Following on from the first-half results, the fact that Mr. Sato has clearly indicated an intentional pause has made everyone aware. I want to ensure these efforts are carried out across the company.

——What have you accomplished during this three-year term, and what is left unfinished that you would like to pass on to incoming President Kon?

Sato On a personal level, I don't think there's anything I need to do.

As I mentioned earlier, this is about "we" rather than "me." In pursuit of becoming a mobility company, we started out without any sight of a concrete path forward. Despite stating our goal, I feel that our leadership team began without a clear vision for what we would actually do.

The past three years have been about taking action—not just me personally, but continued action by everyone, which has resulted in the specifics gradually becoming clear. When we can see something concrete, we can surely identify the challenges; solving and eliminating these challenges reveals what lies further ahead. By entering this cycle, I think we have generated the initial momentum towards becoming a mobility company.

As for my request to Mr. Kon, it is to continue making ever-better cars. I hope the entire company will take these words seriously and put them into practice.

We are carmaker, which means the heart of our business lies in offering attractive products that captivate customers. The fact that no small number of customers choose Toyota cars and remain loyal to us today is the fruit of past efforts. It's not about the last year or two.

The lead time for automobiles is such that the cars currently out in the world, for example, were already being prepared about a decade ago, when I was working in development. Now those efforts are finally coming to fruition. So, if we want to be competitive in ten years' time, right now our job is to plant the seeds for what will be seen as great cars in a decade from now.

I believe that continuing to pursue ever-better carmaking is the most important part of Toyota, and while I'm sure that Mr. Kon shares this mindset without me saying anything, I hope he continues this pursuit.

——President Sato adopted the themes of inheritance and evolution and management as a team. What will form the core of incoming President Kon's management policy?

Kon You mentioned management as a team, and I certainly have no intention of changing that approach.

At Toyota, we have our executive team, chief officers, the president, and, of course, many people working in the *genba*. Our approach to management is not about having one superhero, but everyone working together to make things better, to make Japan better, and that remains unchanged.

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Part of this, as Mr. Sato just noted, is making ever-better cars. That too is our unchanging mission, one that every person at Toyota is engaged in.

How can we all continue to build ever-better cars, and beyond that, how do we become a mobility company and offer new forms of mobility to our customers and society?

I believe Toyota's team-based management is about continuing to consider these questions together, and all of us doing what we can, as individuals and collectively. I will remain committed to this approach.

——Chairman Toyoda has expressed his desire for you to carry on the essence of Toyota. How do each of you interpret this message, both reflecting on the past and in your efforts moving forward?

Sato If I may respond honestly without pretending that I know, the correct answer is to keep asking yourself this question.

What exactly makes us Toyota? I myself can't say I have a definitive answer. But as an example, I believe it's incredibly important that we strive to be a company of people working for someone other than ourselves, and for the smiles on our customers' faces.

At Toyota we have what is known as the Toyoda Principles, the first of which states: "Always be faithful to your duties, thereby contributing to the Company and to the overall good." This last part means that only by taking action and contributing to society do we imbue the value of our work with meaning.

I think Chairman Toyoda is telling us to reflect upon this idea with respect to what we are doing now. When we pour our energies into something, we inevitably begin to focus on "me" and place ourselves at the center of the narrative, right? In my day-to-day work, I've tried to take this as a warning sign that our perspective has narrowed, and we are straying from what Toyota is meant to be doing.

Kon Echoing what Mr. Sato said, I too don't have a firm answer but given that Toyota's looms were born out of a desire to help others, I believe one key aspect is whether we are able to put this founding spirit into practice.

Another, which also came up earlier, is the chairman's choice of the word "*ba*," which I also interpret as being part of what makes us Toyota.

Whether it's the production floor or the sales floor, there are certainly places that we see as important. We don't want to make decisions or set priorities outside of those *ba*. I believe the Toyota way is to carefully observe what happens in these *ba* and turn that into action.

In being appointed president, I feel that I have been granted one such *ba*, and I must create similar spaces for other members, while also going to those that already exist.

——Will there be changes in the priorities of top management?

Kon Making ever-better cars, contributing to society, producing happiness for all—these core ideas that drive Toyota will remain constant, even though our team formation may change. Indeed, I believe the new structure will enable us to pursue these goals even more vigorously.

Earlier, when I said that I am focused on money and numbers, that is about ensuring Toyota can continue moving toward its goals and vision. It's certainly not about evaluating things based solely on money or financial figures. They will serve as investments for future stakeholders. I want to treat money as something with warmth, with a human element.

Sato If I may add a brief comment, personally I think there will be an even greater focus on "fun to drive."

For instance, I think many other engineers and I myself have this notion that fun to drive is just a matter of engineering. But as Mr. Kon has said, "fun to drive, and ever-better carmaking, involves every person at Toyota." I think that is a very profound statement.



With Mr. Kon taking the lead, more of the people involved in ever-better carmaking in various ways will no doubt take notice. I am sure Mr. Kon will emphasize that every role—accounting or HR, for example—is definitely connected to making ever-better cars, and this spark will make more people eager to get on board.

Personally, I feel like that side of things will get more of a boost.

New Year's Messages

"A Place Where You Can Take On Challenges, Make Mistakes, and Grow"

On January 7, 2026, Chairman Akio Toyoda and President Koji Sato delivered their New Year's greetings to employees at the company's head office in Toyota City, Aichi.

2025: A Year of Gratitude

Last year, we began by reflecting on the meaning of the word "arigato" and by resolving to make it a year in which we value smiles and gratitude.



In December 2025, as an opportunity to express gratitude to our colleagues and stakeholders around the world, we held TOYOTA ARIGATO FEST.2025.

"We should never take for granted what we have today."
"The future is ours to create together."

Guided by Chairman Toyoda's beliefs, Toyota united globally, sharing countless thank yous and smiles.



I was reminded of how grateful I am to have colleagues around the world who demonstrate being "best in town" and how important it is to turn our appreciation into action.

So, today, I would like to begin by expressing my gratitude to all of you. We faced many hardships over the past year. Even so, to everyone across the company who worked so hard for our customers and for one another, thank you very much.

"Let's focus on making and delivering quality cars."

With that single goal in mind, I believe that we have all worked together to move forward, step by step.

In regard to certification work, all of us have continued striving to improve individual awareness and work processes so that we can stand at the starting line of consistently carrying out correct work.

With the many changes related to certification and quality, I believe that launching new cars was truly challenging.

We were able to launch new cars because everyone on the front lines kept things moving forward by working urgently until the very end.

Overseas, the competitive environment in many regions grew even more severe.

Even so, we remained committed to putting the customer first and repeatedly pursued better quality and services, from production to sales.



And then in September, our Porto Feliz Plant in Brazil was hit by a tornado. At that time, I truly felt the strength of our global Toyota team.

As soon as the news came in, teams in Japan and Indonesia immediately sprang into action to launch backup production. Across regions, they gave it their all to support their colleagues in Brazil.

ToyotaTimes Struggle, Try, Make Mistakes, Grow—Chairman Toyoda & President Sato's 2026 New Year's Messages

New Year's Messages

I would like to thank everyone who rushed to Porto Feliz and worked with our suppliers to support the plant's recovery and all those who are still working toward the resumption of local production. The passion and actions of everyone on the front lines, as well as the hard work of our suppliers and dealers, enabled us to produce 9.94 million vehicles last year and deliver them to our customers. I would like to express my sincere gratitude.

On the other hand, we still face many challenges. Although last year's production downtime was less than the year before, downtime due to quality or equipment issues is on the increase.

Customers continue to experience various inconveniences both in sales and services. For example, in Japan, the reality is that customers still cannot even enter into discussions to purchase the cars they want.

We must all keep making improvements together to properly make and deliver quality cars.

An Intentional Pause

With all of that in mind, let me share what kind of year we need to make this.

Based on what we have done thus far, we need to move on from the work we have all done in strengthening our foundations and make this year an intentional pause.

Over the past two years, we have all worked hard to create an environment to free up some time and focus more on what we need to do and what we want to do.

I truly believe it was a meaningful time, especially at our production sites, during which many frontline members made various improvements.

However, there was also one thing that we were not able to fully do.



That is to increase the earning power we need in order to keep doing what we want to do. Without that earning power, we cannot make cars or take on challenges for the future.

At last year's Japan Mobility Show, we were able to present various future possibilities.

But at the same time, I think we were reminded of the fact that we can never take things for granted.

What we do today will determine our earning power for supporting the future.

Personally, I feel that I, too, did not do enough.

That is precisely why, this year, we must first take a hard look at our true capabilities. Having done that, I want all of us to work together to raise our "net rate of work."

At the core, I believe this is about making ever-better cars.

It is because products—cars—are at our core that our customers choose Toyota.

I believe that unless everyone working at Toyota continues to make efforts, we will lose that strength.

Thinking of that reminds me of something. It was the moment in April 2009, when I first heard the words "Let's make ever-better cars!"

We had fallen into the red for the first time since our founding days. What was it that Chairman Toyoda, in taking over as president, conveyed to us in the face of such severity?

"Let's make ever-better cars!"

My reaction when I heard those words at that time was that I wanted to know what an ever-better car was supposed to be and what the president wanted us to make—without knowing that, we couldn't do it.

That was how I honestly felt.

But because it was difficult to understand, we ended up figuring it out together.

We thought about it and struggled, thinking, "Well, let's just try something." And so we began searching for an answer.

As we did so, then-President Toyoda told us the same thing he had always said in the *genba* when I worked with him on various development projects: "Let's just make cars with good fundamentals."

That focus led to our TNGA initiative and, eventually, to our current lineup of long-selling cars and to ever-better motorsports-bred cars.

At the time, I think that Chairman Toyoda wanted to say more. He no doubt had many ideas in mind. But he deliberately did not specify exactly what kind of cars he wanted us to make.
Why was that? Looking back, I think it was because he believed in the thinking power of the *genba*.

I think it was because the chairman strongly believed that there were always wise and skillful people at Toyota, and by drawing out their passion and ideas, he was determined to bring back what makes Toyota what it is.

New Year's Messages

Our DNA can be summed up in the words "Good thinking, good products."

This Companywide motto was established in 1953, when Toyota had neither money nor a list of achievements, with a desire to create good products based on the wisdom of people.

Value thinking power and pursue high quality and affordability.

I believe this is the Toyota Way of pursuing *kaizen* and taking on new challenges in all of our workplaces, and an important mindset as we embark on this year of intentional pause.

I sincerely hope that each of you will remember this every time you see the "Good thinking, good products" banner at one of our plants.

Let us return to our starting point and ask ourselves what it means to make ever-better cars.

Let us all think and struggle together, turning such thoughts into action.

And there is one more thing.

Looking back, as an engineer at the time, I thought that making ever-better cars meant technological development.

Somewhere along the way, I believed that it was about us in engineering doing our best.

And then, when I first assumed the role of president, I thought that as a leader I had to clearly define what to do, take the lead, and work hard at that myself.

However, as I ran into various challenges and struggles, I came to realize that I was wrong about my role.

We have many members who are continuously making efforts at our plants and development worksites to adapt to change.

We have many members overseas who are on the front lines protecting our bonds with our customers.

And we have many members in all workplaces who support the very foundation of car-making.

I visited many different facilities. The more I visited the front lines, the more I learned about the hardships, sincere efforts, and feelings of our members there, things that had never been visible to me before.

Car-making is something that we all do together, transcending divisions, companies, and regions. All of us, together...



And, regardless of the circumstances, we have people who keep working hard, step by step.

I have come to deeply feel that such efforts embody our frontline capabilities, which are the strength of Toyota.

That is why, in this year of intentional pause, I believe that my role and our executive team's role is to connect everyone beyond individual functions and make it easier for everyone to work—all so that we can maximize our frontline capabilities. We will work hard to make this happen.

That is precisely why we want to know more about your hard work and focus on creating an environment in which everyone can devote themselves to doing what they want to do.

For that, I want to faithfully fulfill my role, in whatever form it takes.

From here on out, there will be many things that we need to do, and probably many things that we will need to decide to stop or give up on.

Many things may not go as planned.

Even so, to move forward, we must struggle. To set an example worth following, I will do my best and work hard.

I am sure many of you have colleagues who are watching and learning from you.

Let us think through our challenges and struggle together.

A year of intentional pause...

We need to ask ourselves what kind of future we want to leave behind.

Toyota's "TO YOU" vision is based on the idea of doing work to bring smiles to the faces of each of our customers.

We make 10 million cars a year. Yet no two cars are the same.

Even in the case of something as simple as tightening a screw, the car we just made, and the next one will be delivered to different customers.

We put our heart into each vehicle for the smiles of each customer. I think that is what Toyota's "Producing Happiness for All" is all about.

Each of you has a different role.

Every improvement we make to our car-making, our multi-pathway initiatives, and new mobility initiatives—we will link all to our customers' smiles.

As we keep those ideals in mind, over the year ahead I want to think carefully about what we can do for the smiles of the future and act with intention.

Let us all work hard together to make ever-better cars and to change the future of cars!

New Year's Messages



Carrying on the Founding Spirit

Happy New Year, everyone.

It has been three years since I last stood here in 2023 to deliver a New Year's address.

For my calligraphy at the start of this year, I chose the character *ba*, meaning "place."

There is a thought I put into the character *ba*. It is also the founding spirit of Toyota.

Please watch this video.

Video summary

In the aftermath of the war, Kiichiro Toyoda stands amid the burned-out ruins of a city, remembering the words of his father Sakichi: "Wood-and-paper houses burn too easily." The following year, he begins researching fire-resistant homes.

Years later, Shoichiro recalls his father's vision: "'Build many fire-resistant homes in cities everywhere, and fly by private helicopter from their flat rooftops. Such a world will surely come in the near future.' My father had researched helicopters since before the war and often spoke of such dreams."

Before the war, Kiichiro had devoted himself to researching not only automobiles, but also aircraft. He believed that, in the future, the world would need aircraft that didn't require runways.

After being interrupted by the war, he resumes his research efforts. However, the Dodge Line recession plunges the business into a crisis, and Kiichiro resigns as president of Toyota Motor Co., Ltd.

Yet his challenge does not end there.

In 1950, the precast concrete plant established at Kiichiro's suggestion within the Toyota Motor Facilities Division is spun off as Yutaka Precon* (now Toyota T&S Construction Co., Ltd.), led by President Sasuke Toyoda.

Kiichiro continues to pursue his vision for fire-resistant homes, but passes away in 1952 without fulfilling his ambition.

That same year, Shoichiro joins Toyota Motor. Kiichiro's legacy is carried on by his cousin Eiji, and his son Shoichiro. Toyota grows, producing a wide range of vehicles. Despite that, Eiji and the leadership team worry about the limits of the automobile market and begin exploring new business avenues.

In 1968, as the entire group gathers for the All-Toyota Technical Council, three criteria are set out for new ventures.

- Contributes to improving people's quality of life.
- Suitable for diversifying dealership operations.
- Can leverage the technology, capital, and sales capabilities of All-Toyota.

Ships, aircraft, and housing are considered as candidates that meet these criteria. Toyota decides to conduct research into housing, an area Sakichi and Kiichiro felt strongly about.

Shoichiro is appointed to lead the project.

* A method for constructing buildings that involves the on-site assembly of prefabricated reinforced concrete components (pillars, walls, floors, etc.)

The video closes with the words spoken by Honorary Chairman Shoichiro at the Toyota Home shareholders' meeting in 2019.

"I built a single-story concrete house to make it fire-resistant. I chose a single story because I dreamed of traveling from the rooftop in a flying car. I hope you, too, will never forget your dreams."

Receiving the Baton as a Successor

I first declared our transformation into a mobility company in 2018.

At the time, people were starting to talk about cars shifting from internal combustion engines to battery electric vehicles, from human-driven to autonomous, and from hardware to software.

The following year, in 2019, at a Toyota Home shareholders' meeting, my father, Shoichiro, shared these thoughts:



This was a dream that Kiichiro spoke about many times to my father.

Today, we tend to quickly divide things into automobiles or housing, by business category. But in the dream that Kiichiro envisioned back then, there were no such divisions.

New Year's Messages

What was Kiichiro trying to create?

To make that happen, he first launched the automobile business. At the same time, he knew he would have to take on housing, aviation, and shipping.

That is why, I believe, Kiichiro entrusted the housing business to my father, Shoichiro.

In time, Kiichiro's dream became Shoichiro's dream.

And then, more than half a century later, in 2018, I declared Toyota's transformation into a "mobility company."

I can't help but feel that Kiichiro was speaking through me.

Looking back now, that may have been the moment when I received the baton as a successor.

I became president in 2009.

From there, as we faced and overcame many crises, the number of like-minded partners gradually grew.

Over the course of nine years, I believe I finally became a true successor.

Right now, President Sato, and the rest of the executive team, are experiencing for the first time what it means to steer the company. They feel how difficult it is. They struggle. They keep pressing on. That is the reality, I believe.

Can we turn this struggle into action? This is a defining moment.

I hope you will see this, too, as an important *ba* for growth, and give it your best.

A Place for Challenge and Action

I will turn 70 this year.

And I have become more aware of the time I have left. It is not much.

With that in mind, as chairman, I narrowed down what I must do to three things.

First, to develop people so that Toyota does not become just an ordinary company.

Second, to think about how the Group as a whole should be.

Third, to promote cultural activities.

Above all, the first. While I am chairman, to develop leaders who can ensure that Toyota continues to be truly Toyota, even after I am gone. That, I believe, is my most important mission.

Why am I talking about this here, today, in this *ba*?

It is because each of you listening today has chosen, of your own will, to be here.

The future is something we create together.

The automotive industry is an industry built together.

And Toyota, too, is a company that has been built together.

But each of us is different.

I believe that each person has their own *ba* in their respective *genba* and responsibilities.



For some, it is a place to take on challenges. For others, a place to support. For others still, a place to compete.

For me, the *genba*, the plants, the market, and the sales floor — all of these were my main battlegrounds, and at times, they were places of intense struggle.

Even so, I have always wanted to give the next generation a *ba* for both challenge and action.

I have pursued this with single-minded determination.

This year as well, the executive members and I will strive to create a *ba* — a place where people can come together, take on challenges, make mistakes, struggle, try again, and in the end, say "thank you" to one another. That is the kind of *ba* we are determined to create.

And for each of you, I hope this year will be one in which you cultivate yourself and continue to grow in your own *ba*.

Everyone, we appreciate your continued support this year as well.

Thank you.

Roundtable Discussion Among Outside Directors

In June 2025, Toyota transitioned from a company with an audit and supervisory board to a company with audit and supervisory committee Structure. Under the new Board structure, we held a roundtable discussion with our outside directors to discuss how we are strengthening governance and how each director contributes their expertise and perspective to management decision-making.



Hiromi Osada
Outside Director serving as an Audit and Supervisory Committee Member

Masahiko Oshima
Outside Director serving as an Audit and Supervisory Committee Member

Shigeaki Okamoto
Outside Director

George Olcott
Outside Director serving as an Audit and Supervisory Committee Member

Kumi Fujisawa
Outside Director

Page 157 Board of Directors and Audit and Supervisory Committee Members

Toyota's Governance Under the New Board Structure

Impact of the Transition to an Audit and Supervisory Committee Structure

Olcott The ASC has only been up and running since last June's AGM, so that is seven months. For us, and for Toyota, it's a new way of thinking about governance and I think it's still too early to say exactly what the impact has been. But so far I think it has gone very well.

The composition of the Committee is very unusual. We are much smaller than the former ASB with only four members which include two foreigners and one female member. The old ASB, consisted of three full time members who were all former members of the executive side and three part time independent members.

The merit of the old ASB composition was, that three members were insiders. They knew the Company very well, and in theory, this means that the internal members are able to identify issues and risks much more easily than us outsiders, and these can be debated these more quickly and easily within the ASB. But in practice, what happens at traditional Japanese companies that still adopt the ASB structure with multiple former insiders is that real supervision and monitoring is difficult.

Now the only inside Committee Member is Chris Reynolds, an American who has spent his entire career outside of Japan. The Committee's independence therefore feels very high.

I think the Toyota ASB functioned well, but the move to the ASC structure has undoubtedly increased the sense of independence.

The drawback of the current composition is the current composition is that the high level of independence has perhaps reduced visibility into the organization. The reduction in size of the ASC has meant that we need to allocate our resources more carefully and work harder to keep up with internal developments and risk identification. But considering the increased robustness of discussions, plus the smaller overall Board size the compact ASC has afforded, I believe that governance

Roundtable Discussion Among Outside Directors

overall has been strengthened. The smaller size of the ASC compared to the ASB has not prevented us from having frequent communication with the company's senior executives. Meetings are both formal and informal and this direct communication with the executive by independent directors is much more frequent that under the ASC structure. I expect this kind of direct engagement will only increase in the future and I feel confident that this will increase our ability to help make Toyota a more competitive company.

With the higher proportion of independent directors and fewer committee members, communication has become more complicated, and we need to think of new ways of sharing responsibilities and keeping abreast of developments. How best to share our views and any concerns we may have with the executive is also something we need to think carefully about.

One innovation we have made in the agenda is setting aside time for free discussion before getting into the formal ASC agenda. We share our experiences during the last month, issues which we've identified, and debate those within the ASC. This has greatly helped in enabling us to develop a common understanding of the most important issues the company faces and what we as the ASC should be doing in the way of risk management.

The spirit of *Genchi Genbutsu* is very strong at TOYOTA. The executive side wants us independent Board members to understand the Company very deeply, which means a high level of contact with the *genba* whether that is the manufacturing *genba*, the sales *genba* the



software development *genba* or whatever. This means a lot of site visits, more than I have made at any other company. We have to invest enormous amounts of energy and time into doing and taking part in these activities. But I think it helps us to know the Company much more deeply, its strengths and weaknesses, and make a contribution to making Toyota a much more competitive company.

And I feel that moving from an ASB to an ASC structure has further enabled us to get closer to the Company, to understand what works and what needs to improve.

Another important area of change with the move to the new structure is the succession and remuneration process. The ASC is obliged to have some kind of an opinion on the company's succession and remuneration processes in a way that the old ASB was not. This means that we will need to have some kind of auditing oversight into the succession and remuneration process which I think is a further mechanism through which governance is strengthened.

I know from my personal interactions with shareholders and other capital market participants that they have great expectations of the new approach to governance at Toyota. In responding to our shareholders' expectations, I think we are moving in very much the right direction although I think we still have a long way to go.

Osada The seven months since the transition have felt very long. To be candid, we are still in the process of defining the Committee's role and position. Establishing a full-time audit role for an outside director is a first for the Company, and we have been building ways of working and coordination with Audit and Supervisory Committee members and others involved in audit activities from the ground up. With a mindset of "try first and adjust if needed," we have moved forward with an emphasis on agility.

Prior to the transition, I served for one year as an outside Audit & Supervisory Board member and, in practice, worked in a capacity close to full time. Based on that firsthand experience of how the full-time Audit & Supervisory Board members gathered information and received reports, I have approached my current role. While I do not believe I can perform in exactly the same way in terms of experience or knowledge, I believe what is fundamentally important is gathering



sufficient information and analyzing it from an objective, external perspective in order to identify issues and potential risk areas. Previously, the system relied on regular reports from a large number of departments to the full-time Audit & Supervisory Board members. However, as I did not yet have the benefit of accumulated information and experience, I found it difficult at times to process matters and clearly grasp the underlying, essential issues. Accordingly, I reviewed the conventional reporting approach and shifted to holding face-to-face meetings once every three months with each of the more than 60 general managers, as well as conducting on-site visits. By improving the timeliness of information and ensuring that important issues are not overlooked, I will continue these efforts to better identify key matters. These discussions help me understand how our leaders view current conditions and what concerns they have. Based on these insights, I gain a clear picture of what is happening across the Company, share key issues during the Audit and Supervisory Committee's free discussions, and build a cycle of exchanging perspectives with other members.

In my previous role as an Audit and Supervisory Board member, I was able to look closely at the *genba* with an on-the-ground perspective. At the same time, there were challenges in effectively sharing those observations. From an internal perspective, it is easy to assume that things are working as they are. From an outside perspective,

Roundtable Discussion Among Outside Directors

however, many things are new, which naturally raises questions. By continuing to ask those questions, we sometimes help the *genba* gain new insights. Some questions may seem simple or off the mark, but I believe there is value in asking them from an external viewpoint. Rather than just listening, I aim to create two-way dialogue through questions while conducting audits at the *genba*. I expect the results of these efforts to emerge gradually.

Oshima Before joining the Audit and Supervisory Committee, I served as a director for two years. Since then, I feel the quality of Board discussions has improved significantly. Compared with the past, discussions are now more open, and more members speak up.

Previously, following the 2023 changes to the president and chairman and a significant turnover among executives, there was a period during which the Board sought to build a shared understanding of its role and clarify each member's responsibilities under the new structure. At first, forward-looking discussions progressed through half-day intensive sessions and other focused sessions. However, when the certification issues arose as a major matter, we had no choice but to prioritize crisis response. As a result, efforts to build a stronger sense of unity as a team and to establish the new form of the Board temporarily slowed.

At that time, the Board was relatively large, which tended to limit opportunities to speak and make members hesitant to speak up. Internal directors also tended to refrain from speaking outside their areas of responsibility, making it difficult to engage in lively discussions. After the transition, however, the Board became more compact, and these challenges have improved significantly. In August 2025, we held an off-site meeting with five outside directors and internal directors, including the chairman, which provided opportunities for wide-ranging discussions. Through these efforts, I feel that our sense of unity as a team has clearly strengthened.

The composition of the Board has also changed. It is not simply smaller in size. With each member's area of expertise and background now clearer, we have created an environment in which we can speak openly and engage in discussion without hesitation.

In this context, going forward, a key challenge for the Audit and Supervisory Committee is how to link these active discussions to truly effective governance. Working together as one team, the members of the Audit and Supervisory Committee Secretariat are steadily shaping the role of the Committee, and I feel we are steadily making progress. While it is important not to rush and to advance step by step each year, we must also respond with speed, considering the rapid changes around the world and across the industry.

Okamoto Ensuring strong governance at the Board of Directors is an important mission. In this regard, there are two points I place particular emphasis on. The first is whether outside directors are able to speak candidly, and whether the Company sincerely listens to those views and responds appropriately when needed. The second is whether sufficient opportunities and information are provided to help outside directors gain a deep understanding of the Company. Outside directors have limited time to be involved, so a strong information-sharing framework from the Company is essential.

Over the past six months, my impression of the Board of Directors is that discussions have been very open. Rather than proceeding according to a fixed script, candid exchanges take place. Substantial discussions are also held at the pre-briefing stage, and the executive side demonstrates a clear willingness to make necessary adjustments and even fundamental improvements based on those views. I believe this high level of effectiveness is supported by the many opportunities provided for outside directors to gain a deep understanding of the Company. At Toyota, there are numerous occasions to learn about the *genba* and our history, as well as to participate in overseas events. We also hold off-site sessions to strengthen our sense of unity as a team, which has helped bring members closer together and created an environment where we can engage in discussions openly and freely.

In an organization as large as ours, it is not easy to grasp all the information held by management. However, important information affecting the Company as a whole is shared separately from the pre-briefings. With such a well-established information-sharing structure in place, outside directors can participate fully and meaningfully in discussions.



At Tokyo Auto Salon



Experiencing automated driving

Roundtable Discussion Among Outside Directors



Fujisawa When first appointed, I honestly wasn't sure at what level or in what capacity to contribute, and I approached my first Board meeting with some uncertainty about how best to contribute. At that time, two remarks from the Chair left a strong impression on me and quickly dispelled that uncertainty. One was that "the mission of the Board of Directors is to strengthen Japan," which helped me firmly establish the perspective I should take when discussing management. The other was to "act as one team." He emphasized that, without distinction between internal and outside members, we should work together toward a shared direction. Those two messages deeply resonated with me and have since become important guiding principles as I consider my role.

As the automotive industry, Japan, and even the global order continue to change, the Company faces a very challenging environment. While the *genba* works every day on continuous improvement, major decisions are also required when taking on new challenges. In this context, outside directors are expected to support decision-making by providing information and advice. What is important is not only understanding what Toyota does but also forming opinions and engaging in discussions based on a clear understanding of the values and philosophy that underpin those actions. Over the past six months, I have been given more opportunities than I had expected. In addition to off-site sessions and site visits, I also had opportunities to participate in the Tateshina Meeting and in memorial and ceremonial events related to traffic safety, which allowed me to gain a deeper understanding of the spirit and values Toyota upholds. Through meetings with leaders across their respective areas of responsibility, I was also able to see how these values are firmly embedded not only among leaders but broadly across the organization, which has enabled me to engage in new challenges without hesitation.

Agile Management Enabled by the New Structure

Osada With the Board becoming more compact and roles and responsibilities more clearly defined, the speed of decision-making has increased further. To be honest, it sometimes feels almost too fast. At the same time, it is our role to keep a careful watch and review matters before problems arise. I would like to continue working together with everyone as we consider how best to address this pace.



At Toyota Kuragaike Commemorative Hall

Oshima Compared with the past, the number of agenda items has decreased. Previously, many detailed matters were discussed, but these have been organized and refined, allowing us to focus on discussions at a deeper level. The higher quality of these discussions has also contributed to faster decision-making.

Our people are sincere and dedicated in their work, and there is a strong culture of moving things forward decisively. This is a great strength. At the same time, however, the world is changing rapidly and becoming increasingly complex, and I am conscious that our traditional ways alone may not be enough to keep pace. When I discussed this point with various people within the Company, some expressed the view that Toyota excels at continuous *kaizen* or improvement but may not necessarily need to pursue discontinuous change. In other words, others suggested that we could adopt what other companies have already done and refine it in the Toyota way, which would allow us to catch up sufficiently. However, I believe we must also strengthen our ability to respond to discontinuous change. Management shares this awareness and is making efforts to establish new frameworks. This can be seen in initiatives such as Woven by Toyota and the Toyota Research Institute, which pursue approaches distinct from our conventional efforts. Going forward, a key challenge will be how to integrate and align Toyota's traditional strengths with these new efforts.

Olcott The automotive industry is moving very quickly. We have new competitors that were not a factor a decade ago making decisions at a speed that the industry has not been accustomed to. New services, be it in electrification, autonomous driving, connected services etc., and new models are being rolled out at high speed. Toyota's executives need to move at least at the same speed. We as independent Board members need to keep pace with this very fast changing environment in order to help executives allocate resources effectively. That is a real challenge for us.

Fortunately, as I and others have mentioned, this company is very keen for us as independent Board members to understand the Company deeply, to understand its weaknesses and its strengths, and they encourage all of us to go out and see the world up, but with our

Roundtable Discussion Among Outside Directors

own eyes, so that we can help them in this process. And so, I think the Company has exactly the right attitude towards governance and our role in helping the Company become more competitive. So that is very encouraging. But the speed at which the world is changing demands that we keep up in terms of our decision-making.

Fujisawa What I find interesting about our Board of Directors is that everyone is thinking about how to change the system. In many discussions, it's easy to fall into trying to determine which department or person is at fault, and assuming that fixing that alone will solve the problem. At Toyota, however, we consistently ask how we can change the system to enable faster decision-making while avoiding errors. I believe this is the very essence of governance.

At the same time, however, changing the systems of an organization as large as Toyota is not easy. That's why we're leveraging frameworks such as Woven by Toyota, based on the idea that a smaller, more agile organization can help move the larger Toyota organization forward, like a tugboat guiding a large ship. In addition, I feel that directors visiting various *genba*, where we directly confirm conditions while making decisions, are highly effective at steadily advancing system improvements.



Experiencing the use of digital twins in production equipment development (at the Tahara Plant)

Okamoto I believe Toyota's culture of *kaizen* is truly one of its greatest strengths. From the beginning, we have practiced manufacturing with a human-centered approach, and a mindset and culture in which everyone continuously applies ingenuity and seeks to work more efficiently has firmly taken root. At the same time, I sometimes feel that there is still considerable room to apply this way of thinking beyond the production line and across many other areas of the Company. This does not mean that something is lacking. Rather, it means that this strong mindset and culture have the potential to be leveraged more broadly. Establishing new frameworks is one approach, but even within the existing Toyota organization, there should be many opportunities to reflect on our own work and pursue further improvement. By actively engaging in dialogue with people at the *genba*, I hope to contribute to advancing these efforts.

How We Evaluate Toyota's Product- and Region-Centered Management Structure

Toyota's Value Creation from a Product- and Region-Centered Perspective

Fujisawa When I first heard the terms "product-centered" and "region-centered," I honestly didn't fully understand their intent. However, as I visited various sites and listened to people at the *genba*, I came to realize that they form the foundation of Toyota's multi-pathway approach and are closely connected to the idea that everyone can contribute and succeed. In other words, each individual and each region bring different values and strengths, and these concepts express Toyota's commitment to creating an environment where everyone can contribute and thrive.

For example, at the National Dealer Meeting held in the United States, dealers gathered from across North America, including many who have worked with Toyota for decades—some for 30 or even 50 years. The presentations there were not simply about how to increase vehicle sales. They covered topics such as the robotics initiatives underway at Woven by Toyota and how Toyota, as a mobility company, aims to contribute to people's happiness. I was also struck when an American dealer told me, "Toyota is not just a business partner, but family." I realized that thinking together about a sustainable future for everyone involved in the automotive industry through our business relationships is the essence of global management and the very spirit of governance.

Okamoto In many companies, there is a department such as corporate planning that takes an overall view of the company and formulates management plans. At Toyota, however, there is no such function. Instead, management is carried out based on a product-centered and region-centered approach. To be honest, at first I didn't fully understand what that meant.

However, as I spoke with many people across the Company, I gradually came to understand how Toyota actually operates. In addition to the product-centered and region-centered approach, each function works closely together, maintaining alignment under executive leadership while sharing information and responding as needed. I



Roundtable Discussion Among Outside Directors

also came to see that there are people who take a broader, company-wide perspective, and that it is through this overall framework that our current management structure is sustained.

Toyota has overcome many challenges and steadily delivered results. At the same time, from my perspective, operating an organization of this scale under such a flexible structure is a very large "experiment." We must ensure that this structure continues to function effectively even in the face of future environmental changes or significant shocks. Continuing to develop and improve it, I believe, is closely related to the way governance should function.

For example, participation in motorsports may lead some observers to wonder why we go to such lengths. However, when you speak directly with management and people at the *genba*, you quickly see that racing serves as an opportunity to reassess the technologies essential to vehicle development, and that the learnings are reflected in our actual products. In this way, Toyota has continuously evolved both its management systems and its approach to *monozukuri* over time, refining them into ever-better forms. That said, given rapid geopolitical shifts, accelerating technological advances, and the emergence of new competitors, our current systems are still a work in progress. As an outside director, I believe it is important to continue carefully observing and considering how we can further strengthen our structure so that the Company remains able to respond to these changes while sustaining long-term growth.



At Woven City

Osada The product-centered and region-centered approach has been consistently emphasized and advanced since Chairman Toyoda assumed the role of president. Looking back over the past 14 years, I feel that these efforts have earned strong recognition from our stakeholders.

As I visit sites, what I consistently see as Toyota's greatest strength is the capability of the *genba*. It is not enough simply to state ideals such as "making ever-better cars" or being "best in town." The true strength lies in the ability of the *genba* to turn those words into reality. At many sites, even when the path forward is not immediately clear, people continue trials, make improvements, and steadily shape solutions through trial and error. I believe this determination to see things through is the essence of Toyota's *genba* capability.

Another impression I have gained from visiting different regions is that, regardless of country or location, employees work with a shared mindset. Because Toyota provides clear guiding principles through the product and regional axes, along with strong organizational support, *genba* around the world are able to act based on the same way of thinking. This mindset is also shared by dealers and regional partners. For example, in areas where many customers face financial hardship, some dealers carefully advise customers on loan structures tailored to their economic circumstances so they can continue using their vehicles sustainably. Actions like these show not only an understanding of Toyota's philosophy, but its practical application at the local level.



At a Super Taikyu Series race

As an outside director, I maintain an independent position. While deepening my understanding of the genba, I also make a conscious effort to consistently maintain an external perspective. I believe my role is to stay engaged while maintaining a balance between internal and external perspectives, to maintain an appropriate sense of tension, and at times to make candid or critical observations, as this is an essential part of my role. Toyota is not a company that stops at declaring, "This is the right answer." Rather, it continually observes change and pursues progress through ongoing trial and error. I see this attitude as one of Toyota's key strengths, and it is something I highly value.

