

TOYOTA

**Toyota Motor Corporation
Woven Planet Bond Framework
(Sustainability Bond Framework)**

May 2023

Table of Contents

1. Introduction	1
2. Overview of Toyota	1
3. Approach to Woven Planet	2
4. Alignment with the Green Bond Principles 2018, Social Bond Principles 2020 and the Sustainability Bond Guidelines 2018.....	7
4.1 Use of Proceeds.....	7
4.2 Process for Project Evaluation and Selection...9	9
4.3 Management of the Proceeds	9
4.4 Reporting.....	10
5. External Review.....	10
5.1 Second Party Opinion	10

1. Introduction

Toyota Motor Corporation (“Toyota”) has collectively named bonds the proceeds of which are to be used for projects that contribute to solving environmental and social issues as “Woven Planet Bonds”. In March 2021, Toyota has developed the Woven Planet Bond Framework (Sustainability Bond Framework) (the “Framework”) specifically to issue Woven Planet Bonds which are sustainability bonds. The Framework was revised in May 2022, and this is the further revised edition developed in May 2023. Moody’s ESG Solutions, formerly known as Vigeo Eiris — an independent entity — has provided a second party opinion that the Framework is aligned with the Green Bond Principles (GBP) 2018, Social Bond Principles (SBP) 2020, and Sustainability Bond Guidelines (SBG) 2018 as administered by the International Capital Market Association (ICMA). Toyota has issued and intends to issue other bonds outside this Framework which were or will be also titled Woven Planet Bonds, the proceeds of which were mainly allocated to a wide range of initiatives related to the U.N. Sustainable Development Goals (SDGs). When used herein, the phrase “Woven Planet Bonds” refers only to those Woven Planet Bonds that are to be issued under the Framework.

2. Overview of Toyota

Since its founding, Toyota has maintained the Toyoda Precepts, or Five Main Principles of founder Sakichi Toyoda, and contributed to creating an affluent society through its business activities, with the aim of becoming a reliable corporate citizen in the international community. In this spirit, we have tackled various challenges in society. By applying the Toyota Production System and other technologies we have fostered in our monozukuri (manufacturing), we have developed the world's first commercial hybrid vehicle aimed at resolving environmental issues. We have also contributed to society by making "ever-better cars" that make our customers happy, which has led to the establishment of a stable business base. This virtuous circle has enabled us to achieve sustainable growth for our business activities.

Today, propelled by a series of technical innovations called CASE (Connected, Autonomous/Automated, Shared, and Electric), the automobile industry is entering a once-in-a-century transformational period. Taking advantage of this opportunity, Toyota is transforming itself from an automobile manufacturing company into a mobility company.

3. Approach to Woven Planet

Through the issuance of Woven Planet Bonds, we hope that many people around the world can deepen their understanding towards Toyota's "Woven Planet" initiatives.

The "Woven" of Woven Planet stems from the founding spirit that Sakichi Toyoda, Toyota Group's founder, had of "wanting to make his mother's work easier" when he invented the Toyoda Automatic Loom that led to the establishment of Toyota. The drive to serve others and make their work easier was a core value of Toyota that is carried on to today. "Woven Planet" initiatives represent Toyota's determination to move step by step toward the future in this Toyota's founding spirit and the SDGs spirit of "leaving no one behind."

It also means to "weave" together the "streets" that are necessary to support the development and implementation of autonomous driving and mobility services. Toyota will aim to create new services and products by connecting goods, information, and cities through software and connected technology centered on people.

Meanwhile, the "Planet" of Woven Planet comes from the ambition to leave a beautiful home for the next generation, which embodies the global perspective that Earth is our "home planet", similar to our hometown and home country. To contribute to the future, instead of conflicts, if each individual were united with the simple idea of "wanting to use one's strength for others", Toyota believe this would contribute to achievement of the SDGs.

