

# Sustainability Data Book

The latest version

— Last update: May 2020 —

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## Editorial Policy

The Sustainability Data Book explains Toyota's sustainability approach and policies for ESG initiatives along with practical cases and numerical data, as a medium for specialists and those who are particularly interested in sustainability issues.

For Environment (E), a link to the Environmental Report—Toward Toyota Environmental Challenge 2050—, a booklet dedicated to reporting Toyota's environmental initiatives, is presented.

**Starting from fiscal 2021, the Sustainability Data Book, which has thus far only been released annually, will be updated whenever necessary so that the information can be disclosed in a more timely manner.**

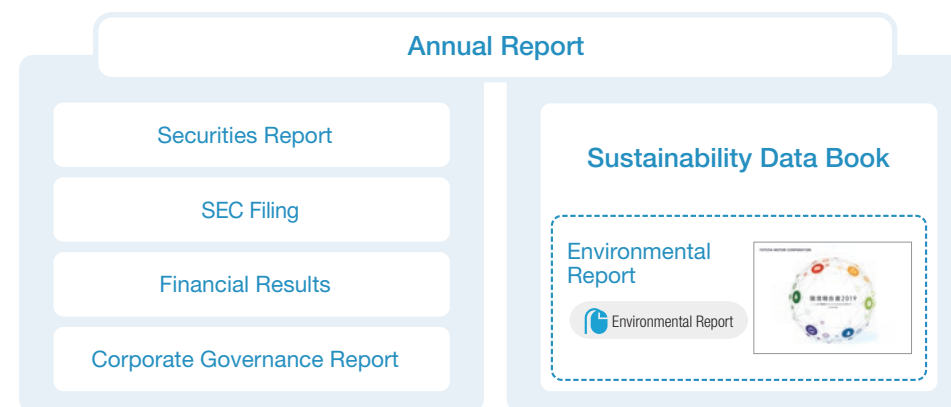
For update history, please see the following page.

### Period Covered

Focusing mainly on the results of initiatives implemented during the previous fiscal year, the contents are updated as necessary throughout the year. For updates made, the months are provided on the cover page.

### Scope of Report

Initiatives and activities of Toyota Motor Corporation (TMC) and its consolidated subsidiaries, etc., in Japan and overseas



### Disclosure of Information by Overseas Affiliates

Consolidated subsidiaries in a total of 16 countries and regions (including Japan) disclose detailed information on their company websites.

The information disclosed globally by these reports covers about 90 percent of Toyota vehicles sold worldwide.

### Reference Guidelines

- GRI Sustainability Reporting Guidelines [GRI Comparison Table](#)
- ISO 26000 Guidelines
- Task Force on Climate-related Financial Disclosures (TCFD) [TCFD Comparison Table](#)
- Environmental Reporting Guidelines (2018 version) by the Ministry of the Environment of Japan

## Update History

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September 2019 Sustainability Data Book 2019 issued

May 2020

- P1 Editorial Policy
- P11 Environment
- P27-28 Respect for Human Rights
- P43 Diversity and Inclusion

Excerpted from the Sustainability Data Book 2019 with a link to the separate Environmental Report.  
Initiatives for Responsible Mineral Sourcing (Added cobalt)  
The Promotion of Female Employee Participation and Advancement in the Workplace Action Plan

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## Environment



## Society

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## Overview of Toyota Motor Corporation

### Company Profile

Company Name	Toyota Motor Corporation
President and Representative Director	Akio Toyoda
Company Address	Head Office 1 Toyota-cho, Toyota City, Aichi Prefecture, Japan Tokyo Head Office 1-4-18 Koraku, Bunkyo-ku, Tokyo, Japan Nagoya Office 4-7-1 Meieki, Nakamura-ku, Nagoya City, Aichi Prefecture, Japan
Date Founded	August 28, 1937
Capital	635.4 billion yen (as of the end of March, 2019)
Main Business Activities	Motor Vehicle Production and Sales
No. of Employees (consolidated)	370,870 (as of the end of March, 2019)
No. of Consolidated Subsidiaries	608 (as of the end of March, 2019)
No. of Affiliates Accounted for under the Equity Method	63 (as of March 31, 2019)

### Non-automotive Business



#### Financial Services

Provides financial services for vehicle loans and leasing in more than 30 countries and regions worldwide.



#### Housing

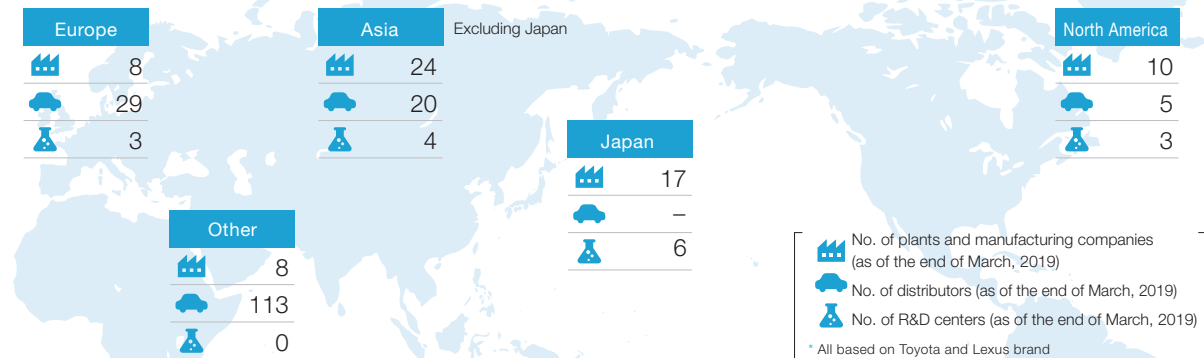
Consolidating the Toyota Group's knowledge to offer a wide variety of housing services to meet different customer needs.



#### Other Business

Toyota is also involved in marine businesses, as well as biotechnology and afforestation businesses.