Oshima I first learned about Toyota's product-centered and region-centered approach when I was appointed to the Board. Through conversations with many people within the Company and continued learning, I quickly came to understand the meaning of the product-centered approach—namely, "making ever-better cars."

What struck me most was how deeply the message Chairman Toyoda has continued to convey over the past 14 years—"Let's make ever-better cars"—has permeated employees throughout the Company. I have also seen many people at overseas sites acting with the same mindset. I was truly impressed by how consistently repeating a clear message from leadership can take root so broadly across an organization. Even within corporate functions that are not directly involved in vehicle development, there are many people who truly share this mindset. Compared with other companies, what I find particularly noteworthy is the way the pursuit of making ever-better cars is directly linked with efforts to operate more efficiently and at lower cost. At many

Roundtable Discussion Among Outside Directors



Test riding the e-palette at WORLD ARIGATO FEST 2025

companies, striving for better products often conflicts with cost or efficiency. At Toyota, however, these efforts are closely integrated with the TPS and carried through thoroughly across the organization.

Over the past decade or so, I feel that Toyota's vehicles have become increasingly appealing. After speaking with various people to understand why this is the case, I ultimately concluded that it stems from the genuine commitment of each individual at the *genba* to making ever-better cars. One person at a site told me that they now feel empowered to "truly commit wholeheartedly" to vehicle development. While building safe and reliable cars remains a given, Toyota goes beyond that. I have even heard that the chairman has encouraged teams to aim higher and be more daring. Seeing how strongly management's conviction has reached the *genba*, I have come to realize firsthand how profoundly it can influence the quality of the vehicles. His remark that "If we keep doing things the usual way, we will become an ordinary company" also left a lasting impression on me and reinforced Toyota's distinctiveness.

My understanding of the region-centered approach has also deepened over time. I had always understood that customer needs differ by region, but the meaning of "Best in Town" did not initially resonate with me. However, when speaking with dealers in the U.S., I heard comments such as, "We are proud to be Toyota dealers. Toyota is like family." That helped me truly understand the concept. Both those who make the vehicles and those who sell them share the mindset of striving to be Best in Town within their community. Because of this, Toyota can respond accurately to the diverse needs of different countries and regions. For example, vehicles for China are handled entirely within China, from design and development through production. The region-centered approach also supports diversification of sales and profits, which has become a strength not found at other OEMs.

There are, however, downside risks that come with such strengths. Today, vehicles are expected to offer not only "fun to drive," but also new experiences beyond driving through Software Defined Vehicles (SDVs). In Japan as well, fewer young people are choosing to own cars. In the face of these changes, focusing solely on making ever-better cars in the traditional sense could risk falling behind broader trends. Management fully recognizes these challenges and is advancing new initiatives. However, precisely because Toyota's culture is so deeply embedded, driving change can be a significant challenge. As outside directors, while we may be car enthusiasts, we are not technical specialists. I believe our role is to offer independent, outside perspectives and provide insights that may not otherwise emerge from within.

Olcott It's just very difficult when I have such excellent and educated colleagues to think of something new. But I think maybe there are three things I would say on this subject. I mean, first of all, whether you look at things from the product perspective or the geographical perspective, *motto ii kuruma zukuri* ("making ever better cars"), or *machi ichiban* ("best in town"), Toyota has a unique spread of products. We cover the full waterfront. And in each category, we are, you know, very, very highly ranked. And we also have a very, very good spread of business in the various geographies. So, whether you're looking at Japan, East Asia, Southeast Asia, South Asia, India, Pakistan, the Middle East, Europe, North and South America, or Australasia, in each of these markets, we have a very, very strong position. And I don't know of any other OEM who can say that. From the shareholder's perspective, however, what does that mean? And



how do we continue to allocate scarce capital to maintain our position as a developer of ever-better cars and harness new technology? And how can we remain strong in all of these geographies?

First of all, I think, as an outsider, I need to understand at the bottom-line level what it means to make ever-better cars. In other words, in the future, how should we allocate capital? Where should we allocate capital, and how much capital should we allocate to these various segments, to these new technologies, to maintain our position as the number one carmaker in the world with high margins? And which geographies should we be allocating our scarce resources in order to maintain our position as number one? So, I don't think I have enough information. It is a very profitable company, but I don't yet understand the Company's profit structure well enough to assist in the allocation of scarce capital to these areas. So fortunately, I've been in discussions with the accounting department. They're very open, and I'm beginning to understand the capital structure, the profit structure of the Company much more closely. But I think as a Board, we need to be more conscious of our financial situation in order to do this better in the future.

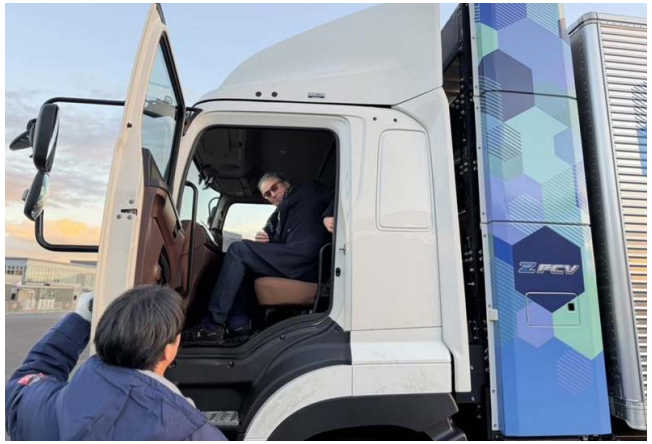
Second, I would say people. And you know, we are a very global company, and in order to maintain our competitiveness, we need to maintain the loyalty of our employees. And being a foreign,

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non-Japanese Board member, I'm very conscious of the quality of our non-Japanese management and our factory employees at the *genba*, and how they think about being Toyota employees. And wherever I go, literally wherever I go, the senior management in the local regions, the quality of the management and their loyalty are extremely high. The senior non-Japanese management, wherever you go, whether it's North America or Europe or anywhere in Asia, many of these employees have been with us for twenty to thirty years. And this is quite unique among Japanese companies, where you have that kind of loyalty to a company. And how do we train the next generation to have that same kind of loyalty to our company and to work that hard for us, and to keep us competitive? So that's a real challenge for us to keep up. And how do we give them not just our Japanese staff, you know, our R&D resources because, you know, each market is different, and I think we need to be able to develop a much higher level of trust with our overseas areas to help us develop ever-better cars going forward. And I think there's still too much focus on Japan as a source of inspiration and good ideas.

And finally, partnerships. To make ever-better cars in the age of new mobility, is this something that Toyota can do by itself? And I think certainly, the answer is no. I think we need to develop the ability to create partnerships with new kinds of organizations. We see this already in our partnership with Joby Aviation, which is an American company. But whether you're talking about air taxis or whether you're talking about hydrogen, Japan is not the place that's leading change in hydrogen. But Toyota has strength in hydrogen. So, we need to be able to tie up with non-Japanese and other global partners to be able to develop these new technologies. And I think that is also a skill that is insufficient at the moment, not just in Toyota, but in many Japanese companies. So, I would say understanding the profit structure of the Company so that we can make better resource allocations to keep making ever-better cars and to keep our position as best in town. Keeping our staff loyal, developing new capabilities among our global employees and management, and building new partnerships. I think these are three things that we as a company need to focus on to maintain our position as a global leader in these areas.





Test riding a fuel cell electric truck



Experiencing eVTOL technology firsthand (at the U.S. National Dealer Meeting)

Dialogues with Shareholders and Investors

Under its Sustainability Fundamental Policy, Toyota engages in stakeholder-oriented management to contribute to sustainable development and strives to maintain and develop sound relationships with stakeholders through open and fair communication.

Meetings with shareholders and institutional investors are conducted by directors, including senior management and outside directors, as well as by investor relations representatives. At such meetings, main agenda items of interest are covered alongside any specific requests. In addition to meeting with individual investors, the Company holds numerous briefings and small group meetings.

Sustainability Fundamental Policy

Investor Relations Activities in Fiscal 2025

- Financial results briefings: 4
- Small meetings: 7
- Dialogues with individual shareholders and institutional investors: Over 900
- Conferences organized by securities companies: Over 40

Dialogues with Institutional Investors and Analysts

At the end of March 2025, we held dialogue sessions with approximately 200 domestic and overseas institutional investors and analysts, including online participants.

At the beginning of one session President Koji Sato explained the initiatives that Toyota is carrying out to strengthen its management foundation. At the same time, the president outlined the Company's response to the issues that occurred regarding model certification application processes that occurred at certain Group companies and explained the measures being taken to prevent such recurrences. Since 2024, we have been working to both secure additional capacity on a Companywide basis and enhance talent development, safety, and quality. To facilitate such efforts, we have emphasized the bolstering of our production sites. The operating environment for manufacturers grows increasingly challenging, with aging facilities and equipment negatively impacting their operations. President Sato stated that, Toyota must improve its productivity and make working environments more employee-friendly, otherwise the Company will not be able to safeguard the foundations of its manufacturing. Accordingly, we introduced such measures as improving factory conditions, including addressing heat levels, and developing production lines along which our diverse workforce can work comfortably.

He then outlined the progress being made in addressing the abovementioned model certification issues and preventing recurrences. In





the short term, the Company is steadily implementing the 14 tasks that have been set forth to prevent recurrences. Reflecting on the lessons learned from the model certification issues, particularly the disconnect that had arisen between management and the front lines, many members of management have made a point of personally visiting frontline sites. President Sato shared what he learned through his own visits to certification sites, emphasizing how greatly the certification process depends on the efforts of frontline teams. For example, in the case of crash-test dummies used at collision-testing sites, he explained that the condition of some of the dummies had deteriorated from repeated use over time and that frontline staff had continually repaired them for their ongoing use. This resulted in significant amounts of time and effort being spent making preparations at the expense of carrying out testing itself, which undermined the certification process as a whole. Based on these firsthand observations, President Sato stated that the Company has taken actions such as increasing the number of personnel at departments with heavy workloads and promptly approving investments in over 250 pieces of equipment needed to perform testing work correctly.

As for auditing systems, the Company has strengthened second-line audits by increasing the number of legal supervisors to approximately 40, establishing a framework that allows for a thorough grasp of conditions at certification sites. To further reinforce milestone-oriented management in development, the Company has revised its process to enable clear

Dialogues with Shareholders and Investors

identification of the person in charge at key stages, such as certification preparation and development completion, so that a decision can be made on whether to proceed to the next phase. We have already begun to see cases in which transitions to the next phase have been halted due to certain plans being deemed unrealistic.

In the medium term, the Company aims to change the mindset of individuals as well as the corporate culture. Toyota Production System (TPS) self-study meetings, which are led by Chairman Akio Toyoda and focus on regulatory certification, serve as the anchor for these efforts. TPS self-study meetings are held across departments for members to improve work processes across the board, thereby eliminating bottlenecks and downtime, so as to generate reserve capacity and perform such work correctly. For example, improvements are being made with the goal of reducing lead times in processes such as the development of engine control units and vehicle specification sheets.

In the long term, the Company aims to lobby for the reform of the Japanese government's model certification process itself. In March 2025, a public–private conference involving the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and automobile manufacturers was convened to look into future-proof certification processes. We aim to ensure that the opinions of frontline staff at certification sites reach the MLIT and link this effort to process reforms that contribute to Japan's overall competitiveness.



President Sato stated that "addressing model certification issues is tantamount to improving the corporate culture, systems, and mechanisms of the Company as a whole. We are committed to improving governance in the Toyota Way through ongoing efforts to enhance the effectiveness of our initiatives." Lastly, the president outlined progress on consolidated governance. In particular, with the aim of preventing the recurrence of model certification issues, we strengthened coordination with Daihatsu Motor Co., Ltd., Hino Motors, Ltd., and Toyota Industries Corporation. We continue to engage in frequent discussions with members of senior management of Daihatsu Motor and Toyota Industries regarding the difficulties and management issues faced by all parties, including the progress on recurrence prevention measures and heightened business coordination. Regarding Hino Motors, we are supporting preparations for business integration with Mitsubishi Fuso Truck and Bus Corporation, in collaboration with Daimler Truck Holding AG. Going forward, we will strengthen initiatives for preventing recurrences of certification issues by deepening coordination with said companies, among both the senior management teams and operational personnel of all parties.

Upon finishing his remarks, President Sato, CRO Takanori Azuma, and Masahiro Yamamoto fielded questions from investors, thereby deepening dialogue.

Dialogues with Individual and Institutional Investors (One-on-One and Small Meetings)

Following the dialogue sessions, we conducted four one-on-one and small meetings with 17 shareholders and institutional investors. At these meetings, we answered questions about our efforts to prevent the recurrence of issues related to the model certification application processes of certain Group companies, the Toyota Group's management direction and strategies, and other relevant topics.



Governance Dialogue Provided by Outside Officers

In early April 2025, we held a dialogue session with Outside Director Masahiko Oshima and Outside Audit & Supervisory Board Members George Olcott and Osamu Nagata, attended by approximately 90 institutional investors and analysts, including online participants.

The session was conducted in a Q&A format, covering a wide range of topics such as the purpose behind Toyota's transition to a company with audit and supervisory committee structure, the Company's policy on cross-shareholdings, its capital strategy, and what outside officers believe constitutes management that is true to the Company's identity. Each of the three outside officers shared their perspectives, thoughts, and efforts on these matters.



Corporate Governance

Fundamental Approach

Toyota aims to establish a governance structure that supports sustainable growth and the stable, long-term enhancement of corporate value.

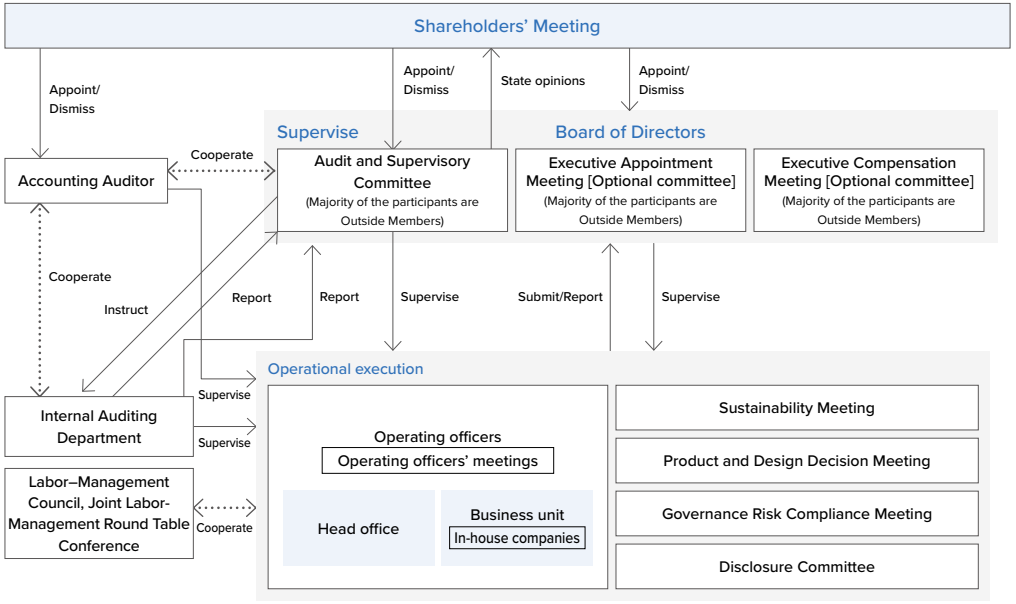
To this end, Toyota is working to enhance its corporate governance in a way that enables the Company to build good relationships with all stakeholders—including shareholders, customers, suppliers, local communities, and employees—and consistently provide products that satisfy customers' expectations.

Corporate Governance Report Securities Report

Corporate Governance Structure

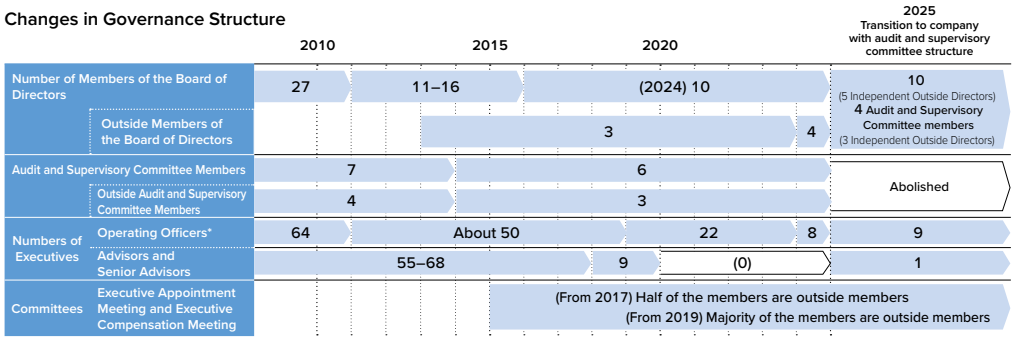
Toyota believes it is important to put in place a system that enables customer opinions and on-site information to be swiftly communicated to management in order to realize timely and accurate management decision-making, and enable it to review whether such management decisions are accepted by its customers and society. At the Ordinary General Shareholders' Meeting held on June 12, 2025, an amendment to the Articles of Incorporation was approved regarding the transition from a company with an Audit & Supervisory Board to a company with audit and supervisory committee structure, and the transition was made on the same date. With this transition, we will work to further invigorate the Board of Directors by enabling all members, both inside and outside, to engage in discussions without being constrained by their positions, while also advancing the swift decision-making process through the delegation of authority to the executive management and strengthening the Board's monitoring functions.

Corporate Governance Structure



Toyota has been focused on making ever-better cars since the 2008 global financial crisis, aiming to provide a full lineup of high-quality, affordably priced products in the right place at the right time while offering products and services suited to customers in each country and region that it serves. To this end, the Company has introduced the frameworks listed below, including a region-based management approach in 2011, a business unit system in 2013, and an in-house company system in 2016. Based on the idea of appointing the right people to the right positions, we have pursued innovations in an agile and continuous manner. Going forward, in an era of rapid change and uncertainty, we will continue to strengthen management oversight functions, delegate authority for operational execution, and accelerate decision-making by flexibly reviewing and optimizing our organizational structure.

Changes in Governance Structure



* Executive vice presidents, senior managing officers, and managing officers prior to introduction of executive officer system

Changes to Implemented Systems

2017	• Further clarification of the responsibilities of Members of the Board of Directors as decision-making and management oversight and of Operating Officers as operational execution. • Reduced the number of Members of the Board of Directors (including Outside Directors) to 9 • Changed the advisor and senior advisor system
2018	• Increased appointment of people with high expertise from both within and outside of the Company (the Toyota Group, people with technical positions, backgrounds, etc.) • Executive Vice President, in addition to supporting the President, personally leads the field as an in-house company president and organizational group chief officers • Newly established a fellow system to secure people with high level of specialist expertise and expand the breadth of executive human resource development
2019	• Created a new classification: "senior professional/senior management," integration of Managing Officer, Executive General Manager, (sub-executive managerial level] Senior Grade 1 and Senior Grade 2 Manager, and Grand Master
2020	• Discontinued use of Field General Manager rank, shifting to Senior General Manager and Fellow • Integrated the roles of Executive Vice President and Operating Officer into Operating Officer • Further clarified the roles of Operating Officers
2022	• Reorganized the roles of operating officers and newly established the position of executive vice president to create a position for focusing on management perspectives with the president
2023	• Shifted to a new management structure whereby, under the theme of "inheritance and evolution," operating officers implement product-centered (making ever-better cars) and region-centered (being the best car company in town) management
2024	• Clarified roles and expectations of outside members of the Board of Directors and revised independence criteria
2025	• Transitioned to a company with audit and supervisory committee structure to further invigorate the Board of Directors • 50% of board to consist of independent outside directors (5 out of 10 members)

Corporate Governance

Board of Directors and Related Structures

Members of the Board of Directors are selected based on comprehensive consideration of their responsibilities to ensure sustainable growth of Toyota and to enhance its corporate value over the medium to long term. Toyota believes that it is critical to appoint individuals who are capable of practicing product-centered and region-centered management and contributing to decision-making aimed at sustainable growth into the future in accordance with the Toyota Philosophy. Moreover, these individuals should be able to play significant roles in transforming Toyota into a mobility company through efforts such as forming partnerships, addressing environmental challenges including climate change, and helping resolve social issues that affect the Company and its value chain.

Regarding the appointment and dismissal of directors, the Executive Appointment Meeting, which comprises a majority of outside members of the Board of Directors, makes recommendations to the Board of Directors. Furthermore, five outside members of the Board of Directors, including Audit and Supervisory Committee members, have been appointed in order to adequately reflect the opinions of outside stakeholders in the management decision-making process. All of the outside members of the Board of Directors have been registered as independent directors with the Tokyo Stock Exchange, in accordance with the requirements stipulated in the Companies Act of Japan and the independence standards put forth by the relevant financial instrument exchanges, as well as Toyota's own sets of standards: "The roles of and expectations for outside executives" and the "Independence Assessment Criteria." These proprietary standards clarify that outside directors participate in decision-making from an independent standpoint, thereby enabling the Company to reflect the opinions of more diverse stakeholders in management. Outside members of the Board of Directors provide advice in Toyota's management decision-making process from a standpoint independent of operational execution based on their broad experience and insight in their specialized fields and beyond. The following measures are implemented to better incorporate the insight of outside members of the Board of Directors and directors who are Audit & Supervisory Board members.

Activities and Support Framework for Outside Directors

In addition to understanding and practicing Toyota's spirit of making ever-better cars and *genchi genbutsu* (on-site, hands-on experience), Toyota engages in a variety of practical activities, such as on-site visits to factories and other facilities and participation in corporate events, that go beyond theoretical learning, to nurture individuals who can contribute to the making of decisions aimed at sustainable growth.

Furthermore, we provide opportunities to participate in on-site inspections, including visits to subsidiaries, in order to deepen their understanding of Toyota's principles and initiatives. Prior to Board meetings, we provide direct explanations of agenda items to ensure that outside directors can offer appropriate advice on important management issues. We also provide opportunities for discussion with executive management as necessary to promote a deeper of understanding of such issues.

Analysis and Evaluation of the Effectiveness of the Board of Directors

In order to improve the effectiveness of the Board of Directors, Toyota conducts an analysis and evaluation of the Board of Directors every year. Details of the most recent analysis and evaluation are as follows.

Analysis and Evaluation

In anticipation of the transition to a company with audit and supervisory committee structure and the associated changes to the Board structure following the Ordinary General Shareholders' Meeting, a survey assessing the membership, meeting proceedings, and supervisory function efficacy of the Board of Directors was carried out. Views and proposals regarding the background and causes of issues identified by the survey, as well as regarding the improvement of such issues, were compiled and reported to the Board of Directors.

Method of evaluation: Self-evaluation through questionnaires and interviews:
Subject of evaluation: Members of the Board of Directors and Audit and Supervisory Committee members
Implementation period: February–May 2025
Matters evaluated: (1) composition and operation of the Board of Directors; (2) matters and support related to the execution of duties; (3) role and deliberation methods of the Board of Directors, and other related matters

Summary of Findings

At meetings of the Board of Directors, overall corporate strategies were discussed before submitting specific proposals, thereby promoting discussions from a medium- to long-term perspective. The transition to a company with audit and supervisory committee structure was resolved after repeated and thorough discussions to ensure that opinions from outside directors were taken into consideration. In addition, to further invigorate discussions, relevant decision-making bodies were utilized, and outside members of the Board of Directors and outside Audit and Supervisory Committee members were invited to participate in important meetings such as the Product and Design Decision Meeting. Through their participation in these meetings, outside members of the Board of Directors and outside Audit and Supervisory Committee members have gained a deeper understanding of Toyota's management and have been able to discuss proposals at meetings of the Board of Directors with a full understanding of the deliberation process. Through discussions based on the Company's initiatives in 2025, the Board of Directors has come to the conclusion that it will continue to make improvements centered around three main themes: "sowing the seeds for the future," "management with an awareness of stakeholder awareness," and "ensuring all members of the Board of Directors fulfill their roles." As concrete measures for these themes, the Board of Directors will enhance follow-up on strategic topics and previously submitted agenda items, submit topics of high public interest, and further strengthen collaboration between the Board of Directors and the Audit & Supervisory Board.

Members of the Board of Directors (As of June 2025)

Name	Gender	Age	Years of Service*1	Outside/Independent	Position	Meetings		Rate of Attendance at Board of Directors' Meetings (Number of Meetings Attended)*2
						Executive Appointment Meeting	Executive Compensation Meeting	
Akio Toyoda	Male	69	25		Chairman of the Board of Directors			94% (15/16)
Koji Sato	Male	55	2		President			100% (16/16)
Hiroki Nakajima	Male	63	2		Executive Vice President			100% (16/16)
Yoichi Miyazaki	Male	61	2		Executive Vice President	Chairperson	Chairperson	100% (16/16)
Shigeaki Okamoto newly appointed	Male	64	—	Outside/Independent	Member of the Board of Directors	Member	Member	—
Kumi Fujisawa newly appointed	Female	58	—	Outside/Independent	Member of the Board of Directors	Member	Member	—
Christopher P. Reynolds newly appointed	Male	62	—		Member of the Board of Directors serving as an Audit and Supervisory Committee Member			—
George Olcott newly appointed	Male	70	3	Outside/Independent	Member of the Board of Directors serving as an Audit and Supervisory Committee Member			100% (16/16)
Masahiko Oshima newly appointed	Male	64	2	Outside/Independent	Member of the Board of Directors serving as an Audit and Supervisory Committee Member			100% (16/16)
Hiromi Osada newly appointed	Female	51	1	Outside/Independent	Member of the Board of Directors serving as an Audit and Supervisory Committee Member			100% (13/13)

Notes:
1. Describes cumulative tenures both as a Member of the Board of Directors and Audit and Supervisory Committee Member.
2. Describes the status of attendance at the Board of Directors for the year ended March 31, 2025.

Audit and Supervisory Committee

Upon approval at the Ordinary General Shareholders' Meeting, Toyota transitioned from the board of corporate auditors system to a company with audit and supervisory committee structure. The Audit and Supervisory Committee consists of four directors, including three outside directors.

In order to appropriately audit Toyota as it transforms into a mobility company with the aim of sustainable global growth, directors serving as Audit and Supervisory Committee members not only audit the execution of duties by other directors but also hold voting rights and participate in Board discussions as directors responsible for overseeing the appropriateness of business execution.

The Audit and Supervisory Committee will continue to conduct on-site audits and further enhance organizational audits through close coordination, including receiving reports from the Internal Audit Department, an independent and dedicated organization that consists of 39 members and is under the direct control of management, on

Corporate Governance

audit plans and results, as well as providing instructions to the Internal Audit Department. Toyota believes it is necessary to select individuals who can conduct audits of management from a fair and impartial standpoint, drawing on their wealth of experience and high level of expertise, in addition to their duties as members of the Board of Directors. Proposals regarding such appointments are deliberated by Toyota's Executive Appointment Meeting, which comprises a majority of outside directors, before being submitted to the Audit and Supervisory Committee.

Toyota has appointed three outside directors as members of the Audit and Supervisory Committee, all of whom are registered as independent directors with the Tokyo Stock Exchange in accordance with the requirements set out in the Companies Act of Japan as well as the independence standards established by the relevant financial instrument exchanges, and Toyota's own sets of standards: "The roles of and expectations for outside executives" and the "Independence Assessment Criteria.".

Executive Compensation

The amount of executive compensation, the calculation methods used, and the process for determining compensation methods are as follows.

Policy and Process for Determining Compensation

Toyota believes that it is critical to appoint individuals who are capable of practicing product-centered and region-centered management and contributing to decision-making aimed at sustainable growth based on the "Toyota Philosophy". Moreover, these individuals should be able to play significant roles in transforming Toyota into a mobility company through trust and friendship and internal two-way interactive teamwork, while working towards addressing environmental issues, including climate change, and the solution of social challenges related to Toyota and its value chain. As such, Toyota considers its executive compensation system an important means to promote various initiatives.

Following approval at the Ordinary General Shareholders' Meeting, Toyota transitioned to a company with audit and supervisory committee structure. On the same day, the Board of Directors resolved to make certain changes to the policy for determining individual remuneration for directors prior to the transition, including specifying directors*1 as the subject of the policy and other modifications. However, there were no substantive changes to the policy before and after the transition. The Board of Directors decides by resolution the policy for determining compensation for and other payments issued to each member*1 of the Board of Directors.

Compensation amounts and methods are determined in a manner that effectively links them with corporate performance while reflecting the job responsibilities and performance of each individual.

Policy for Determining Executive Compensation

- It should be a system that encourages members of the Board of Directors to work to improve the medium- to long-term corporate value of Toyota
- It should be a system that can maintain compensation levels that will allow Toyota to secure and retain talented personnel
- It should be a system that motivates members of the Board of Directors to promote management from

Compensation for outside members of the Board of Directors and Audit & Supervisory Committee members who serve as directors consists only of fixed compensation. By providing compensation in a manner that is not readily impacted by business performance, this system helps ensure independence from management.

Decided by resolution at the Ordinary General Shareholders' Meeting, the maximum cash compensation for the six directors was set at ¥3.0 billion per year (of which of which, the maximum amount payable to outside directors is ¥300 million per year), and the maximum share compensation for directors*2 was set at ¥4.0 billion per year.

Executive Compensation Meeting

The amounts of compensation and other payments issued to each member*1 of the Board of Directors and the compensation system are decided by the Board of Directors and the Executive Compensation Meeting, which comprises a majority of outside members of the Board of Directors, to ensure the independence of decisions.

The Board of Directors delegates to the Executive Compensation Meeting authority for determining amounts of compensation and other payments issued to each member of the Board of Directors, the executive compensation system, and the amount of compensation issued to each member of the Board of Directors.

The Executive Compensation Meeting reviews the executive compensation system and provides advice to the Board of Directors thereon. This body also determines the amount of compensation issued to each member of the Board of Directors in accordance with the policy for determining compensation and other payments issued to each member of the Board of Directors established by the Board of Directors. This decision is made while taking into account such factors as corporate performance as well as individual job responsibilities and performance.

The Board of Directors has judged that such decisions made by the Executive Compensation Meeting are in line with the policy for determining compensation and other payments issued to each member of the Board of Directors.

Compensation for the four directors who are Audit and Supervisory Committee members (including three outside directors) was determined by resolution at the Ordinary General Shareholders' Meeting at a maximum total amount of ¥360 million. Within this limit, the amount is determined through discussions among the directors who are Audit and Supervisory Committee members.

Deliberations on the determination of compensation amounts for the current fiscal year were held at monthly meetings of the Executive Compensation Meeting from June 2024 to April 2025 (excluding January). Compensation for members of the Board of Directors was decided by all members of the Executive Compensation Meeting.

*1 Excludes members of the Board of Directors who are Audit and Supervisory Committee members
*2 Excludes outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee members

Major Matters Discussed

- Compensation levels by position and duties
- Revision of range of adjustments in performance-based remuneration
- FY2025 KPI evaluation
- Determination of individual compensation amount

Method of Determining Performance-Based Compensation (Bonuses, Share-Based Compensation)

Directors with Japanese citizenship*2

Toyota sets the total amount of compensation that each member of the Board of Directors receives annually ("Annual Total Remuneration") at an appropriate level based on position and duties by referencing a benchmark of Japanese and also global companies selected based on the size of each person's role and other factors.

Toyota makes sure that STI (short term incentive) and LTI (long term incentive) account for around 20% and 50% of the Annual Total Remuneration, respectively, and performance-based remuneration, which is STI and LTI combined, account for around 70%. STI is provided in the form of cash compensation based on "consolidated operating income," "fluctuation of Toyota's market capitalization,"* and "individual performance evaluation." LTI is provided in the form of share compensation based on "multiple financial indicators," "non-financial indicator," and "individual performance evaluation." In addition, there are cases where LTI may be paid in cash to retiring members of the Board of Directors and members of the Board of Directors who do not reside in Japan.

* Toyota's market capitalization is calculated by multiplying the closing price of Toyota's common stock on the Tokyo Stock Exchange by the number of shares issued after deducting treasury stock.

Composition of Compensation

Type of Remuneration	% of Total Remuneration	Remuneration Method	Concept
Base compensation	Approx. 30%	Cash compensation	The percentage of total remuneration represented by LTI is designed to increase as an individual's roles and duties become greater.
Short-term incentive	Approx. 20%		
Long-term incentive	Approx. 50%	Share compensation	

Directors with Non-Japanese Citizenship (Excluding Outside Members of the Board of Directors)

Fixed remuneration and performance-based remuneration are set based on the remuneration levels and structures that allow Toyota to secure and retain talented personnel. Annual Total Remuneration levels as well as the percentages of fixed remuneration and performance-based remuneration in total remuneration are set taking into account each member's job responsibilities and the remuneration standards of the entity for which such member previously worked (application determined individually). Performance-based remuneration consists of STI and LTI as is the case with directors with Japanese citizenship (excluding outside members of the Board of Directors).

The amounts of STI and LTI change in the same manner by reflecting STI and LTI performance evaluating indicators set for directors with Japanese citizenship (excluding outside members of the Board of Directors) and individual performance evaluation results.

Corporate Governance

Concept of Performance Evaluating Indicators and Methods/Results

Type	Indicators		Details [of Indicator]	Evaluation Weight	Evaluation Method	Reference Value	Fiscal 2025 Evaluation Result
Short-Term Incentive	Financial indicators	(1) Consolidated operating income (single year)	Indicator for evaluating Toyota's efforts based on short-term business performance	70%	Evaluate of the degree of attainment of consolidated operating income in the given fiscal year using average consolidated operating income over past 10 fiscal years as a reference value (set in 2023)	¥2.5 trillion	157%
		(2) Fluctuation of Toyota's market capitalization	Corporate value indicator for shareholders and investors to evaluate Toyota's efforts	30%	Comparatively evaluate of the fluctuation of Toyota's market capitalization for the given fiscal year (average from January through March), using the market capitalization of Toyota and TOPIX for the prior fiscal year (average from January through March) as reference values	Toyota: ¥46.8 trillion TOPIX: ¥2, 665.15	
	Individual performance evaluations		Qualitative evaluations of performance of each member of the Board of Directors				
Long-Term Incentive	Financial indicators	(3) Consolidated operating income (multiple years)	Indicator for evaluating Toyota's medium- to long-term efforts based on business performance	35%	Evaluate the degree of attainment of consolidated operating income for the last three fiscal years, including the given fiscal year, using average consolidated operating income over the last 10 fiscal years as a reference value (set in 2023)	¥2.5 trillion	138%
		(4) Total shareholder return	Corporate value indicator for shareholders and investors to evaluate Toyota's medium- to long-term efforts	17.5%	Comparatively evaluate Toyota's total shareholder return, using the rate of change calculated by dividing the sum of the stock price of Toyota on the last day of the given fiscal year and the cumulative amount of dividend per share during the period from the fiscal year that is four years before the given fiscal year through the given fiscal year by the stock price on the last day of the fiscal year that is five years before the given fiscal year and the rate of change in TOPIX Net Total Return calculated in the same manner as reference values	TOPIX: 213.4%	
		(5) Return on equity		17.5%	Comparatively evaluate Toyota's return on equity for the given fiscal year, using the levels recommended by the Ito Review as reference values	8%	
	Non-financial indicator	(6) Progress of efforts to resolve sustainability issues	Indicator for evaluating Toyota's medium- to long-term efforts based on the degree of corporate value enhancement	30%	Evaluation of the degree of contribution of business activities during the given fiscal year in accordance with the six key issues (materiality)	Six key issues (materiality)	
	Individual performance evaluations		Qualitative evaluations of performance of each member of the Board of Directors				

Concept of Individual Performance Evaluation

For the determination of Annual Total Remuneration, the STI base amount and the LTI base amount, which reflect the performance evaluation results of financial indicators and non-financial indicator, are subject to adjustment based on individual performance evaluation.