Toyota Philosophy

The automobile industry is entering a once-in-a-century transformational period. In such times when the future is difficult to be foreseen, we have formulated the "Toyota Philosophy" as a signpost, for our employees worldwide and their families as well as for the next generation that will support the future of Toyota.

We have defined our mission as "Producing Happiness for All" in our Toyota Philosophy. Sakichi Toyoda invented an automatic loom and Kiichiro Toyoda took on the challenge of domestic car-making, which many at the time said was impossible. However, we believe that what they truly wanted to create was a sense of happiness for any customer who used their products, as well as happiness for all the people involved in creating it. We believe that even if we change what we produce, our pursuit of producing happiness will never change. We have also placed great importance on delivering our products at a "good quality and low price" to as many people as possible. "Mass Production" is what Toyota needs to do to be Toyota. Therefore, we will continue to focus on "Mass Production" and bringing "happiness for all".

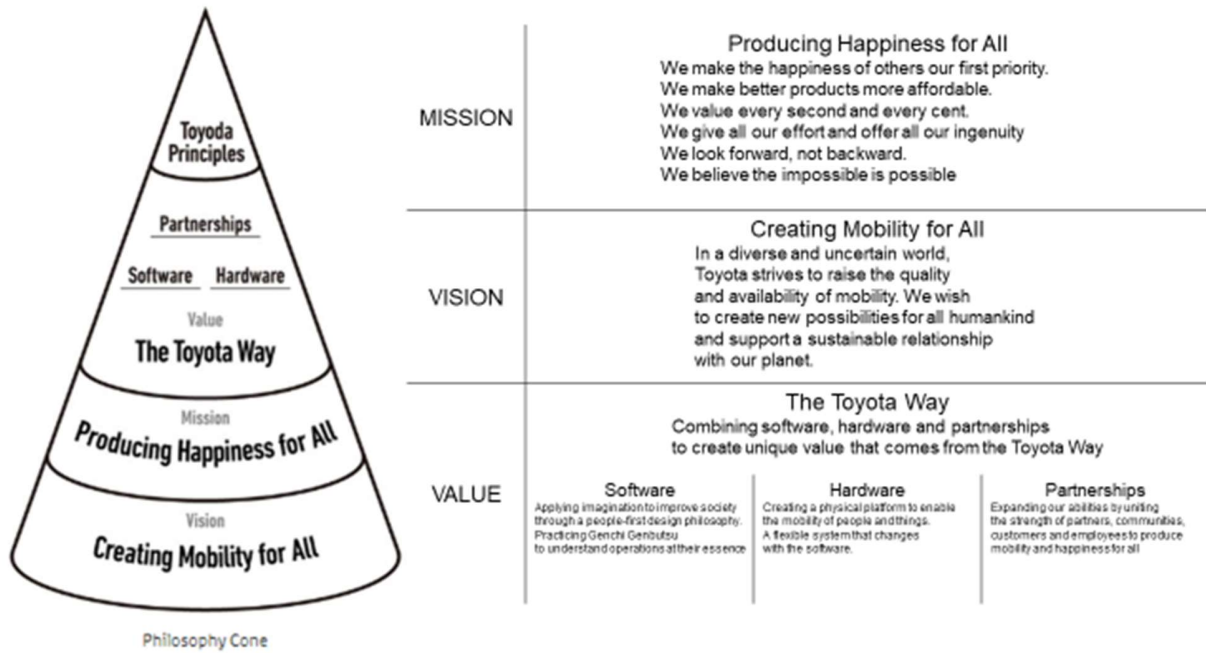
Next, to realize our mission, we defined our vision as "Create Mobility for All". We use the word "mobility" with an added meaning, that "each person should take action". We believe what's required for us is that each Toyota person, as a businessperson, and before that, as an individual, should take actions that lead to the happiness of humankind, including actions concerning the global environment.

