

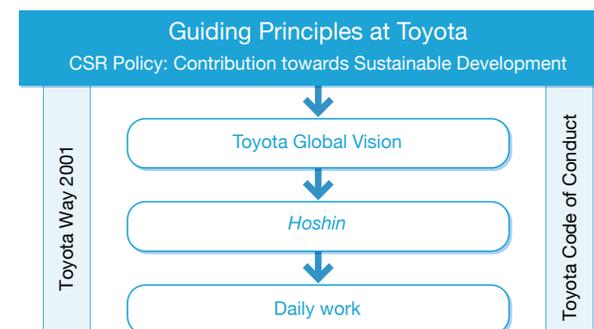
Corporate Principles

Toyota strives to be a good corporate citizen trusted by all stakeholders and to contribute to creating an affluent society through all its business operations. The corporate principles are explained as follows, with our basic values and mindset.

Five Main Principles of Toyoda

- Always be faithful to your duties, thereby contributing to the company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for spiritual matters, and remember to be grateful at all times.

Relationship with Philosophy, *Hoshin* and Regular Business Activities



Guiding Principles at Toyota

Since its foundation to the present day, Toyota has handed down the Five Main Principles of Toyoda released in October 1935 which embody the thinking of the founder of the Toyota Group, Sakichi Toyoda, and are the basis of corporate management.

In 1992, in response to changes in society and business structure, Toyota established the Guiding Principles (revised in April 1997) to clarify how Toyota is expected to be, based on the recognition that strong policies are important for finding the way to proceed, especially when the environment surrounding us is drastically changing.

Guiding Principles at Toyota

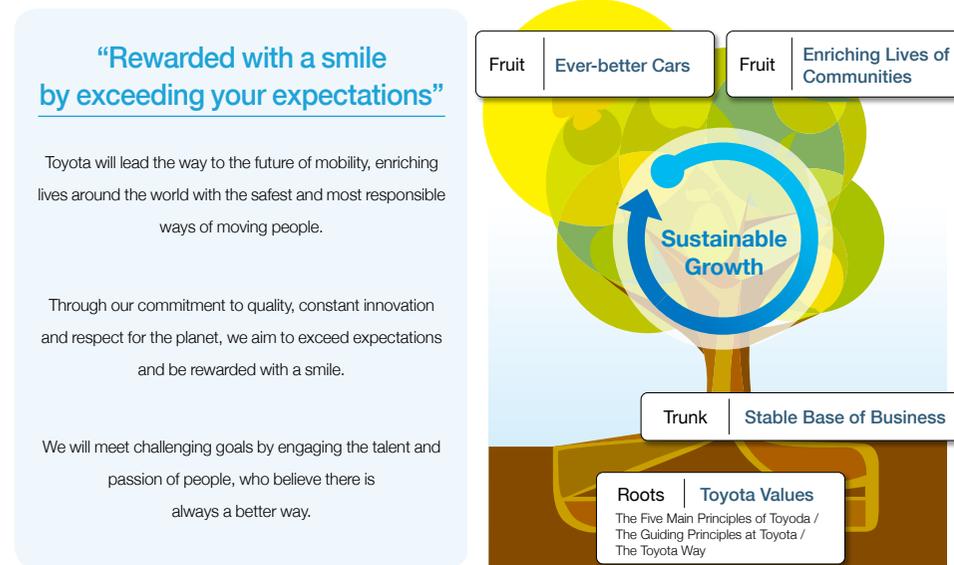
1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
6. Pursue growth through harmony with the global community via innovative management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

Toyota Global Vision

The Toyota Global Vision—announced in March 2011—reflects lessons learned from financial losses caused by the global economic crisis in 2008 and the series of recall issues of 2010. It reflects company-wide review and comprehensive discussions on how Toyota wants to be, and the kind of values it should esteem.

The Five Main Principles of Toyoda, the Guiding Principles at Toyota, and the Toyota Way 2001 are fundamental values of Toyota's corporate activities.

To be sustainable in society, we strive to implement a positive cycle of making ever-better cars that exceed customer expectations; contributing to Enriching lives of Communities by being rewarded with the smile of customers and communities; and achieving a stable business base.