The evaluation takes into account various factors, such as initiatives (including the ESG perspective) based on the Toyota Philosophy and initiatives toward medium- to long-term corporate value enhancement, as well as trust from his or her peers and contribution to the promotion of human resource development. The range of adjustments based on individual performance evaluations is set within the range of 50% above or below the STI base amount and the LTI base amount, which reflect the performance evaluation results of financial indicators and non-financial indicator, commensurate with position and job responsibilities. The amount of performance-based remuneration for each member of the Board of Directors is calculated based on evaluation result.

Share Compensation System

The Board of Directors determines amounts of share compensation at Board meetings using the maximum values for share compensation approved at the Ordinary General Shareholders' Meeting. The maximum amount is ¥ 4.0 billion per year, with the total number of common shares of Toyota to be allotted to members of the Board of Directors, excluding outside members* of the Board of Directors, capped at ¥ 4 million.

* Excludes outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee members

For more details, please refer to page 114 of the Securities Report for fiscal 2025 (in Japanese only).

Compensation by Executive Category (by Type, etc.) and the Number of Applicable Executives

Category	Number of Eligible Executives	Amount of Compensation by Type (Million Yen)			Amount of Compensation (Million Yen)
		Base Compensation	Performance-Based Compensation		
			Bonus	Share Compensation	
Members of the Board of Directors (incl. outside members of the Board of Directors)	10 (4)	1,135 (200)	1,364	1,940 (661,000 shares)	4,439 (200)
Audit and Supervisory Committee members (incl. outside Audit and Supervisory Committee members)	7 (4)	290 (82)	—	—	290 (82)

Notes:
1. Cash compensation consists of monthly compensation and bonuses.
2. Performance-based compensation is granted in the amount calculated by multiplying the closing price of common stock on the date immediately before the date of the allotment resolution by the number of shares stated above pursuant to the resolution at the meeting of the Board of Directors Meeting held on May 8, 2025.

Composition of Compensation for Individuals Who Have Received Total Consolidated Compensation of ¥100 Million or More

Name	Total Consolidated Compensation by type (Million Yen)				Total Consolidated Compensation (Million Yen)
	Fixed Compensation	Performance-Based Compensation		Retirement Benefits	
		Bonus	Share Compensation		
Akio Toyoda	395	601	953 (352,000 shares)	—	1,949
Shigeru Hayakawa	95	118	152	—	365
Koji Sato	193	236	397 (147,000 shares)	—	826
Hiroki Nakajima	96	147	175 (65,000 shares)	—	418
Yoichi Miyazaki	100	147	175 (65,000 shares)	—	422
Simon Humphries	55	115	89 (33,000 shares)	—	259
James Kuffner	—	244	—	—	244

Notes:
3. Share compensation is to be paid in cash to Mr. Shigeru Hayakawa, the Vice Chairman of the Board of Directors, who retired from his position upon the Ordinary General Shareholders' Meeting.
4. Performance-based compensation paid to former director James Kuffner relates to fiscal 2023, 2024, and 2025, and is disclosed upon determination of the payment amount.

Corporate Governance

Insights into Certification Issues

Lessons Learned from the Certification Issues

Toyota has taken the certification issues with the utmost seriousness. From three approaches—human resource development, manufacturing processes, and foundation reinforcement—management and the *genba* are working as one to implement Companywide initiatives to prevent recurrence. By continually asking why these issues occurred and what challenges existed both in management and at the *genba*, we are returning to our origins and renewing our commitment to the fundamentals of the Toyota Way.

Approaches	Focuses		Initiatives
Human resource development	Culture cultivation	1	Frequent messages from president and **communication with front lines** by president
		2	Regular inspections of and communication with certification sites by management
	Compliance awareness promotion	3	Introduction of training programs for ongoing compliance improvements and awareness fostering in relation to certification processes
		4	**Fostering of understanding and compliance awareness with regard to certification processes** among development and certification staff through Customer Quality Learning Center exhibits and lectures
		5	Measures for informing staff that certification tests are underway (uniforms, etc.)
Manufacturing processes	Appropriate certification scheduling	6	**Revision of regulations** pertaining to certification processes
	Proper automobile design and testing (regulation)	7	Introduction of facility operation regulations to **ensure sufficient records**
		8	**Utilization of digital technologies** to reduce human errors and workloads
		9	Improvement of transparency and soundness of certification processes
Foundation reinforcement	Management awareness fostering	10	Introduction of model certification system training programs for managers and executives
	Support for collision safety testing sites	11	Appointment of collision experts to support development and certification sites
	Certification site enhancement	12	Allocation of human and physical resources to certification organizations
		13	Enhancement of **frontline oversight** by chief risk officer, chief technology officer, and chief quality officer
	Improvement of certification process accuracy	14	Bolstering of certification process **auditing systems**

CRO:Chief Risk Officer CTO:Chief Technology Officer CQO:Chief Quality Officer

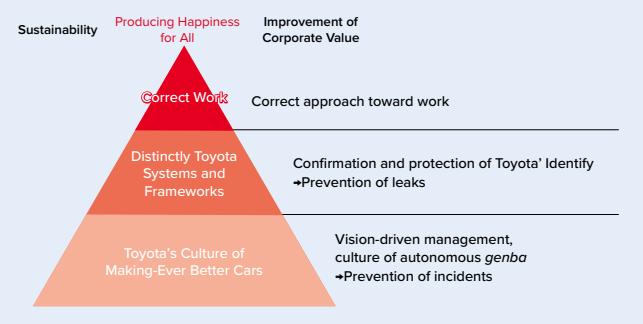
Toyota's Governance Approach

To ensure correct work is carried out consistently, we believe that just as in quality control in *monozukuri*, two approaches are essential: incidence prevention and spillover prevention.

Incidence prevention is grounded in what makes us Toyota. Based on our shared values and rules, we foster a culture in which everyone consistently carries out correct work. This is a long-term effort to shape mindsets, with top management repeatedly communicating our vision and values and personally visiting the *genba* to engage in ongoing dialogue.

Spillover prevention focuses on building the structures and systems that enable us to quickly stop abnormalities when they occur and connect them to timely correction. By advancing reforms in an integrated manner across culture, systems, and organizational frameworks, we pursue governance that truly reflects what makes us Toyota.

Toyota's Governance Approach



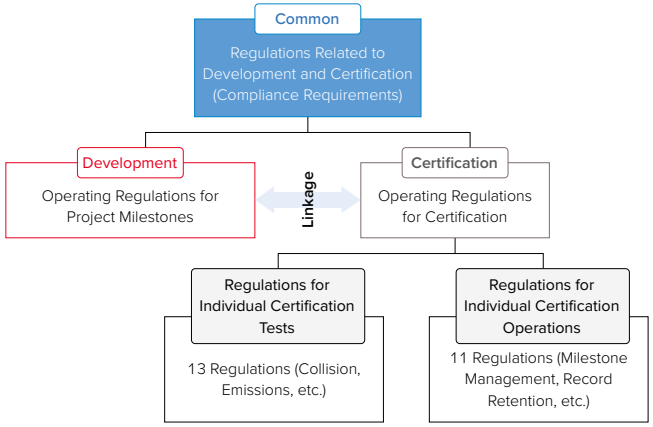
Recurrence Prevention Initiatives

From the perspective of human resource development, we have incorporated certification-related operations into our education programs. By reviewing the certification issues and promoting a correct understanding of certification systems, we are continuously fostering and strengthening each employee's compliance awareness. In addition, through ongoing messages from the president and direct dialogue with the *genba*, we reinforce that certification operations are closely connected with a wide range of functions—including planning, development, production, logistics, and sales—and emphasize the importance of each upstream and downstream process understanding one another's responsibilities and challenges.

Through these efforts, we encourage all employees to steadily engage in recurrence prevention initiatives.

Next, from the perspective of manufacturing processes, we reorganized the regulatory framework related to development and certification and strengthened operational practices to ensure thorough record retention. Previously, regulations were dispersed across multiple documents, making it difficult to understand the relationships between them as well as roles, responsibilities, and authorities. We therefore conducted a fundamental review. First, we established common regulations applicable to both development and certification and defined the basic requirements that must be followed throughout the process.

We then systematized project milestones and certification-related operating procedures to connect each stage of development and certification. By introducing clear milestones, we have improved our processes to ensure that work begins with the necessary information, prevent rework, confirm progress, and enable early detection of abnormalities.



To strengthen record retention, operations previously managed separately by individual departments have been integrated and centralized through the introduction of new management systems and tools. In addition, we are leveraging digital technologies, such as the automatic capture of measurement data using cameras to reduce manual transcription work, prevent human error, and lower operational burdens at certification sites.

Under foundation reinforcement, and based on Toyota's principle of *genchi genbutsu*, management members, including the CRO, CQO, and

Corporate Governance | Insights into Certification Issues

CTO, visit certification sites to understand issues firsthand and engage in direct dialogue. In addition, to further enhance the effectiveness of our development and certification processes, we have introduced a three-lines-of-defense audit framework. Under this framework, the roles and responsibilities of each line are clearly defined, enabling early detection of changes and abnormalities, appropriate responses, and the creation of an environment in which frontline teams can confidently carry out correct work.

	First Line	Second Line	Third Line
Oversight	CTO	CQO	CRO
Responsible Officer	Vehicle Company President	Head of Certification	General Manager, Internal Audit Department
Executing Function	Chief Engineers (CE) and Product Planning Divisions	Regulatory Compliance Office	Internal Audit Department
Role/ Description	• Development divisions confirm regulatory compliance	• Confirm that tests are conducted properly and create an environment in which frontline teams can carry out testing with confidence	• Independent third-party audits separate from development and certification

Certification operations involve many departments and frequent changes, making it difficult to fully understand every aspect of the process. For this reason, it is important that employees take ownership of this work, avoid assuming understanding, stop when issues arise, and foster a culture in which everyone feels comfortable speaking up. To support this, it is essential to maintain sufficient capacity to respond to unforeseen situations. By reducing rework and last-minute adjustments, the effective use of time can be improved. The capacity created through these improvements will be used to steadily build an environment that enables correct work.

During the development of the newly established Regulations Related to Development and Certification (Compliance Requirements), President Sato held extensive discussions with younger employees responsible for certification operations. In these conversations, he spoke candidly about his own early experiences on the front line, weaving in exchanges he had with his supervisor at the time and the lessons he learned through those experiences, sharing them openly and directly with the next generation. Based on these exchanges, the following principles were set out as guiding thoughts for drafting the regulations.

- Naturally create an environment in which frontline teams can work with confidence
- Serve as a reliable guide when frontline members face doubts, uncertainty, or challenges
- Enable correct work by following the regulations, leading to higher quality and, ultimately, better products
- Not intended to control or impose penalties

These principles reflect the belief that we must never stop thinking, that focusing only on systems or procedures can cause us to lose sight of our true purpose, and that what matters most is understanding that purpose and taking the right actions accordingly.

In addition, the following discussions were held regarding how the regulations should be structured and what they should contain.

- Regulations tend to specify "to-do" items, but over time, those tasks may be changed to improve efficiency.
- Making changes is not a problem in itself but changing them without understanding the underlying purpose can lead in the wrong direction. What should be passed down to future generations is not the "to-do," but the purpose.
- When establishing new rules, the goal is not simply to extend schedules or add checkpoints, but to ensure that everyone understands what should truly be done and can think and act accordingly.

Based on these discussions, we decided to include a preamble in the new regulations, something not typically found in Toyota's regulations.

Preamble

Since our founding, those who came before us have repeatedly taken on challenges, learned from mistakes, and pursued continuous improvement, steadily building the foundation of trust we hold with our customers and society.

On that foundation of trust, ensuring safety, regulatory compliance, and quality is both our minimum responsibility and our highest priority in delivering safety and peace of mind to our customers. However, we did not fully reflect the lessons learned from the series of recall issues in 2010, and certification issues arose again in 2024, causing inconvenience and concern to our customers and other stakeholders.

"Toyota is not a perfect company. But let's be a company and a workplace that can recognize abnormalities. And when we see something wrong, let's act immediately. Let's build that kind of workplace together."

Guided by our customer-first belief, it is essential to understand what customers and society expect, to learn from the *genba* rather than relying solely on systems and frameworks, and to foster a culture in which open dialogue can take place across organizational and hierarchical boundaries in order to put quality first into practice.

In establishing these regulations, we will strive toward "producing happiness for all" through making ever-better cars, pass down Toyota's strengths and the foundation of trust we share with customers and society to the next generation, and position these regulations as a guide to which all employees can return whenever they face doubts or uncertainty.

In Toyota's approach to governance, our culture, Toyota's distinctive strengths, and the spirit of making ever-better cars form the foundation. By including these principles in the preamble to the core regulations related to certification, we demonstrate to the entire company our commitment to never allowing the lessons from the certification issues to fade and to continuing to practice correct work with owners.

Risk Management and Compliance

Risk Management

Fundamental Approach

The automotive industry is undergoing tremendous change in terms of conditions and values, as seen in trends toward carbon neutrality and connected, autonomous, shared, and electric (CASE) technologies. Amid this change, Toyota is working to reinforce its risk management structures in order to support its ability to constantly tackle new challenges and advance *kaizen* (continuous improvement). These efforts also help the Company respond effectively to the resulting increases in uncertainty. The Company has appointed a Chief Risk Officer (CRO), who is charged with global risk management and working to prevent and mitigate the impact of risks that could arise in business activities from a global perspective.

Beneath the CRO are regional CEOs, who are responsible for overseeing risk management in their respective regions. At accounting, purchasing, and other head office departments, function-specific risk management tasks are assigned to the chief officers and risk managers of individual divisions. At in-house companies, meanwhile, product-specific risk management tasks are assigned to the company presidents and to the risk managers of individual divisions. This structure enables coordination and cooperation between regional head offices and sections.

Risk Management Framework

Risks are identified, assessed, aggregated, handled, and monitored on a regular basis in accordance with the Toyota Global Risk Management Standard (TGRS), a Companywide risk management framework based on the standards of ISO and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The TGRS is used to identify significant risks and to assemble cross-organizational task forces as needed. Important matters are discussed by the Governance Risk Compliance Meeting and reported to the Board of Directors as appropriate to facilitate the advancement of business activities.

Business Continuity Management

Toyota formulates business continuity plans (BCPs) to ensure that business operations can be continued and quickly restored if halted by major disasters, such as earthquakes and floods, by preparing for potential impacts on business sites and employees, disruptions in the supply chain, and interruptions in the delivery of essential goods.

The Company works to constantly improve the practical effectiveness of its BCPs through the drills and other aspects of the plan–do–check–act (PDCA) cycle.

These activities constitute our approach to business continuity management, which is promoted through coordination among employees and their families; Group companies and suppliers; and the Company itself.

Through this process of BCP formulation and revision, we aim to train employees who are adept at responding to emergency situations and thereby ensure that our organizations, workplaces, and individuals are resilient to crisis at all times.

Compliance

Fundamental Approach

The Toyota Code of Conduct, established in 1998, outlines the basic frame of mind that all Toyota personnel should adopt. It serves to guide us in fulfilling our mission of "Producing Happiness for All" based on the values, methods, and corporate philosophy (Toyota Philosophy and Guiding Principles at Toyota) that all Toyota members have shaped through years of diligent effort and passed down from generation to generation as they have contributed to the sustainable growth of society and the planet.

The code was amended in 2023 with expanded provisions related to such matters as bribery and corruption prevention and human rights. We distribute the code to all employees of Toyota, including those of consolidated subsidiaries, with the aim of raising awareness and facilitating training.

Under the leadership of the chief compliance officer and the deputy chief compliance officer, Toyota conducts compliance activities to ensure that all employees act responsibly and maintain strict compliance based on the Toyota Code of Conduct.

Toyota Code of Conduct

Bribery and Corruption Prevention Measures

Toyota has enacted the Toyota Global Anti-Bribery and Anti-Corruption Policy as a shared policy for its global operations to ensure rigorous action toward the eradication of bribery and corruption.

Furthermore, we have implemented the Anti-Bribery Guidelines for internal divisions and business partners. These guidelines inform efforts to prevent bribery and corruption.

Toyota Global Anti-Bribery and Anti-Corruption Policy Anti-Bribery Guidelines

Taxation

Since its founding, Toyota has aspired to enrich people's lives by manufacturing automobiles and to enrich local economies by creating employment opportunities and paying taxes as a corporate presence firmly rooted in local communities.

Toyota views the payment of taxes as both an obligation and the most basic form of social contribution to the communities in which it operates. Accordingly, we seek to generate stable earnings and thereby pay appropriate taxes through exhaustive efforts to utilize the Toyota Production System (TPS) and reduce costs.

Tax Policy

Speak Up Hotline

Toyota's Speak Up Hotline facilitates quick and appropriate responses to workplace- and work-related concerns, complaints, or questions that employees or other relevant parties may have. We promote awareness of the hotline using the Company intranet and various other media. Consultations can be submitted via a law firm, Company website, telephone, or other means.

The factuality of consultations is investigated with care to ensure that hotline users who wish to remain anonymous cannot be identified. If the investigation indicates an issue, prompt response measures are taken. (Hotline consultations in fiscal 2025: 884)

In addition, we offer multiple avenues for consultation at domestic and overseas subsidiaries operated by Toyota Motor Corporation, including the Global Speak Up Line and the All Toyota Speak Up and Toyota Consolidated Helpline.

Toyota Code of Conduct (Speak Up) Toyota Speak Up Policy

Message from the CFO

Improving Our Earnings Structure



Kenta Kon
Chief Financial Officer

Characteristics of Toyota's Business Foundation

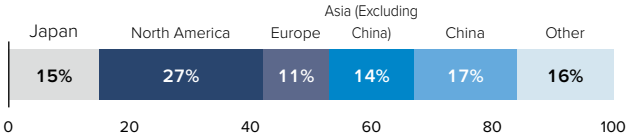
The Company's business foundation has three major characteristics that are deeply rooted in making ever-better cars.

The first is our full lineup of vehicles worldwide and our balanced regional representation. Second is our global customer base, with 150 million Toyota vehicles in operation. And the third is our hybrid options, which provide both CO_2 emissions reductions and profitability.

These characteristics help stabilize our earnings power, making it less susceptible to the effects of fluctuations in economic and market environments around the world.

1 Global Full Lineup of Vehicles

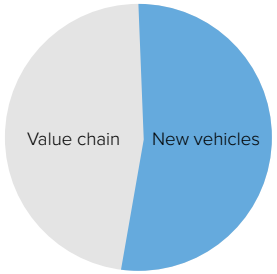
Breakdown of Fiscal 2025 Sales by Region



Page 57 Full Lineup for Meeting Diverse Needs

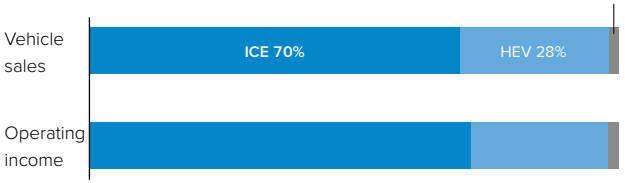
2 Strength of 150 Million Units in Operation

Earnings Structure: Fiscal 2020–Fiscal 2023 Cumulative Operating Income



3 HEV Business Supporting the Multi-Pathway Strategy

Breakdown of Fiscal 2023 by Powertrain (Percentages)

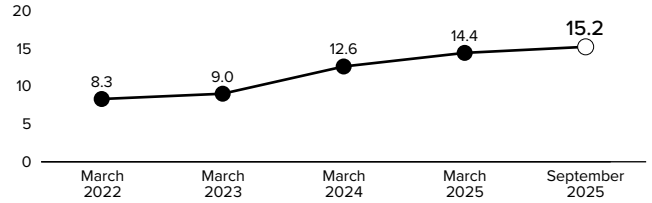


Alignment of Investment Decisions with Actual Demand

Another important aspect of our business foundation is the careful timing of our investment decisions. Our comprehensive assessment of investments in BEVs and batteries encompasses the energy situation and infrastructure in each country and region, technological advancements, and changes in the actual needs of customers.

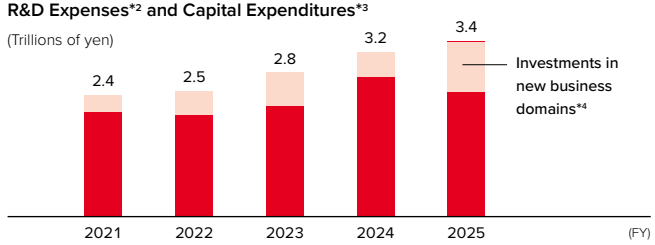
Volume of Net Liquid Assets*1

(Trillions of yen)



R&D Expenses*2 and Capital Expenditures*3

(Trillions of yen)



*1 Net liquid assets = Cash and cash equivalents, time deposits, public and corporate bonds, and investment in monetary trust funds, excluding in each case those related to financial services, less interest-bearing debt (not including lease liabilities), excluding that related to financial services
*2 R&D activity-related expenses incurred during the reporting period
*3 Excluding vehicles under operating leases and right-of-use assets
*4 R&D expenses and capital expenditures related to battery electric vehicles, batteries, hydrogen business, etc.

Message from the CFO

Product- and Region-Centered Management

With "making ever-better cars" as its goal, Toyota has steadily established a solid earnings base by pursuing product-centered management, which entails initiatives such as the advancement of a lineup cluster strategy under the Toyota New Global Architecture (TNGA), and by advancing region-centered management, aimed at creating a car company that is trusted by customers and local communities and which is the "best-in-town."

Each and every product in our lineup cannot be created overnight. They are realized thanks to the long-term efforts of many colleagues. Moreover, in our view products are nurtured by numerous stakeholders, including development and production teams, suppliers, dealerships, customers, and market participants. Another important factor in the realization of products is our relationships of trust with local communities.

Page 43 Product-Centered Management
Page 44 Region-Centered Management
Making Ever-Better Cars Through the Toyota New Global Architecture (TNGA)



Further, at the Japan Mobility Show held in October 2025, we launched Century as a new brand alongside our Toyota, Lexus, Daihatsu, and GR brands. By assuming roles that are both more clearly defined and complementary to one another, the Toyota Group's brands will comprise a product lineup suitably diverse to meet the needs of each customer and offer them a wider range of options.

Page 26 Five-Brand Strategy

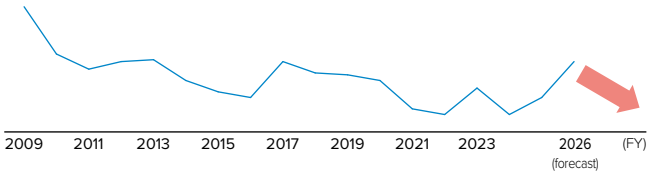


Focus on Improving Break-Even Volume

In 2024 and 2025, we faced certification issues and a lack of capacity head-on and reinforced our operational foundations. As a result, we have rigorously enhanced safety and quality and secured additional capacity, which has stabilized production.

On the other hand, we have recently seen a significant rise in our break-even volume due to a combination of increases in investments in human resources and future-oriented investments and the impact of U.S. tariffs. Although our business results are relatively stable at present, we must lower our break-even volume to maintain a lean, robust management structure that is capable of withstanding future economic downturns. To this end, we have begun Companywide measures.

Break-Even Volume
(Thousands of units)



First, we will increase earnings by reforming fixed costs, achieving cost improvements, and initiating sales initiatives in all regions, groups, and in-house companies.

Additionally, to boost productivity even further, we will encourage employees to reexamine their ways of working and pursue efficient, value-added work. For instance, we will step up our utilization of AI for routine tasks and low-value-added work so that personnel can focus on tasks only humans can perform, thereby heightening the "rate of value-added work."

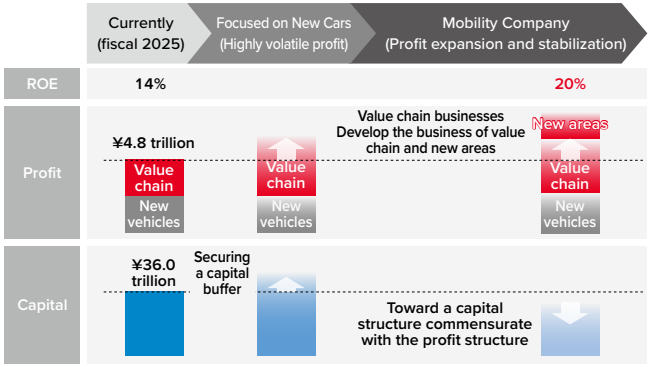
In advancing the aforementioned measures, we will focus on improving our break-even volume by ensuring that the benefits of reinforcing our operational foundations are steadily reflected in our earnings power.

Toyota needs a management structure that reliably generates earnings in both favorable and challenging operating conditions and thereby enables the Company to continue pursuing joint growth initiatives with its stakeholders.

Message from the CFO

Transformation into a Mobility Company: Targeting ROE of 20%

Toyota is currently in the process of transforming from an automaker into a mobility company. To measure the progress of this transformation and provide a common yardstick for dialogue with the market, we have set ROE of 20% as a target. We have set such an ambitious target to demonstrate the seriousness of our commitment to becoming a mobility company. Our transformation also involves efforts aimed at realizing currently untapped forms of value.



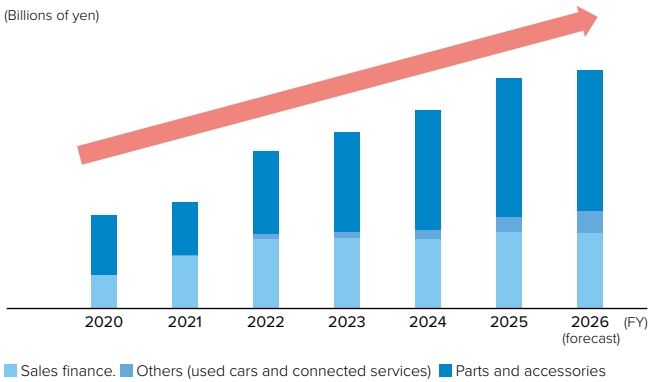
Initiatives aimed at transformation into a mobility company reflect a determination to hone Toyota's current strengths, change the Company significantly through the creation of new value, go beyond making improvements to the status quo, and courageously start out in a new direction. We will forge ahead with new initiatives on the journey toward our destination.

Further Strengthening of Our Earnings Base Through Synergies Between New Cars and Our Value Chain Businesses

In our transformation into a mobility company, value chain businesses will play a crucial role. Providing continuous value to customers throughout the long ownership period after the sale of a new car, these businesses have grown to generate approximately ¥2.0 trillion in operating income.

This growth is thanks to the many different products we offer. Supported by strong brands forged through product- and region-centered management, our diverse product lineup has enabled us to have 150 million units in operation worldwide. The growth of our value chain businesses is also attributable to the strength of our products, including their ease of repair and our ability to supply parts for them, as well as to the efforts of frontline personnel engaged in services, sales finance, used car sales, and insurance to fully utilize the high residual value of each product.

Operating Income from New Car Sales and Value Chain Businesses



Launched in December 2025, the new RAV4 is the first of our cars to incorporate Arene, a platform designed to enable the efficient development of software. The platform's introduction to our best-selling global model—which has annual sales of one million units—will enable us to utilize a vast amount of data collected from roads and vehicles across the world and develop and refine SDVs (Software Defined Vehicles) together with our customers.

Page81 RAV4

Looking beyond the Software Defined Vehicle strategy for onboard operating systems and the transformation of automotive software platforms, we view "mobility" in its broadest sense as



encompassing diverse mobility services related to towns, infrastructure, and daily life. In line with this expansive view, we aim to create new, unprecedented forms of value. The addition of our Software Defined Vehicle strategy to the virtuous cycle of new cars and value chain businesses will further strengthen our earnings base. As a result, we can realize a business structure that lowers the amount of capital we need to set aside in readiness for earnings fluctuations.

In conjunction with these efforts, we are monitoring investees and actively replacing assets with a focus on maximizing investment returns and improving capital efficiency. Further, we will steadily implement measures aimed at clarifying the roles of individual Group companies and at providing capital support that advances growth strategies critical for our survival.

Message from the CFO

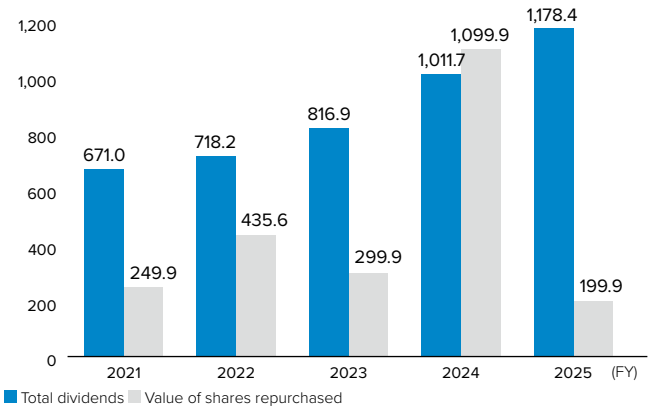
Shareholder Returns

Toyota deems meeting the expectations of its shareholders as an important element of its management policy, and its basic policy for shareholder returns is to reward long-term shareholders. Specifically, the Company strives to ensure stable and continuous dividend payments. The Company also flexibly repurchases its common stock while comprehensively considering such factors as the price of common stock. Moving forward, the Company will utilize stock repurchases to meet the demand for the sale of shares, as necessary.

Furthermore, since the fiscal 2025 second-quarter financial results briefing, we have announced forecasts for the year-end dividend to further reassure our shareholders of our commitment to stable and continuous dividend payments.

- Policy of implementing stable and continuous dividend increases
- Shifting of focus to dividends to reward long-term shareholders

Total Dividends and Value of Shares Repurchased



Capital Strategy

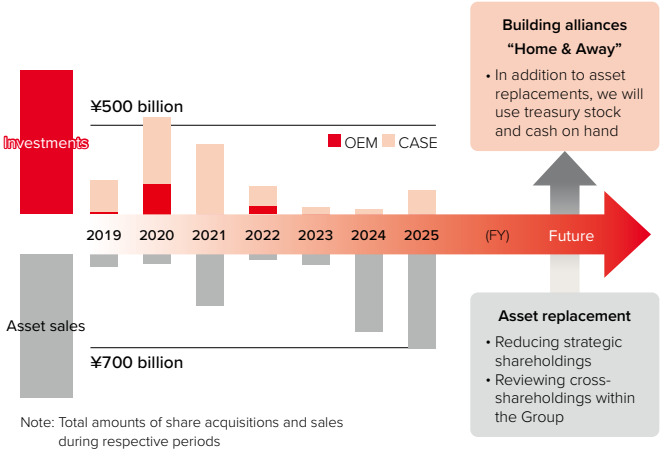
Our transformation into a mobility company requires a robust balance sheet.

While selling strategic shareholdings that have declined in significance for us and promoting a "Home & Away" strategy, we have been building alliances to accelerate our transformation.

By continuing to reduce our strategic shareholdings, reviewing intra-Group cross-shareholdings, and utilizing treasury stock and cash on hand, we aim to build a capital formation optimized for a mobility company and thereby maintain and further enhance our competitiveness.

Page 122 Capital Strategies

- Building a formation optimized for a mobility company to maintain and improve competitiveness
- Reducing strategic shareholdings, reviewing intra-Group cross-shareholdings, and utilizing treasury stock and cash on hand



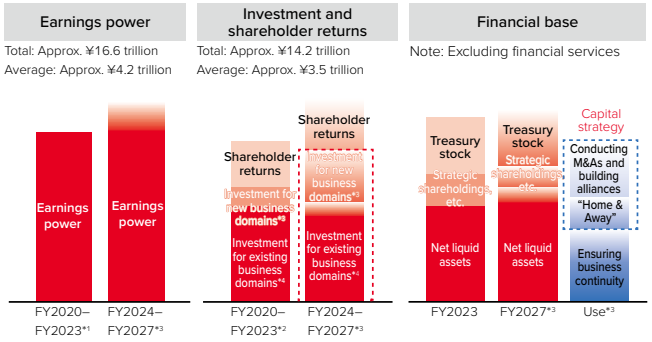
Note: Total amounts of share acquisitions and sales during respective periods

Message from the CFO

Striving to Realize a Cycle of Growing Together

To realize a cycle of growth with our stakeholders, we will continue to strengthen our earnings power, accelerate future-oriented investment, leverage our accumulated assets, and build a capital formation optimized for a mobility company to gain a competitive advantage.

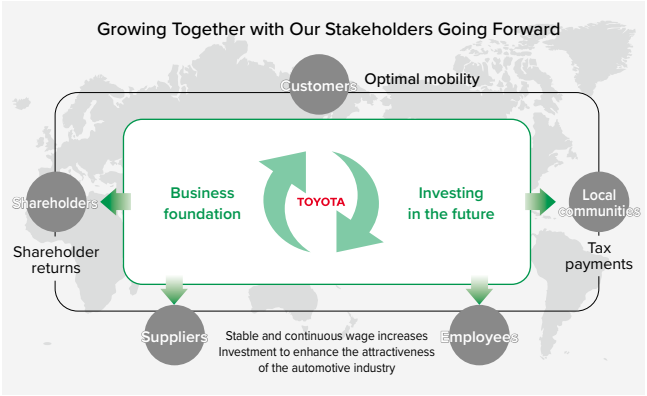
- Further strengthening earnings power and accelerating investment for sustainable growth
- Leveraging accumulated assets to gain a competitive advantage



*1 Earnings power = Automotive business operating cash flows + R&D expenses (R&D activityrelated expenditures incurred during the reporting period)
*2 Investment and shareholder returns = R&D expenses (R&D activity-related expenditures incurred during the reporting period) + Capital expenditures + Dividends + Share repurchases
*3 For illustrative purposes only. These are not forecasts of the amounts in question for or as of the relevant periods or dates, or breakdowns thereof.
*4 R&D expenses and capital expenditures for businesses related to internal combustion engine vehicles, etc.
*5 R&D expenses and capital expenditures for battery electric vehicles, batteries, hydrogen business, etc.

We find ourselves in an age in which it is hard to predict the future, and this is precisely why we hope to work together with our stakeholders, with their support and encouragement, to create the future of mobility. To this end, we will draw on the results we have thus far generated together with our customers, shareholders, suppliers, employees, and local communities—the many stakeholders to whom we thank as the source of our growth.

We must take action if we are to carve out a future for ourselves. We would like to ask for your continued support and hope that you look forward in anticipation to the future of Toyota.



Capital Strategies

Three Pillars

The three pillars of Toyota's financial strategies are stability, growth, and efficiency. By maintaining sufficient stability while pursuing growth and efficiency over the medium to long term, we aim to build a robust financial base to support sustainable growth.

1 Stability: Securing of On-Hand Funds

Based on its experiences with financial crises and the Great East Japan Earthquake, Toyota seeks to secure a sufficient level of on-hand funds, which has been defined as an amount able to cover both six months of fixed costs in the automotive business and six months of refinancing requirements in the financial services business. With this level of liquidity, we aim to ensure business continuity under any operating conditions.

Sufficient on-hand funds are essential to maintaining a full lineup of vehicles in all regions of operation and retaining the ability to respond to all options. In this manner, liquidity is a vital part of the foundation supporting the creation of corporate value.

2 Growth: Proactive Up-Front Investments

As the automotive industry approaches a once-in-a-century turning point, Toyota is advancing technological innovation to further its transformation into a mobility company. The Company invests around ¥1 trillion in research and development each year to fund projects for enhancing efficiency in existing business areas. Such proactive upfront investments are carried out to strategically increase the portion of R&D expenses allocated to cutting-edge fields.

3 Efficiency: Improvement of Capital Efficiency

Through cost reductions and thorough application of the Toyota Production System (TPS), we are reinforcing our earnings structures and securing funds for use in conducting up-front investments in advanced technologies.

For both R&D expenses and capital expenditures, we assign priorities to individual projects and track the progress of these projects while advancing measures to improve efficiency. Examples of such measures include streamlining development in existing business fields, making equipment more compact, shortening processes, and facilitating faster responses to changes in production volumes.

Furthermore, we are pursuing ongoing increases in return on equity through share buybacks while also ramping up investment management by regularly evaluating the rationality of cross-shareholdings in terms of the needs of our business strategies and economic utility. In these ways, we strive to enhance capital efficiency.

Shareholder Returns

The Company deems meeting the expectations of its shareholders as an important element of its management policy, and its basic policy for shareholder returns is to reward long-term shareholders.