Finally, we will continue to create irreplaceable value with various partners by both doing things the "Toyota Way", which is to relentlessly commit towards monozukuri (manufacturing), and by valuing imagination for people and society.

The Toyota Philosophy, which is a continuation of the Toyoda Precepts, is the very spirit of the SDGs of "leaving no one behind". We believe that management based on this philosophy will lead to

sustainable efforts toward achieving these goals along with the aim of international society to “make a better world”.

We would like to introduce some key approaches for “Woven Planet.”



Approach to Safety

Toward achieving a safe mobility society, Toyota believes it is important to promote an “Integrated Three Part Initiative”, involving people, vehicles and traffic environment, and pursue “Real-world Safety” by learning from actual accidents and incorporating that knowledge into vehicle development. Toyota has also defined its Integrated Safety Management Concept as the basic philosophy behind technologies toward achieving zero casualties from traffic accidents and is moving forward with developing safe vehicles.

To be more specific, at Toyota, we are working on installing the Toyota Safety Sense system that packages multiple active safety systems, including collision damage mitigation braking, in almost all our passenger vehicle models (in Japan, the United States, and Europe). We are also working on developing the Intelligent Clearance Sonar (ICS) (Parking Support Brakes [Stationary Objects]), which helps prevent accidents caused by pressing the wrong pedal led out of Japan. We have also developed a new sudden acceleration suppression system to help prevent accidents caused by pressing the wrong pedal in a road condition with no obstacles, which will be installed in subsequent Toyota vehicles.

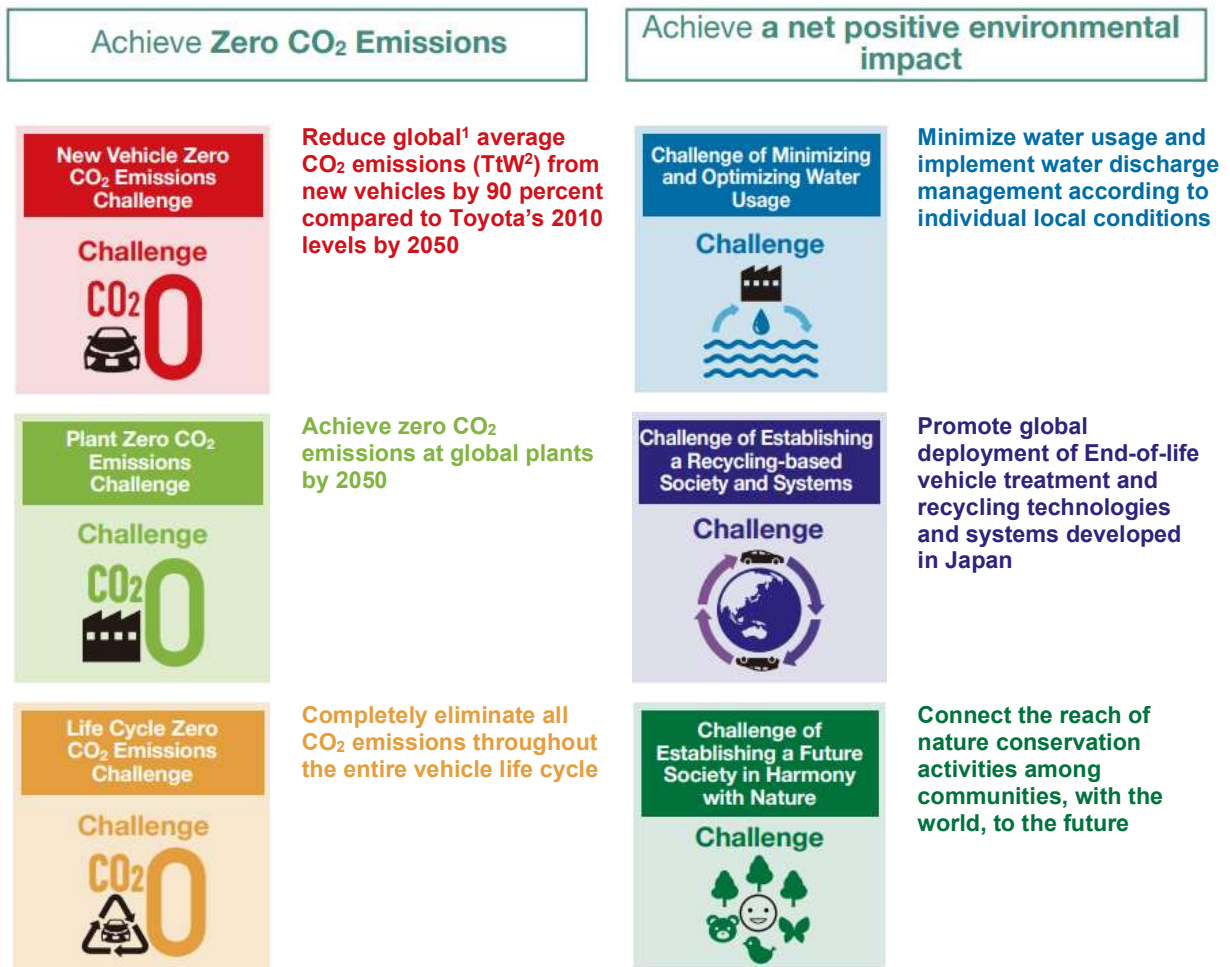
In real traffic environments, installation of the ICS in cars has reduced the number of accidents caused by pedal misapplication by about 70 percent. It has also been confirmed that the ICS in combination with Toyota Safety Sense has reduced rear-end collisions by about 90 percent (Japan, Toyota comparison).