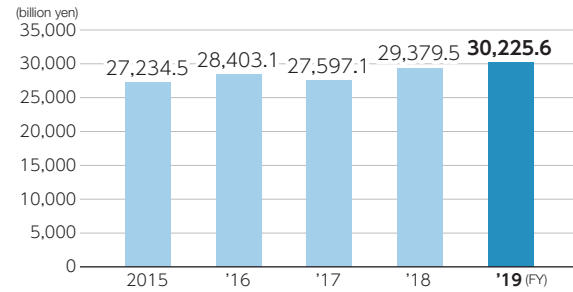
### Global/Regional Data



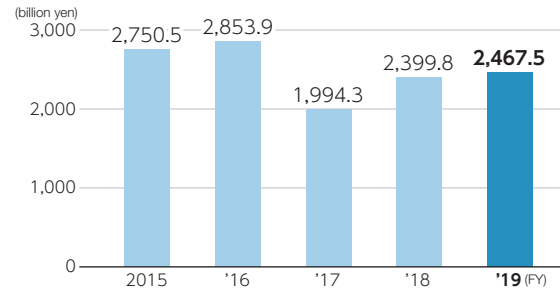
	No. of employees (as of March 31, 2019)	No. of vehicles produced (FY2019)	No. of vehicles sold (FY2019)
Japan	370,870	8,985,186	8,976,795
North America	58%	48%	25%
Europe	13%	20%	31%
Asia	6%	8%	11%
Other	17%	19%	19%
	6%	5%	15%

## Consolidated Financial Highlights Based on U.S. GAAP—Generally Accepted Accounting Principles (Financial Years Ended March 31)

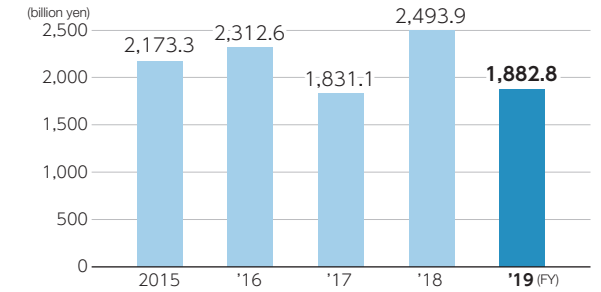
### Net Revenues



### Operating Income

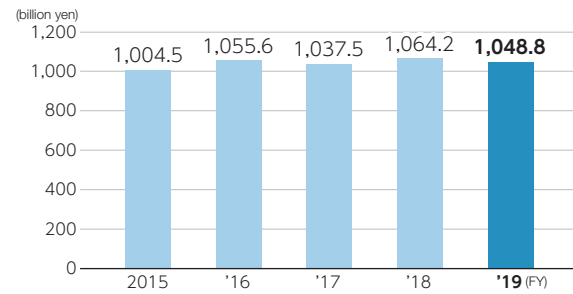


### Net Income

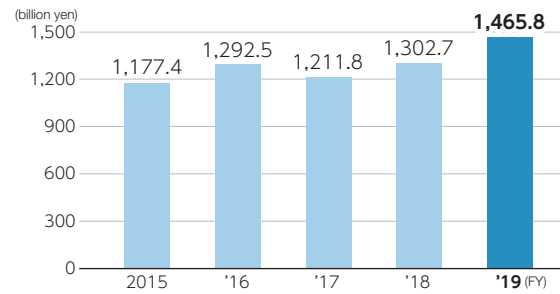


• Shows the net income attributable to the shareholders of Toyota Motor Corporation

### R&D Expenses



### Capital Investment



• Capital investment excludes vehicles and equipment on operating leases

## Corporate Principles

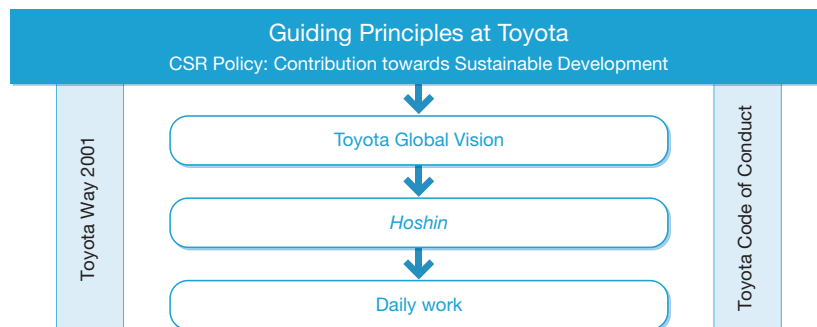
### Fundamental Approach

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* (Yearly plan) 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 Toyota Group founder, 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 at Toyota (revised in April 1997) to clarify how Toyota is expected to act, 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 country and region, and undertake open and fair business activities to be a strong corporate citizen of the world.
2. Respect the culture and customs of every country and region, 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 manufacturing to achieve stable, long-term growth and mutual benefits, while remaining open to new partnerships.

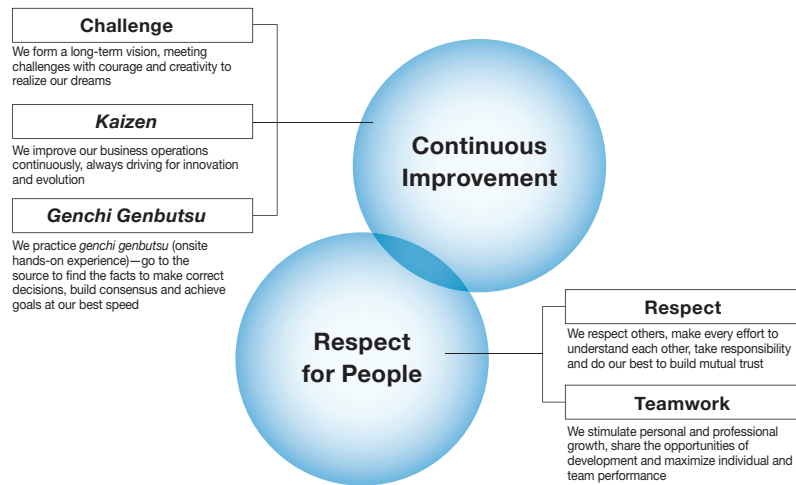
## Toyota Way 2001

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 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 Toyota, the Guiding Principles at Toyota, and the Toyota Way 2001 are fundamental values of Toyota’s corporate activities.