Specifically, Toyota endeavors to issue stable and continuous payment of dividends. With regard to share buybacks, we will continue to flexibly repurchase shares based on consideration of factors such as our share price. Repurchased shares will be utilized as necessary to respond to requests for the sale of the Company's stock.

For fiscal 2025, we issued annual dividend payments of ¥90 per share, which comprised an interim dividend of ¥40 per share and a year-end dividend of ¥50 per share and represented a year-on-year increase of ¥15 per share. In fiscal 2025, we implemented share buybacks of ¥199.9 billion.

Retained earnings are primarily used to fund forward-looking growth investments in environmental technologies for contributing to carbon neutrality and safety technologies for the security of customers as well as for the benefit of employees, business partners, local communities, and other stakeholders. Through this approach, we seek to ensure that Toyota can win out against intense competition and transform into a mobility company.

Policies for Cross-Shareholdings

Toyota's policy is to refrain from cross-shareholdings except for in cases where such holdings are deemed to be meaningful. Cross shareholdings may be deemed meaningful in cases where the holdings are anticipated to contribute to the improvement of corporate value from a medium- to long-term perspective. Such judgments are made based on comprehensive consideration of factors including benefits in terms of business strategies; the establishment, maintenance, and strengthening of relationships with business partners; and contribution to and cooperation in the development of society in the automotive business, where cooperative relationships are imperative in processes spanning from development, procurement, and production to distribution and sales.

Capital Strategies

Assessment of the Rationale of Cross-Shareholdings

Toyota engages in constructive dialogue with cross-shareholding counterparties as deemed appropriate for the purpose of stimulating ongoing growth and improvements in corporate value. These dialogues provide opportunities to share and address management issues. Moreover, the Board of Directors conducts annual assessments of the rationale of individual cross-shareholdings.

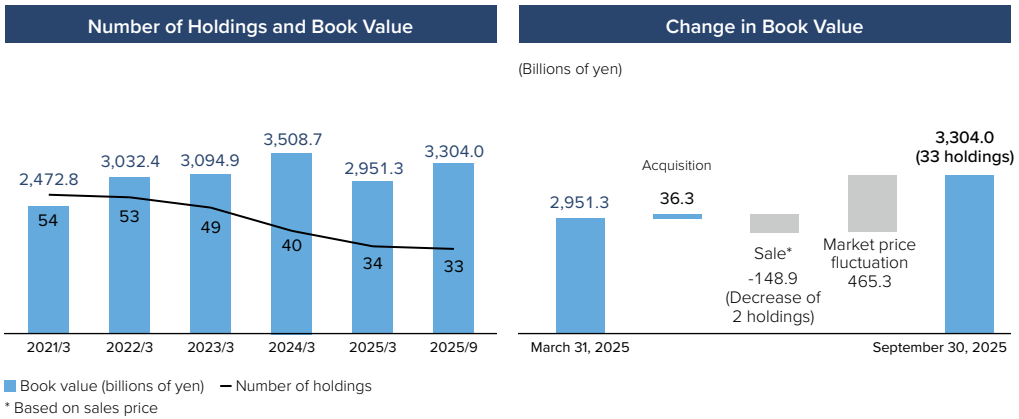
In these assessments, the meaningfulness of holdings is reevaluated in light of changes in the operating environment and detailed examinations are performed to determine whether the benefits and risks from such holdings are commensurate with the cost of capital. Based on these assessments, the Board of Directors judges whether holdings should be maintained. If it is determined that a shareholding is no longer meaningful or the meaning of a shareholding has been diluted due to changes in the operating environment or other reasons, Toyota will proceed with the sale of the associated shares once it has adequately explained its reasons for doing so to the counterparty in question.

As of September 31, 2025, the number of cross-shareholdings has been reduced to 119 (including 33 listed companies) from 189 (including 80 listed companies) as of March 31, 2018.

Cross-Shareholdings

		2021/3	2022/3	2023/3	2024/3	2025/3	2025/9
Number of holdings	Listed	54	53	49	40	34	33
	Unlisted	103	95	92	84	81	82
	Deemed holdings	41	31	24	17	4	4
	Total	**198**	**179**	**165**	**141**	**119**	**119**
Book value (Billions of yen)	Listed	2,472.8	3,032.4	3,094.9	3,508.7	2,951.3	3,304.0
	Unlisted	299.8	90.2	115.1	124.0	69.8	78.2
	Deemed holdings	234.4	195.5	127.0	145.0	27.0	30.4
	Total	**3,007.1**	**3,318.0**	**3,337.0**	**3,777.7**	**3,048.3**	**3,412.7**
Percentage of consolidated net assets		12.4%	12.2%	11.4%	10.7%	8.3%	8.9%

Holdings of Listed Shares Among Cross-Shareholdings



Status of Dividends and Share Buybacks

	2021/3	2022/3	2023/3	2024/3	2025/3
Cash dividends per share*1 *1 (Yen)	48	52	60	75	90
Total dividend payments (Billions of yen)*2	671.0	718.2	816.9	1,011.7	1,178.4
Payout ratio*3	29.8	25.3	33.4	20.4	25.0
Share buybacks (Billions of yen)	249.9	435.6	299.9	1,099.9	199.9

*1 Figures show dividends per common share on a post-stock split basis (values for after the five-for-one stock split of shares of common stock conducted on October 1, 2021).
*2 PFigures exclude dividends paid for First Series Model AA Class Shares.
*3 Payout ratio is the ratio of (i) the amount of cash dividends per share to (ii) net income attributable to Toyota Motor Corporation per common share.

Environmental Initiatives (Disclosure Based on TCFD*1 Recommendations)

*1 Task Force on Climate-related Financial Disclosures

In April 2019, Toyota endorsed and signed up to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board. Based on these recommendations, the Company analyzes the climate-related risks and opportunities it faces and conducts appropriate information disclosure.

Governance

Frameworks for Oversight of Climate-Related Risks and Opportunities by the Board of Directors

In order to effectively plan and execute strategies in response to social trends, Toyota raises important climate-related issues to the Board of Directors as they arise. The Board of Directors deliberates and supervises strategies, major action plans, and business plans. The Carbon Neutral (CN) Strategy Subcommittee, meanwhile, monitors progress toward qualitative and quantitative targets for addressing climate-related issues. Monitoring is conducted considering the financial impact of items that may become climate-related issues, including risks and opportunities related to products, such as fuel efficiency and emissions regulations, as well as risks and opportunities related to low-carbon technology development. Toyota utilizes governance mechanisms to formulate long-term strategies, including Toyota Environmental Challenge 2050, and to develop and review medium- to long-term targets and action plans.

Examples of decisions made by the Board of Directors in 2024 in aiming to contribute to carbon neutrality include the following.

- Approved the signing of a non-legally binding memorandum of understanding (MOU) with the state government regarding the acquisition of land for a new plant in India
- Approved investment in IONNA, a joint venture working on the development of a rapid-charging network for battery electric vehicles (BEVs) in North America
- Approved the signing of a comprehensive partnership agreement with the municipal government of Shanghai and the establishment of a company for the development and production of BEVs and batteries

Role of Management in Assessing and Managing Climate-Related Risks and Opportunities

The Board of Directors is Toyota's ultimate decision-making and oversight body for addressing climate-related issues. The committees indicated in the table above are the primary bodies for assessing and managing climate-related risks and opportunities (carried out once a year or more).

Bodies for Addressing Climate-Related Issues (As of June 2025)

	Sustainability Meeting	Sustainability Subcommittee	CN Strategy Subcommittee	Governance Risk Compliance Subcommittee
Chairperson	President	Sustainability Senior General Manager and COO	President, Carbon-Neutral Engineering Development Center	Sustainability Senior General Manager and CCO
Members	Executive vice presidents (2); outside member of the Board of Directors (1); outside Audit and Supervisory Committee members (2); operating officer (1); CPO, CSO, CRO/CHRO, CCO, others (5)	Outside member of the Board of Directors (1); outside Audit and Supervisory Committee member (1); CRO/CHRO, CSO, CISO, others (5)	Executive vice presidents (2); operating officers (3); CPO, CSO, CISO, and others (10)	Outside member of the Board of Directors (1); operating officer (1); CRO/CHRO, GCQO, others (9)
Number of times held in FY2025	5	3	2	5
Timing of reports to the Board of Directors	When an important matter arises	When an important matter arises	When an important matter arises	When an important matter arises
Duties	• Contribution to increases in corporate value by deliberating, making decisions, and promoting activities in relation to important sustainability-related issues	• Monitoring of internal and external developments and reporting and deliberation on important management matters related to enhancing medium- to long-term competitiveness and responding to risks associated with environmental, social, and governance issues and the SDGs	• Cultivation of shared understanding regarding important global trends pertaining to carbon neutrality and environmental issues • Reporting and deliberation on targets, key performance indicators, and other important management provisions related to above duties	• Deliberation, decision-making, and promotion of activities in relation to important matters pertaining to governance, internal control, corporate ethics, compliance, incidents, and risk management in business and product strategies

CPO: Chief Production Officer
CHRO: Chief Human Resources Officer
CSO: Chief Sustainability Officer
CCO: Chief Compliance Officer
CRO: Chief Risk Officer
CISO: Chief Information & Security Officer
GCQO: Global Chief Quality Officer

Sustainability Data Book > Promoting Sustainability > Organizational Structure

Links Between Companywide Risk Management and Processes for Managing Climate-Related Risks

Recognizing that risks and opportunities present in climate change are key management concerns, Toyota conducts scenario analyses based on the TCFD recommendations to identify risks and opportunities and verify the resilience of its business activities.

The Toyota Global Risk Management Standard (TGRS), designed by Toyota based on ISO*2 standards and the COSO*3 framework, is being implemented Companywide as a risk management system, and we are working to identify all risks associated with global business operations. We also establish Companywide task forces as needed to promote risk management and monitor progress.

Risks are assessed based on the magnitude of impact and vulnerabilities. By forecasting specific timings when a risk may occur, the actual financial and strategic impact on the business can be clarified. Risk owners are assigned for the key risks assessed by region, function (such as production and sales), and product. Chief officers of divisions and in-house company presidents oversee initiatives, implement relevant measures, and monitor progress.

Magnitude of impact Rated on a five-grade scale for each of the following factors: finance, reputation, violation of laws and regulations, and business continuity (finance is indexed as a percentage of financial impact to sales)

Vulnerability Assessed on the two elements of the current status of countermeasures and probability of occurrence

*2 International Organization for Standardization: Non-governmental body that sets internationally accepted standards
*3 Committee of Sponsoring Organizations of the Treadway Commission: Body responsible for developing guidelines to evaluate internal controls

Sustainability Data Book > Governance > Risk Management > Risk Management System

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Strategies

Toyota's Strategies (Fundamental Approach of the Multi-Pathway Strategy)

The core idea of Toyota's multi-pathway strategy is to offer a diverse range of mobility options that align with the future of energy and the needs and expectations of local communities and customers. The strategy's basic premise is that we need to move away from fossil fuels from the perspectives of the global environment and sustainability. Furthermore, over the medium to long term, renewable energy sources will continue to proliferate, with electricity and hydrogen emerging as the primary energy sources sustaining society. In the short term, however, it is critical to acknowledge global realities and implement changes in practical ways that maintain energy security. This is precisely why we are committed to contributing to the goal of carbon neutrality through a diverse lineup of mobility options that can utilize electricity derived from renewable energy, hydrogen, synthetic fuels, biofuels, and other energy sources in anticipation of a future in which electricity and hydrogen play a central role.

Existing infrastructure and assets must be used to reduce GHG emissions. Energy policies, such as those related to renewable energy and charging infrastructure, and industrial policies, including those pertaining to purchase subsidies, supplier support, and battery recycling systems, are indispensable in the goal of achieving carbon neutrality in the automotive industry. Responses must also be developed to address uncertainties related to national energy policies, industrial policies, and customer preferences. Toyota's multi-pathway strategy, which offers varied mobility options, is designed to allow us to respond to uncertainty with any one of said options, irrespective of social conditions. As various industries are involved, Toyota is actively engaged in building partnerships to promote efforts to realize an environment in which electricity and hydrogen contribute to society at the earliest possible stage.

Toyota verifies the resilience of the multi-pathway strategy through scenario analyses.

Diverse Options (Multi-Pathway Solutions)



BEVs
- Toyota sales volume expected to reach 3.5 million units per year by 2030*1

PHEVs
- Positioned as practical BEVs
- Development of PHEVs with EV driving range of 200 km or more as practical BEVs

HEVs
- Effective means to reduce GHG emissions immediately

Biofuel / E-fuel
- Contributions to GHG emissions reductions from owned vehicles*2

H_2
- Development of hydrogen engines utilizing internal combustion engine technologies

FCEVs
- Mass production and commercialization of vehicles mainly used for commercial purposes
- Offer to Toyota of 100,000 fuel-cell units annually by 2030

*1 This figure is commensurate with customer demand and represent the base unit amounts based on which supply systems will be prepared together with suppliers and dealers. However, we will adopt a flexible approach toward sales in recognition of the fact that it is customers who will ultimately decide which of our products to buy, if at all.
*2 New vehicles and owned vehicles already on the market

Sustainability Data Book > Environment > Climate-related Financial Disclosures Based on TCFD Recommendations > Strategy > Descriptions of Strategies and Initiatives

Processes for Identifying and Assessing Climate-Related Risks and Opportunities

Toyota identifies and assesses climate-related risks and opportunities through scenario analyses based on assumptions of future social conditions together with in-house and external climate teams and experts to verify corporate strategic resilience.

Scenario Analysis Overview

Identifying and assessing risks and opportunities
- Identification of risk drivers
- Analysis of drivers of risks and opportunities
- Incorporation of risks identified through the TGRS
- Assessment of the occurrences and impacts of risks and opportunities in each scenario

Scenario definitions
- Selection of reference scenarios
- Clarification of assumptions and perspectives for each scenario

Financial impact assessments
- Clarification of the correlation between risks and opportunities and financial performance indicators that may be affected
- Assessment of the relevance with priority management themes
- Assessment of financial impacts in line with scenarios

Resilience analysis
- Organization of Toyota's initiatives to minimize risks and maximize opportunities
- Clarification of links between social issues and our initiatives to achieve scenarios
- Verification of validity and strategic resilience

Note: Toyota organized the chart above based on the guidance provided by the TCFD and the Ministry of Environment of Japan.

Analysis Targets

Transition risks Automotive business and supply chains of Toyota Motor Corporation and its consolidated companies

Physical risks Toyota-brand vehicle production sites of Toyota Motor Corporation and its consolidated and non-consolidated companies

Impact assessment periods

Transition risks 2030–2035

Physical risks 2050, 2090

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Timeline definitions

	Period	Reason
Long term	Until 2050	Target year for Toyota Environmental Challenge 2050
Medium term	Until 2030	2030 Milestone in line with SBTi criteria*1
Short term	Present day to 2025	7th Toyota Environmental Action Plan

*1 Certified as compliant with criteria for Scope 1 and Scope 2 emissions reduction targets being in line with the science-based criteria established by the Science Based Targets initiative (SBTi) to limit the global average temperature increase to 1.5°C above pre-industrial levels as well as Scope 3 Category 11 emissions (gCO_2e/km) reduction targets in line with the science-based criteria to hold the increase in the global average temperature to well below 2°C above pre-industrial levels

Identification and Assessment of Risks and Opportunities

We identify primary factors (risk drivers) for climate-related risks and opportunities based on anticipated future social conditions from the perspective of transition risks and physical risks.

Transition risks Policies/legislation, markets, technology, and reputation

Physical risks Acute/chronic

We set risk drivers as the starting point and identify risks and opportunities by analyzing the factors that lead to them. We incorporate climaterelated risks identified through the TGRS into the risks and opportunities identified through the analysis of risk drivers and investigate and assess how the occurrences and impacts of risks and opportunities vary in different scenarios, which include those risk drivers.

Selection of Scenarios

We have selected the following scenarios as reference scenarios.

1.5°C scenario Several scenarios published by the IEA,*2 IPCC*3 AR6 WG3, and other organizations

4°C scenario IPCC AR6 WG1SSP5-8.5

*2 International Energy Agency
*3 Intergovernmental Panel on Climate Change

Basis for Selecting Scenarios

Toyota envisions the future energy landscape supporting society as converging on electricity and hydrogen with the widespread adoption of renewable energy. At the same time, we recognize that energy situations and transition speeds vary by country and region. In recent years, discussions have emerged on balancing environmental concerns with economic security, and global trends such as a slowdown in renewable energy investment due to international inflation and sluggish sales of BEVs in Western countries have been observed.

Discussions continue to be held at international negotiation forums, such as the Conference of the Parties (COP) to the UN Framework Convention on Climate Change, on transitional responses for the future, as well as the introduction of various decarbonization approaches that reflect the specific situations of different countries and regions. In recognition of this background, our multi-pathway strategy offers options that address actual energy situations in each country and region and the diverse needs of customers through a practical transition in the short term with a focus on a future of electricity and hydrogen in the long term.

We have clarified the assumptions and global perspectives of each scenario, and the issues related to achieving each scenario are as follows.

IEA NZE scenario

In this scenario, the use of renewable energy is anticipated to increase globally, with the widespread use of BEVs driving rapid reductions in GHG emissions in the automotive industry. However, the actual progress of these measures will likely differ depending on local energy contexts and policy developments.

Other 1.5°C scenarios

Based on the above, our analysis under the 1.5°C scenarios examined passenger vehicles by considering the IEA NZE scenario, which discusses decarbonization measures centered on the introduction of BEVs and PHEVs, as well as other temperature rise scenarios that reflect regional characteristics and various mitigation measures,*4 we verified the resilience of our 1.5°C strategies by also taking into account other temperature rise scenarios.

In these scenarios, it is believed that regional disparities in biofuel types and adoption levels may arise due to supply variations caused by the food versus fuel dilemma and limitations on land use to conserve the natural environment. In addition, significant investment is needed in the early phases of introducing decarbonization technologies to market, and progress may differ depending on investment conditions.

*4 CO_2 removal (CDR), carbon capture and storage (CCS), carbon neutral fuels, etc.

Financial Impact Assessments

We analyze causal links using identified risks and opportunities and their financial impacts and clarify the correlation between financial indicators that may be impacted and these risks and opportunities. We also assess relationships with management themes such as mobility concepts related to identified risks and opportunities and priority sustainability initiatives to confirm the materiality of these risks and opportunities. In light of the assumptions of each scenario, we assess the financial impacts of identified risks and opportunities.

Page 41 Toyota Mobility Concept

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Identified Risks and Opportunities and Financial Impact

Transition Risks: 1.5°C Scenario

Category	Risk Driver	Risk/Opportunity	Risk	Opportunity	Period*1 of Occurrence	Financial Impact Assessment (Qualitative) *2
Policy/Legislation	• Tighter fuel efficiency, greenhouse gas and ZEV regulations	• Fines or other penalties imposed for non-compliance with fuel-efficiency regulations	●		Short-term, medium-term, long-term	High
		• Ramp-down of production and reductions in sold units caused by sudden product changes to comply with regulations	●			
Technology/Market (product)	• Development of low-carbon technologies • Increase in electrification and the adoption of renewable energy • Alternative fuels • Energy diversification and decarbonization • Fluctuations in fossil fuel demand	• Fluctuations in sales resulting from electrification		●	Short-term, medium-term, long-term	High
		• Increased R&D costs associated with the development of powertrain technology	●		Medium-term, long-term	Medium
		• Creation of new value in mobility, acquisition of new customers, and cultivation of new demand through collaboration with other companies in product development		●		Slight
		• Creation of new value chains, acquisition of new customers, and cultivation of new demand through cooperation with other companies in low-carbon fuel development		●		Medium
	• Resource constraints and rising costs • Introduction of regulations for end-of-life vehicles and batteries	• Rising demand for BEV-related feedstocks causing supply constraints and increased procurement costs	●		Medium-term, long-term	High
		• Improved stability in resource supply and manufacturing through the promotion of Battery 3R initiatives via the development of a battery ecosystem		●		
		• Acquisition of new customers and cultivation of new demand through battery- and energy management-related businesses		●		
Technology/Market (manufacturing)	• Increased adoption of renewable energy	• Rising manufacturing costs caused by prolonged high prices for renewable energy accompanied by growing demand	●		Long-term	Slight
	• Accelerated energy-savings • Development of low-carbon technologies	• Increased manufacturing costs due to the purchase of low-carbon equipment and upgrading of existing equipment	●			
		• Lower costs due to improved energy efficiency and stable production due to a diversified energy mix		●		
	• Fuel conversion/electrification • Diversification of energy and low-carbon emissions	• Higher manufacturing costs due to capital investment related to the use of low-carbon fuels, such as hydrogen and biofuels, and rising fuel prices	●			

Physical Risks: 4°C Scenario

Category	Risk Driver	Risk/Opportunity	Risk	Opportunity	Period*1 of Occurrence	Financial Impact Assessment (Qualitative)*2
Acute/Chronic	• Increased severity of natural disasters, water stress, and other related occurrences	• Costs of repairing buildings and equipment at production sites damaged by extreme weather events like flooding and high tides	●		Short-term, medium-term, long-term	Slight
		• Suspension of production due to a slowdown in parts supply caused by breakdowns in supply chains	●			
		• Provision of solutions for natural disasters (emergency power supply, supplier location map, etc.)		●		

*1 Period of occurrence: Short-term (to 2025), Medium-term (to 2030), Long-term (to 2050)
*2 Definitions of financial impacts
High: Significant global impact Medium: Impact on regional businesses Slight: Minor impact on regional businesses

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Resilience Analysis

Resilience Analysis Overview

Toyota's multi-pathway strategy focuses on a practical transition to achieving carbon neutrality by offering a range of options tailored to local needs, such as fuel and infrastructure, with an eye on the future landscape of energy. Guided by the TCFD framework, scenario analyses identify risks and opportunities and assess financial impacts using the 1.5°C scenario for transition risks and the 4°C scenario for physical risks. Toyota is comparing and examining other 1.5°C scenarios in addition to the IEA's NZE scenario in light of recent global developments and international climate change discussions.

However, all scenario assumptions may carry certain limitations. In recognition of this, Toyota organizes its initiatives to minimize identified risks and take advantage of opportunities as well as clarifies relationships among its efforts that can contribute to addressing social issues linked to achieving scenarios in order to ascertain the effectiveness and resilience of Toyota's strategies in its business activities.

Sustainability Data Book > Environment > Climate-related Financial Disclosures Based on TCFD Recommendations > Strategy > Resilience Analysis

Summary of the 1.5°C Scenario Analysis

This scenario analysis has revealed a variety of pathways to achieve the 1.5°C target aligned with the Paris Agreement, each accompanied by specific conditions and social challenges. With our global reach, we have reaffirmed the validity of focusing on multiple approaches and technologies capable of addressing uncertainties (multi-pathway strategy) to respond to different markets in each country and region and stakeholder demands, rather than specializing in or adhering to a single policy or technology.

Summary of 4°C Scenario Analysis

This scenario analysis has proven that certain domestic and worldwide sites are at risk of river flooding, inland flooding, and storm surges. At the same time, disaster exercises and other means for improvements through PDCA cycles have proven to enhance the effectiveness of BCP*1 and accelerate the speed of recovery after a disaster.

Positioned as a facet of business continuity management,*2 this initiative is promoted as a three-pronged framework involving Toyota Motor Corporation, Toyota Group employees and their families, and the Group's suppliers and dealers. Activities under this initiative will continue in the future.

*1 A business plan to minimize damage and ensure business continuity and recovery in the event of a disaster or other emergency
*2 An operational framework designed to ensure the feasibility and implementation of measures specified in the business continuity plan

Results from the Resilience Analysis

Guided by the value of being the "best-in-town," we develop a lineup of vehicles that are well-received by customers and adaptable to different economic and energy situations in order to contribute to the development of each country and region. We stand for the Paris Agreement and take action to achieve its goals. We prioritize alignment with the Paris Agreement and work with our partners to promote the development of vehicles and social infrastructure based on our mobility concept to achieve carbon neutrality by 2050.

As noted in IPCC assessment reports, there are a variety pathways to achieving the 1.5°C target set forth in the Paris Agreement, which may vary depending on regional energy conditions and policies, and involve contributions from various industries.

As the landscape changes at home and abroad, we will continue to conduct scenario analyses to reassess risks and opportunities and reflect the responses to them in our strategies to further strengthen our resilience.

Environmental Management System: Scope and Management Steps

We have implemented an environmental management system that covers 519 companies considered consolidated subsidiaries on an accounting basis and eight unconsolidated vehicle production companies (as of December 31, 2024). Under this system, we carry out the following three steps.

We will continue to improve this system going forward to facilitate the ongoing promotion of environmental initiatives.

Environmental Management Steps

1 Organize internal structures (governance frameworks)
2 Ensure thorough risk management and compliance (including voluntary actions)
3 Maximize environmental performance

ISO 14001 Certification

As of December 31, 2024, all plants of Toyota Motor Corporation and its consolidated subsidiaries (126 companies) have obtained ISO 14001 certification.

External Recognition for Climate- and Water-Related Initiatives

CDP*3 Lists

In July 2025, Toyota was selected for inclusion in the Climate Change A- List and the Water Security B List by CDP.

*3 An international NGO that encourages and assesses corporate disclosures on environmental actions based on calls from global institutional investors with high levels of interest in environmental issues

Disclosure of Climate-Related External Relations Activities

Toyota publishes annual reports on its basic stance on important climate change policies, its approach to external relations activities, and an overview of the economic and industry associations to which it belongs.

Toyota's Views on Climate Public Policies 2024

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Initiatives Designed to Minimize Risk

Transition Risks: 1.5°C Scenario

Category	Risk	Initiatives Designed to Minimize Risk
Policy/Legislation	• Fines or other penalties imposed for non-compliance with fuel-efficiency regulations • Ramp-down of production and decrease in sold units caused by sudden product changes to comply with regulations	• Collaboration with regional headquarters to monitor regulatory trends in each region and promptly incorporate into product planning
		• Installation of a range of powertrains adapted to the specific needs of each country and region
		• Development of technologies and building of social systems with key stakeholders in response to various scenarios involving carbon-neutral fuels, like biofuels and synthetic fuels, and CO_2 capture
Technology/Market (product)	• Increased R&D costs associated with the development of powertrain technology • Rising demand for BEV-related feedstocks causing supply constraints and increased procurement costs	• Collaboration with regional headquarters to monitor regulatory trends in each region and promptly incorporate into product planning
		• Development of technologies that promote electrification with the efficient utilization of battery feedstocks (practical BEVs)
		• Development of resource-efficient and long-life batteries
		• Building of a battery ecosystem that values the thoughtful use of limited resources through the Battery 3R approach, which focuses on rebuilding and reusing batteries and recycling rare metals with minimal GHG emissions
		• Promotion of the introduction of HEVs and other fuel-efficient vehicles to achieve a stable energy supply and more effective use of existing resources, in addition to reducing GHG emissions
		• Developing technologies and building social systems with key stakeholders in response to various scenarios involving carbon-neutral fuels like biofuels and synthetic fuels and CO_2 capture
Technology/Market (manufacturing)	• Rising manufacturing costs caused by prolonged high prices for renewable energy accompanied by growing demand • Increased manufacturing costs due to the purchase of low-carbon equipment and upgrading of existing equipment	• Development of practical BEVs
		• Developing resource-efficient and long-life batteries
		• Building a battery ecosystem that values the thoughtful use of limited resources through the Battery 3R approach, which focuses on rebuilding and reusing batteries and recycling rare metals with minimal GHG emissions
		• Cooperation with key stakeholders to develop technologies that use renewable electricity and hydrogen, such as solar cells, water electrolysis systems, and hydrogen

Physical Risks: 4°C Scenario

Category	Risks	Initiatives Designed to Minimize Risk
Acute/Chronic	• Costs of repairing buildings and equipment at production sites damaged by extreme weather events like flooding and high tides • Suspension of production due to a slowdown in parts supply caused by breakdowns in supply chains	• Selection of locations for new plants, taking water risk into account • Taking measures based on the results of water risk assessments • Continuous revisions to the business continuity plan based on experiences dealing with past disasters

Transition Plan

Toyota has set GHG emissions reduction targets as part of its transition plan in response to the aforementioned risks and opportunities. Multiple scenarios are used to validate the feasibility of Toyota's transition plan, and risks and opportunities are incorporated into project-related financial planning to solidify the transition plan under Toyota's multi-pathway strategy. Project investments that exceed a specified amount must be approved by the Board of Directors.

Transition Plan (Greenhouse Gas Emissions Reduction Targets)

Scope 1 and Scope 2	Scope 3
2035: 68% reduction	2030: 33.3% reduction for passenger light-duty vehicles/light commercial vehicles; 11.6% reduction for medium/heavy freight trucks
2035: Carbon neutrality at plants	2035: 50% reduction or more

Note: The above targets are set in line with criteria established by the Science Based Targets initiative (compared with 2019 levels).

Note: Science Based Targets initiative: It uses scientifically based criteria to certify that a company's Scope 1 and 2 reduction targets are consistent with the goal of limiting the rise in the global average temperature to below 1.5°C compared to pre-industrial levels. With regard to automobile manufacturers, SBTi also approves the reduction targets for Scope 3 Category 11 emissions (g-CO_2e/km) as being in line with the criterion of "limiting the global average temperature rise to well below 2°C above pre-industrial levels."

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Carbon-Neutral Initiatives (Specific Items in Transition Plan)

Overall Strategy

April 2021
- Declaration of commitment to take on global challenge of working to realize carbon neutrality by 2050

April 2023
- Announcement of commitment to achieve carbon neutrality as key theme under Company's new management team



BEVs

April 2022
- Launch of Lexus RZ

May 2022
- Launch of all-new bZ4X



May 2023
- Announcement of plans to invest ¥5 trillion in BEVs and batteries by 2030
- Establishment of BEV Factory

June 2023
- Additional investment in BEV production and battery plants in United States



October 2023
- Next-generation BEV concept announced at Japan Mobility Show 2023

April 2024
- Additional investment of U.S.$1.4 billion for production of new BEVs in United States

February 2025
- China: Signing of a comprehensive partnership agreement with the city of Shanghai on carbon neutrality and establishment of a BEV and battery development and manufacturing company in the city

Batteries

August 2022
- Announcement of plans to invest maximum of ¥730 billion in batteries for BEVs in Japan and United States



May 2023
- Start of development and verification of stationary storage battery system with Toyota Tsusho Corporation and Tokyo Electric Power Company Holdings, Incorporated

June 2023
Announcement of next-generation technologies at Technical Workshop
- Next-generation BEV strategy
- Three types of next-generation batteries, all-solid-state batteries
- Aerodynamic technologies using rocket technologies
- Multi-pathway platform
- Hydrogen business strategy
- Next-generation fuel-cell system
- Standardization of large commercial

September 2023
Announcement at Toyota *Monozukuri* Workshop on *monozukuri* (manufacturing) that shapes advanced technologies
- Halving of production processes*2
- Mixed model production lines
- Digital twins

October 2023
- Additional investment of approximately U.S.$8 billion in production of automobile batteries in United States
- Signing of long-term supply contract for EV batteries with LG Energy Solution

October 2023
- Announcement of collaboration with Idemitsu Kosan Co., Ltd. pertaining to mass production of all-solid-state batteries for BEVs

March 2024
- Primearth EV Energy Co., Ltd. becomes wholly owned subsidiary of Toyota Motor Corporation to improve systems for mass production of automotive batteries (name changed to TOYOTA BATTERY Co., Ltd. in October 2024)

September 2024
- Toyota's Supply Assurance Plan for Batteries certified by the Ministry of Economy, Trade and Industry of Japan for the development and production of batteries for next-generation BEVs and of all-solid-state batteries

Hydrogen and Carbon-Neutral Fuels

March 2022
- Promotion of production and use of CO_2-free hydrogen in Woven City with ENEOS Corporation

December 2022
- Participation of hydrogen-powered Corolla in Thailand 25-Hour Endurance Race



March 2023
- Start of operation of electrolysis system

June 2023
- North America: Conducting of public road tests of low-carbon fuels with new vehicles in collaboration with Chevron Corporation

July 2023
- Establishment of Hydrogen Factory

September 2023
- Completion of Tri-Gen system for producing hydrogen, electricity, and water with FuelCell Energy, Inc. in United States

February 2024
- Joint development of large-scale electrolysis system with Chiyoda Corporation

April 2024
- North America: Conducting of fueling demonstrations of low-carbon fuels with new vehicles in collaboration with Chevron Corporation

May 2024
- North America: Conducting of public road tests of research fuels with Exxon Mobil Corporation

May 2024
- Initiation of discussions with Idemitsu Kosan Co., Ltd. ENEOS Corporation, and Mitsubishi Heavy Industries, Ltd. on the introduction and widespread adoption of carbon-neutral fuels for vehicles

Commercial Sector

December 2022
- Collaboration with Charoen Pokphand Group Co., Ltd., in Thailand

April 2023
- Collaboration with The Siam Cement Group Public Company Ltd. in Thailand

May 2023
- Collaboration with Daimler Truck Holding AG, Mitsubishi Fuso Truck and Bus Corporation, and Hino Motors, Ltd. on development of hydrogen and CASE technologies*1





October 2023
- Announcement with CJPT of plans to accelerate initiatives for realizing carbon neutrality and addressing logistics issues in Thailand

December 2023
- Conclusion on basic agreement on collaboration for carbon neutrality in Thailand

September 2024
- Reinforcement of the partnership between the BMW Group and Toyota to achieve the creation of a hydrogen economy

November 2024
- Construction of a bioethanol production research center completed in Okuma Town, Fukushima Prefecture, by the Research Association of Biomass Innovation for Next Generation Automobile Fuels

HEVs and PHEVs



July 2022
- Announcement of new Crown

November 2022
- Announcement of new Prius



Other

September 2022
- Holding of first meeting of Keidanren's Committee on Mobility
- Certification and approval received from Science Based Targets initiative

November 2023
- Announcement of efforts to step up Battery 3R initiatives to contribute to realization of circular economy

*1 Connected, autonomous, shared, and electric technologies
*2 Gigacasting, next-generation BEV lines, next-generation plant designs

Environmental Initiatives (Disclosure Based on TCFD Recommendations)

Metrics and Targets

Metrics and Targets Used by the Organization to Assess Climate-Related Risks and Opportunities in Line with Its Strategy and Risk Management Process

Toyota believes that adopting multiple metrics to comprehensively manage climate-related risks and opportunities is an important measure for adaptation to and mitigation of climate change. Accordingly, the metrics include not only the amount of GHG emissions but also other elements closely related to climate change, such as energy, water, resource recycling, and biodiversity.

Initiatives	Scope and Relationship to Scope 1, Scope 2, and Scope 3 Emissions
Life Cycle Zero CO_2 Emissions Challenge	Scope 1, Scope 2, and Scope 3
New Vehicle Zero CO_2 Emissions Challenge	Average greenhouse gas emissions from new vehicles (Scope 3, Category 11)*1
Corporate Activities	Scope 1, Scope 2, and voluntary actions*2
Plant Zero CO_2 Emissions Challenge	Scope 1 and Scope 2 emissions for production processes and voluntary actions*2

*1 Per vehicle, gCO_2e/km, well to wheel includes GHG emissions from the production of fuel and electricity as well as GHG emissions from vehicle operation
*2 Production sites of Toyota brands other than consolidated subsidiaries

SBTi-Certified Targets

Emissions Type		Target Year	Reduction Rate*3	Scenario/ Approval Class
Scope 1 and Scope 2		2035	68%	1.5°C
Scope 3, Category 11 (emissions intensity)	Passenger light-duty vehicles and light commercial vehicles	2030	33.3%	Well below 2°C
	Medium and heavy freight trucks		11.6%	

*3 Compared with 2019 levels

Scope 1 and 2 CO_2 Emissions

Requests for the disclosure of climate change and other non-financial information are growing and increasingly being legislated in different parts of the world.

Toyota has worked extensively over the years to disclose environmental information and will continue to review and update such disclosures, as needed, so that information is released in accordance with local systems.

Emissions from Scope 1 and Scope 2 increased temporarily due an increase in production volumes and a review of the scope of disclosure in accordance with statutory requirements; however, we will continue to promote efforts to reduce Scope 1 and Scope 2 emissions.