In addition, Toyota’s passive safety technology combines a body structure that absorbs collision energy with devices that efficiently protect vehicle occupants to minimize collision damage. In 1995, Toyota set up unique, stringent internal goals related to passive safety performance called “Global Outstanding Assessment (GOA)” in the pursuit of world-leading safety levels and developed a collision-safety body and passenger protection devices. Since then, to maintain leadership in this field, Toyota has continued to advance GOA, improving the real-world safety performance of its vehicles with respect to a wide variety of accidents.

To help achieve zero casualties from traffic accidents, Toyota has been conducting research and development on automated driving technologies since the 1990s. Toyota’s unique approach to automated driving, called the “Mobility Teammate Concept,” seeks out a relationship between people and vehicles so that they can communicate and mutually improve one another as companions would. Based on this philosophy, Toyota is aiming to help build a world in which every person, including the elderly and the physically challenged, can enjoy mobility safely, easily and freely. The Lexus Teammate and Toyota Teammate are advanced drive support technologies developed based on the Mobility Teammate Concept. With the functions of Advanced Drive for drive support on motor highways and Advanced Park for parking support in parking lots, these technologies enable the driver and the car to collaborate in raising the safety level and drive with the sense of a high level of security while providing less tiring, comfortable travel through the destination.

Approach to Environment

Toyota has been continuously following public opinions and trends and considering what issues should be focused upon, and working on environmental issues with new ideas and technologies in anticipation of future issues. However, there are still many global environmental issues to be addressed including climate change, water shortages, resource depletion and loss of biodiversity. We announced the Toyota Environmental Challenge 2050 in October 2015 so that each one of us can face these issues and continue to tackle challenges from a long-term perspective of the world 20 and 30 years ahead. Based on the six challenges, we are taking measures with the aim of achieving zero CO₂ emissions and a net positive environmental impact, and will contribute to the realization of a sustainable society.