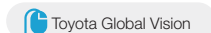
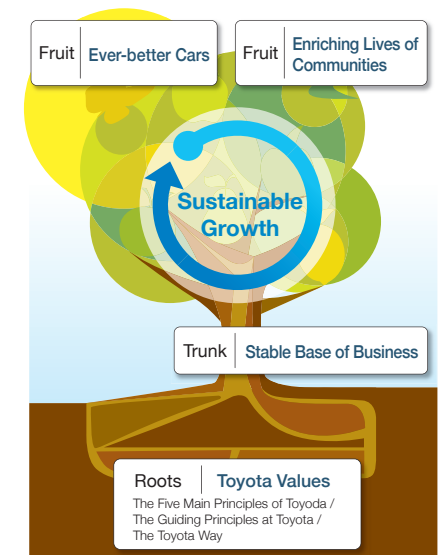
To be sustainable in society, we strive to implement a positive cycle of making ever-better cars that exceed customer expectations; contributing to Enriching lives of Communities by being rewarded with the smile of customers and communities; and achieving a stable business base.

**“Rewarded with a smile by exceeding your expectations”**

Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people.

Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile.

We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way.





## Sustainability Policy

The Toyota CSR policy is an adaption of the Guiding Principles at Toyota and brings in focus our 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) (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)

#### Local Communities/Global Society

##### 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)

## Organization for Solving Sustainability Issues

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 outside directors and outside auditors. The Meeting discusses non-financial issues from a range of angles, and confirms management directions.

### Organization



## Initiatives Aligned with Global Society

Toyota is working on initiatives that contribute to the sustainable development of society and the world through all its business activities in cooperation with global society. At the root of these initiatives 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. Toyota's ideas and values are in line with the aims of the UN Sustainable Development Goals (SDGs), which went into effect in January 2016.

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" scenario\* agreed on in the Paris Agreement, we are promoting initiatives under the Toyota Environmental Challenge 2050.

\* 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 CO<sub>2</sub>, 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 preindustrial revolution level.

### SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



## Stakeholder-oriented Management

In the preamble of its CSR Policy, Toyota declares that it will engage in stakeholder-oriented management in order to contribute to sustainable development and strive to maintain and develop sound relationships with stakeholders through open and fair communications.

Specifically, Toyota's relevant divisions and offices all over the world act as the main contacts to hold dialogues with major stakeholders. They communicate Toyota's philosophy and also help deepen mutual understanding.

Additionally, Toyota maintains communication with external experts in order to examine, for example, the direction of its sustainability-related initiatives.

Toyota will continue to further strengthen dialogue with stakeholders to earnestly address society's expectations and to utilize them in our future initiatives.


**Implementation Status of Stakeholder Engagement**

Stakeholder	Communication Methods	Frequency	Description	Incorporation into Corporate Activities	
Customers	Based on our "Customer First" philosophy, we take measures to incorporate the comments and opinions of customers into better products and services	Toyota Customer Assistance Center	As needed	Responding to customer opinions by telephone and email forms	Improving customer satisfaction activities
		Official website, product website	As needed	Disseminating company information and business details, providing FAQ, etc.	Improving customer satisfaction activities
		Information sharing through social media	As needed	Disseminating company information and business details	Disseminating information in response to customer demand
Employees	Bilateral communications to build teamwork and foster a sense of unity based on a labor-management relationship founded on mutual trust and responsibility	Joint labor-management roundtable conferences/Labor-management meetings	Several times a year	Discussions/negotiations, opinion exchanges and mutual understanding regarding labor-management issues	Strengthening labor-management relationships
		Employee satisfaction survey	Once or twice every two years	Surveying employees' satisfaction regarding workplace culture and company life	Improving workplace culture, and evaluating and planning various labor-management and personnel policies
Business Partners	Close communication to achieve a mutually beneficial relationship based on mutual trust	Dealers: Various meetings, seminars, and events	As needed	Sharing corporate policies	Building closer, mutually beneficial relationships based on mutual trust
		Suppliers: Supplier convention, various meetings with supplier associations, seminars, and events	As needed	Sharing purchasing policies, and strengthening of mutual study and partnership	
Shareholders	Timely and appropriate disclosure of operation and financial results to shareholders and investors, and constructive dialogues toward sustained growth and corporate value enhancement	Shareholders' Meeting	Once a year	Unconsolidated and consolidated financial statements, audit and supervisory board reports, and deliberation and decisions on resolutions	Improving management quality through constructive dialogues
		Financial results announcement	Four times a year	Press and telephone conferences to explain Toyota's financial status and initiatives	
		Face to face meeting	As needed	Explanation and discussion on financial status, local projects, technologies, products, etc. with institutional and private investors	
		Investor information website, etc.	As needed	Providing information on financial status, business details, etc. Website "T-ROAD," with President's messages	
Local Communities/ Global Society	Dialogue with various stakeholders to build good relationships with local communities and to solve global social and environmental issues	Roundtable conferences with local residents	Several times a year	Explanation and discussions with local representatives on Toyota's initiatives at each plant	Promoting mutual understanding and forming stable local communities
		Inviting local communities to Toyota's events and participating in local events	As needed	Social gatherings with local residents	
		Participating in joint projects between public and private sectors	As needed	Cooperating in progressive initiatives such as verification tests	Improving advanced technologies and recognizing/resolving social issues
		Participating in economic and industry organizations	As needed	Participating in the planning and implementation phases of various organizations' initiatives A founding member of the World Business Council for Sustainable Development (WBCSD)	Introducing policies to improve the vitality of the nation industries
		Participating in collaborative activities with NGOs and NPOs	As needed	Social contribution activities at each region around the world	Recognizing social needs in individual regions

# Environment

For details of our initiatives in the Environment segment, please see the Environmental Report.