CO_2 Emissions Data (Millions of t-CO_2)

	2022	2023	2024
Scope 1	2.37	2.56	2.45
Scope 2	2.87	2.87	2.52

Calculation method: Calculated market-based emissions in accordance with GHG Protocol
Scope of calculation: Toyota Motor Corporation and its wholly owned subsidiaries
Energy-related CO_2 emissions
Reporting period: April 1–March 31 of respective year

Medium- and Long-Term Targets

	Life Cycle Zero CO_2 Emissions Challenge	New Vehicle Zero CO_2 Emissions Challenge	Corporate Activities	Plant Zero CO_2 Emissions Challenge
Long term	Toyota Environmental Challenge 2050			
	Achieve carbon neutrality for GHG emissions throughout vehicle life cycle by 2050	Achieve carbon neutrality for average GHG emissions from new vehicles by 2050	Achieve carbon neutrality for GHG emissions from business activities by 2050	Achieve zero CO_2 emissions from production at plants by 2050
Medium term		Reduce average GHG emissions from new vehicles by more than 50%*3 by 2035	Reduce GHG emissions from corporate activities by 68%*3 by 2035 SBT	Achieve carbon neutrality for CO_2 emissions from production at plants by 2035
	2030 Milestone			
	● Reduce GHG emissions throughout vehicle life cycle by 30%*3 by 2030	● Reduce average GHG emissions from new vehicles by 2030 ● Passenger light-duty vehicles and light commercial vehicles: 33.3% reduction*3 ● Medium and heavy freight trucks: 11.6% reduction SBT		
Short term	7th Toyota Environmental Action Plan (2025 Target)			

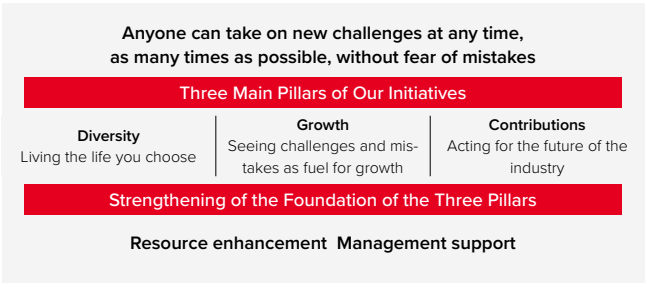
Human Resource Development

Fundamental Approach

Since its founding, Toyota has undertaken human resource development efforts shaped by the belief that *monozukuri* (manufacturing) depends on the development of human resources. We seek to develop human resources with the ability not only to continuously think and act for the benefit of others but also to forge connections with others. In addition, we endeavor to advance our transformation into a mobility company and fulfill our corporate mission of "Producing Happiness for All " in the face of a once-in-a-century transformation. We will emphasize the importance of employees—Toyota's most important asset—working and challenging themselves as we aspire to become a company where anyone can take on new challenges at any time, as many times as possible, without fear of mistakes.

To this end, we are working to develop human resources with compassion* and the "ability to act" who have a positive impact on others, are capable of winning trust, are deemed reliable, and are proficient at advancing projects and training others. In this manner, our human resource development approach entails workplace-driven efforts to foster the type of people who are able to excel and succeed even without the backing of the Toyota brand. At the same time, we are implementing initiatives based on three main pillars—diversity, growth, and contributions—designed to transform the Company into a place where anyone can take on new challenges at any time, as many times as possible, without fear of mistakes. These initiatives have proven effective at cementing our foundations. We will also accelerate the development of a non-uniform workplace environment and systems that embrace diversity, empowering all employees to seek out their own personal motivations at work and enabling them to grow beyond the constraints of job roles or qualifications.

* Ability to make the best efforts for others, such as customers and colleagues, and to improve oneself by respectfully learning from others



Recruitment

To recruit ideal candidates, Toyota has revised its prior recruitment practices as follows.

Recruitment criteria

- Individuals with a personality that makes others want to work with them, and who can be proactive driven by a genuine desire to act for the benefit of others
- Attract individuals who are passionate about chasing their dreams at Toyota

Examples of Initiatives (Toyota Motor Corporation)

1 Acceleration of mid-career recruitment

- Increase mid-career recruits from 10% to 48% (fiscal 2025) to introduce external knowledge and promote the reexamination of work processes and workstyles
- Continue efforts going forward to maintain the ratio of mid-career recruits (administrative and engineering positions) at approximately 50%
- Introduce direct recruiting frameworks for use by actual workplaces and expand recruitment through referral programs (introduction by Toyota employees)
- Promote recruitment of new graduates from doctorate programs with the potential to begin making immediate contributions

2 Recruitment of new graduates with diverse backgrounds

- Increase opportunities for contact with first- and second-year high school and university students and promote the recruitment of diverse people from universities from which no graduates have previously been hired by Toyota, technical colleges, vocational schools, and high schools

3 Course-specific recruitment of new graduates

- Recruit students who have clear aspirations for what they want to do at Toyota to accelerate the development of professional human resources
- Prepare 20 assignment courses to allow students to choose the course that best suits their personal growth goals and promote recruitment of IT-related personnel, graduates from overseas universities, and other diverse human resources suited to the characteristics of specific workplaces

Training and Career Development

We seek to develop human resources who can act in line with the Toyota Philosophy with the aim of transforming into a mobility company while inheriting the precept of the Toyoda Principles.

Global Executive Human Resource Development

The Global 21 Program is a global executive training program that is designed to provide skilled employees around the world with skills and knowledge suitable for global Toyota executives and to enable them to exercise their strengths to the fullest in their respective areas of responsibility. The program comprises the following three pillars.

Examples of Initiatives (Toyota Motor Corporation)

1 Indication of management philosophy and expectations of executives

- Dissemination of the Toyota Philosophy and incorporation thereof into global human resource systems and training

2 Human resource management

- Utilization of personnel evaluation standards and processes suited to specific regions of operation based on Toyota's shared values

3 Assignment-based education and training programs

- Utilization of global assignments and executive training
- Organization of regional succession committees to accelerate the identification and training of next-generation leaders

Promotion of a DCAP Cycle Emphasizing Taking Action First

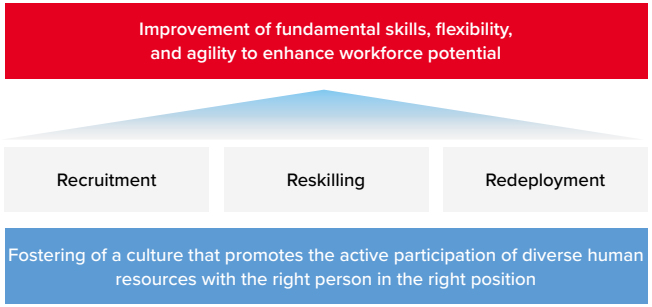
To survive in a time when the ideal path is not clearly apparent, it is important to continue to take action based on the perspective of the front lines. In the past, Toyota implemented a PDCA cycle to examine the actions to be taken and to formulate and implement plans. Going forward, however, we must emphasize taking action first (Do), then review the results (Check) and make any necessary improvements (Adjust), and finally formulate ways to promote product- and region-centered management in an ongoing and autonomous manner (Plan). The resulting DCAP cycle will be advanced by leaders to serve as an example for other employees and thereby further their development.

Human Resource Development

Shifting of Resources to Transform into a Mobility Company

If Toyota is to transform into a mobility company, it is crucial for the Company to swiftly shift resources from existing automobile manufacturing and sales operations to connected, autonomous, shared, and electric (CASE) technologies, value chain solutions, and other new operations.

In addition, Toyota is leveraging its strength in promoting innovation as a united team in order to further its transformation into a mobility company. To enhance the effectiveness of this collaborative effort, we are bolstering communication, including through the organization of labor–management discussions throughout the year and by fostering a culture that encourages active contribution by all.



Development of an Organizational Structure to Support Software Talent

Toyota believes that a diverse workforce is what drives innovation. One initiative for securing diverse human resources is the push to acquire new software talent for CASE-related businesses.

Furthermore, we aim to contribute to the development of a mobility society. To this end, we have revised the software development structure of the Toyota Group, establishing a new organization in October 2023 for integrated promotion of software-related businesses and software development, replacing the existing in-house structure of decentralized functions.

In addition, Toyota is ramping up its collaboration with Woven by Toyota, Inc. to implement the Toyota Mobility Concept through initiatives at Woven City, a mobility test course for software development to accelerate vehicle intelligence and the verification of various technologies that connect people, vehicles, and society.

In our quest to eliminate traffic accidents, it is imperative for development to be advanced through strong coordination among colleagues with specific expertise or passions that spreads beyond the boundaries of, as opposed to being contained within, individual companies or functions.

Acquisition and Development of Software Talent

Effective human resource development is crucial to achieving such coordination. Based on this recognition, we are strengthening coordination in human resource development by sharing training practices and creating opportunities for employees to fully exercise their technical skills. To this end, in May 2025, five companies with the Toyota Group—AISIN Corporation, DENSO CORPORATION, Toyota Tsusho Corporation, Toyota Motor Corporation, and Woven by Toyota, Inc.—jointly established the Toyota Software Academy. To cultivate AI and software talent with a deep understanding of both software and hardware, we aim to ensure that everyone's areas of expertise are respected and all are encouraged to build up their expertise as well as to seek and create cross-company learning opportunities in order to help accelerate the industry's efforts to build a safe mobility society.

Evaluation of and Feedback to Employees

The roles of Toyota employees and the main focuses of their work are to be defined in accordance with policies. Evaluations and feedback are conducted based on these defined roles and work focuses, with an emphasis on close communication between subordinates and superiors to facilitate human resource development.

Specifically, employees' roles and main focuses are determined at the beginning of each fiscal year, and employees consult with their supervisors periodically. Through these consultations, supervisors assess the employees' self-evaluations and provide feedback. Repeating this cycle drives the development of human resources. In addition, we carry out 360-degree feedback for the purpose of employee growth. By giving employees feedback on their strengths and weaknesses from people working with them, we help them reflect on their own actions and make improvements.

In 2019, our personnel system was revised to better reward hard workers regardless of age or qualifications. Furthermore, in 2020, we introduced a system for centrally managing employee information, including employee evaluations, results of consultations with supervisors, and results of questionnaires regarding workplace management. This system has made it possible to refer to each employee's previous evaluations, personnel information, and stated intent, thereby enabling the development and allocation of employees with consistency through job assignment based on a better understanding of employee aptitude and intent. Results for each six-month period are reflected in bonuses, and performance demonstrated over the past year is reflected in salary raises for the following year.

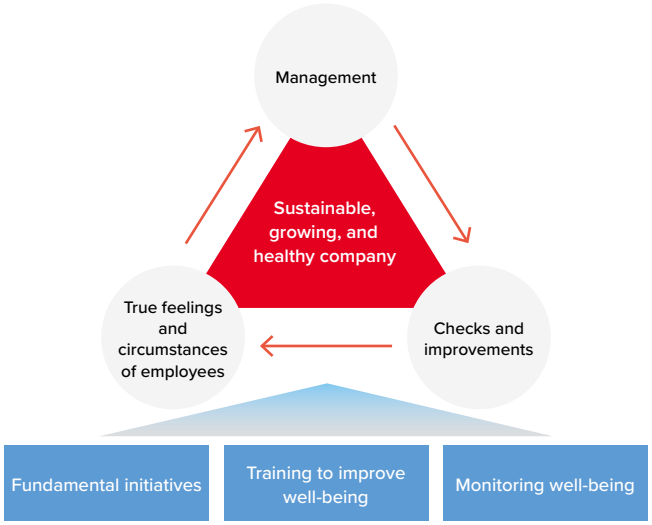
In 2025, to ensure transparent and well-justified evaluations across diverse workstyles and pursuits, we revised and strengthened the implementation of our bonus assessment system for greater flexibility and differentiation. We also strived to ensure appropriate evaluation feedback by carrying out training for evaluators and providing manuals.

Human Resource Development

Improvement of Well-Being

Toyota is working to improve well-being (happiness) with the aim of ensuring that employees gain a sense of joy and happiness from being involved in automobile manufacturing.

For this reason, we are proactively advancing recruitment, reskilling, and redeployment to heighten the potential of our employees. We are also carefully examining the roles and abilities of each individual in order to ensure the placement of the right person in the right position. By doing so, we aim to enhance the competitiveness of the Company and its organizations.



Fundamental Initiatives

Highly specialized staff members are implementing measures for improving the well-being of all employees. Information regarding the true feelings and circumstances of employees obtained through activities conducted by our dedicated staff is anonymized and sent directly to management, which uses this information to evaluate and improve Company policies. Then, employees are surveyed again and further improvements are made.

Training to Improve Well-Being

Our well-being improvement training programs include mandatory ongoing group psychoeducation for all supervisors and officers aimed at preventing harassment and promoting well-being. In addition, all employees are offered optional psychoeducation provided by dedicated staff to encourage them to value well-being and bring about changes in awareness and behavior that help both them and others mutually enhance their well-being.

Also, since fiscal 2024, we have been administering well-being surveys to all employees as part of our wellbeing monitoring efforts. These surveys gather information about subjective well-being and experiences of happiness as well as satisfaction with Company measures designed to be primary drivers of action. We perform statistical correlation analysis using the results and select measures that are deemed to be highly promising or offer significant contributions in order to efficiently promote measures for driving our ongoing development.

Well-Being Survey*1

Toyota seeks to be a company where all employees are able to lead happy lives and feel motivated with a sense of purpose. To gauge our progress toward this aspiration, we implement life well-being surveys, which measure how happy employees feel and how accepting they are of the Company's measures, as well as work well-being surveys, which look at employee engagement through the lens of the motivation employees feel at work and their level of pride in their workplace. The results of these surveys are utilized when planning and implementing measures for empowering employees. Specifically, the results of life well-being surveys are communicated to individual employees and to management to guide labor–management discussions and improvement activities for fostering a healthier workplace environment.

Meanwhile, the results of work well-being surveys are relayed to the relevant workplaces for use in engagement and improvement activities within the respective organizations. This approach allows for organizational culture reforms to be advanced via communication-driven organization development initiatives (bottom-up perspective) as well as via culture-shaping initiatives positioned as a corporate management task (top-down perspective).

*1 Includes employee engagement surveys

Results of Life Well-Being Survey (Life Satisfaction Score)*2 (Points)

	FY2025	FY2026
Toyota Motor Corporation (comparison with similar organizations)*5	22.5*3 (22.60)	22.8*4 (23.00)

Results of Work Well-Being Survey

1. Percentage of Toyota employees who feel a sense of purpose and fulfillment (engagement) (%)

	FY2025	FY2026
Toyota Motor Corporation (comparison with similar organizations)*6	60 (60)	64 (64)

2. Percentage of Toyota employees who feel that diversity and individuality are valued (inclusion) (%)

	FY2025	FY2026
Toyota Motor Corporation (comparison with similar organizations)*6	55 (55)	58 (59)

*2 Calculated based on The Satisfaction with Life Scale (Diener, E., Horwitz, J. & Emmons, R. A., 1985), a methodology for gauging happiness that rates five items on seven levels for a maximum score of 35 points; the average life satisfaction score considered to be between 20 and 24 points
*3 Participation in survey for FY2025
Number of applicable employees: 69,428
Number of eligible responses: 60,959
Number of eligible responses from individuals consenting to be subject of research: 54,765
*4 Participation in survey for FY2026
Number of applicable employees: 70,607
Number of eligible responses: 67,504
Number of eligible responses from individuals consenting to be subject of research: 59,775
*5 Number of eligible responses from individuals consenting to be subject of research for two consecutive years: 46,712
*6 Number of eligible responses from individuals responding for two consecutive years: 48,905

Human Resource Development



Mitsuru Kawai
Executive Fellow (*Oyaji*)

Development Framework for Skilled Employees

Toyota is currently undertaking the challenge of transforming into a mobility company. Becoming a mobility company also means engaging in efforts to create new value from the ground up. In this context, leaders with deep knowledge of on-site operations (*genba*), including *Oyaji* Mitsuru Kawai and other veteran practitioners, took the lead in reexamining the qualities required of skilled employees.

Implementation of Human Capability Development Training

Amid rapid changes in society and evolving technological requirements, Toyota determined that the universal capability required of skilled employees is human capability, grounded in the Company's founding principles. At Toyota, human capability is defined as the ability to strive for the benefit of others, such as customers and colleagues, while humbly learning from others and continuously improving oneself. Central to this capability is the ability to consider what others truly need, in other words, to discern what is essential. Based on this philosophy, Toyota launched an external Human Capability Development Training program.

The objectives of this training are to foster leadership through example, to gain an external perspective on Toyota, to understand the challenges faced at suppliers' worksites, and to cultivate a sense of gratitude.

As part of developing leaders who will support the *genba* in the future, Toyota dispatches trainees to supplier sites, where they work together with suppliers to address on-site challenges, engaging in hands-on activities and working side by side. Through this experience, trainees think deeply about what they can contribute, gain firsthand insight into suppliers' efforts, and come to view these challenges as their own.

Through this program, trainees gain a hands-on understanding of the values Toyota has upheld since its founding, including *genchi genbutsu*, which emphasizes the importance of seeing the essence of things firsthand and recognizing the *genba* as the foundation of Toyota, as well as Good Thinking, Good Products, which focuses on creating quality through human ingenuity. At the same time, they come to realize that meaningful and memorable experiences are what truly drive personal growth.

Trainees also gain firsthand insight into the fact that approximately 70% of Toyota vehicle parts are produced by suppliers and that each vehicle is the result of the efforts of many people.



Through this experience, they develop a sense of gratitude and, by stepping into roles different from their own, cultivate a broader, overall optimization perspective. This enables them to adopt a customer-first, product-centered mindset focused on creating ever-better cars.

In addition, improvements have been achieved by staying close to the challenges and difficulties faced at supplier sites. At one supplier, certain finishing processes were being performed on parts despite having no impact on product performance. As a result, unnecessary steps were added to the process, resulting in additional work and increased defects. Based on observations and input from trainees, the supplier recognized these non-value-added activities and was able to eliminate the unnecessary process. This initiative not only improved the supplier's production process but also served as a best practice that could be shared horizontally across operations, contributing to improvements in the overall manufacturing process. Ultimately, this supports Toyota's ability to deliver high-quality, affordable vehicles to customers more quickly.

A Toyota-Style Approach to Human Resource Development

"A car cannot be made if even one component is missing"

↓

Style and aims of training

Get dirty and sweaty in the same *genba*

- Implement training behind the scenes
- Experience Toyota from an outside perspective
- Understand the difficulties of suppliers and *genba*
- Be thankful

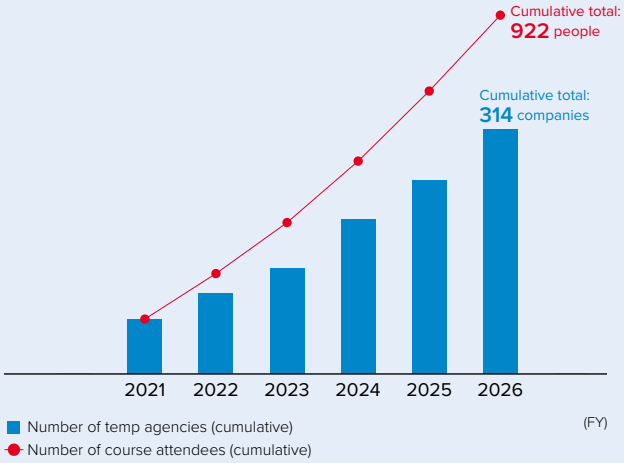
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"Feel the support of our suppliers"

Results of Training

Since its launch in fiscal 2021, this training program has been implemented at a cumulative total of more than 300 host companies, with over 900 participants to date. The program has contributed to fostering a culture of developing people at the *genba* across Toyota.

Cumulative Trends in Number of Temp Agencies and Course Attendees



Human Resource Development

Labor–Management Discussions

Toyota's labor–management negotiations are not focused on having union members and Company representatives engage in disputes over wages and bonuses. Rather, the Company promotes labor–management discussions for the purpose of helping both sides come to a better understanding of the business environment in which the Company operates to aid in its transformation into a mobility company and for all parties involved to engage in frank and vigorous exchanges of opinion on the issues at hand.

Herein lies the essence of the 1962 Joint Declaration of Labor and Management, which was signed by members of both labor and management. With phrases like "standing on common ground," the declaration lays out a labor–management relationship in which "the Company wishes for the happiness of its employees and the union wishes for the development of the Company." Based on this sentiment, the Company considers the employment of its personnel to be of the utmost importance, and the labor–management alliance is thus committed to ensuring the job security of Toyota employees.

In 2024, discussions of the Labor–Management Council and the Joint Labor Management Round Table Conference highlighted the fact that employees continue to endure heavy burdens at certain workplaces. For example, concerns were expressed about being overly constrained by having to achieve inflexible numerical targets and about maintaining safe work environments amid an overwhelming emphasis on meeting deadlines. President Koji Sato outlined a comprehensive investment in human resources consisting of three elements: enhancing the *monozukuri* (manufacturing) environment, creating systems to support the personal motivation and growth, and wages and bonuses to strengthen Toyota's talent for the future. In August and November 2024, as the Company's workers and management participated in Joint Labor Management Round Table Conference discussions and explored ways to prevent further certification issues, the problem of inadequate workplace communication was also brought to light.



Note: The titles used in this article are those at the time of Labor–Management Council.

Toyota Times | Toyota's Hidden Risks—Labor and Management Discuss Investments for the Future | To Break Away from Uniformity, Toyota's Workers and Management Need a Healthy Sense of Urgency



Labor–Management Council in 2025

In addition to "matters for discussion," "wages," and "bonuses," Toyota Motor Workers' Union asked the Company to put "comprehensive investment in human resources" on the agenda of Labor–Management Council discussions in 2025. Union Chairman Keisuke Kito framed these discussions as the start of a dialogue aimed at boosting the active engagement of all members and investing in the future.

To begin the first round of Labor–Management Council discussions on February 19, Mr. Kito stated, "It has long been said that the automotive industry is undergoing a once-in-a-century transformation. However, the speed of recent change has exceeded anything that we envisioned. While personnel are aware of developments, due to the severe pressure faced by frontline operations, the reality is that anxiety outweighs any sense of urgency as teams desperately try to get through the work at hand." President Koji Sato responded to these remarks: "Over the past year, Toyota's workers and management have made efforts to strengthen our foundations and continued to hold discussions. In total, more than 100 such discussions have taken place. It is also true that, despite these overarching discussions, we still have not addressed the needs of every individual. However, taking action is the only way to dispel anxiety. We must not view our current business foundations as a given; rather, we should approach our work with a sense of urgency, aware that they will quickly be lost if we let down our guard. That is why I would like to use these labor–management discussions to talk about future-focused action."



Toyota Motor Workers' Union Chairman Keisuke Kito

Differences Between Japan and China

Next, China Region Chief Executive Officer Tatsuro Ueda described the mindset of personnel who are in their most productive years and work for Chinese carmakers, which are rapidly expanding into Europe and Asia. "They have been taught that they must work hard to avoid being left behind in a highly competitive society. Further, they are intensely individualistic and results-focused. Workers are educated to greatly value manufacturing. Founders and management also possess a shared vision and passion, which inspires younger employees, and people are very clear about what they want to do at their company."



China Region Chief Executive Officer Tatsuro Ueda

With this in mind, he then explained the issues he believes Toyota is facing in terms of both its management and workers. "When other members of management and I were developing our skills, the job was like doing an apprenticeship or involved performing highly segmented tasks or managing work outsourced to other companies. Are people with such backgrounds able to passionately convey the excitement of car manufacturing to younger colleagues today or to appropriately assign roles and authority? While many are able to do these things, some cannot. In certain cases, I think people are unable to break the spell of past experience. At the same time, I feel that some of our younger personnel are also being more passive.

"In response to Mr. Ueda's observations, General Administration & Human Resources Group Chief Officer Takanori Azuma outlined the results of recent Well-Being Surveys, which gauge the sense of purpose and fulfillment at each workplace. Across the Company, survey results show a very high level of satisfaction in working for Toyota, being able to contribute to society through Toyota, and belonging to such an organization. On the other hand, the percentage of affirmative responses to the question "Are you realizing your individual potential?" was 40%. This is quite low when compared with the global average. Mr. Azuma also mentioned that 47% of personnel responded affirmatively to the question "Are you able to be yourself?" He concluded that "These percentages lead me to believe that, while at an organizational level Toyota is a wonderful company, it has major issues in relation to employees making the most of their abilities in their respective workplaces as well as in relation to us making the most of our personnel."



General Administration & Human Resources Group Chief Officer Takanori Azuma

At this point in the discussion, a union representative emphasized his sense of urgency. "China's carmakers also enjoy a much better environment because they have a large, highly motivated labor force and strong backing from the national government. For this reason, the Company cannot survive by adopting the same approaches as such carmakers. For me, our discussion has again underscored the fact that in order to survive we must maximize our performance by utilizing the strengths of the Toyota Production System (TPS) and by enabling each employee to work autonomously." He also noted that, with conditions changing at a dizzying pace, workers are becoming overwhelmed with tasks at hand and feeling a waning of the love for cars that they had in their early days at the Company.

An Overly Stratified Hierarchy

In response, Executive Vice President Hiroki Nakajima recalled how matters used to be handled at the Company. "If we wanted to do something, we had to get many people on board with the idea before we could take action." Compared with those days, the Company has far fewer executives, and conditions are being established that allow work to proceed more smoothly. Nonetheless, Mr. Nakajima issued a warning. "An overly stratified hierarchy remains. Communication happens in a top-down fashion, with opinions from the *genba* (front lines) being steadily filtered as they move up through the hierarchy. We have a tendency to think that reverting to the old ways would be easier. In 10 years, younger employees unfamiliar with the past may reestablish the same type of overemphasis on top-down communication."



Executive Vice President Hiroki Nakajima

Issues Faced by Suppliers and Dealers

In addition to Toyota's workers and management, the recent Labor–Management Council discussions included representatives from the Federation of All Toyota Dealer Workers' Unions—which comprises the labor unions of Toyota dealers and car rental stores—and the Federation of All Toyota Workers' Unions, which encompasses the Group.

Supplier union representatives explained that they are currently struggling to continue operations due to personnel shortages, rising prices, and production fluctuations. Dealership union representatives reported a lack of engineers and other personnel as well as deepening disparities between regions. In considering how work will look in five, 10, or 50 years, we must collaborate with our 5.5 million colleagues in the automotive industry. With this in mind, Executive Vice President Yoichi Miyazaki summed up Toyota's stance. "In all our talks, we are always conscious of the need to create an environment that inspires our colleagues across the automotive industry to give their best."

An Unusual Proposal

Lastly, in explaining how he would like the Company to evolve, Toyota Motor Workers' Union Vice Chairman Keisuke Eshita introduced the concept of shared leadership.* "Management only issues directives without listening to opinions and ideas. As they are fixated on numerical targets and deadlines, they do not allow personnel to use their initiative. For their part, personnel only do as they are told or directed. They constantly watch management to try and anticipate their wishes. When something goes wrong, they blame management. I feel that we tend to lapse into this kind of situation. I want us to break out of this pattern and establish teams that are based on mutual trust and in which each member takes on roles that harness their individual strengths. Further, I would like to see all personnel act with autonomy as both leaders and followers for the good of their teams."

In closing the day's discussion, President Koji Sato offered a suggestion. "These Labor–Management Council meetings enable representatives to gather and hold discussions. Today, in this environment, I feel that the talks have made progress. But I think the discussions should move a bit closer to the workplace level. With respect to the format of the second round of Labor–Management Council discussions, I suggest holding discussions separately within each group. The group's chief officer will take the lead, ensuring that everyone understands the concept of shared leadership we talked about. Based on the specific needs of individual workplaces, the groups will discuss the issues that should be addressed now or steps that should be taken for the future. They will then be empowered to make some decisions and take concrete actions accordingly."



Toyota Motor Workers' Union Vice Chairman Keisuke Eshita

ToyotaTimes President Sato and Chief Officer Azuma Explain the Aim of Toyota's Unusual Group-Level Talks



President Koji Sato

In a subsequent Toyota Times interview, President Koji Sato explained the reason for his unusual proposal. "No matter how well we get both sides on the same page in Labor–Management Council discussions, we have not been able to instill a sense of ownership across the Company as a whole."

* This is a concept in which all members of an organization perform a leadership role. Each person thinks and works based on their sense of responsibility for the organization.

The Holding of the Second Round of Labor–Management Council Discussions at the Workplace Level

Held on March 5, the third round of Labor–Management Council discussions began with a review of the previous round. The second round, which was unusual because it was held at the workplace level in accordance with a proposal made by President Koji Sato, yielded decisions on over 100 actions, ranging from digital transformation, information sharing, and other work practices to communication improvement—with said improvement to be realized through such measures as securing time for dialogue—and human resource development. General Administration & Human Resources Group Chief Officer Takanori Azuma stressed the importance of discussions at the workplace level and his commitment to their continuation. "We need to engage in decision-making talks throughout the year that culminate in the Labor–Management Council discussions."

At the same time, it was recognized that certain issues cannot be resolved at the workplace level. An issue raised by union representatives was work practices and systems that do not reflect the expanding scope of operational and technical roles. Operational, or "general," personnel are increasingly handling the same tasks as technical, or "career-track," office personnel, such as product planning for related models or new business planning and implementation. Union representatives expressed concern that, despite the expansion of the individual responsibilities of such operational personnel, they were still being evaluated alongside other operational personnel.

Further, representatives of the union's Vehicle Development branch expressed a sense of urgency with respect to the software field. With the aim of prevailing in this rapidly changing field, participants in the second round of talks decided to establish systems for technical office personnel and technicians to work together on development. Some preliminary initiatives are already underway. Technicians are being involved in upstream processes such as planning, conception, and design tasks, which is enabling the rapid implementation and testing of ideas. However, the representatives explained that personnel are not being evaluated based on such new workstyles, leading some to say that the system is not fair or commensurate with the effort required.



In response to individual workplace discussions and the Companywide issues that emerged, Executive Vice President Yoichi Miyazaki expressed concern. "During our first round of

Labor–Management Council discussions, we established that the level of earnings we are currently enjoying is not a given and that we have to keep moving one or two steps forward to maintain our situation. In the second round of discussions, however, I heard comments about personnel not being rewarded and about ambitious initiatives not being worth the effort. I wanted to hear comments to the effect that personnel understood the need for urgency and would like the Company to take certain measures so that they could overcome barriers. I felt we needed to go further in that direction."

In addition, Executive Vice President Hiroki Nakajima spoke



Executive Vice President Yoichi Miyazaki

about issues he perceived from the viewpoint of human resource development. "When visiting the front lines of various work sites, what I found most frightening was how often I heard that teams were too busy for human resource development. Thinking about Toyota five or 10 years from now and figuring out how we are going to plant seeds and develop our people for the future have slipped down our list of priorities." He also touched on another issue. "Toyota's greatest strength is the idea of working for someone other than us. However, when I visit the *genba* (front lines), I sense that our consideration for others is dwindling. This may be leading to breakdowns in communication."

Toyota Motor Workers' Union Secretary-General Satoshi Mitsuda commented on the points made by Mr. Nakajima. "There are many aspects of the workplace that would stop someone from trying to change things. The recent effort to decide matters within individual workplaces gave us a renewed awareness of the obstacles that stand in the way of reaching decisions. Also, as Mr. Nakajima said, if personnel had been focused on the future, junior colleagues, and the future of workplaces rather than on receiving recognition, their comments would certainly have been different. It made me think that we need to change our mindset." Given that the Company's labor–management discussions can be likened to family chats, Mr. Mitsuda emphasizes the approach that should be taken to discussions. "I believe that we must not let ourselves off the hook by treating discussions as family chats, which rarely resolve matters. Instead, by ensuring that we make at least one or two decisions each time and take action accordingly, we will provide a catalyst for change."

In response to the statements of the two executive vice presidents and the union representatives, *Oyaji* (senior person) Mitsuru Kawai, who chaired the discussions, posed a question to both sides. "I hope people recognize that in many workplaces boosting individual fulfillment and harnessing the strengths of diverse personnel contribute to long-term productivity and make us more competitive. I believe that fulfillment can only be attained through personal growth. Whereas in the past workers had to adapt to fit the job, today people can choose their job and the way they work. How do we help each individual grow and enable everyone to flourish and be fulfilled? Workers and management must work together to create systems that properly recognize and reward every team member."



Oyaji (senior person) Mitsuru Kawai, chairman of the discussions

In closing, Toyota Motor Workers' Union Chairman Keisuke Kito summed up Toyota's position. "There are many Companywide issues for which finding quick solutions is difficult. But I think we need to begin by confronting these issues head-on and taking action. If we only look at the present situation, Toyota is doing well. But simply pouring everything into your current work does not guarantee the future. We must always be conscious of our own expertise and the value we can add to our work, seeking to maximize results through teamwork with diverse personnel. If we cannot do this, our future will not extend into the next one or two decades."

The Only Way to Dispel Anxiety: Action

Looking back on the three rounds of Labor–Management Council discussions, President Koji Sato explained his impressions and resolve. "This year's talks have focused on changing how each of us works to ensure the Company's survival. That was the driving sentiment behind our series of discussions. The only way to dispel anxiety is to take action. However, what I sensed during the second and third rounds of discussions was a gap in perceptions between workers and management. Have we thought in-depth about what and how we are going to change? Have we envisioned the difficulties involved in shifting away from uniformity? In this respect, I felt that both the union and the Company lacked a sense of ownership with respect to the process of making decisions and driving change. The pivotal point in revising our labor–management relationship was the 2019 Labor–Management Council discussions. At the time, we did not have a sense of urgency and were unable to engage in even a 'family chat.' Taking the lesson of this experience to heart, we have endeavored to engage everyone in ongoing candid discussions since then. However, six years on we have come to realize that, if we are not careful, Toyota will quickly go back to being an ordinary company. The things that make us Toyota and the earning power we have built up can be lost in an instant. If we fail to grasp this and continue thinking that the Company will be fine, we will have the rug pulled out from under us. All of us at Toyota must commit to ensuring this does not happen and change the way we act."

Diversity, Equity, and Inclusion

Fundamental Approach

Toyota is working to transform from an automotive company into a mobility company by promoting continuous innovation in existing areas while exploring new areas. To facilitate these efforts, we aim to ensure that employees with diverse skills and values can exercise their abilities to the fullest. Furthermore, Toyota does not tolerate any form of discrimination, whether on the basis of gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital status, or parental status. We respect diverse lifestyles and workstyles and provide opportunities for all employees to contribute according to their ambitions and abilities. We also strive to create open, harassment-free workplaces.

Women's Active Participation

We continue to promote the empowerment of female employees as we encourage active participation by as the first step in maximizing the diverse talents, strengths, and abilities of each team member to deliver better value to our customers.

2002: Launch of initiatives centered on expanding and entrenching measures to support women who are balancing work and childcare
2012: Launch of initiatives focused on creating work environments that motivate and inspire women and on supporting their participation, particularly through the cultivation of female managers
2020: Strengthening of career development measures, including mentoring activities and participation in external programs
2023: Positioning of women's active participation as one of the key Companywide issues, under the leadership of top management, sharing of current situations and issues and discussions at the Sustainability Meeting, and acceleration of specific initiatives.
2024: Launch of initiatives by promotion teams at each division and company

Promotion of Female Employee Participation: Our Challenge and Course of Action (Toyota Motor Corporation)

Our Challenge	• Creation of a workplace environment that is comfortable and motivating for diverse Page 141 Ratios of Women in Various Positions at Business Entities by Country/Region (FY2025)	
Target	• Increase number of women in managerial positions in 2014 fivefold by 2030	
Our Course of Action	Hiring	• Maintain certain hiring rates for female new-graduate candidates and continue active mid-career recruitment throughout the year
	Promotion structure	• Assembly of division- and in-house company-specific promotion teams • Regular reporting to Sustainability Meeting and discussion among management
	Career development	• Development and implementation of plans for individual employee development and promotion of mentoring and internal and external networking
	Culture fostering	• "Active Contribution by All" Week, unconscious bias training for supervisors, meetings with supervisors, etc.

Inclusion of Persons with Disabilities

We provide various work opportunities in a variety of workplaces for people with disabilities by setting up work environments that allow them to fully leverage their individual attributes and abilities based on the concept of a harmonious society in which all persons, with or without disabilities, work and live together.