¹ Covered countries and regions include Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia

² Tank to Wheel: CO₂ emissions during driving (CO₂ emissions during the production stage of the fuel is not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)

In April 2021, Toyota proclaimed that it would address global-scale challenges to achieve carbon neutrality by 2050. When undertaking its business activities globally, Toyota plans to coordinate with national governments to establish environmental infrastructure for promoting electrification while implementing electrified vehicle strategies that contribute to reducing CO₂ throughout the entire life cycle. Toyota has sold a cumulative total of over 20.3 million electrified vehicles worldwide. As one of the early companies to respond to climate change risks, we have achieved a CO₂ emissions reduction of over 160 million tons. With regard to battery electric vehicles (BEVs), we began to introduce models with dedicated platforms starting in 2022. In consideration of region-specific electric power conditions, we are promoting electrification from all directions, including hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs), and fuel cell electric vehicles (FCEVs) in addition to BEVs. We will continue to respond to market changes and adjust our BEV sales forecasts accordingly. In this way, we plan to continue to promote the acceleration of the expansion of electrified vehicle adoption. In the production field, we announced that we aim to achieve carbon neutrality at our plants by 2035.

Woven City

Toyota announced the outline for the “Connected City” project at CES 2020 held in Las Vegas, Nevada, United States in January 2020. This project will expand the use of the site of Toyota Motor East Japan, Inc.’s Higashi-Fuji Factory to create a concept city where technologies such as autonomous driving, MaaS (Mobility as a Service), personal mobility, robotics, smart home technology and AI will be introduced and tested in a real world environment where people live. With a view toward an era of connected goods and services that support people’s lives, the project aims to continue creating value and business models by rotating swiftly between developments and testing of technologies and services in the city. Toyota named the city “Woven City” based on the concept of interwoven mesh of roads laid throughout the city. Woven City will be an “Ever-evolving City” where the shape of the city is constantly changing and improving, by adopting Toyota’s Kaizen approach — thinking that there is always a better way.

By centering around people and imagining the life of each individual and demonstrating future technologies in both the virtual and real worlds, we believe that it will be possible to maximize the potential of connecting people, buildings, vehicles and other goods and services in the city through information. We will work with various partner companies and researchers to create the new city in our quest to create an even-better way of life and mobility for all.

Woven City plays a major role in our effort towards “Woven Planet”. We believe that if everybody involved in Woven City plays his/her roles, we will become closer to achieving a mobility society that brings happiness around the world. Together with people everywhere, we would like to advance towards a better future one step at a time.

4. Alignment with the Green Bond Principles 2018, Social Bond Principles 2020 and the Sustainability Bond Guidelines 2018

Toyota has established the Woven Planet Bond Framework in alignment with the Green Bond Principles 2018, the Social Bond Principles 2020 and the Sustainability Bond Guidelines 2018 as administered by the International Capital Market Association (ICMA). Toyota’s Woven Planet Bonds will be issued based on the Framework.

4.1 Use of Proceeds

Toyota will allocate an amount equal to the net proceeds from the issuance of the Woven Planet Bonds to new or existing projects that meet at least one of the Eligibility Criteria set forth below (Eligible Projects). Eligible Projects are comprised of “Eligible Green Projects” and “Eligible Social Projects”. For allocation to existing projects, projects financed up to 36 months prior to the date of the bond issuance will be eligible.

Eligibility Criteria

1. Realization of a safe mobility society and providing mobility opportunities for vulnerable groups in terms of mobility (Eligible Social Project Categories)

Eligible Category	Eligibility Criteria	Target Population
Safety Technology	<p>Advanced Safety Technology³ and Advanced Driving Assistance Technology⁴</p> <p>Research & development and manufacturing cost for the development/manufacturing of “advanced safety technology³” and “advanced driving assistance technology⁴” towards realizing zero casualties from traffic accidents including the following:</p> <ul style="list-style-type: none"> • Pre-Collision System (PCS), which helps prevent collision or mitigate the damage to a preceding car or pedestrian • Lane Departure Alert (LDA), which contributes to the prevention of accidents caused by unintentional lane departures • Automatic High Beams (AHB), which help secure forward visibility at night 	Drivers / passengers / pedestrians (the general public including vulnerable groups in terms of mobility such as the elderly / children / people with disabilities)
Assisted Mobility Vehicles	<p>Assisted Mobility Vehicles</p> <p>Research & development and manufacturing cost for the development and manufacturing of assisted mobility vehicles designed to accommodate the elderly and people with disabilities (Welcab).</p>	Drivers / passengers (vulnerable groups in terms of mobility such as the elderly / people with disabilities)

³ Such as Toyota Safety Sense which has packaged functions considered effective in reducing serious traffic accidents causing death or injury.