Toyota Global Vision

[Web https://www.toyota-global.com/company/vision_philosophy/toyota_global_vision_2020.html](https://www.toyota-global.com/company/vision_philosophy/toyota_global_vision_2020.html)

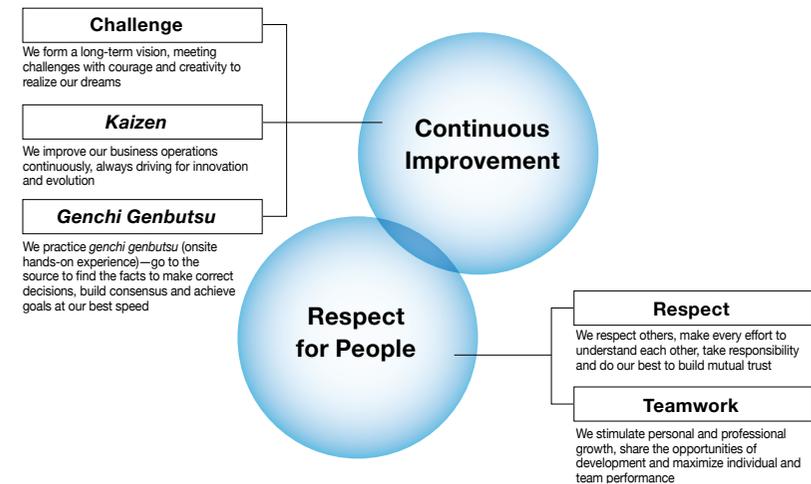
Toyota Way 2001

The Toyota Way 2001, defined in April 2001, clarifies the values and business methods that all employees should embrace in order to carry out the Guiding Principles at Toyota.

The Toyota Way is supported by two main pillars: “Continuous Improvement” and “Respect for People.”

Continuous Improvement means that we are never satisfied with where we are and always work to improve our business by putting forward new ideas and working to the best of our abilities.

Respect for People means that we respect all Toyota stakeholders and believe the success of our business is created by individual effort.



Toyota Code of Conduct

The Toyota Code of Conduct organizes the basic attitudes necessary for people working at the company and in society, providing a description of basic conducts. It also details what is required of employees and what needs to be kept in mind. Along with the Toyota Way 2001, it is essential that each employee carries out the Guiding Principles at Toyota and fulfills their social responsibilities.

Toyota Code of Conduct

[Web https://www.toyota-global.com/company/vision_philosophy/toyota_code_of_conduct.html](https://www.toyota-global.com/company/vision_philosophy/toyota_code_of_conduct.html)

Toyota Production System (TPS)

Toyota's vehicle production system is a way of "making things" that is sometimes referred to as a "lean manufacturing system" or a "Just-in-Time (JIT) system," and has come to be well known and studied worldwide. This production control system has been established based on many years of continuous improvements, with the objective of "making the vehicles ordered by customers in the quickest and most efficient way, in order to deliver the vehicles as quickly as possible."

The Toyota Production System (TPS) was established based on two concepts: The first is called *jidoka* (which can be loosely translated as "automation with a human touch") which means that when a problem occurs, the equipment stops immediately, preventing defective products from being produced; The second is the concept of "Just-in-Time," in which each process produces only what is needed by the next process in a continuous flow.

Based on the basic philosophies of *jidoka* and Just-in-Time, the TPS can efficiently and quickly produce vehicles of sound quality, one at a time, that fully satisfy customer requirements.

Toyota Production System Concept: Complete Elimination of *Muda* (Waste)

| <i>Jidoka</i> | Just-in-Time |
|--|--------------------------|
| Highlighting/visualization of problems | Productivity improvement |

[Web https://www.toyota-global.com/company/vision_philosophy/toyota_production_system/](https://www.toyota-global.com/company/vision_philosophy/toyota_production_system/)

Sustainability Policy

Toyota's CSR policy is an interpretation of the Guiding Principles at Toyota with a focus on relationships with stakeholders (established in January 2005, revised in August 2008). Toyota aims to build a corporate group that is admired and trusted by society through ensuring that all employees, including those at

consolidated subsidiaries, recognize and act on our sustainability policy. We also expect our business partners to embrace the spirit of our CSR policy and act in accordance with it.

CSR Policy: Contribution towards Sustainable Development

Preamble

We, Toyota Motor Corporation and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.