For example, to help enable such individuals to utilize their abilities, we set up a consultation hotline that ensures privacy and introduced a special holiday system that can be used by employees to receive medical care. To ensure that people with disabilities are given fair opportunities, we dispatch sign language interpreters, provide a variety of support tools, and make workplace improvements as needed. Toyota Motor Corporation's rate of employment of people with disabilities, including those serving at a special-purpose subsidiary, was 2.49% as of June 2025.

Initiatives at Special-Purpose Subsidiary Toyota Loops

Toyota Loops Corporation began operation with employees with disabilities in April 2009. As of June 2025, this company employed 477 such employees. Toyota Loops works as a team to support administrative work outsourced from Toyota, such as internal printing, the collection and delivery of internal mail, and document digitalization, in addition to automobile assembly line work and annotation related to automobile manufacturers.

In addition, some Toyota Loops employees participate in the development of assisted mobility vehicles. For example, during vehicle development, wheelchair users have participated in evaluating the ease of getting in and out of vehicles and provided their opinions on aspects of the development of automated driving vehicles.

Inclusion of LGBTQ+ Employees

To ensure respect for individuals' sexual orientation and gender identity, Toyota promotes the development of a corporate culture of proper understanding, recognition, and acceptance. At Toyota Motor Corporation, the prohibition of discrimination or harassment targeting members of the LGBTQ+ community has been incorporated into the employee behavioral guidelines, and we no longer require new-graduate candidates to fill in their gender on job applications. We have also been advancing facility related measures, such as establishing an internal consultation hotline and gender-neutral restrooms. Moreover, in July 2020, we introduced revised internal systems to allow employees in same-sex or common law marriages to use the same internal benefit systems (holidays, employee benefits, etc.) as those in marriages legally recognized in Japan. In addition, we require all employees and officers to receive internal training covering basic knowledge about LGBTQ+ issues.

External Recognition

PRIDE Index
In November 2025, Toyota Motor Corporation was awarded a Gold rating in the PRIDE Index 2025. The PRIDE Index was established by "work with Pride," a Japanese volunteer organization that supports the promotion and entrenchment of diversity management initiatives related to sexual minorities.

Diversity, Equity, and Inclusion

Initiatives at Major Global Operations

Belgium Toyota Motor Europe NV/SA




- Companywide events organized during the week of International Women's Day (video message from senior management, workshops, etc.)
- Working couple support: Telecommuting system, shortened work-hour system, support in finding employment for spouses of employees temporarily transferred to Toyota Motor Europe
- Women's career development support: Mentorship system, sponsorship system



- Networking for promoting gender diversity
- Active hiring of promising candidates to career positions
- Unconscious bias awareness training for all managers
- Setting of targets for recruitment and for management positions

South Africa Toyota South Africa Motors (Pty.) Ltd.




- TSAM Women Leading the Change workshops for encouraging women in manufacturing positions to pursue higher level positions
- Setting of employment targets

China Toyota Motor (China) Investment Co., Ltd.



- Nursing break of up to one hour each day for female employees who are breast-feeding

United States Toyota Motor North America, Inc.




- Annual North American Women's Conference, to which all executive-level women and many high-potential junior-level women, as well as male directors and executives, are invited to attend for networking and encouraging women's participation and advancement in the workplace



- Unconscious bias awareness training for all managers



- Set childcare facilities at multiple operation sites to allow flexible workstyles for employees taking care of their children.
- Events sponsored by the Business Partnering Group (which provides networking and educational opportunities)

Thailand Toyota Motor Asia Co., Ltd.



- Nursing rooms



- Women-only prayer room
- Reserved parking area for pregnant employees

Brazil Toyota do Brasil Ltda.
Argentina Toyota Argentina S.A.




- Designation of International Women's Day as a day for promoting open conversation about the challenges women face in balancing their professional and personal lives
- Healthy pregnancy program for pregnant employees, guidance and advice related to health as well as information sessions on breast-feeding and baby care



- Telecommuting system

- Unconscious bias awareness training for all managers
- Setting of recruitment targets
- Communication between human resource division and management to promote internal diversity via employee positioning
- Mentor system to support female leaders
- Soft-Landing Program to support employees returning to work after childbirth
- Support for child daycare costs for employees who return to work early
- Provision of essential school supplies to all employees with children

KPIs Related to the Promotion of Women's Participation in the Workplace

Various Toyota business entities are implementing ongoing initiatives to promote women's participation and advancement in the workplace with the aim of achieving consistent increases in the ratios of women in positions ranging from new recruits to executive positions.

Ratios of Women in Various Positions at Business Entities by Country/Region (FY2025)

	Ratios of Women (%)				Average Number of Consecutive Years of Recruitment	
	New Hires	Full-Time Employees	Managerial Positions	Director Positions	Men	Women
Global total*	23	15	12	5	12.5	10.2
Japan	23	14	4	20	15.9	13.8
North America	25	21	21	17	9.3	7.2
Europe	30	20	18	0	12.3	9.3
China	14	10	28	0	12.6	14.5
Asia-Pacific	15	8	19	1	11.7	10.4
Latin America	44	13	12	6	9.3	3.7
Africa	37	26	31	11	15.2	10.3

* Data for companies in Japan and from 46 overseas companies

Toyota's Active Contribution by All

Active Contribution by All Initiatives

Toyota's Active Contribution by All entails diverse individuals experiencing growth and contribution while working in their own unique style and is centered on the words of our founder "respect for people" and "people-centric values." This requires a workplace environment that is both comfortable and motivating. These aspects contribute to the enhancement of employee engagement and are closely tied to the improvement of corporate value. Accordingly, we will continue to engage in Active Contribution for All through various approaches including system development, management reform, and changes to employee awareness via experience.

As the latest contribution to this, President Koji Sato participated in a labor–management discussion held in spring 2023. He expressed his belief that people are Toyota's greatest asset and explained his desire for everyone to contribute while exercising their individuality, which he sees as an important part of Toyota's transformation into a mobility company. Accordingly, he emphasized the importance of becoming a company at which anyone can take on any new challenge at any time, without fear of failure. Additionally, each individual working at Toyota contributes to the future by converting their diverse characteristics into power, experiencing growth through a cycle of successes and failures, and engaging in activities across the automotive industry as a whole. We have launched specific initiatives under these three pillars of diversity, growth, and contributions.

In 2024, we held the Global Women's Conference. Over 160 participants including President Sato and Chief Scientist Gill A. Pratt, executives, senior management, female employees, and members of overseas businesses discussed the essential factors for employees to thrive in the workplace. Subsequently, each group and company has advanced initiatives tailored to workplace issues, including creating leeway, exploring workstyles that enable work–life balance, and conducting awareness activities for management.

To further accelerate these initiatives in 2025, we aim for each employee to receive opportunities to consider what Active Contribution by All entails.

At the 2025 Labor–Management Council, President Sato indicated a "breaking away from uniformity" and discussions focused on the importance of "addressing each person individually, rather than relying on conventional metrics" and "diversification of workstyles and evaluations." At the same time as further accelerating the initiatives promoted at each division and company, we held "Active Contribution by All" Week in July 2025 to promote employee understanding and instillation of the "breaking away from uniformity" and Active Contribution by All.

Several in-house initiatives and contents aimed at Active Contribution by All already exist, such as training and workshops on psychological safety and unconscious bias. However, since these were sometimes individual group initiatives and activities led by volunteer organizations, this event aimed to share information Companywide and further invigorate the activities of the entire Company.

Active Contribution by All Week

The objectives of this event were (1) for each employee to affirm themselves as "YOU are an integral part of diversity" and adopt the stance of accepting others, and (2) to connect this to specific actions at their workplace through experience-based learning.

At the opening, President Sato explained the purpose of Active Contribution by All, called for a "breaking away from uniformity," and asked all employees to think about "becoming the main character" in Active Contribution by All. Chief Scientist Gill A.Pratt explained the importance of diversity and inclusivity from a scientific perspective. Through these messages from different perspectives, employees were able to share opinions such as "I felt the significance of DE&I to the company" and "I want to think about my own version of Active Contribution by All."



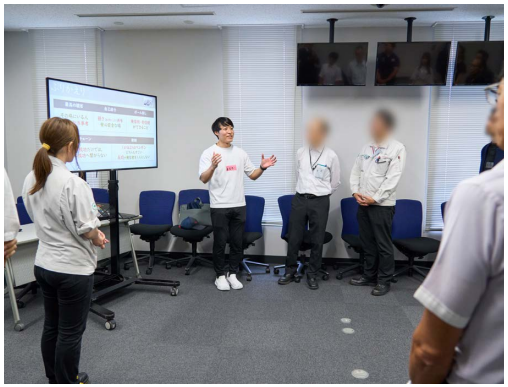


Diversity, Equity, and Inclusion | Toyota's Active Contribution by All

The event involved a total of 30 activities, including dialogues with various diverse individuals, learning through simulated experiences from another's perspective, and exhibitions that introduce initiatives at each group and organization. For example, some simulated experiences utilized VR headsets to communicate first-hand the challenges of work–life balance while raising children and developmental disabilities, and experiencing menstrual pain. Many employees reported they could understand "the importance of being compassionate to others" and "differences in perception." At the Workplace Creation Roundtable attended by executives and members of overseas entities, participants broke into teams comprising people from various workplaces and positions. There were insightful discussions on creating workplaces that realize Active Contribution by All while sharing example from overseas entities of workstyle diversification (regardless of gender) and ways to interpret success.











Discussions also spanned Toyota's support for seagoing yacht racer Naho Takahara, drivers participating in the KYOJO CUP (a female-only motor race), and concepts of "the importance of taking on challenges" and "engaging in personalized initiatives." Additionally, by having all employees from affiliate companies participate in discussions and exhibitions, it became a forum for insights on diversity and considering the vital components of Active Contribution by All.

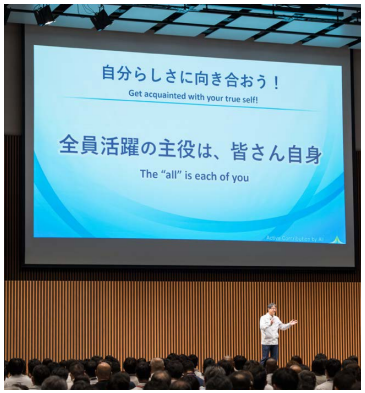
The Future of Active Contribution by All

"Active Contribution by All" Week had approximately 2,700 participants in-person and over 4,000 online. Numerous employees from both the administrative/engineering side and plant side participated and shared their opinions on experiencing the importance of "being accepting of others" and "holding dialogues to accurately understand others rather than arbitrary assumptions."

As a result, the activities related to psychological safety and unconscious bias that were implemented during "Active Contribution by All" Week are also being conducted individually at the workplace level. Further, in a continuation of the Companywide event, activities are becoming more widespread with individual Active Contribution by All events held at each plant.

To foster a culture of Active Contribution by All, we must continue advancing initiatives that involve even more employees going forward. Accordingly, it is important to create opportunities for routine discussions on Active Contribution by All, including at a workplace level.

We believe that Active Contribution by All is connected to happiness for all employees (well-being). We aim to undertake our mission of "Producing Happiness for All" both in-house and at affiliate companies, strengthening competitiveness and creating further value as a mobility company.



Respect for Human Rights

Fundamental Approach

Toyota endorses the United Nations Guiding Principles on Business and Human Rights (UNGPs) and promotes human rights activities based on these principles. Seeking the happiness of others is a part of Toyota's founding principles and was a driving force that led to the invention of the automatic loom, which can be considered the beginning of Toyota. This spirit is still within us today. Guided by our mission of "producing happiness for all," we aim to be the best company in town, one that is both loved and trusted by people in every country and every region in which we operate. The automotive industry is dependent on the support of various stakeholders, including members of local communities; suppliers, dealers, and other business partners; and customers. We will continue to protect the human rights of our employees, our customers, and all other individuals involved in our business activities and to improve such protections to ensure that Toyota is viewed as a necessary entity to these stakeholders and to society.

Toyota's Human Rights Policy

Human Rights Due Diligence*1

Collaboration with Business Partners (Supply Chain Due Diligence)

To guide efforts to address human rights issues across the supply chain, the Toyota Supplier Sustainability Guidelines contain provisions that clearly express our expectation for our suppliers to respect human rights. In addition, Toyota provides information and support to potentially affected stakeholders by working together with suppliers to conduct risk monitoring, tracking, and mitigation activities.

*1 Process for identifying, preventing, and mitigating negative human rights impacts

Stakeholder Engagement

We work with NGOs and other external stakeholders to both understand social expectations and assess our priorities from a third-party perspective. By practicing such human rights due diligence, we hope to increase transparency and ensure that corporate activities are fair and appropriate.

Toyota's Action Taken for Forced Labour of Migrant Workers (Statement on the Modern Slavery Acts)

Based on the United Kingdom's Modern Slavery Act 2015 and similar legislation in other countries,*2 Toyota issues statements in Japan in the form of Toyota's action taken for Forced Labour of Migrant Workers (Statement on the Modern Slavery Acts), a report on the initiatives and conditions pertaining to forced labor of migrant workers at its domestic and overseas production facilities.

In this report, we describe Toyota's commitment to compliance with the relevant laws and disclose information on measures we have implemented to prevent modern slavery, including human trafficking, in either our direct operations or across our supply chain.

*2 Australia's Modern Slavery Act 2018, etc.

Toyota's Action Taken for Forced Labour of Migrant Workers (Statement on the Modern Slavery Acts)

Responses to Human Rights Issues Related to Migrant Workers—Participation in the Japan Platform for Migrant Workers toward Responsible and Inclusive Society

Toyota has been participating in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP MIRAI),*3 a multi-stakeholder framework for addressing issues faced by migrant workers in Japan, since its establishment in 2020. As part of our participation in JP MIRAI, we have been involved in a consultation and grievance mechanism for migrant workers with the aim of tracking and addressing issues in a timely manner. We also promote the use of this mechanism within the Company and at Group companies as well as at our suppliers and dealers.

*3 Organization comprising over 800 members, including private-sector companies, local government agencies and NPOs as well as academics, lawyers, and various other stakeholders

Japan Platform for Migrant Workers toward Responsible and Inclusive Society

Human Rights Education

Toyota conducts the following training programs to facilitate accurate understanding regarding human rights issues, the prohibition of discrimination, and open and honest communication among executives, employees, and business partners.

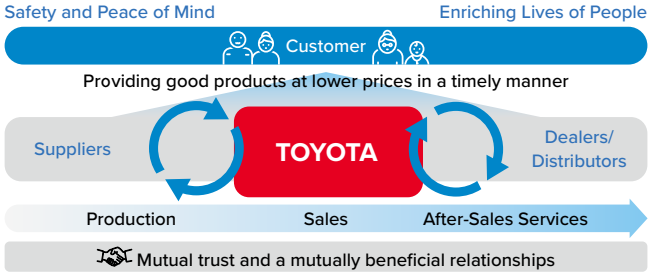
General Human Rights (Toyota Motor Corporation)

Targets	Details
Executives	Explanation of international human rights guidelines and associated expectations, responsibilities required of companies, and recent key human rights issues
All employees	Education on corporate responsibilities and their scope based on international norms using positive and negative examples to ensure protection of human rights in daily operations
Newly appointed overseas base managers and human resource function employees to be transferred to overseas affiliates (including those at major suppliers)	Sharing of examples of positive labor–management communications, past labor disputes, labor–management negotiations, recent human rights trends, international norms, and regulations
Purchasing function employees to be transferred to overseas affiliates	Training on human rights and other matters pertaining to building healthy labor–management relationships at local suppliers to support everyday purchasing duties at overseas affiliates

Value Chain Collaboration

Fundamental Approach

Toyota is enhancing further the Customer First policy by promoting collaborative activities with our business partners including suppliers and dealers. Toyota promotes open and fair business practices and is making constant progress with initiatives to promote sustainability. We are also working closely with suppliers and dealers to improve quality, as well as providing safety and peace of mind to our customers, to achieve a high level of customer satisfaction.



Initiatives with Suppliers

Since its founding, Toyota has continued to collaborate with suppliers in its manufacturing operations. As part of these efforts, we have implemented our Basic Purchasing Policies on a global basis in accordance with the spirit of mutual benefit based on mutual trust between suppliers and Toyota. We strive to maintain close relationships with existing and new suppliers as we work together to promote our customer first policy.

When conducting business transactions, we conclude contracts that clearly stipulate provisions pertaining to legal compliance, respect for human rights, and considerations for local and global environments.

Organizational Structure

The Purchasing Group, which is supervised by the Chief Officer and Deputy Chief Officer for Purchasing, spearheads value chain collaboration activities through close cooperation with relevant departments, including those responsible for the environment, human resources, compliance, and sustainability.

Compliance with Toyota Supplier Sustainability Guidelines

1 Toyota Supplier Sustainability Guidelines

Details of Initiatives

- Importance of sustainability initiatives is communicated toward suppliers with a request that suppliers carry out their business activities in line with the Sustainability Guidelines (established in 2009, last revision in 2021).
- The Guidelines clearly indicate that suppliers in Tier-1 are requested to expand the implementation of the Guidelines to suppliers in Tier-2 and beyond in order to disseminate these principles throughout the supply chain.
- The Guidelines have also been implemented globally to suppliers through regional purchasing divisions.

Performance (Japan)

- Major suppliers in Japan (approx. 1,000 companies) have endorsed the purpose of and signed the Guidelines (as of March 2025).

2 Inspections Based on a Self-Assessment Questionnaire (SAQ)

Details of Initiatives

- Surveys to assess the status of policies, training programs, initiatives, etc., related to the following themes:
  - · Corporate management
  - · Human rights and working conditions
  - · Safety and health
  - · Corporate ethics
  - · Environment
  - · Responsible supply chain management
  - · Responsible purchasing of raw materials
- Similar initiatives conducted in the U.S., Europe, and Thailand (2024)

Performance and Future Improvements (Japan)

- Content revised in 2024
- The guidelines were shared with 980 major suppliers, with responses received from 814 (2024).
- Feedback will be provided to suppliers following a review of the status of initiatives based on the aggregated data.
- Priority items were selected from the content of the survey, and third-party audits were conducted for some suppliers that were underperforming in those areas.

Risk Reduction Measures Through On-Site Audits

We have enlisted third-party agencies to conduct on-site audits in Japan, the United States, Europe, and Thailand.

Responses to Identified Issues

The facts related to the issue are investigated and, if an issue is identified, we will communicate with the suppliers concerned and ask them to make improvements. Our stance has always been that the business relationship may be reconsidered if no improvements are made. In addition, to prevent issue reoccurrence at other suppliers, notices explaining the issue are sent and suppliers are asked to implement preventative measures.

Toyota Supplier Sustainability Guidelines

Prevention of Bribery

In response to the globalization of operations and rising social expectations, Toyota has implemented its Anti-Bribery Guidelines to ensure the thorough prevention of bribery and corruption. Moreover, Toyota is strengthening its preventive measures by promoting awareness of the guidelines among its suppliers.

Anti-Bribery Guidelines

Supplier Hotline

The supplier hotline has been set up to allow suppliers to report any violations of laws, regulations, rules, or the Toyota Supplier Sustainability Guidelines while assuring anonymity.

See "Speak-up" on page 136 of Toyota's Sustainability Data Book for FY2025

Awareness-Raising Activities

Toyota is working to educate and raise awareness among buyers and all other employees. We request that suppliers promote sustainability through their own, voluntary initiatives while also pursuing close coordination to promote sustainability in a collaborative manner.

Value Chain Collaboration

Responsible Material Sourcing

Toyota carefully appraises the negative impacts of its business activities on human rights and the environment and strives to identify, prevent, and mitigate risks.
A cross-functional task force has been established to promote close cooperation between related divisions.

Major Potential Material-Related Risks*1 and Response Measures*2

●: High risk ○: Potential risk □: Response measures underway

		Cobalt	Lithium	Nickel	Natural Graphite	Tin	Tantalum	Tungsten	Gold	Natural Rubber	Mica
Major potential risks	Child labor	●				●	●		●	●	●
	Forced labor	●				●	●		●	●	●
	Impacts on indigenous people / local communities	○	●	●	○	○	○	○	●	●	○
	Environmental impacts (e.g., greenhouse gas emissions, pollutants)	●	●	●	○	●	●		●	●	○
Response measures	● Implementation of measures to comply with the EU Battery Regulation ● Identification of multiple smelters and mines through an ongoing survey on the supply chain for battery materials ● Ongoing dialogue with major battery manufacturers and suppliers	□	□	□	□						
	● Conducting of annual survey using the questionnaire provided by RMI*3 (CMRT)*4 in accordance with the U.S. Dodd-Frank Act (since 2013)*5 ● Collaboration with RMI to identify the background of smelters and refiners and promote their participation in the RMAP*6 • Toyota Motor North America (U.S.) has been involved in the activities of the Global Smelter Engagement Teams Working Group and the Automotive Industry Action Group (AIAG)'s Smelter Engagement Teams Working Group regarding conflict minerals originating from the Democratic Republic of the Congo in cooperation with the RMI. ● Implementation of the following actions for subsidiaries and suppliers that fall within the scope of surveys (Japan) • Organization of briefing sessions for operational staff to improve awareness of Human Rights and Environmental Due Diligence, and these surveys • Conducting of trial risk assessments in line with internal criteria using the survey results and provision of feedback to each company (2025)					□	□	□	□		
	● Formulation of the Policy for Sustainable Natural Rubber Procurement*7 to eradicate deforestation and ecological changes in the natural rubber supply chain ● Implementation of measures to comply with EU deforestation regulations									□	
	● Surveys using the questionnaire provided by RMI (Extended Minerals Reporting Template)*8 (since 2024)	□									□

*1 Table created based on information from "Material Change" (Drive Sustainability, Responsible Minerals Initiative, Dragonfly Initiative, and other sources)
*2 External affiliated organizations (year joined)
• Responsible Business Alliance (RBA) (2024) **RBA**
• Global Platform for Sustainable Natural Rubber (GPSNR) (2019)
*3 Responsible Minerals Initiative
*4 Please refer to the following website for more information on the Conflict Minerals Reporting Template.
*5 **Please refer to the following website for Toyota's conflict minerals reports.**
*6 Responsible Minerals Assurance Process
*7 **Please refer to "Policy for Sustainable Natural Rubber Procurement"**
See "Initiative with Suppliers" on page 86 of Toyota's Sustainability Data Book for FY2025
*8 **Please refer to the following website for more information on the Extended Minerals Reporting Template.**
https://www.responsiblemineralsinitiative.org/reporting-templates/emrt/
See "Human Rights Due Diligence" on page 73 of Toyota's Sustainability Data Book for FY2025

Value Chain Collaboration

Initiatives with Dealers

Dealers are at the forefront of the implementation of Toyota's customer first policy. Toyota and its dealers share the value of its products and services and advance united efforts to enhance customer satisfaction based on a strong relationship of trust through close two-way communication as partners. Based on a "Customer First, Dealer Second, Manufacturer Third" concept, Toyota works alongside dealers to meet customer expectations and raise the level of customer satisfaction. We believe that, through these efforts, we can achieve growth for both dealers and Toyota.

Support for TNDAC*1 and Toyota Dealers to Enhance Compliance (Japan)

1 TNDAC Initiatives

Checklists related to relevant laws, deployment of various inspection tools, etc.

- Promotion of efforts by dealers using various inspection tools and The Legal Compliance Manual*2 in accordance with TNDAC's annual compliance initiative schedule
  - Laws related to dealers' duties including sales talks and responses to customers (Act on the Protection of Personal Information, Act Against Unjustifiable Premiums and Misleading Representations, Copyright Act, Consumer Contract Act, Insurance Business Act, Installment Sales Act, Act on Specified Commercial Transactions, Garage Act, civil law, and criminal law)
  - Laws related to safety and the environment (Road Transport Vehicle Act and Act on Recycling of End-of-Life Automobiles)
  - Laws related to labor and employment of employees (Labor Standards Law, Industrial Health and Safety Act, Act on Securing, etc. of Equal Opportunity and Treatment Between Men and Women, laws and ordinances related to harassment)
  - Laws related to transactions (Antimonopoly Law, Subcontracting Law)

General inspections of each dealer function (self-inspections) related to designated service maintenance

- Conducted every June to August since 2020
- Addition of body paint (sheet metal & paint) inspections to designated maintenance services in each dealer function since 2023

Operation verification activities by dealer groups to Toyota dealers (since April 2024)

- Companies are encouraged to create operation verification teams in each dealer group and conduct regular checks to verify that operations are being properly carried out in line with legal requirements, and company policies and procedural guidelines in accordance with business processes.
- Provision of basic guides (detailed/excerpted versions), checklist items, and sample confirmation documents and checklists

TNDAC Helpline

- Repeated notices to dealers and employees to prevent and quickly detect any legal or regulatory violations

*1 Toyota National Dealers' Advisory Council (TNDAC), an organization comprising Toyota dealers in Japan
*2 Tools to support voluntary legal compliance activities by dealers

2 Support from Toyota

Details of Initiatives

- Implemented the following initiatives in response to designated vehicle maintenance violations and improper handling of personal information by dealers. (From fiscal 2022 onward)
  - Compliance seminars for dealer representatives and other personnel
  - Support for improvement activities at dealers by disseminating Toyota Production System (TPS) know-how and holding training sessions
  - Supporting dealers' initiatives through the distribution of a Privacy Governance Guidebook reflecting amendments of the Act on the Protection of Personal Information made in April 2022
- Dissemination of Toyota's Human Rights Policy to dealers
- Issuance of requests to dealers to ensure appropriate management of non-Japanese technical internship trainees and creation of harassment-free workplaces

Support to Improve Customer Satisfaction and Employee Satisfaction to Ensure Stable Management at Toyota Dealers in Japan

Support from Toyota

Customer Satisfaction

- Provision of a Customer Satisfaction Questionnaire system to dealers and implementation of support activities in accordance with the status of initiatives at each dealer
  - Collection and dissemination of useful information about successful initiatives to improve Customer Satisfaction at dealers, and provision of opportunities for dealers to share information with each other

Employee Satisfaction

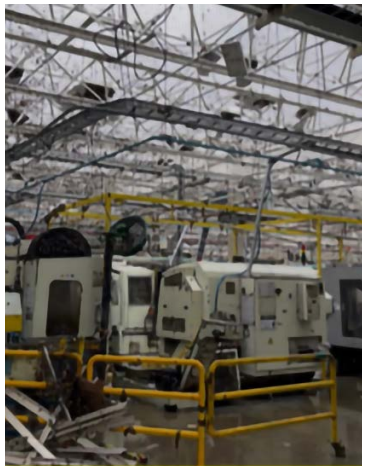
- Provision of a Workplace Environment Questionnaire to dealers along with a recommendation to have dealers conduct the questionnaire survey on a regular basis
  - Roll out of Better Workplace Seminars to promote utilization of the results of Workplace Environment Questionnaires by dealers
  - Introduction of an information website and a consultation service (JP-MIRAI) for foreign workers living in Japan

See "Collaboration with JP-MIRAI" on page 75 of Toyota's Sustainability Data Book for FY2025.

Toyota's Resilient Supply Chain

Brazil: Disaster Response at Porto Feliz Plant

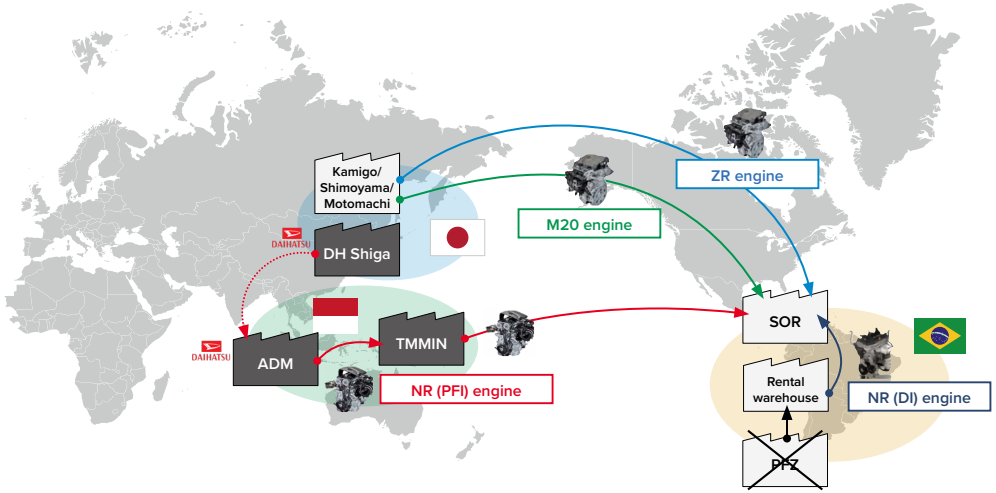
On September 22, 2025, the Porto Feliz Plant (PFZ) of Toyota do Brasil Ltd. (TDB), located in São Paulo, Brazil, sustained damage due to storms, including the collapse of building structures. While human casualties were minimal due to swift and reliable evacuation procedures, physical damage was extensive, with the plant roof completely destroyed, some columns and beams partially collapsed, and production equipment ceased operation.



PFZ is the only engine plant in Brazil and had been supplying engines to TDB's assembly plants, including the Indaiatuba Plant (IDT) and the Sorocaba Plant (SOR). As a result of the disaster, operations at PFZ were suspended, leading to the shutdown of production at both the IDT and SOR plants.



TDB produces vehicles such as the Corolla Cross, Corolla Sedan, and Yaris. As most of the engines installed in these vehicles are produced at PFZ, the suspension of its operations effectively meant a halt to Toyota's vehicle production in Brazil. The resulting halt in vehicle production affects not only customers who are looking forward to the delivery of their Toyota vehicles, but also employees involved in vehicle production, suppliers providing tens of thousands of parts, dealers responsible for vehicle sales, and various other stakeholders. To minimize these impacts, Global Toyota acted as one team to implement recovery measures immediately following the disaster.



Three Phases of Recovery Efforts

Phase 1: To enable the early resumption of operations at the assembly plants, production of ZR engines for the Corolla HEV was increased at the Shimoyama Plant in Japan, and a sufficient volume was exported to allow assembly lines to resume operation. As a result, operations at both the IDT and SOR plants were resumed on November 3, 2025, within just over two months of the disaster.

Phase 2: Production of M20 engines mainly for the Corolla Cross was increased and exported from the Kamigo Plant in Japan, as well as chassis components from the Motomachi Plant. At the same time, warehouse facilities near PFZ were rapidly secured and production equipment previously used at PFZ was relocated. As a result, production of NR (DI) engines was resumed on January 26, 2026. In addition, NR (PFI) engines mainly for the Yaris were exported from Toyota Motor Manufacturing Indonesia (TMMIN). To address resulting shortfalls for the local market, engines were supplied by Astra Daihatsu Motor (ADM), while additional requirements were covered through exports from the Daihatsu Shiga Plant in Japan, establishing a coordinated supply framework.

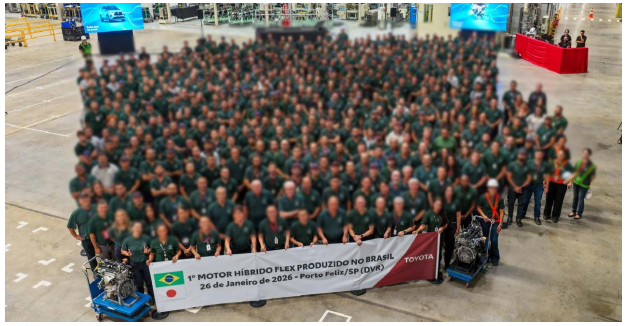
Phase 3: With the latter half of 2027 in view, the aim is to resume engine production at PFZ, achieving a full recovery.

Value Chain Collaboration | Toyota's Resilient Supply Chain



New construction of lines in rental warehouses near PFZ

In implementing the recovery actions, Global Toyota acted as one team. The Production Engineering Group formulated a recovery plan immediately following the disaster. The Kamigo, Shimoyama, and Motomachi plants established production systems in the initial phase, including engine manufacturing and shipping processes for Brazil. At PFZ, once safety had been confirmed, maintenance measures were implemented to protect production equipment from wind and rain at the damaged plant. In addition, the entire Toyota supply chain acted as one, including suppliers that worked to reproduce parts.



Production resumed at the rented warehouse on January 26, 2026.

Recognizing that TDB was facing an unprecedented disaster, emotional support was also provided. This included messages and video messages from related departments, as well as words of encouragement from plant managers at mother plants in Japan.*

* Plants that support overseas plants through the transfer of technology and skills, to local team members

Spirit of Mutual Benefit Based on Mutual Trust

The resumption of production within just over two months of the disaster was made possible by several factors. These included the strong commitment of local leadership to minimize inconvenience to all our stakeholders, particularly suppliers. Another factor was the ability to produce Toyota New Global Architecture (TNGA) engines globally, centered on Toyota's commitment to "making ever-better cars," which enabled engine supply across production sites. In addition, under conditions of limited engine availability, production and logistics management methods based on the Toyota Production System (TPS) were established, allowing only the necessary parts to be selectively identified from among a large number of components.



The largest contributing factor, however, was how many employees also voluntarily stepped forward, guided by Toyota's founding spirit of acting for the sake of others, and carried out on-site recovery actions, including preparing processes for new production lines. These actions demonstrate that each employee was able to act grounded in Toyota's values, technologies, and skills.

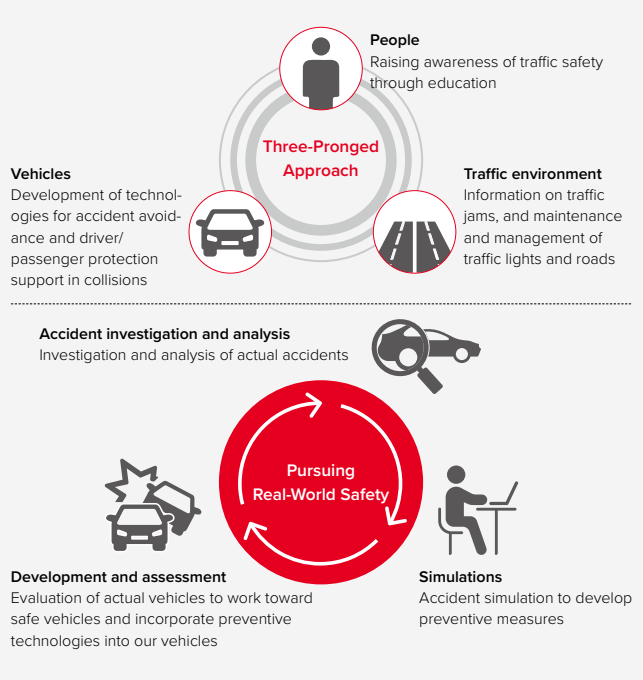
Going forward, we will continue to promote customer-first initiatives under the spirit of mutual prosperity, based on mutual trust with our suppliers.

Vehicle Safety

Fundamental Approach

Toyota's ultimate goal is to achieve zero casualties from traffic accidents, and ultimately, a society with zero traffic accidents.

Additionally, to achieve a safe mobility society, we believe it will be important to adopt an integrated three-part approach involving people, vehicles, and the traffic environment. It will also be vital for us to pursue real-world safety by learning from actual accidents and incorporating that knowledge into vehicle development.



Integrated Safety Management Concept

Toyota provides optimized driver support for safety at every stage of driving, from parking to normal operation, the moment before a collision, during a collision, and post-collision emergency response. We also aim to enhance safety by reinforcing links between vehicle safety systems, rather than thinking about each system as a separate component. These are the approaches behind our Integrated Safety Management Concept.

Preventive Safety

We introduced the Toyota Safety Sense system, which packages multiple preventive safety functions that help reduce serious traffic accidents with the potential to cause death or injury, to the market in 2015. These functions include avoiding and mitigating damage from collisions with cars in front of a vehicle or with pedestrians; preventing accidents caused by a vehicle leaving its current lane; and ensuring optimal forward visibility during nighttime driving.

Toyota Safety Sense has now been installed in more than 57 million vehicles globally (as of August 2025) and is available for nearly all passenger car models (as standard or option) in the Japanese, U.S., and European markets. It has also been introduced in a total of 144 countries and regions, including such key markets as China, other select Asian countries, the Middle East, and Australia.