⁴ Developed towards a society where everyone including the elderly and people with disabilities are able to drive safely, smoothly, and freely based on Toyota’s original “Mobility Teammate Concept”

2. Reduction of vehicle CO₂ emissions during driving (Eligible Green Project Category)

Eligible Category	Eligibility Criteria	Environmental Objective
Clean transportation	<p>Zero Emission Vehicles⁵</p> <p>Research & development, investments in property plant and equipment (PP&E) and manufacturing cost for the development/manufacturing of vehicle and components for “Battery Electric Vehicle (BEV)”</p> <p>Research & development, investments in property plant and equipment (PP&E) and manufacturing cost for the development/manufacturing of vehicle and components for “Fuel Cell Vehicle (FCEV)”</p>	Climate change mitigation

3. Reduction of CO₂ emissions from factories and offices⁶ (Eligible Green Project Category)

Eligible Category	Eligibility Criteria	Environmental Objective
Renewable Energy	<p>Increase Use of Renewable Energy</p> <ul style="list-style-type: none"> Investment in property plant and equipment (PP&E) towards renewable energy generation such as solar and wind Expenditures related to the purchase of renewable energy power etc.(including expenditures the purchase of renewable energy through PPA / VPPA⁷) Investment for the purchase of renewable energy power supply, businesses which generate renewable energy and funds which invest in renewable energy businesses 	Climate change mitigation

⁵ For the research & development cost where ZEV (zero-emission vehicles) is developed in the same project as a vehicle equipped with an internal combustion engine including Hybrid Electric Vehicle (HEV), and property plant and equipment (PP&E) investments where ZEV is produced in the same factory as a vehicle equipped with an internal combustion engine including HEV, the allocation amount will be calculated in proportion to the number of ZEVs.

⁶ For Scope1 and Scope 2 emissions.

Scope1: all direct Greenhouse Gas (GHG) emissions by a company (fuel combustion, industrial process).

Scope2: indirect GHG emissions from consumption of purchased electricity, heat or steam.

⁷ Power Purchase Agreement / Virtual Power Purchase Agreement

Exclusionary Criteria

Toyota has developed a list of exclusionary criteria to be applied to the allocation of the net proceeds from the issuance of the Woven Planet Bonds. In this regard, Toyota commits to not knowingly allocating such proceeds to projects that meet one of the following exclusionary criteria.

1. Investments in businesses/funds engaged in renewable energy projects that are deemed controversial due to potentially material environmental and/or social risks;
2. Investments in businesses/funds which operate/invest in energy other than renewables (fossil fuels).

4.2 Process for Project Evaluation and Selection

The following departments will cooperate and decide on the following items for the Eligible Projects to which the net proceeds from the issuance of the Woven Planet Bonds will be allocated.