 Environmental Report

# Society

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## Initiatives for Improving Traffic Safety

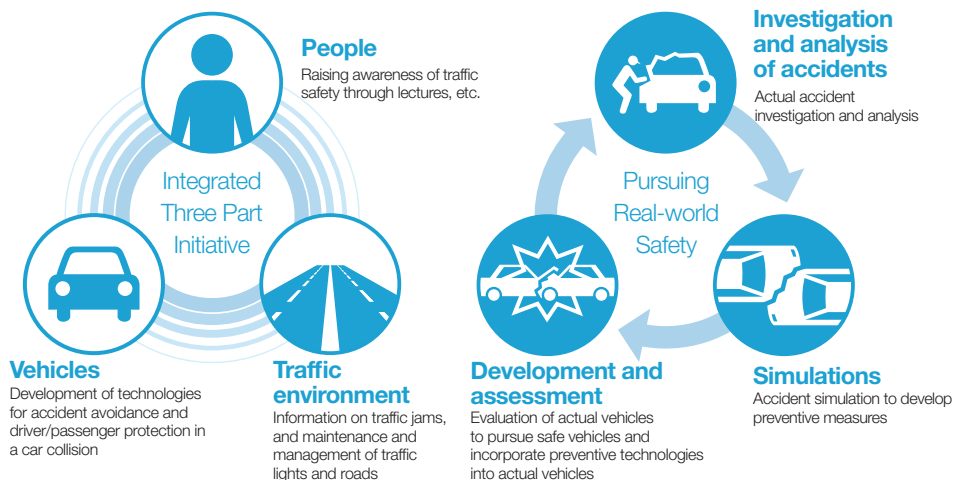
### Fundamental Approach

According to a World Health Organization (WHO) survey\*, 1.35 million people worldwide died in traffic accidents. While the number of deaths due to traffic accidents has been decreasing slightly in Japan, the United States and Europe, it has been constantly increasing in emerging nations and regions where traffic safety education and transportation infrastructure have not kept up with increases in the number of cars on the road. Unless countermeasures are implemented, traffic fatalities are predicted to become the seventh leading cause of accidental death by 2030.

In order to achieve Toyota's ultimate goal of Zero Casualties from Traffic Accidents, the development of safe vehicles is of course important, but it is also essential to educate people, namely drivers and pedestrians, and to ensure safe traffic infrastructure including traffic signals and roads.

Toward achieving a safe mobility society, Toyota believes it is important to promote an Integrated Three Part Initiative, involving people, vehicles, and the traffic environment, as well as to 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 the elimination of traffic casualties and is moving forward with developing such technologies.

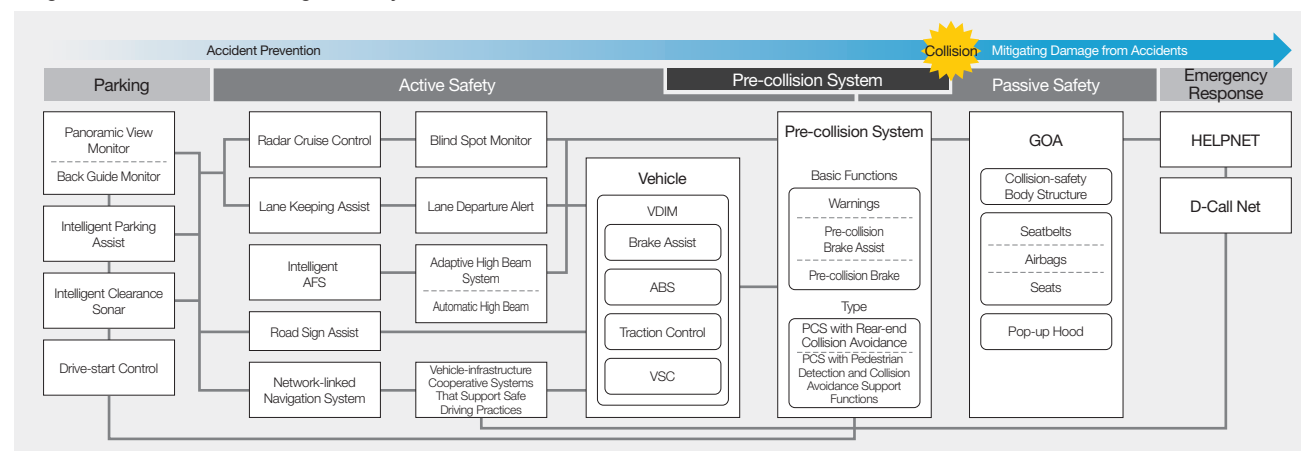
\* Source: Global status report on road safety 2018, WHO



### Integrated Safety Management Concept

Toyota provides optimum driver support for each stage of driving, from parking to normal operation, the accident itself, the pre-and post-crash timeframe, and post-accident rescue. Toyota's approach is to enhance safety levels through strengthening inter-system coordination rather than seeing each system separately. These are the approaches behind our Integrated Safety Management Concept.

### Integration of Individual Technologies and Systems



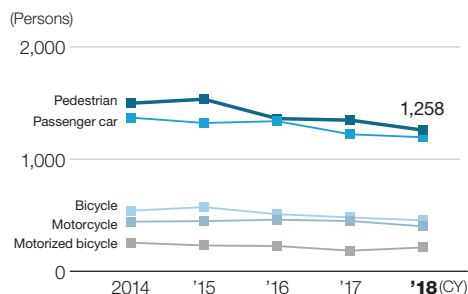
## Actual Status of Traffic Accidents and Toyota's Safety Technology

There were 3,532 traffic fatalities in Japan in 2018, a drop of 162 people over the previous year. This was the lowest number since the National Police Agency began keeping records in 1948. Classified by road users, pedestrians accounted for the largest number of deaths, with the percentage of fatalities among the elderly (65 years or older) increasing yearly.

Another emerging issue is accidents caused by drivers pressing the accelerator by mistake instead of the brake in parking lots, or driving the wrong way down expressways, which are both more common among the elderly. This is becoming a major social issue.

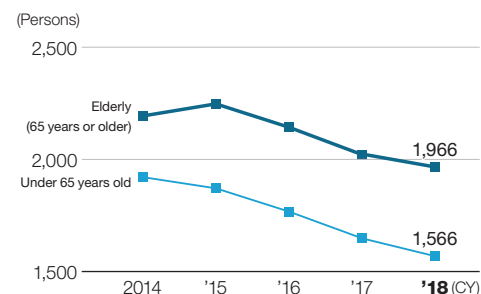
For this reason, more and more attention is being given to active safety technologies that help prevent accidents in addition to the existing passive safety features. At Toyota, we are working on installing the Toyota Safety Sense system that packages multiple active safety systems, including collision damage mitigation braking, in almost all our passenger vehicle models. 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.