Customers

- Based on our philosophy of "Customer First," we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world. (Guiding Principles 3 and 4)
- We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country's privacy laws. (Guiding Principles 1)

Employees

- We respect our employees and believe that the success of our business is led by each individual's creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5)
- We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)
- We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principles 5)
- Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success

of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principles 5)

- Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)

Business Partners

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7)
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7)
- We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)

Shareholders

- We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)
- We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)

Global Society/Local Communities

Environment

- We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)

Community

- We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)
- We constantly search for safer, cleaner and superior technologies that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)
- We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)

Social Contribution

- Wherever we do business, we actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principles 2)

Structure

As the automotive industry faces once-in-a-century dramatic changes, it is a requirement to make ever quicker decisions and be ever more efficient with work. Meanwhile, stakeholder levels of expectation regarding non-financial issues, centered on the environment (E), society (S), and governance (G), are also increasing.

To respond to these changes, Toyota established its Sustainability Meeting in 2018. Chaired by the Chief Risk Officer, members include external directors and external auditors. The Meeting discusses non-financial issues from a range of angles, and confirms management directions.

We have also set up the ESG Committee within the Sustainability Meeting, in which the executive officers in charge lead discussions toward solving individual issues promptly.

Organization



Sustainability Issues

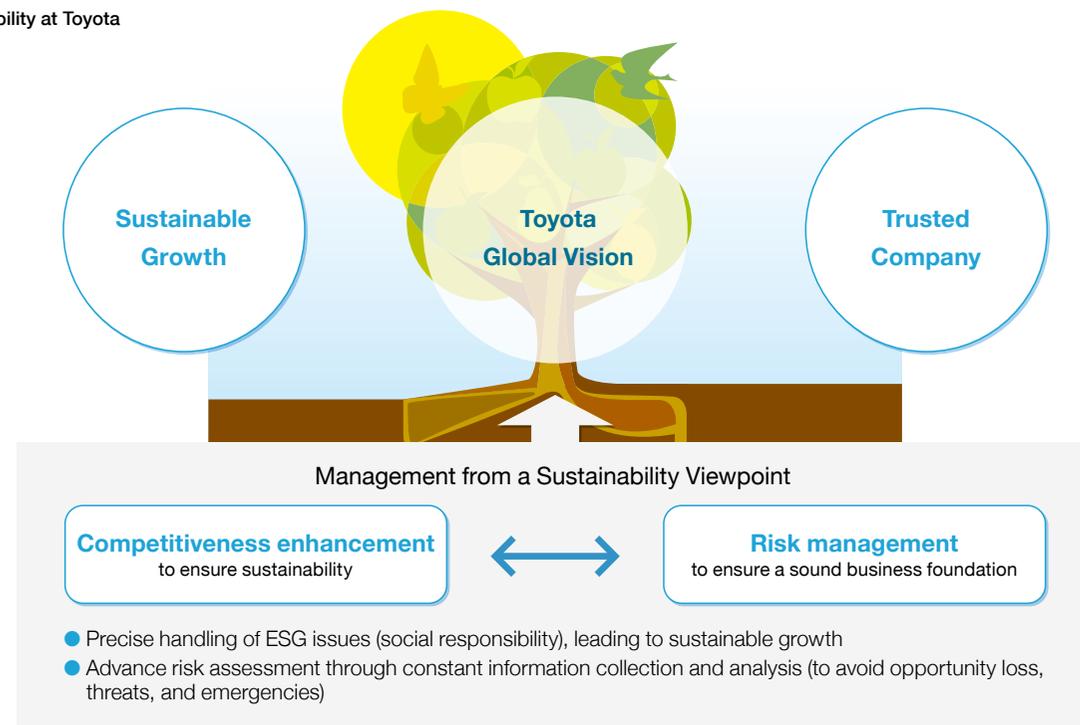
In line with the Five Main Principles of Toyoda and the Guiding Principles at Toyota, we aim to grow with the community as we have since our founding, however these days the automobile industry and the social environment are both changing greatly. To grow sustainably within this changing world, Toyota identifies sustainability issues based on the importance for our business and the expectations of our stakeholders in order to be a trusted company.

In defining sustainability issues, we are studying the business environment Toyota is acting according to internationally-agreed standards, such as the Paris Agreement¹, the UN Guiding Principles on Business and Human Rights², and Sustainable Development Goals (SDGs³), as well as expert advice. Thus we define issues to improve corporate value or strengthening management foundation and risk management.

Toyota checks progress on these issues periodically by discussing them in the Sustainability Meeting and the ESG Committee.