Collision Safety

We have combined vehicle bodies that absorb the energy of collisions with devices that provide support to protect drivers, passengers, and pedestrians, thereby minimizing collision damage.

In the pursuit of world-leading safety, Toyota has formulated a target related to collision safety performance called the Global Outstanding Assessment (GOA) and developed a collision safety body structure and passenger protection devices in 1995. Since then, Toyota has continued to evolve GOA, striving to improve the real-world safety performance of its vehicles in a wide variety of accidents.

To analyze vehicle-related injuries, Toyota collaborated with Toyota Central R&D Labs., Inc. to develop the Total Human Model for Safety (THUMS), a virtual human body model. THUMS is being used in the research and development of a variety of safety technologies, including seat belts, airbags, and other safety devices, as well as vehicle structures that mitigate injuries in accidents involving pedestrians. Toyota made the THUMS software available on its website free of charge in January 2021, and the Company is currently exploring future applications for this software in automotive assessments, an area where virtual evaluations are gaining momentum.

Emergency Response

In the event of an accident or medical emergency, Toyota's HELPNET® emergency reporting system service contacts a dedicated operator that then contacts police or fire services to ensure the rapid dispatch of emergency vehicles. Moreover, HELPNET® automatically transmits data when the airbags deploy and supports D-Call Net®, a service that quickly connects to and deploys fire and ambulance services. Such rapid lifesaving assistance following an incident will contribute to a reduction in deaths through traffic accidents.

Automated Driving Technologies

Development of Automated Driving Technologies

Toyota has been engaged in the research and development of automated driving technologies since the 1990s. The Mobility Teammate Concept is an automated driving concept unique to Toyota that is designed to enhance communication between drivers and their cars, enabling them to assist one another in coordinated driving as companions. Rather than cars taking over driving from people and replacing them, drivers can enjoy the experience of driving while deferring to automated driving at times, achieving truly safe, secure, and unrestricted mobility. Toyota is also advancing research and development of automated driving technologies in the field of mobility as a service (MaaS) for people and goods. Toyota was one of the first companies to launch advanced automated driving technology for new industries that have business needs. Data gathered from these vehicles is being collected, analyzed, and fed back into development to further evolve automated driving technologies.

Models Equipped with Advanced Driver Support Technology

The Lexus LS and Mirai models launched in April 2021 are equipped with new Advanced Drive function integrated into the Lexus Teammate or Toyota Teammate advanced driver support technologies, which can accurately recognize the vehicle's surroundings, make decisions, and assist driving under the driver's supervision according to actual traffic conditions. The system contributes to high levels of safety and peace of mind, reducing driver fatigue and providing a pleasant journey.

Furthermore, deep learning and other AI technologies support driving by predicting and responding to a wide variety of situations that could occur when driving. In addition, Advanced Drive uses software updates, allowing cars to stay up to date with the latest software via either a wireless or wired connection.

Traffic Safety Awareness-Raising Initiatives

Toyota conducts traffic safety awareness-raising initiatives targeting drivers and pedestrians with the aim of enhancing awareness of traffic safety and proactively preventing accidents. One such initiative for drivers is the Toyota Driver Communication safe driving technique seminar held periodically at Safety Education Center Mobilitas, which is located on the grounds of Fuji Speedway. For pedestrians, in cooperation with Toyota dealers across Japan, Toyota has been donating traffic safety teaching materials to kindergartens and nursery schools nationwide since 1969.

Vehicle Safety

Commitment to Traffic Safety and Activities of the Tateshina Meeting and Subcommittees: Transforming Passion into Action



In the verdant foothills of Mt. Tateshina in Chino City, Nagano Prefecture, is nestled Shoko-ji Temple.

Shoko-ji Temple was established by Toyota and Toyota dealers in 1970 as a site to pray for victims of traffic accidents and for the elimination of future accidents, as traffic accidents are considered a leading cause of death in Japan. Since then, every year, on July 17 and 18, members of Toyota's senior management and representatives from dealers throughout Japan gather at Shoko-ji Temple for a summer festival, offering prayers for the safety of all drivers.

The 55th annual festival was held in 2025. At this gathering, Toyota Chairman Akio Toyoda and executives from the Company, together with other attendees, lit candles around the temple grounds as a prayer for traffic accident victims.

The Tateshina Meeting, held during the summer festival, was inaugurated in 2019 in response to then-President Akio Toyoda's insistence that safety technology can only contribute to society if it is widespread and that such an endeavor calls for partnerships, rather than just competition. The meeting serves as a forum for discussion and partnership building aimed at eliminating traffic accident fatalities. In 2023, at the second such meeting, Toyoda expressed his desire to make the day an occasion to think first and foremost about safety. This was also the meeting that gave rise to Tateshina Meeting subcommittees for advancing concrete initiatives.

Today, these subcommittees are implementing initiatives based on five themes: data utilization and visualization of dangerous locations; safe driving support for the elderly; new awareness-raising activities for children; bicycles and motorbikes; and overseas. Approximately 220 members from 44 companies and other entities (as of November 30, 2025) are promoting cross-organizational coordination to contribute to reductions in the number of traffic accident victims through initiatives focused on people, vehicles, and traffic environments.



Tateshina Meeting Subcommittees and Participating Companies

Subcommittee	Participating Entities
Data utilization and visualization of dangerous locations subcommittee	MS&AD, DENSO, KYUSHU, Sumitomo Rubber, micware, Sompo Japan, Subaru, JTEKT, AICHI STEEL, MS&AD, KDDI, MS&AD Insurance Group Holdings, KINTO, KINTO Technologies, JVCKENWOOD, TOYOTA
Safe driving support for the elderly subcommittee	DENSO, TTRI, AISIN, micware, Toyota Boshoku, SUZUKI, Tokyo Marine Nichido, MS&AD, MS&AD, TOYOTA
New awareness-raising activities for children subcommittee	TTRI, TTDC, MS&AD, TOYOTA GOSEI, HINO, Toyota Tsusho, TOYOTA HOME, DENSO, Toyota Motor East Japan, SUBARU, MS&AD, DAIHATSU, TOYOTA, Sompo Japan, TOYOTA
Bicycles and motorbikes subcommittee	Panasonic, KYOCERA, micware, Toyota Tsusho, MS&AD, Tokyo Marine Nichido, MS&AD, KDDI, MS&AD Insurance Group Holdings, JVCKENWOOD, NIPPON SIGNAL, SEKISUI JUSHI, NEC, TOYOTA
Overseas subcommittee	MS&AD, TTRI, micware, MS&AD, HONDA, TOYOTA

Quality, Information Security, and AI

Quality

Fundamental Approach

The origins of Toyota's customer first and quality first principles lie in the Toyoda Principles, which embody the thinking of Sakichi Toyoda, and the spirit of auditing and improvement espoused by Kiichiro Toyoda. Since its founding, Toyota has continued to build a corporate culture that focuses particular attention on the quality that provides joy to customers and the pursuit of *kaizen* (continuous improvement) through an emphasis on *genchi genbutsu* (on-site, hands-on experience). All employees are expected to maintain a keen awareness of potential issues and exercise a sense of ownership as they make ongoing efforts to pursue *kaizen* and collaborate closely with personnel in other fields in order to enhance customer safety, peace of mind, and satisfaction.

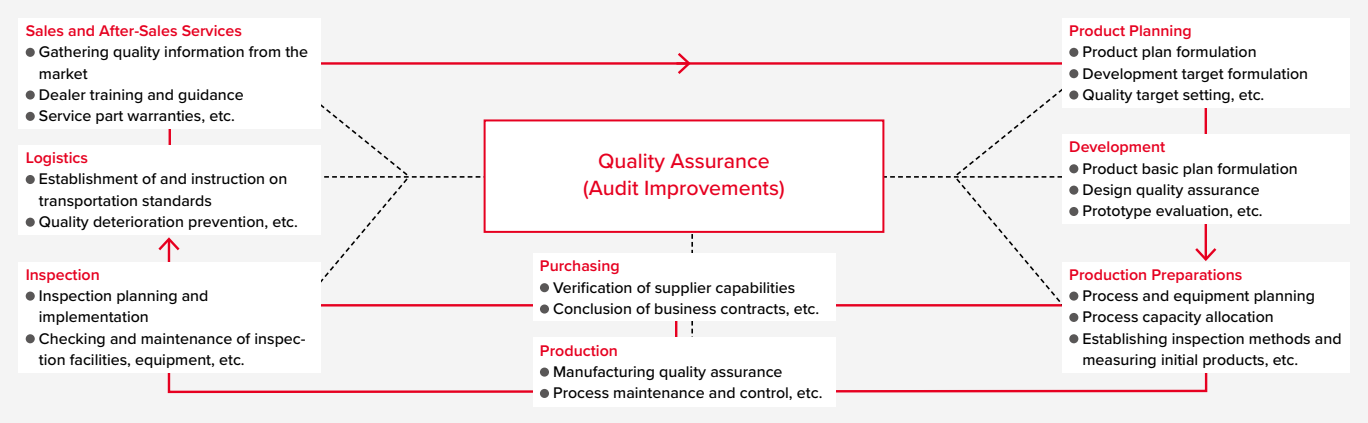
Toyota sees quality as the combination of three elements: product quality, sales and service quality, and, as the foundation supporting these, the quality of the work performed by each employee. We believe that products and services capable of gaining the confidence of customers can be created only when all employees involved in all processes—ranging from development, purchasing, production, and sales to after-sales services—build quality into their work, coordinate with other functions, and implement quality improvement cycles.

Fostering Quality-Oriented Awareness and Culture

To foster a corporate culture in which each member is committed to high quality, Toyota works to develop human resources and improve work quality by holding quality awareness promotion events for all employees every year and by providing position-specific quality assurance education.

Furthermore, February 24, the anniversary of the day that then-President Akio Toyoda attended the U.S. Congressional hearings held to investigate the series of recall issues that occurred in 2010, has been designated Toyota Restart Day. We have created mechanisms and are taking steps to raise awareness in order to continuously communicate the lessons learned from the series of recall issues. In 2014, Toyota established the Customer Quality Learning Center as a crucial education facility for conveying the experiences and lessons learned from these issues to future generations of employees. Recent quality issues are added to update the center's program every year and maintain focus on the lessons we have learned. In addition, individual plants and global sites have set up their own customer quality learning centers as part of efforts to ensure employees in all regions and at all plants fully understand the importance of quality.

Quality Assurance System



Information Security

Fundamental Approach

The targets of cyberattacks now include not only confidential information, information systems, and plant and vehicle control system networks, such as those for onboard devices, but also supply chains. We strive to protect information assets against cyberattacks and thereby ensure customer safety and peace of mind. We implement measures to prevent information leakage based on our Information Security Policy.

Information Security Policy

Information Security Measures

Toyota's Initiatives

Toyota conducts inspections and audits based on its All Toyota Security Guidelines (ATSG) to prevent leaks of confidential information and protect information assets from cyberattacks. This ensures information security through a multi-faceted approach encompassing organizational management, human resource management, technical security, physical security, and incident and accident response.

Initiatives for Consolidated Subsidiaries, Dealerships, and Rent a Car Shops

By annually inspecting not only ATSG but also the implementation status of information security initiatives at consolidated subsidiaries and other Group companies, Toyota works to ensure the continuous maintenance and improvement of their information security provisions. Furthermore, a specialized team regularly conducts on-site audits of Group companies to check responses to ATSG surveys and confirm the status of the implementation of physical security measures at each company.

Information Leaks and External Attack Preparedness Measures

At Toyota, a specialized team has been assembled to perform information gathering and monitoring. When problems arise, a response team, which includes members of management, is formed to address the situation promptly and appropriately. The specialized team conducts training at least once a year based on simulating increasingly complex and sophisticated threats and prepares procedure scenarios for rapid recovery to ensure readiness in case of a large-scale incident.

In addition, we receive third-party evaluations based on NIST SP800-82/53, ISO 27001/27002, IEC 62443, and other standards regarding the status of security measures pertaining to management and technical aspects of security systems. We implement measures to address problems identified through these evaluations as needed to enhance our information security.

Quality, Information Security, and AI

AI

Fundamental Approach

Toyota positions AI as a key technology that, in partnership with people, expands human potential and supports our corporate competitiveness by creating societal value. We appropriately consider risks associated with the use of AI and promote its responsible use in accordance with our AI Principles, with due consideration of potential impacts on the global environment. We aim to achieve sustainable growth and enhance our corporate value by bringing well-being to more people and promoting the appropriate use of AI across the industry.

→ Toyota's Fundamental Approach to AI

AI Activities

Toyota is promoting the establishment of a Companywide AI governance framework that covers all processes in which AI is used, taking into account domestic and international laws, regulations, and societal expectations. We continuously review and improve this governance framework to keep pace with the evolution of AI technologies and related regulations.

AI Governance Promotion Committee

A Companywide AI Governance Promotion Committee has been established to promote responsible AI use and strengthen Toyota's AI governance framework. The Committee deliberates and decides on important policies regarding the use of AI, with the aim of ensuring fairness, transparency, and trustworthiness in the decision-making process through dialogue with internal and external experts and stakeholders.

AI Guidelines

Toyota has established AI Guidelines for both developers and users as internal rules to put the AI Principles into practice. We promote operations and continuous improvements that emphasize safety, security, respect for privacy, and the reduction of bias throughout all stages of the development and use of AI. Through these efforts, we aim to identify risks and take corrective action at an early stage.

Education and Licensing

To ensure the safe and effective operation of AI, Toyota has introduced internal education programs and a licensing system tailored to AI-related risks, establishing a framework that enables employees who meet technical and ethical standards to use AI appropriately. We also systematically provide AI literacy educational programs for all employees to improve their understanding of risks and enhance their ability to respond appropriately.

Standardization Activities

Through participation in domestic and international standardization organizations, Toyota strives to collect the latest information on related laws, regulations, and international trends in a timely manner. We incorporate these insights into our internal rules and operational processes to appropriately respond to the evolution of AI technologies and emerging risks.

Expediting Innovation Through Toyota's Global AI Accelerator (GAIA)

GAIA aims to rapidly accelerate the use of AI by significantly boosting investment in research, development, human resource development and implementation of AI systems throughout every part of Toyota. Rooted in the idea of Toyota's longstanding practice of Jidoka: automation with a human touch, GAIA's efforts will both amplify team member productivity and help create new AI-enabled products. GAIA will initially focus on 11 categories: AD/ADAS, Business Software Development, Customer Relations, Knowledge Retention and Transfer, In-Vehicle Agents, Material Discovery, Manufacturing, Novel Mobility, Office Productivity, Robotics, and Vehicle Engineering, with more categories planned.

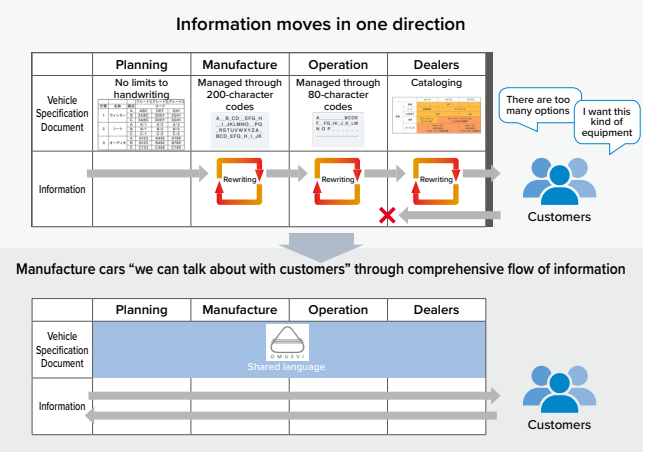
Comprehensive Corporate Digital Transformation

Comprehensive Corporate DX

Comprehensive corporate digital transformation (DX) refers to initiatives for seamlessly integrating and optimizing the Company's operations and processes all at once, after streamlining them through the Toyota Production System (TPS). This is also a major theme of our Sustainability Initiatives.

The Meaning of OMUSVI

The Organized Master Unified System for Vehicle Information (OMUSVI) refers to a "collaboration system" based on standardized language for vehicle specification information and includes the intention to "connect" (*musubu*) information. This project was launched to focus on the future of Toyota and our customers. OMUSVI centralizes the management of vehicle specification information, which is one of the most important pieces of data, enabling us to redirect time and labor required to re-write conventional specification documents toward producing value for customers.



Project Background and Goals

Until now, the "language" of vehicle specification documents has been optimized for each division and vehicle model; however, as documents were rewritten and utilized in tandem, a situation arose where customer feedback from dealers was not reaching top-level planning stages in a timely manner after passing through sales and manufacturing. As a result, vehicles Toyota had planned and developed were not actually being chosen by customers.

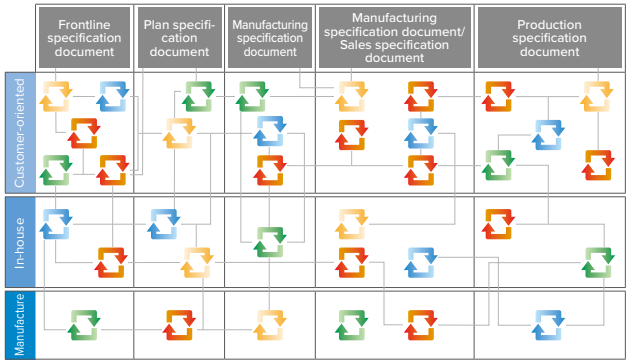
OMUSVI was launched to address the following questions: "Can we share and immediately reflect cross-functional feedback in vehicle manufacturing?" and "Can we create vehicle specification documents that we can talk about with customers?" The idea was to shift to shared language for vehicle specification documents from planning—the origin of vehicle manufacturing—to downstream frontline sales.

With the goal of realizing vehicle specification documents that we can talk about with customers, we aimed to strengthen efficiency and competitiveness by digitalizing operations from planning to operation with a system for two-way exchanges of information.

The Results of OMUSVI

We developed the concept of the Toyota Production System for the flow of products and information as a series of operations, including the post-planning stage for vehicles and deciding on models to manufacture at plants and narrowing down equipment in the sales catalogue. Specifically, the results shown in the image on the right have emerged in identifying where rewriting occurs. They have revealed that the process of rewriting itself is not a single pattern, but rather consists of multiple patterns.

After locating sources of waste, we establish a vehicle manufacturing process that creates a shared language and eliminates rewriting. We clarify the specifications for vehicles we want to deliver to customers based on information from dealers, narrowing down production specifications.



* The ↻ above indicate rewrites

This results in a reduced number of components and molds, which we also expect to reduce not only lead time but the burden on suppliers.

OMUSVI has further accelerated Toyota's DX. Utilizing shared language and AI in vehicle specification documents has enabled us to develop tools to analyze supply and demand in society in real time and share this information across divisions. We aim to manufacture vehicles that more rapidly reflect the needs for equipment and features in each region on a global scale.

Expectations for the Future

OMUSVI activities strive to improve workstyles now that will continue 10 years into the future to "produce happiness for all" that goes beyond organization and functional boundaries. Amid a shortage of human resources, we are working Companywide to create environments in which all employees can achieve success and to improve the "rate of value-added work"—the ratio of work that increases added value—to enable carmakers to talk together using shared language and build the future.

Intellectual Property and Privacy

Intellectual Property

Fundamental Approach

Toyota appropriately protects and utilizes intellectual property such as inventions, know-how, and brands, which are important management resources. In addition, we strive to enhance the technological prowess and appeal of our products, both consistent sources of competitiveness, through our commitment to forward-looking research and development, and advance our intellectual property activities in line with management priorities to help realize a mobility society.

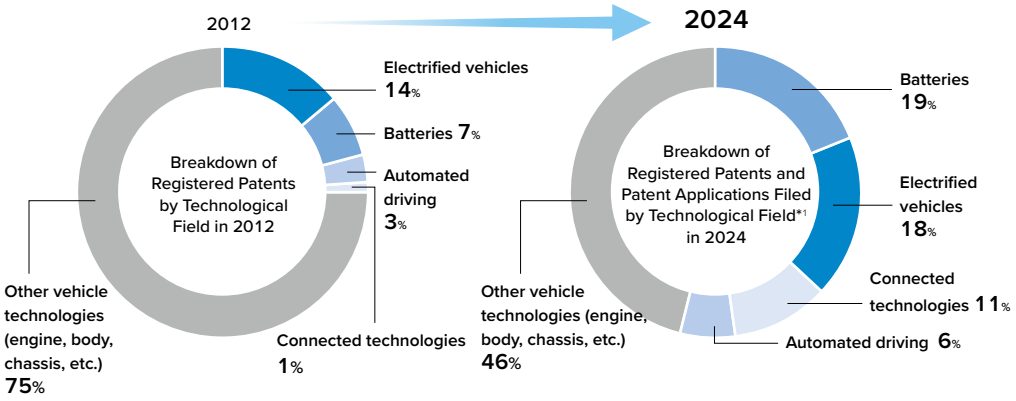
Promotion Structure

Toyota has established intellectual property functions at its R&D centers in Japan, the United States, Europe, and China to support global technological development. We work in collaboration with approximately 110 highly capable law firms around the world to collect intellectual property information and respond appropriately to any intellectual property disputes that may arise.

Through close coordination between our management, R&D, and intellectual property functions, we have established a framework to promote a mobility society.

Intellectual Property Activities

To ensure the appropriate protection and utilization of our intellectual property, we file patent applications and register patents as outlined below.



Global results for 2024

Patent Applications	Approximately 15,000
Patent Registrations	Approximately 9,000 Japan: Ranked No. 1 among automobile manufacturers (No. 2 overall)*2 United States: Ranked No. 1 among automobile manufacturers (No. 14 overall)*2

*1 Total patents under application and registered patents in Japan and overseas
*2 Sources: Japan IP Force (as of December 31, 2024) / United States: IFI CLAIMS Patent Services (as of December 31, 2024)

Privacy

Fundamental Approach

Based on its customer first policy, Toyota complies with the relevant laws and regulations of the countries and regions in which it operates and respects privacy as a responsible member of international society, while appropriately managing and correctly utilizing information. In doing so, Toyota strives to make ever-better cars and contribute to the enrichment of communities and of the greater society.

Toyota Code of Conduct (Personal Information) Toyota Privacy Notice Privacy

Respect for Privacy and Protection of Personal Information

We are working to establish flexible, innovative, and sustainable personal information management systems for handling personal and confidential information. Through this approach, we aim to serve our customers as a company that abides by social norms while ensuring we carry out duties and develop human resources with an awareness of the need to respect privacy and protect personal information.

Compliance with Laws, Ordinances, and Internal Regulations

The Toyota Code of Conduct clarifies Toyota's aims for the handling of information that includes personal information, as well as the direction that should be taken by the Company and each employee. Information that requires more secure handling will undergo a risk assessment in advance to facilitate the implementation of appropriate measures.

Global Implementation of Privacy Governance

Toyota is working to strengthen initiatives across the entire Group, including its subsidiaries in Japan and overseas, through the Toyota Global Privacy Guidelines (TGPG),*3 and promote the establishment of a PDCA cycle for protecting personal information.

*3 Compliance with international standards and requirements, such as OECD's eight privacy principles and ISO/IEC 27701 and 29100.

Toyota Code of Conduct

Customer first	Carefully and sincerely listen to and consider consumer feedback on privacy issues
Quality first	Practice Privacy by Design by taking privacy considerations into account early in the development and operation of products and services
Product and experience	Use consumer personal information responsibly to develop products and services tailored to the consumer with the goal of achieving consumer happiness and satisfaction
Compliance	Ensure that personal information is managed and processed throughout the enterprise in a manner that complies with applicable laws and regulations
Stakeholders	By cooperating and coordinating on privacy issues across all business functions throughout the enterprise, work to create and sustain an appropriate personal information management system
Human resource development	Promote a corporate culture that respects privacy via continuous training and education

Health and Safety and Social Contribution Activities

Health and Safety

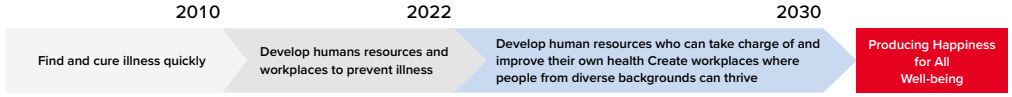
Fundamental Approach

Based on the Toyota Motor Corporation's Declaration of Health Commitment and the Basic Philosophy for Safety and Health, Toyota aims to provide workplaces that ensure the physical and mental well-being of everyone working at every Toyota location, providing a safe environment where everyone can work to their full potential.

Initiative for Health

Focusing on prevention-centered activities based on the "health first" concept, we will help prevent lifestyle-related diseases, improve mental health, enhance job satisfaction, and create a more comfortable work environment. Through "health management" strategies, we aspire to boost productivity by encouraging the active contribution by all while fostering the growth and development of the company and its workforce.

We are also formulating a health vision to ensure that each individual working at Toyota feels a sense of enjoyment and happiness through their involvement in car manufacturing, while maintaining a healthy and vibrant work life, in order to "Produce Happiness for All".



Toyota Motor Corporation (non-consolidated)

Health Vision	Background on Formulation of Vision	Key Actions
Develop human resources who can take charge of and improve their own health	Support must be strengthened for each individual, leaving no one behind in this time of aging and diversity	● Strategies for maintaining and improving health in older adults ● Support for balancing work with medical treatment and disabilities ● Prevention of mental health issues and recurrence
Create workplaces where people from diverse backgrounds can thrive	Support is required for creating workplaces (improvements in workplace environments), including suppliers and overseas businesses, where all employees play an active role	● Improvements in workplace environments using data in collaboration with workplace management· ● Creation of good work environments that are aware of diversity in collaboration with HR, health insurance unions, hospitals, labor unions, suppliers, etc.

Sustainability Data Book > Social >Health and Safety >Initiative for Health

Initiative for Safety

Toyota implements initiatives for The Three Pillars of Safety, under the Occupational Safety and Health Rules. Toyota promotes safety and health activities rooted in each worksite toward achieving the target of "ultimately achieving zero accidents and the continuation of zero accidents at all worksites."

Three Pillars of Safety

1 Safe People

Promotion of development of human resources who are capable of predicting risks, complying with rules, and thinking and acting proactively

- Workplace leaders demonstrate a safety-first attitude on a daily basis. Safety training focuses on the experiences and past actions of former employees, and is designed to encourage current employees to review their awareness and behavior on a daily basis to ensure that all employees are "safe people."

2 Safe Work (Risk Management)

Reducing and managing high-risk tasks to eliminate all serious accidents

- Employees implement the 4S methodology: *seiri* (sorting), *seiton* (straightening), *seiso* (cleaning), and *seiketsu* (cleanliness). They also evaluate safety risks in the workplace and implement a standardization process based on the operationality of each task


Before


After

3 Safe Places/Environments

Aiming to build positive and worker-friendly processes, find troubles and take quick actions and make speedy decisions

- The work environment is managed by statutory environmental measurement.
- Since the working environment is significantly affected by the production equipment, season and other factors, measures for facilities are implemented according to the predetermined priority order.

Sustainability Data Book > Social >Health and Safety > Initiative for Safety

Social Contribution Activities

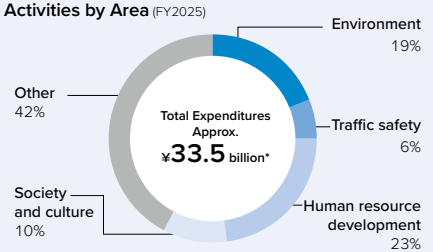
Fundamental Approach

Toyota will conduct activities that contribute to the resolution of social issues together with stakeholders under the aim of "Producing Happiness for All."

Examples of Social Contribution Activities

To aid in the enrichment and ongoing development of society, Toyota partners with local communities to promote social contribution activities in the four areas of "Culture and the Arts," "Traffic Safety," "Natural Environment," and "Disaster Relief."

Breakdown of Expenditures for Social Contribution Activities by Area (FY2025)



* Toyota Motor Corporation and subsidiaries (64 companies) Subsidiaries' results have been converted to yen based on the average exchange rate for FY2025.

Other Key Social Contribution Activities
· Support for people with disabilities who aim for an inclusive society (Special Olympics, etc.)
· Promotion of employee volunteer activities (Toyota Volunteer Center)
· Support of activities undertaken by NPOs, NGOs, etc, (donations, sponsorships, etc.)

Social Contribution

Board of Directors and Audit and Supervisory Committee Members (As of January 1, 2026)



Akio Toyoda

Chairman of the Board of Directors

Male
May 3, 1956

Position and areas of responsibility
Chairman of the Board of Directors

Brief career summary

Apr. 1984	Joined Toyota Motor Corporation (TMC)
Jun. 2000	Member of the Board of Directors
Jun. 2001	Chief Officer. Asia and China Operations Center
Jun. 2002	Managing Director
Jun. 2003	Senior Managing Director
Jan. 2005	Chief Officer, Asia, Oceania & Middle East Operations Group Chief Officer, China Operations Group
Jun. 2005	Executive Vice President Representative Director in Charge of IT & ITS, quality, product management, purchasing, Japan and overseas sales, and overseas operations
Jun. 2009	President
Apr. 2023	Chairman (current)



Koji Sato

President, Member of the Board of Directors

Male
October 19, 1969

Position and areas of responsibility
Chief Executive Officer

Brief career summary

Apr. 1992	Joined Toyota Motor Corporation (TMC)
Apr. 2017	Executive General Manager
Jan. 2020	Operating Officer President, Lexus International Co.
Sep. 2020	President, GAZOO Racing Company
Jan. 2021	Operating Officer
Apr. 2023	Operating Officer and President Chief Executive Officer (current)
Jun. 2023	President, Member of the Board of Directors and Operating Officer (current)



Hiroki Nakajima

Member of the Board of Directors

Male
April 10, 1962

Position and areas of responsibility
Chief Technology Officer

Brief career summary

Apr. 1987	Joined Toyota Motor Corporation (TMC)
Apr. 2014	Executive General Manager
Apr. 2015	Managing Officer
Jan. 2020	Operating Officer President, Mid-Size Vehicle Company
Feb. 2021	President, CV Company
Apr. 2023	Operating Officer and Executive Vice President Chief Technology Officer (current)
Jun. 2023	Member of the Board of Directors, Operating Officer and Executive Vice President (current)
Jun. 2025	Executive Vice President, Member of the Board of Directors and Operating Officer (current)



Yoichi Miyazaki

Executive Vice President, Member of the Board of Directors (Representative Director)

Male
October 19, 1963

Position and areas of responsibility
Chairman of Executive Appointment Meeting and Executive Compensation Meeting

Brief career summary

Apr. 1986	Joined Toyota Motor Corporation (TMC)
Apr. 2015	Managing Officer
Apr. 2017	Chief Executive Officer, East Asia & Oceania Region
Jan. 2019	Operating Officer
Jun. 2020	Chief Executive Officer, Asia Region
Apr. 2022	Operating Officer President, Business Planning & Operation (current)
Apr. 2023	Operating Officer and Executive Vice President Chief Financial Officer
Jun. 2023	Member of the Board of Directors, Operating Officer and Executive Vice President
Jun. 2025	Executive Vice President and Operating Officer of Toyota Motor Corporation (current)



Shigeaki Okamoto

Member of the Board of Directors

Male
February 20, 1961

Position and areas of responsibility
Member of the Executive Appointment Meeting
Member of the Executive Compensation Meeting

Outside

Brief career summary

Apr. 1983	Joined Ministry of Finance
Jul. 2001	Head of Management Office, General Coordination Division, Planning and Coordination Bureau, Financial Services Agency
Jul. 2002	Director for Supervisory and Financial Risk Stabilization Management, General Coordination Division, Supervisory Bureau
Jul. 2004	Director of Research Division, Budget Bureau, the Ministry of Finance
Jul. 2006	Director for the Budget Bureau, Planning and Administration Division of Budget Bureau
Jul. 2009	Director of Secretarial Division, Minister's Secretariat
Aug. 2012	Deputy Director-General of Budget Bureau
Jul. 2015	Deputy Vice Minister
Jul. 2017	Director-General of Budget Bureau
Jul. 2018	Administrative Vice Minister
Jul. 2020	Retired from position as Vice-Minister
Jun. 2021	Outside Audit & Supervisory Board Member, Yomiuri Land Co., Ltd. (current)
Dec. 2021	Outside Audit & Supervisory Board Member, The Yomiuri Shimbun, Osaka (current) Outside Audit & Supervisory Board Member, The Yomiuri Shimbun, Seibu (current)
Mar. 2022	Deputy Chairperson of the Board, Japan Tobacco Inc. (current)
Jun. 2022	Outside Audit & Supervisory Board Member, The Yomiuri Shimbun (current)
Jun. 2025	Member of the Board of Directors, Toyota Motor Corporation (current)



Kumi Fujisawa

Member of the Board of Directors

Female
March 15, 1967

Position and areas of responsibility
Member of the Executive Appointment Meeting
Member of the Executive Compensation Meeting

Outside

Brief career summary

May 1995	Founded IFIS Limited Ltd. President, IFIS Limited Ltd.
Jun. 2000	Director, Think Tank SophiaBank
Jun. 2011	Public Governor, Japan Securities Dealers Association (current)
Feb. 2012	Director, Organization for Supporting the Turnaround of Businesses Damaged by the Great East Japan Earthquake
Aug. 2013	President, Think Tank SophiaBank
Jun. 2014	Member of the Board, Toyota Tsusho Corporation
Jan. 2021	Director, CellSource Co., Ltd.
Apr. 2022	Chairperson, Institute for International Socio-Economic Studies, Ltd. (current)
Oct. 2022	Director, Shizuoka Financial Group, Inc. (current)
Jan. 2023	Director (Audit & Supervisory Committee Member), CellSource Co., Ltd. (current)
Jun. 2024	Substitute Audit & Supervisory Board Member, Toyota Motor Corporation
Jun. 2025	Member of the Board of Directors, Toyota Motor Corporation (current)

Board of Directors and Audit and Supervisory Committee Members



George Olcott

Member of the Board of Directors and Audit and Supervisory Committee Member

Male
May 7, 1955

Position and areas of responsibility
Chairman of Audit and Supervisory Committee

Outside

Brief career summary

Jul. 1986	Joined S.G. Warburg & Co., Ltd.
Feb. 1999	President of UBS Asset Management (Japan)
Jun. 2000	Managing Director, Equity Capital Market, UBS Warburg Tokyo
Sep. 2001	Doctoral Program, Judge Business School, University of Cambridge
Mar. 2005	FME Teaching Fellow, Judge Business School
Jun. 2008	Senior Fellow of Judge Business School
Jun. 2022	Audit & Supervisory Board Member, Toyota Motor Corporation
Jun. 2025	Member of Board of Directors (Audit and Supervisory Committee Member) (current)



Christopher P. Reynolds

Member of the Board of Directors and Audit and Supervisory Committee Member

Male
January 11, 1963

Brief career summary

Sep. 1986	Law Clerk for the U.S. Court of Appeals
Nov. 1987	Joined Hughes Hubbard Law Firm
Oct. 1989	Joined the U.S. Attorney's Office
Jun. 1994	Joined Morgan Lewis
Jul. 2007	Joined Toyota Motor Sales, U.S.A., Inc. (TMS)
Jan. 2008	Group Vice President & General Counsel
Mar. 2012	General Counsel and Chief Legal Officer, Toyota North America (TMA)
Apr. 2015	Managing Officer, Toyota Motor Corporation (TMC)
Apr. 2015	Chief Officer, Corporate Planning Division
Apr. 2015	Deputy Chief Officer, General Administration & Human Resources Group
Apr. 2015	General Counsel and Chief Legal Officer
Apr. 2016	Chief Officer, Governance Management Department
Apr. 2017	Executive Vice President and Chief Diversity Officer, Toyota Motor North America, Inc.
Jan. 2020	Deputy Chief Risk Officer, Toyota Motor Corporation
Apr. 2022	Deputy Chief Compliance Officer, Toyota Motor Corporation
May 2022	Board of Director, Southwest Airlines Co. (current)
Apr. 2025	Senior Advisor, Toyota Motor North America, Inc.
Jun. 2025	Member of the Board of Directors (Audit and Supervisory Committee Member), Toyota Motor Corporation (current)