Number of Traffic Fatalities by Accident Type



Source: Status of traffic fatalities within 30 days of the accident in 2018, National Police Agency

Number of Traffic Fatalities of the Elderly (65 Years or Older)



Source: On the number of traffic fatalities during 2018, National Police Agency

## Active Safety

### Toyota Safety Sense (Active Safety Package)

The Toyota Safety Sense system incorporates three major functions considered effective in reducing serious traffic accidents causing death or injury. It packages multiple active safety functions, based around Pre-collision Safety (PCS), which works to either help avoid collisions with cars ahead or pedestrians, Lane Departure Alert (LDA), which contributes to preventing accidents caused by leaving the lane, and Automatic High Beam (AHB), which helps ensure clear sight in front at night.

In January 2018, functions for detecting nighttime pedestrians and daytime crossing cyclists were added to the Alphard and Vellfire. Additionally, adoption of the advanced driving support feature Lane Tracing Assist (LTA), which can lead to autonomous driving, will help reduce the load on the driver on highways. Since its market launch in 2015, Toyota Safety Sense has been installed in a total of more than 10 million vehicles globally (as of October 2018).

Toyota Safety Sense is now available on nearly all passenger cars (as standard or option) in the Japanese, United States, and European markets. It has also been introduced in a total of 68 countries and regions, including China, other select Asian countries, the Middle East, and Australia.

### Pedal Misapplication Prevention System

About 30 percent of all traffic accidents are said to occur in parking lots.<sup>1</sup> Furthermore, drivers who are 75 years or older tend to be responsible for a large percentage of accidents caused by pedal misapplication in parking lots and other areas.<sup>2</sup> To help remedy this situation, Toyota has so far installed ICS in approximately 90 percent of all vehicles sold, including compact cars.

Meanwhile, as for vehicles that are already owned by customers, Toyota is successively expanding the number of vehicle models that can be retrofitted with the pedal misapplication prevention system. We began selling the pedal misapplication prevention system in December 2018 targeting five vehicle models already on the market, and plan to successively expand the number of targeted vehicle models to 12 by the end of 2019.

<sup>1</sup> Source: Statistics of Parking Lot Accidents (statistics from six prefectures in Tohoku Region), The General Insurance Association of Japan

<sup>2</sup> Source: ITARDA INFORMATION No. 124 - Traffic Accident Analysis Report, issued in February 2018, Institute for Traffic Accident Research and Data Analysis (ITARDA)

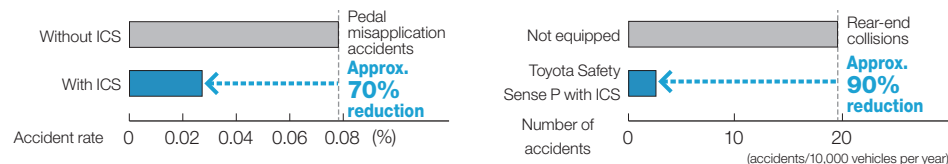


Display of the pedal misapplication prevention system for retrofitting

## Accident Reduction Effects

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 (Toyota comparison).

### Effects of Toyota Safety Sense P and ICS on Accident Reduction



\* Based on an analysis of accidents occurring in parking lots involving the Alphard, Vellfire, and Prius  
Based on a survey of data concerning approximately 2,500 accidents from insurance companies that cover the policies for about 60,000 of the above-mentioned vehicle models  
• Subject vehicle series: Alphard, Vellfire, Prius  
• Survey period: January 2015–June 2016  
• Survey subjects: Approximately 63,000 vehicles, of which 26,000 were equipped with ICS (42%)  
\* Pedal misapplication was identified as the accident cause based on customer reports

\* Based on an analysis of ITARDA data  
The accident incidence rate is calculated by dividing the number of accidents by the number of vehicles in operation (converted from the number of vehicles sold based on the timing of sale)  
• Subject vehicle series: Prius  
• Survey period: December 2015–December 2016  
• Survey subjects: Approximately 247,000 vehicles, of which approximately 84,000 were equipped with Toyota Safety Sense P, and approximately 121,000 were equipped with Toyota Safety Sense P and ICS

## Passive Safety

Passive safety combines a body structure that absorbs collision energy with devices that efficiently protect the vehicle occupants in order to minimize collision damage.

In 1995, Toyota set up unique, stringent internal goals related to passive safety performance called “Global Outstanding Assessment (GOA),” in order to pursue 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 safety performance of its vehicles in a wide variety of accidents.

To analyze the human body injury mechanism, we developed and evolved Total Human Model for Safety (THUMS), a virtual human body model that simulates effects on human bodies that cannot be measured using dummies. THUMS has been utilized in predicting injuries to the various parts of the human body. Furthermore, based on our Integrated Safety Management Concept, we are working on technology development for preventive link functions that operate protective devices in a collision by linking with the Pre-collision Safety (PCS) system. We have developed functions that prepare to deploy the seatbelt mechanism or SRS\* side & curtain shield airbags to protect the occupants when the PCS determines that a collision with another vehicle is likely, or prepare to deploy the pop-up hood to protect the pedestrian or cyclist when the PCS determines that a collision with a pedestrian or cyclist is likely.