- ¹ An international framework on climate change adopted at the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change held in Paris in 2015, dealing with greenhouse-gas-emission mitigation starting in the year 2020.
- ² Global standards that must be respected by all countries and businesses, approved by the United Nations Human Rights Council in 2011.
- ³ Adopted at the United Nations Sustainable Development Summit, which was held in September 2015 and attended by more than 150 world leaders, these new sustainable development goals through 2030 consist of 17 goals and 169 targets.

Sustainability at Toyota



Sustainability Issues

E
Environment

Environmental Issues

Preventing global warming and sustainable growth

- Climate change
- Energy
- Water
- Waste

pp. 76-134

S
Social

Social Issues

Responding to diverse expectations from stakeholders

- Achieving a safe mobility society **pp. 13-26**
- Customer First and Quality First
- Creating a mobility society **pp. 27-43**
- Contributing to the local economy **p. 3**
- Local community involvement **p. 73**
- Responding to expectations from society regarding human rights **pp. 44-47**
- Ensuring customer privacy **p. 141**

G
Governance

Governance Compliance Risk Management

Preventing risk that could affect management

- Governance structure
- Ensuring compliance **pp. 136-144**
- Internal control to ensure appropriate operations
- Risk management

Common Issues

Information disclosure/collection

- Effective notification and dialogue for initiatives and progress **pp. 73-74**

Value chain

- Environmental matters **pp. 93-96** **pp. 107-112**
- Risk responses for new values, new businesses **pp. 139-141**

Supply chain

- Compliance, environmental and social activities **pp. 48-50** **pp. 126-127**

Initiatives Aligned with Global Society

Toyota is working on initiatives that contribute to sustainable development of society and the earth through all its business activities in cooperation with global society. At the root of this are the Five Main Principles of Toyota, passed down as the basis of our corporate management, and the Guiding Principles, which lay out how we are expected to be as a company. In 2011, we announced the Toyota Global Vision, which lays out how we want to be as a company, based on our experiences with the 2008 global financial crisis and the series of recalls we had in 2010.

These ideas and values of Toyota are in line with the aims of the UN Sustainable Development Goals (SDGs), which went into effect in January 2016. In the 17 goals, Toyota will contribute to solving global social issues by using its strengths by working to reduce traffic casualties (goal 3), building sustainable cities and communities and improving mobility (goal 11), and taking actions to address climate change (goal 13).

In addition, environmental issues are one of the key aspects of what Toyota sees as sustainability issues. With a view to the “under 2°C” scenario¹ agreed on in the Paris Agreement, we are promoting initiatives under the Toyota Environmental Challenge 2050. In 2018, we established our midterm goals and are tackling the challenges that make positive change for the environment.

In addition, Toyota is a founding member of the World Business Council for Sustainable Development (WBCSD²) In the Transforming Mobility project, which started in 2018, we intend to clarify issues with specialists, in order to incorporate the major environmental changes happening around cars such as sharing and autonomous driving into future mobility systems.

¹ At the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change held in Paris in 2015, efforts to reduce net emissions of CO₂, etc., to zero in the second half of this century were agreed upon with a long-term goal of keeping the rise in the global average temperature to well below 2°C compared to the pre-industrial revolution level.

² The World Business Council for Sustainable Development, headquartered in Geneva, conducts surveys and makes suggestions on economic growth, environmental preservation, and social development from a global perspective toward sustainable development. Around 200 companies from various industries around the world have joined the council. Since its inception in linkage with the Rio Earth Summit in 1992, the WBCSD has proposed the environmental management system “ISO 14000” and Eco-efficiency, a management philosophy that encourages business to search for environmental improvements that yield parallel economic benefits. The WBCSD also supports SDG-related initiatives.

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Initiatives for Contributing to SDGs (Examples)

| | | |
|---|---|---------------|
| Reducing traffic casualties (goal 3) | Active safety through Toyota Safety Sense <ul style="list-style-type: none"> The number of vehicles with Toyota Safety Sense has reached 8 million globally (as of April 2018) | p. 15 |
| Improved mobility and sustainable urban development (goal 11) | Realize a prosperous mobility society while eliminating disparities in mobility through the Toyota Mobility Fund. <ul style="list-style-type: none"> Example: Shift to multiple transportation modes, Vietnam | p. 37 |
| Responses to climate change (goal 13) | Toyota Environment Challenge 2050: New Vehicle Zero CO ₂ Emissions Challenge <ul style="list-style-type: none"> Accelerate development with the goal of selling more than 5.5 million electrified vehicles in 2030 (more than 1 million BEVs/FCEVs) | pp. 77–79, 89 |