Masahiko Oshima

Member of the Board of Directors and Audit and Supervisory Committee Member

Male
September 13, 1960

Outside

Brief career summary

Apr. 1984	Joined The Mitsui Bank Limited
Apr. 2012	Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Apr. 2014	Managing Executive Officer
Mar. 2017	Director and Managing Executive Officer
Apr. 2017	Director and Senior Managing Executive Officer
Apr. 2018	Senior Managing Executive Officer Senior Managing Corporate Executive Officer, Sumitomo Mitsui Financial Group, Inc. (SMFG)
Apr. 2019	Director and Deputy President Deputy President and Executive Officer (SMFG)
Apr. 2023	Deputy Chairman (SMBC)
Jun. 2023	Member of the Board, Director, Toyota Motor Corporation
Apr. 2024	Advisor (SMBC)
Jun. 2024	Auditor, TBS HOLDINGS, INC. (current) Corporate Auditor, TBS TELEVISION, INC. (current)
Aug. 2024	Chairman, Ares Management Asia Japan KK.Chairman and Representative Director, Ares Management Asia Japan KK. (current)
Jun. 2025	Member of the Board of Directors (Audit and Supervisory Committee Member), Toyota Motor Corporation (current)



Hiromi Osada

Member of the Board of Directors and Audit and Supervisory Committee Member

Female
June 11, 1973

Outside

Full-time Audit and Supervisory Committee Member

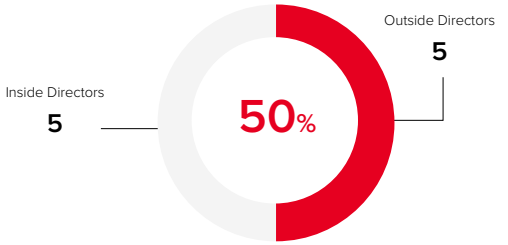
Brief career summary

Apr. 1999	Joined Chunichi Shimbun Co., Ltd.
Apr. 2021	Editorial writer responsible for the economic news
Mar. 2023	Editorial Committee Member and International General Desk
Mar. 2024	Leave the company
Jun. 2024	Audit & Supervisory Board Member, Toyota Motor Corporation
Jun. 2025	Member of the Board of Directors (Audit and Supervisory Committee Member) (current)

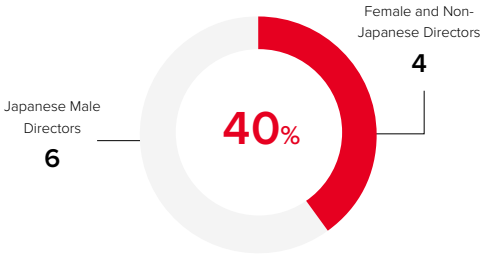
Board of Directors and Audit and Supervisory Committee Members

Corporate Governance Highlights

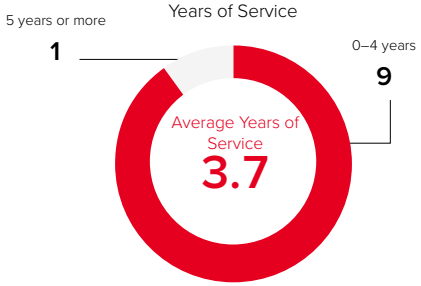
Percentage of Independent Directors and Audit and Supervisory Committee Members/Percentage of Independent Members



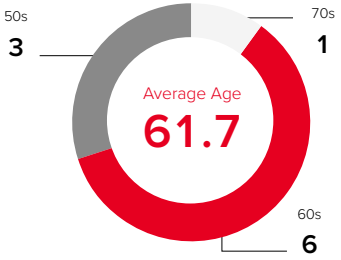
Diversity



Years of Service



Age



Skills Matrix

		Akio Toyoda	Koji Sato	Hiroki Nakajima	Yoichi Miyazaki	Shigeaki Okamoto	Kumi Fujisawa	George Olcott	Christopher P. Reynolds	Masahiko Oshima	Hiromi Osada
											
Position		Chairman of the Board of Directors	President, Member of the Board of Directors	Vice President, Member of the Board of Directors		Member of the Board of Directors		Member of the Board of Directors and Audit and Supervisory Committee Member			
Outside/Independent						Outside, independent		Outside, independent		Outside, independent	
Committee Membership	Executive Appointment Meeting				● (Chairperson)	●	●				
	Executive Compensation Meeting				● (Chairperson)	●	●				
Skills Matrix	Skills Necessary for Management Oversight: Corporate Management	●	●	●	●		●	●	●	●	
	Skills Necessary for Management Oversight: Governance, Risk Management, and Compliance	●	●	●	●	●	●	●	●	●	●
	Skills Necessary for Management Oversight: Global	●			●			●	●	●	●
	Skills Necessary for Management Oversight: Finance and Accounting				●	●		●		●	
	Skills for Promoting Transformation of Toyota into a Mobility Company: Environmental and Social		●	●	●	●	●	●		●	●
	Skills for Promoting Transformation of Toyota into a Mobility Company: IT and Digital	●	●	●			●		●		
	Skills Toyota Motor Corporation Continues to Value: Research and Development		●	●					●		
	Skills Toyota Motor Corporation Continues to Value: Production	●			●				●		
	Skills Toyota Motor Corporation Continues to Value: Sports and Motorsports	●	●				●				●
	Skills Toyota Motor Corporation Continues to Value: Human Resource Development	●	●	●	●	●	●	●	●	●	●

Operating Officers and Organizational Structure (As of January 1, 2026)



Koji Sato
President
Chief Executive Officer



Hiroki Nakajima
Executive Vice President
Chief Technology Officer



Yoichi Miyazaki
Executive Vice President



Takahiro Imura
Operating Officer
Production Group (Chief Officer)



Tetsuo Ogawa
Chief Officer, North America Region
Member of the Board of Directors,
President and Chief Executive Officer,
Toyota Motor North America, Inc.



Tatsuro Ueda
Chief Officer, China Region
Chairman, Toyota Motor (China)
Investment Co., Ltd.



Simon Humphries
Chief Branding Officer



Kenta Kon
Chief Financial Officer
Member of the Board of Directors and
Chief Financial Officer, Woven by Toyota, Inc.

Head Office

Toyota System Supply / BR Next-generation Supply Process Office / Sustainability Management Dept. / Mobility 3.0 Office / Brand Creation Office / Product Development Research Lab / Century Lab	
Hydrogen Factory	Accounting Group
Frontier Research Center	Sales Financial Business Group
TPS Group	Purchasing Group
Business Development Group	Customer First Promotion Group
External Affairs & Public Affairs Group	Production Group
General Administration & Human Resources Group	

Audit and Supervisory Committee Office / Internal Audit Dept.

Business Units

Regions	Products
Business Planning and Operation	Advanced R&D and Engineering Company
North America Region	Carbon-Neutral Engineering Development Center
Europe Region	Software Development Center
Japan Business Group	Vehicle Development Center
China Region	Toyota Compact Car Company
Asia Region	Mid-Size Vehicle Company
India, Middle East, East Asia & Oceania Region	CV Company
Latin America & Caribbean Region	Lexus International Co.
Africa Support Div. / Business Planning Dept. / Sales & Operation Planning Div. / KD Business Planning Div. / Mobility Business Planning Div. / VC Operations Div. / BR SDV Business Preparation Room	Powertrain Company
	Production Engineering Development Center
	GAZOO Racing Company

Fellows

Mitsuru Kawai
Executive Fellow *(Oyaji)*

Koji Kobayashi
Executive Fellow *(Banto)*

Shigeki Tomoyama
Executive Fellow
Chief Officer, Japan Business Group

Gill A. Pratt
CEO, Toyota Research Institute, Inc.
Chief Scientist and Executive Fellow for Research

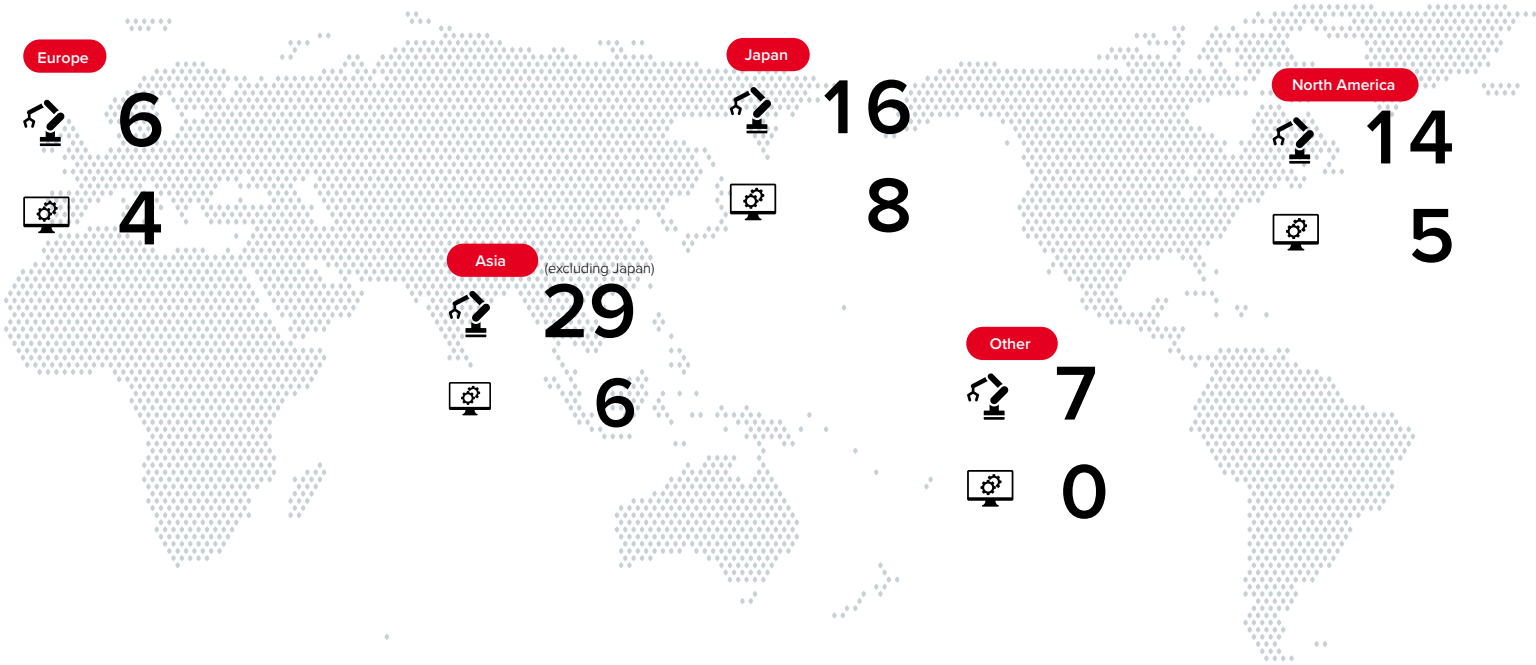
Masashi Asakura
Senior Fellow

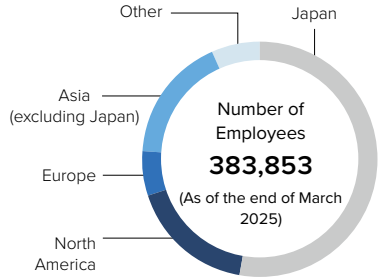
Overview of Operations

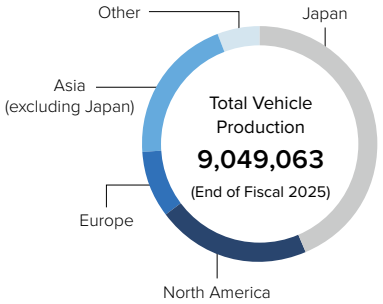
Global Network and Data by Region

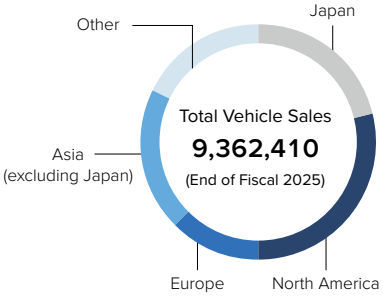
Number of Production Bases and Manufacturing Companies (As of January 31, 2026)

Number of R&D Sites (As of January 31, 2026)









Fiscal 2025 Financial Highlights (Consolidated)

The lower of each pair of figures represents the year-on-year change.

Consolidated Vehicle Sales
9,362 thousand
▼81 thousand

Sales Revenues
¥48,036.7 billion
▲¥2,941.3 billion

Operating Income
¥4,795.5 billion
▼¥557.3 billion

Net Income Attributable to Toyota Motor Corporation
¥4,765.0 billion
▼¥179.8 billion

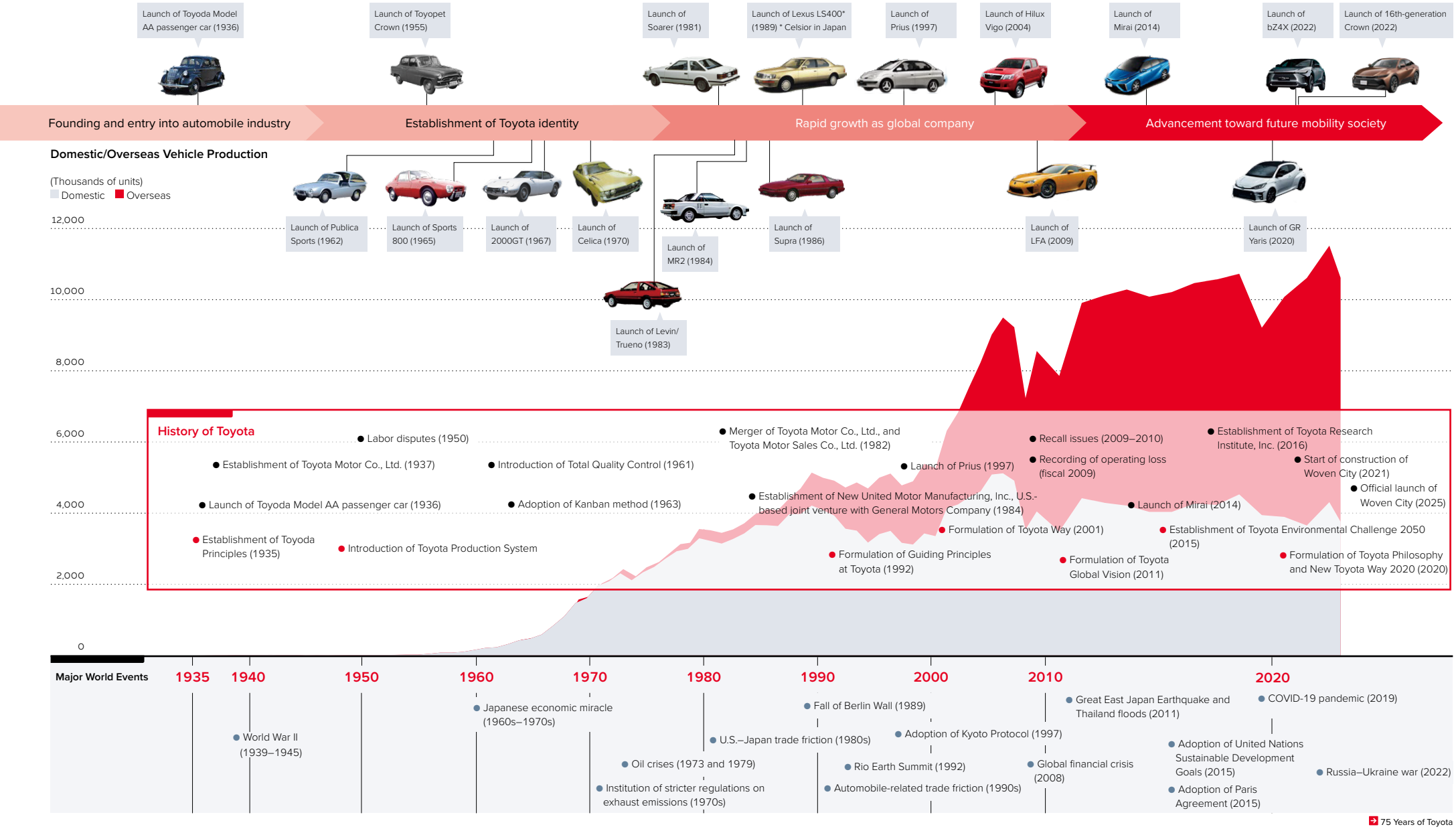
Total Liquid Assets
¥16,702.4 billion
▲¥1,622.9 billion

Total Shareholder Return
¥1,378.4 billion
▼¥733.3 billion

R&D Expenses
¥1,326.4 billion
▲¥124.1 billion

Capital Expenditures
¥2,134.8 billion
▲¥124.0 billion

History


Launch of Toyoda Model AA passenger car (1936)
Launch of Toyopet Crown (1955)
Launch of Soarer (1981)
Launch of Lexus LS400* (1989) * Celsior in Japan
Launch of Prius (1997)
Launch of Hilux Vigo (2004)
Launch of Mirai (2014)
Launch of bZ4X (2022)
Launch of 16th-generation Crown (2022)
Founding and entry into automobile industry
Establishment of Toyota identity
Rapid growth as global company
Advancement toward future mobility society
Domestic/Overseas Vehicle Production
(Thousands of units)
Domestic
Overseas
12,000
10,000
8,000
6,000
4,000
2,000
0
Launch of Publica Sports (1962)
Launch of Sports 800 (1965)
Launch of 2000GT (1967)
Launch of Celica (1970)
Launch of MR2 (1984)
Launch of Supra (1986)
Launch of LFA (2009)
Launch of GR Yaris (2020)
Launch of Levin/ Trueno (1983)
History of Toyota
Establishment of Toyoda Principles (1935)
Launch of Toyoda Model AA passenger car (1936)
Establishment of Toyota Motor Co., Ltd. (1937)
Introduction of Toyota Production System
Labor disputes (1950)
Introduction of Total Quality Control (1961)
Adoption of Kanban method (1963)
Merger of Toyota Motor Co., Ltd., and Toyota Motor Sales Co., Ltd. (1982)
Establishment of New United Motor Manufacturing, Inc., U.S.-based joint venture with General Motors Company (1984)
Formulation of Guiding Principles at Toyota (1992)
Launch of Prius (1997)
Formulation of Toyota Way (2001)
Recall issues (2009–2010)
Recording of operating loss (fiscal 2009)
Formulation of Toyota Global Vision (2011)
Launch of Mirai (2014)
Establishment of Toyota Research Institute, Inc. (2016)
Establishment of Toyota Environmental Challenge 2050 (2015)
Start of construction of Woven City (2021)
Official launch of Woven City (2025)
Formulation of Toyota Philosophy and New Toyota Way 2020 (2020)
Major World Events
1935
1940
1950
1960
1970
1980
1990
2000
2010
2020
World War II (1939–1945)
Japanese economic miracle (1960s–1970s)
Oil crises (1973 and 1979)
Institution of stricter regulations on exhaust emissions (1970s)
U.S.–Japan trade friction (1980s)
Fall of Berlin Wall (1989)
Rio Earth Summit (1992)
Automobile-related trade friction (1990s)
Adoption of Kyoto Protocol (1997)
Global financial crisis (2008)
Great East Japan Earthquake and Thailand floods (2011)
Adoption of United Nations Sustainable Development Goals (2015)
Adoption of Paris Agreement (2015)
COVID-19 pandemic (2019)
Russia–Ukraine war (2022)

Financial Summary (Consolidated)

Fiscal years ended March 31			U.S. GAAP					IFRS					
U.S. GAAP	IFRS		2016	2017	2018	2019	2020	2020	2021	2022	2023	2024	**2025**
Consolidated vehicle sales		(Thousands of units)	8,681	8,971	8,964	8,977	8,958	8,955	7,646	8,230	8,822	9,443	**9,362**
Foreign exchange rates (Average)	Yen to U.S. dollar rate		120	108	111	111	109	109	106	112	135	145	**153**
	Yen to euro rate		133	119	130	128	121	121	124	131	141	157	**164**
Net revenues	Sales revenues	(Billions of yen)	28,403.1	27,597.1	29,379.5	30,225.6	29,929.9	29,866.5	27,214.5	31,379.5	37,154.2	45,095.3	**48,036.7**
Operating income	Operating income	(Billions of yen)	2,853.9	1,994.3	2,399.8	2,467.5	2,442.8	2,399.2	2,197.7	2,995.6	2,725.0	5,352.9	**4,795.5**
Income before income taxes	Income before income taxes	(Billions of yen)	2,983.3	2,193.8	2,620.4	2,285.4	2,554.6	2,792.9	2,932.3	3,990.5	3,668.7	6,965.0	**6,414.5**
Net income*1	Net income attributable to Toyota Motor Corporation	(Billions of yen)	2,312.6	1,831.1	2,493.9	1,882.8	2,076.1	2,036.1	2,245.2	2,850.1	2,451.3	4,944.9	**4,765.0**
Common shares	Cash dividends	(Billions of yen)	645.5	627.5	642.6	626.8	610.8	610.8	671.0	718.2	816.9	1,011.7	**1,178.4**
	Cash dividends per share*2	(Yen)	42	42	44	44	44	44	48	52	60	75	**90**
	Payout ratio	(%)	28.3	34.6	26.1	33.8	29.9	30.2	29.8	25.3	33.4	20.4	**25.0**
Value of shares repurchased (Shareholder return basis)*3		(Billions of yen)	639.3	449.9	549.9	549.9	199.9	199.9	249.9	435.6	299.9	1,099.9	**199.9**
R&D expenses		(Billions of yen)	1,055.6	1,037.5	1,064.2	1,048.8	1,110.3	1,110.3	1,090.4	1,124.2	1,241.6	1,202.3	**1,326.4**
Depreciation expenses*4		(Billions of yen)	885.1	893.2	964.4	984.8	812.8	803.3*6	876.9	1,007.2	1,185.0	1,248.4	**1,360.5**
Capital expenditures*4		(Billions of yen)	1,292.5	1,211.8	1,302.7	1,465.8	1,393.0	1,372.3	1,293.2	1,343.0	1,605.8	2,010.8	**2,134.8**
Total liquid assets*5		(Billions of yen)	9,229.9	9,199.5	9,372.1	9,454.4	8,685.1	8,602.6	11,579.4	10,517.3	11,313.7	15,079.5	**16,702.4**
Total assets		(Billions of yen)	47,427.5	48,750.1	50,308.2	51,936.9	52,680.4	53,972.3	62,267.1	67,688.7	74,303.1	90,114.2	**93,601.3**
Toyota Motor Corporation shareholders' equity	Toyota Motor Corporation shareholders' equity	(Billions of yen)	16,746.9	17,514.8	18,735.9	19,348.1	20,060.6	20,618.8	23,404.5	26,245.9	28,338.7	34,220.9	**35,924.8**
Return on equity	Return on equity	(%)	13.8	10.6	13.7	9.8	10.4	10.0	10.2	11.5	9.0	15.8	**13.6**
Return on assets	Return on assets	(%)	4.9	3.8	5.0	3.7	4.0	3.8	3.9	4.4	3.5	6.0	**5.2**

*1 Figures for "Net income attributable to Toyota Motor Corporation" are displayed.
*2 Figures represent dividends per common share on a post-stock split basis (values for after the five-for-one stock split of shares of common stock conducted on October 1, 2021).
*3 Figures represent value of common shares repurchased (shareholder returns on net income attributable to Toyota Motor Corporation for the respective fiscal year, excluding shares constituting less than one unit that were purchased upon request and repurchases made to avoid the dilution of shares).
*4 Figures for depreciation expenses and capital expenditures do not include vehicles under operating leases and right-of-use assets.
*5 Figures represent cash and cash equivalents, time deposits, and investments in public and corporate bonds and trust funds, excluding those associated with the financial services business.
*6 Depreciation methods were revised in fiscal 2020.

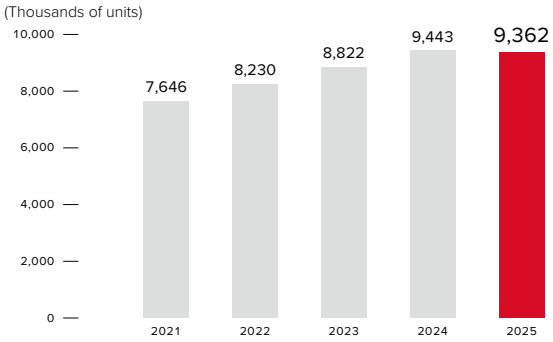
SEC Filings

Financial Summary (Consolidated) Note: Figures for fiscal 2021–fiscal 2025 are based on IFRS.

Consolidated Vehicle Sales

9,362 thousand

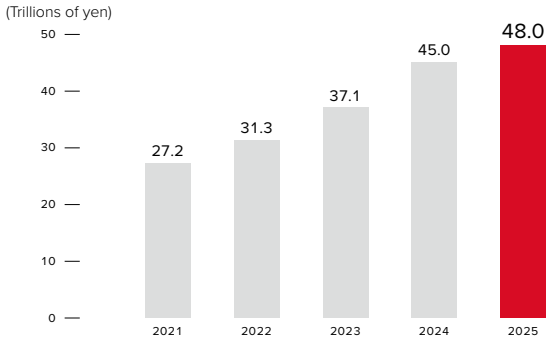
▼81 thousand



Sales Revenues

¥48.0 trillion

▲¥2.9 trillion

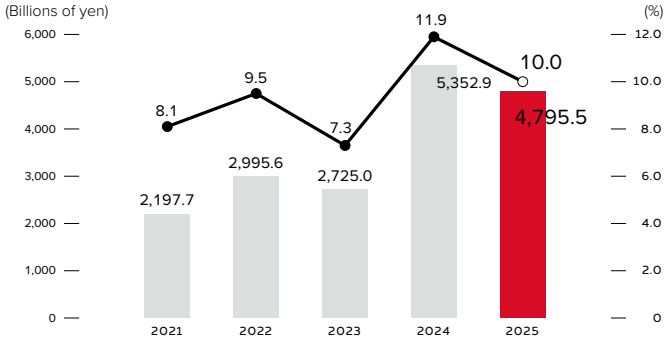


Operating Income

Operating income
Operating income ratio (right scale)

¥4,795.5 billion

▼¥557.3 billion

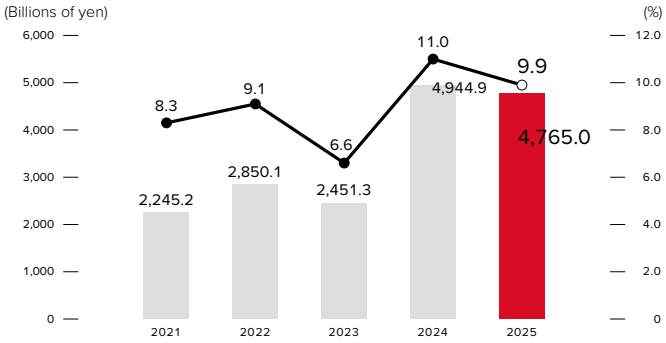


Net Income Attributable to Toyota Motor Corporation

Net income attributable to Toyota Motor Corporation
Net income ratio (right scale)

¥4,765.0 billion

▼¥179.8 billion

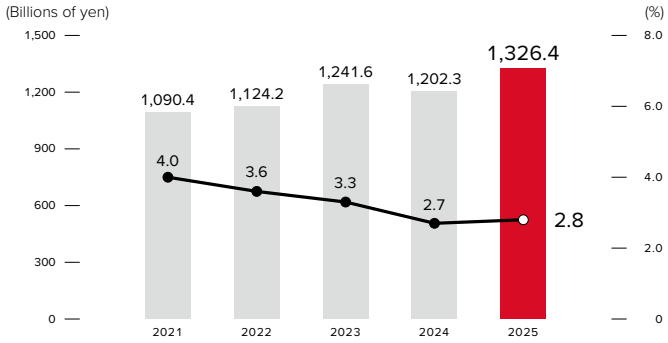


R&D Expenses*

R&D expenses
Ratio to sales revenues (right scale)

¥1,326.4 billion

▲¥124.1 billion

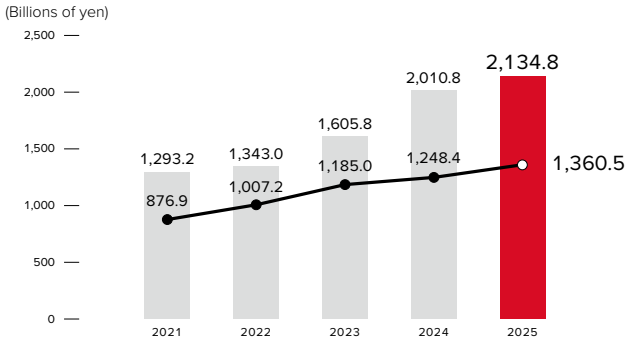


Capital Expenditures

Capital expenditures
Depreciation expenses

¥2,134.8 billion

▲¥124.0 billion



* R&D expenses incurred in connection with R&D activities during the respective fiscal year

Corporate Information and Stock Information (As of March 31, 2025)

Corporate Data

Company Name	Toyota Motor Corporation
Established	August 28, 1937
Capital	¥635,402 million
Fiscal Year-End	March 31
Accounting Auditor	PricewaterhouseCoopers Japan LLC
Number of Affiliates	**Consolidated subsidiaries:** 585 **Affiliates accounted for by the equity method:** 165
Number of Employees	383,853 (parent company: 71,515)

Stock Data

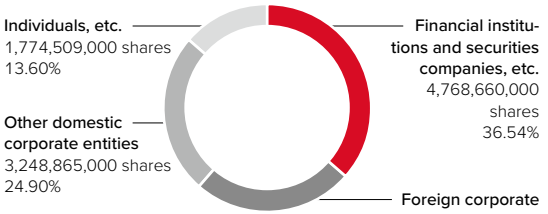
Number of Shares	Authorized 50,000,000,000
Number of Common Shares Issued	15,794,987,460
Number of Shareholders	1,184,935
Stock Listings	**Japan:** Tokyo, Nagoya **Overseas:** New York, London
Securities Code	**Japan:** 7203
American Depositary Receipts (ADRs)	**Ratio:** 1 ADR = 10 common shares **Symbol:** TM
Transfer Agent in Japan	Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikko-cho, Fuchu City, Tokyo 183-0044, Japan Japan toll-free: (0120) 232-711
Depository and Transfer	The Bank of New York Mellon Agent for ADRs 240 Greenwich Street, New York, NY 10286, United States

Major Shareholders

Name	Number of common shares (Thousands of shares)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd.	1,805,605	13.84
Toyota Industries Corporation	1,192,331	9.14
Custody Bank of Japan, Ltd.	811,647	6.22
Nippon Life Insurance Company	633,221	4.85
State Street Bank and Trust Company (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	572,148	4.38
JP Morgan Chase Bank, N.A. (Standing Proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	549,099	4.21
DENSO Corporation	449,576	3.45
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (Standing Proxy Sumitomo Banking Corporation)	335,788	2.57
TOYOTA FUDOSAN CO., LTD.	249,754	1.91
Mitsui Sumitomo Insurance Company, Limited	204,172	1.56

Note: Percentage of shareholding is calculated based on the total number of shares issued and outstanding, excluding treasury stock of 2,746,058 thousand shares.

Distribution of Shares Held and Percentage of Shareholding by Shareholder Type

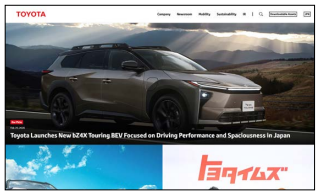


Note: Percentage of shareholding is calculated based on the total number of shares issued and outstanding, excluding treasury stock of 2,746,058 thousand shares.

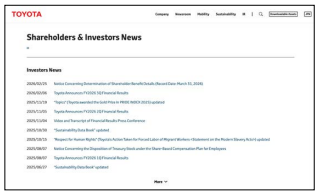
Contact Information

Head Office 1, Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan
Tel: (0565) 28-2121
Tokyo Head Office 1-4-18, Koraku, Bunkyo-ku, Tokyo 112-8701, Japan
Tel: (03) 3817-7111

Corporate Website



Corporate Information
https://global.toyota/en/

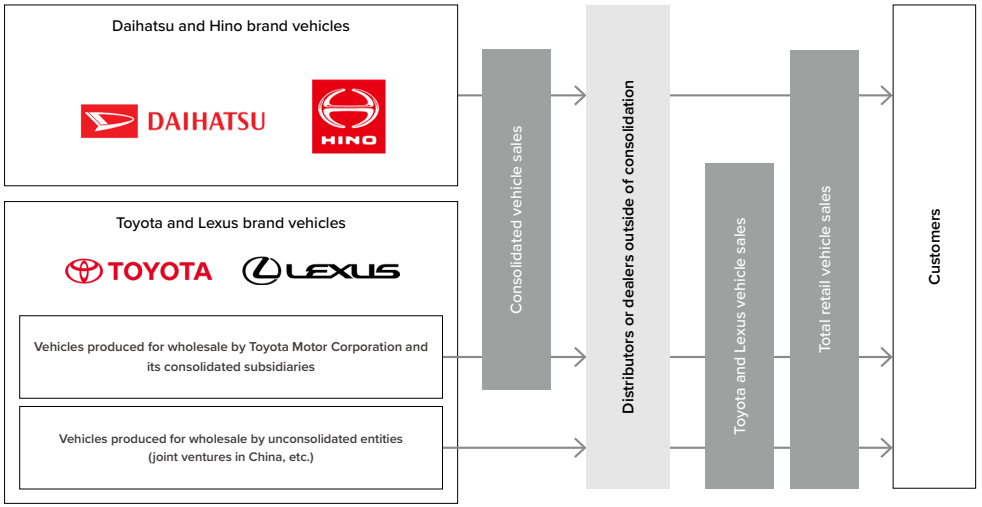


Investor Relations Information
https://global.toyota/en/ir/



Toyota Times
https://toyotatimes.jp/en/

Flow of Vehicle Sales



Note: In certain cases, vehicle sales are not conducted in accordance with the flow indicated above.

Cautionary Statement with Respect to Forward-Looking Statements

This report contains forward-looking statements that represent forecasts and other projections made by Toyota and its consolidated subsidiaries. These forward-looking statements reflect judgments and hypotheses made based on the information available at the time of publication of this report. Actual outcomes may differ significantly from these forward-looking statements due to uncertainties inherent in the aforementioned judgments and hypotheses or due to changes in future business policies, internal or external conditions, or other potential variable factors.

These uncertainties and variable factors include, but are not limited to, the following.

- Changes in economic conditions, market demand, or competition affecting the automotive markets of Japan, North America, Europe, Asia, or other markets in which Toyota operates
- Fluctuations in foreign exchange rates (particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro, the Australian dollar, the Canadian dollar, and the British pound), stock prices, or interest rates
- Changes in funding conditions in financial markets or increased competition in the financial services industry
- Changes in Toyota's ability to market and distribute effectively
- Changes in Toyota's ability to conduct production efficiently or to conduct capital investment at the levels and times planned by management
- Changes in the laws, regulations, or government policies in markets in which Toyota operates that affect the Company's automotive operations, particularly pertaining to remedial measures such as recalls and other aspects of vehicle safety, trade, environmental preservation, vehicle emissions, and vehicle fuel economy, or changes in the laws, regulations, or government policies that affect Toyota's other operations, including the outcomes of current and future litigation and other legal proceedings
- Political or economic instability in markets in which Toyota operates
- Changes in Toyota's ability to achieve timely development of new products that cater to customer needs and to secure market acceptance of these products
- Damage to Toyota's brand image
- Factors pertaining to Toyota's reliance on particular suppliers for the provision of supplies
- Increases in prices of raw materials
- Factors pertaining to Toyota's reliance on various digital and information technologies and on information security
- Fuel shortages, disruptions to electricity or transportation systems, labor strikes, work stoppages, or other disruption to, or difficulties in, securing labor in the major markets where Toyota purchases materials, components, or supplies for the production of its products or where its products are produced, distributed, or sold
- Impacts from natural disasters, epidemics, political or economic instability, fuel shortages, disruptions to social infrastructure, wars, acts of terrorism, or labor strikes, including their negative effects on Toyota's production and sales operations
- Impacts from climate change and the transition toward a low-carbon economy
- Changes in Toyota's ability to recruit or retain diverse and talented human resources

Details of these and other factors that may affect future outcomes can be found in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

SEC Filings

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Prefecture 471-8571, Japan
https://global.toyota/en