\* SRS (Supplemental Restraint System): A system of supplementary restraints to protect occupants

### Column Outside Evaluations of Safety

ASV+++ (the highest ranking) in the JNCAP <sup>1</sup> Active Safety Performance Assessment	Alphard/Vellfire (Grand Prix Award in preventive safety performance), Crown, Corolla Sport
Five Star Award (the highest ranking) in the JNCAP <sup>1</sup> Collision Safety Performance Assessment	Crown (Grand Prix Award in collision safety performance) Camry, Corolla Sport
TSP+ <sup>2</sup> (the highest ranking) in the New Car Assessment Program of the Insurance Institute for Highway Safety (IIHS) in the U.S.	Camry, RC
TSP (the highest ranking) in the New Car Assessment Program of the Insurance Institute for Highway Safety (IIHS) in the U.S.	Avalon, Corolla, Highlander, Prius, Prius Prime, RAV4, Lexus ES, IS, NX, RX
Five Star Award (the highest ranking) in the NCAP <sup>1</sup> in the U.S.	Avalon, Camry, C-HR, Corolla, Highlander, Prius, RAV 4, Sienna, Yaris iA, Lexus ES, IS, NX, RX
Five Star Award (the highest ranking) in the Euro NCAP <sup>1</sup> in Europe	Lexus ES
Five Star Award (the highest ranking) in the ANCAP <sup>1</sup> in Australia	Corolla, Lexus ES
Five Star Award (the highest ranking) in the C-NCAP <sup>1</sup> in China	Camry
Good (the highest ranking) in occupant protection, pedestrian protection, and prevention in the C-IASI <sup>3</sup> in China	Camry, Izoa
Grade 1 (the highest ranking) in the KNCAP <sup>1</sup> in Korea	Camry
Five Star Award (the highest ranking) in the ASEAN NCAP <sup>1</sup>	C-HR, Rush

\* Period: Japan: April 2018–March 2019; U.S. NCAP: 2019 model year; U.S. IIHS: December 2017– November 2018; Other: January–December 2018

<sup>1</sup> NCAP (New Car Assessment Program): A new car assessment program being carried out in various countries

<sup>2</sup> TSP+: A ranking given to the most outstanding TSP vehicles

<sup>3</sup> China Insurance Automotive Safety Index

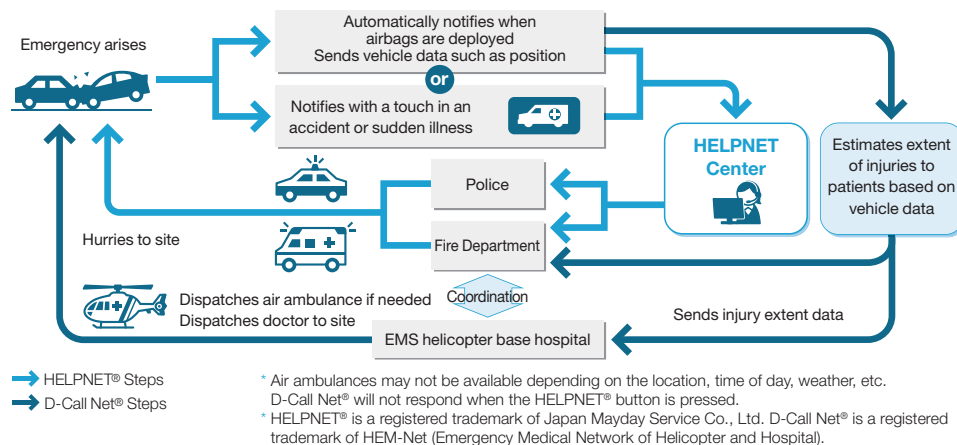
## Emergency Response

Every minute counts in emergency response to accidents or sudden illness. In 2000, Toyota rolled out HELPNET<sup>®</sup> service, an emergency reporting system utilizing the G-Book information network (the current T-Connect) and G-Link. In the event of an accident or sudden illness, HELPNET<sup>®</sup> contacts a dedicated operator who will arrange for rapid dispatch of an emergency vehicle with police or fire department responders. The service automatically contacts an operator when the airbag deploys and supports the D-Call Net<sup>®</sup> which makes quick deployment decisions for air ambulances, etc. now available nationwide. This service is provided by sending vehicle data to the HELPNET center from an on-board data communication module (DCM).

We installed DCM as a standard feature in the Crown and Corolla Sports, launched in June 2018, and aim to equip all new passenger vehicles in the Japanese market with DCM.



### HELPNET® (Airbag-linked Type) Illustration



## Automated Driving

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 they stand by and support one another as companions would. Based on this philosophy, Toyota is aiming to help realize a world in which every person, including the elderly and the physically challenged, can enjoy mobility safely, easily, and freely.

With regard to safety in particular, based on the concept of "Guardian," which is intended to enhance the driver's abilities rather than replace them, the human driver is assumed to be always in control of the car. If there is a risk of accident or if one is imminent, Guardian tries to help avoid the accident by working with the driver's maneuvers.



### Support for Initiatives at Collaborative Safety Research Center (CSRC\*), the U.S.

In January 2011, with the goal of establishing safer and more reliable transportation means, Toyota established the CSRC inside the Toyota Technical Center (TTC) located in the state of Michigan. The first-phase project was completed at the CSRC in March 2017. Over a five-year period, the CSRC started and completed 44 research projects jointly with 23 universities and research organizations, publishing more than 200 technical papers.

Furthermore, the CSRC has been making its research results public through presentations at various vehicle safety-related conferences so that these results can be utilized by people engaged in the development of vehicle and traffic safety technologies.

In 2017, Toyota started a new second-phase project called "CSRC Next."

This reflects Toyota's position that it is important to understand how humans will cope with advancing vehicle technologies. Toyota will invest 35 million dollars over five years, focusing on the issues related to and possibilities of autonomous driving and connected vehicle technologies. We intend to publish our research results publicly, contributing to safer vehicles industry-wide.

\* CSRC: Collaborative Safety Research Center

## Initiatives Targeting People

Believing that educating people is also important for preventing traffic accidents, Toyota started donating traffic safety teaching materials for small children in the form of traffic safety picture books and story-telling card sets given to children starting kindergarten and nursery school nationwide in the 1960s, in cooperation with Toyota dealers nationwide. Since then, Toyota has been holding the Toyota Safety School designed for small children every year. In 2005, we established the Toyota Safety Education Center Mobilitas at the Fuji Speedway. We also hold Toyota Driver Communication, a safe driving technique seminar aimed at drivers.

Additionally, with the spread of the Safety Support Car (Sapo Car) program recommended by the government, we are working with Toyota dealers to continue to spread our safety technologies further and keep our customers informed. This is why we are rolling out Support Toyota (the overall name for our safety and assurance activities) to help achieve car lifestyles that offer safety and assurance.