Relevant departments

- Finance Division
- Capital Strategy & Affiliated Companies Finance Division
- Secretarial Division
- Environmental Affairs and Engineering Management Division
- R&D and Engineering Management Division
- Manufacturing Development Department

Decision items

- Evaluating the compliance of proposed projects with the eligibility criteria throughout the life of the bonds (with the policy of making only projects with positive long-term effects on the environment/society to be deemed Eligible Projects)
- Ensuring that the portfolio of Eligible Projects is aligned with the categories and eligibility criteria as specified in the “Use of Proceeds” section
- Replacing projects that no longer meet the eligibility criteria
- Confirming the content of the Framework, and reflecting/updating the relevant changes in Toyota’s business strategy, technology and market developments

4.3 Management of the Proceeds

Toyota’s relevant departments will allocate and manage the proceeds from the issuance of the Woven Planet Bonds to Eligible Projects. The Finance Division will also track and monitor an amount equal to the net proceeds from the issuance of the Woven Planet Bonds based on the Framework as well as periodically adjust to match allocations to applicable Eligible Projects when necessary. Any pending allocation will be invested temporarily in cash and cash equivalents. In case a project is cancelled or postponed, proceeds will be reallocated to projects that are compliant with the bond framework. Proceeds will be allocated within 24 months.

4.4 Reporting

Toyota will report on an annual basis until full allocation of the proceeds from the issuance of Woven Planet Bonds based on the Framework.

Allocation Reporting

Toyota will report, to the extent feasible, including the following components:

- A list of allocated Eligible Green/Social Projects at category level and the aggregated amount of allocation for each project;
- The sum of net proceeds allocated to Eligible Projects on a Fiscal Year basis (FY ending in March);
- The balance of any unallocated proceeds and information on how unallocated proceeds, if any, have been held in line with the guideline set forth in the “Management of the Proceeds”.

Impact Reporting

Toyota will strive to report on the environmental and social impact of Eligible Projects financed by the issuance of Woven Planet Bonds based on the Framework when feasible and subject to data availability:

Realization of a safe mobility society and providing mobility opportunities for vulnerable groups in terms of mobility	<ul style="list-style-type: none">• Number of vehicles produced with advanced safety technologies• Number of vehicles sold with advanced driving assistance technologies• Number of assisted mobility vehicles for the elderly and people with disabilities (Welcab) sold
Reduction of vehicle CO₂ emissions during driving	<ul style="list-style-type: none">• Number of zero-emission vehicles (BEV / FCEV) sold• Environmental impact such as CO₂ emissions reduced by zero-emission vehicles (BEV / FCEV) (comparison of emission (t-CO₂) between the conventional model and zero-emission vehicles (BEV / FCEV))
Reduction of CO₂ emissions from factories and offices	<ul style="list-style-type: none">• Renewable energy use rate in electricity usage• Annual amount of renewable energy consumed (GJ)• Environmental impact such as the achieved reduction in CO₂ emissions (reduction in total emissions (t-CO₂) or reduction amount per production unit (t-CO₂/unit) for Scope 1/Scope 2)

5. External Review

5.1 Second Party Opinion

Toyota retained Moody’s ESG Solutions to provide a Second Party Opinion (SPO) on the environmental and social benefits of the Framework, as well as the alignment to the GBP, SBP and SBG. The SPO is available on the opinion provider’s website.

Disclaimer

The information and opinions contained in the Framework are provided as at the date of the Framework and are subject to change without notice. None of Toyota Motor Corporation or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. The Framework represents current Toyota Motor Corporation policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. The Framework is intended to provide non-exhaustive, general information. The Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Toyota Motor Corporation and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Toyota Motor Corporation as to the fairness, accuracy, reasonableness or completeness of such information. The Framework may contain statements about future events and expectations that are forward-looking. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Woven Planet Bonds to fulfil the environmental, social or sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in the Framework or the relevant bond documentation for such Woven Planet Bonds regarding the use of proceeds, and its purchase of Woven Planet Bonds should be based upon such investigation as it deems necessary. Toyota Motor Corporation has set out its intended policy and actions in the Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Woven Planet Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such Woven Planet Bonds if Toyota Motor Corporation fails to adhere to the Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities that meet one or more of the exclusionary criteria specified in the Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental or social impacts as anticipated by the Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in the Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally or socially focused potential investor should be aware that Eligible Projects may not deliver the environmental, social or sustainability benefits anticipated, and may result in adverse impacts.