## Customer First and Quality First Measures

### Fundamental Approach

The origins of Toyota's "Customer First" and "Quality First" principles lie in the Five Main Principles of Toyoda, which embody the thinking of Sakichi Toyoda, and the spirit of audit and improvement of Kiichiro Toyoda. Since its foundation, Toyota has established a corporate culture that focuses particular attention on quality that will produce customer smiles and on *kaizen* (continuous improvement) achieved through *genchi genbutsu* (onsite hands-on experience). In accordance with our commitment to quality as stated in the Toyota Global Vision, each employee in every area maintains a constant and strong awareness of issues and a sense of ownership and makes ongoing efforts to implement *kaizen* and to collaborate closely with personnel in other fields to enhance customer safety, peace of mind, and satisfaction.

### Initiatives to Improve Quality

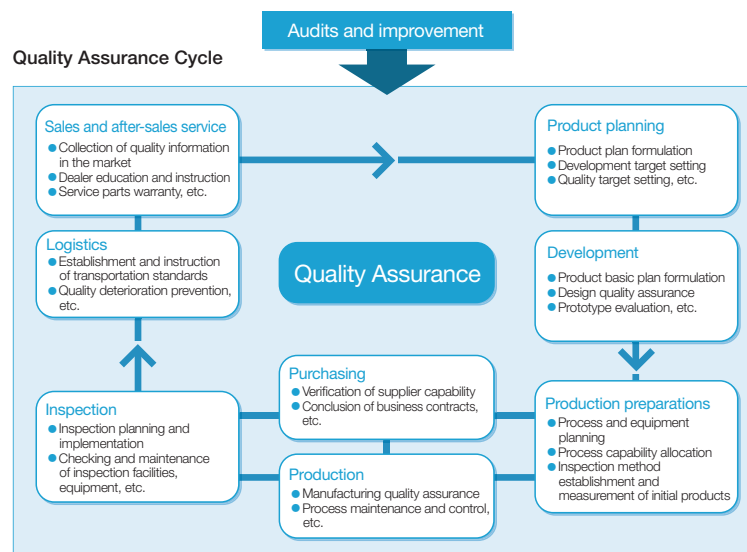
Toyota sees quality as a combination of product quality, sales and service quality, and the quality of work performed by each employee that serves, as the foundation supporting the other aspects of quality.

We believe that products and services that gain the confidence of customers can be only created when all employees who engage in every process, from development, purchasing, production, and sales to after-sales service activities, build quality into their work and implement the quality assurance cycle by linking the various processes.

#### Toyota's Concept of Quality



#### Quality Assurance Cycle



### Organization and Structure

The fundamentals of these actions are function management and policy management.

Function management refers to setting company-wide policies based on functional parameters such as quality and safety, with each group and company taking action in collaboration with other divisions. Policy management refers to the formulation and implementation of plans for achieving targets in each group and company, based on the company-wide policy. In terms of policy management for quality functions, Toyota established a Quality Function Policy each year as a plan for addressing company-wide quality issues and ensuring quality corresponding to new businesses and technologies. Toyota deploys this policy within its company, reports progress and results through the Quality Function Board and other platforms, and takes actions as needed.

In addition, in order to strengthen quality improvement activities led by the regions, Toyota has appointed Chief Quality Officers (CQOs) in Japan and other regions around the world. Among the meetings of the Quality Function Board, the highest-order global conferences held several times each year, the one in January requires CQOs from all regions to attend and discuss future quality function policies.

Additionally, each region has organized a variety of quality-related conferences. For the highest-order conference chaired by the regional CQO, TMC sends its Global CQO or a secretariat member in order to facilitate and support better communication and collaboration. Toyota also shares its quality function policies with its affiliated group companies and suppliers, promoting collaborative actions for ensuring quality.

Initiatives for Improving  
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Customer First and  
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Social Contribution  
Activities

Respect for Human  
Rights

Collaboration with  
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Employees

Safety and Health

Human Resources  
Development

Diversity and Inclusion

Creating an Affluent  
Society

### Global Policy Implementation Structure and the Quality Conference



### Establishing Quality Assurance Structure toward Transformation into a “Mobility” Company

As the automotive industry faces an era of profound transformation, the likes of which come only once every 100 years, Toyota is taking many steps to transform itself into a “mobility” company. In the mobility society that will arrive in the future, in addition to automobiles’ basic safety and comfort (quality of things), in such areas as running, turning, and stopping, it is necessary to ensure the quality and security of the communication automobiles use to connect to people, things, and cities. The quality of the telecommunication platform and servers, which control the operations of services, must also be ensured in order to guarantee the quality of customers’ experiences (quality of experiences) obtained through mobility services. With this in mind, Toyota is also making company-wide efforts to strengthen the quality assurance process, including in its services, in order to provide high-quality products and services that bring a smile to customers’ faces in its mobility businesses.

### Storytelling Activities to Maintain Focus on the Series of Recall Issues

February 24, the day that President Akio Toyoda attended U.S. Congressional hearings, held to investigate the series of recall issues that occurred in 2010, was designated “Toyota Restart Day.” We are creating mechanisms and taking measures to raise awareness in order to maintain focus on the lessons learned from the experiences Toyota underwent at that time. For example, in 2014 Toyota established its Customer Quality Learning Center as education facility for conveying the experiences and lessons Toyota learned from the series of recall issues to future generations of employees. Using exhibits that appeal to the five senses, such as actual examples of faulty parts and vehicle simulators, the center acts as an important education facility for conveying the situation back then to current Toyota employees.

In addition to posting the status of the series of recall issues, current quality issues are added every year to renew the program. We are making these efforts to create key education facilities for maintaining focus on all that Toyota learned. We have also set up customer quality learning centers unique to individual plants and overseas sites, and are working to ensure employees in each region and each plant thoroughly understand the importance of quality. Additionally, employees who experienced the series of recall issues take on the role of storyteller to convey the experiences and lessons learned within their own work sites. On Toyota Restart Day in 2019, Chairman Uchiyamada himself was a storyteller in a roundtable discussion held with storytellers from various work sites. He compared the situation at the time of the recall issues and the current situation, and highlighted the risk of forgetting the lessons learned. Some of the participating storytellers commented, “We must convey our spirit, not just knowledge,” and “The discussion helped me renew a sense of crisis in a positive way,” reaffirming the validity of the storytelling initiative.



Roundtable discussion with Chairman Uchiyamada

### Coping with Quality Problems

We have a system whereby each employee takes action to enhance quality in accordance with the Customer First Principle, and prepares for and responds in a timely manner to quality-related issues. When making recall decisions, quality failures are determined not simply based on legal compliance, but also from the customer’s perspective, putting safety and assurance first. Final decisions are made with the participation of regional representatives, who are closest to customers, so that feedback from regional customers is accurately reflected. After a decision to recall is made, Toyota contacts individual customers through dealers, and additionally posts information on its website to ensure prompt repair service.



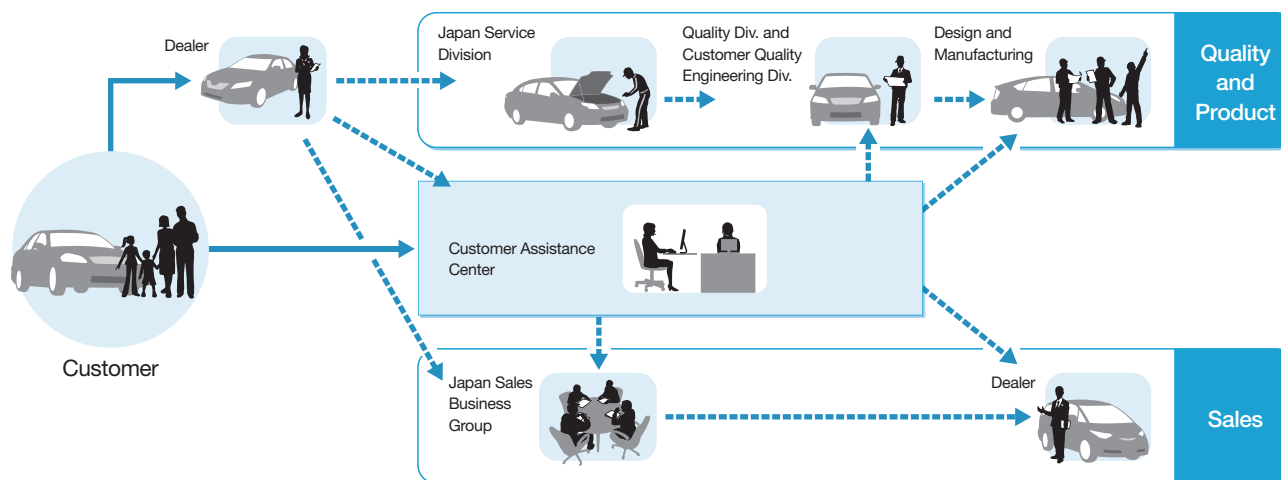
## Customer First Measures

Toyota's principle of Customer First exists for the purpose of providing customers with products and services that earn their smiles. Toyota hopes to offer cars with superior features in terms of environmental, safety and quality performance, while also offering the intrinsic appeal of cars, such as high driving performance, at an affordable price.

We humbly and obediently accept information provided by our dealers and customer feedback received at customer assistance centers, taking them to heart and utilizing them for making ever-better cars.

### System for Implementing Customer Feedback (Japan)

In order to respond to customer inquiries, opinions, and requests, the most recent customer feedback is gathered from dealers. Also, we established the customer assistance centers and are taking actions which lead to the creation of ever-better cars and services.



### Toyota Customer Assistance Center and Lexus Information Desk

The Toyota Customer Assistance Center and the Lexus Information Desk are open for consultation 365 days a year, and have established a structure designed to ensure constant customer satisfaction.

Toyota offers speedy, appropriate and empathetic responses to customer inquiries, and listens to opinions and requests, based on the principle of Customer First. At the same time, Toyota addresses all issues while also maintaining close cooperation with its dealers. Furthermore, the Salesperson Support Desk has been established in order to support dealers in implementing the Customer First principle.

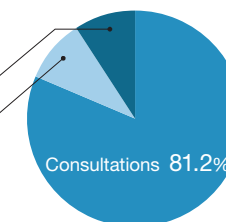
Toyota also conducts surveys of customers who use our telephone service via an automated response system, in an effort to continuously make further improvements.

#### Number and Content of Calls Received by the Center and the Desk in 2018

Number of calls received: 314,000 (Japan)

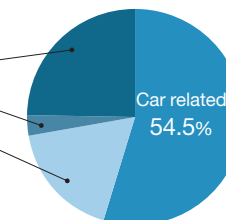
Breakdown of call content (Japan)

Opinions and issues	9.2%
Salesperson support	9.6%



Content of calls received (Japan)

Other (car delivery date etc.)	24.8%
Brochure requests	3.1%
Navigation and audio systems related	17.6%



## Customer Feedback from Each Country and Region

In order to put the Customer First principle into practice worldwide, Toyota has established customer

assistance centers not only in Japan, but also in the U.S., Europe, other Asian countries, and we are giving our full attention to customer voices daily.

## Customer Feedback Delivered to Toyota

### [Compliments]

#### Japan

The other day, **I was helped by an employee working at a Toyota Motor Corporation plant.**

When my car had a flat tire in the parking lot of a large-volume retail store and I was at a loss because I could not get in touch with my family, this employee offered to change the tire. Because I had never experienced a flat tire before, I was so shaken up that I forgot to get the name or contact information of the kind employee. Since I did hear that the person was a Toyota Motor Corporation employee, I am writing this letter.

**I consider myself fortunate to be driving a car made by wonderful people who would kindly offer to help someone in a dire situation. I sincerely hope that Toyota Motor Corporation will continue to be a company where many people with such wonderful spirit make cars that can be driven safely and with peace of mind.**

#### U.S.

I own a 1985 Supra and have been driving it for 32 years, covering 176,000 miles (282,000 km).

**When I drive it around town, many people stop and do a double take.**

I bought a Lexus LC500 last month.

I think this car will also become my next "permanent buddy" and I will end up driving it over 176,000 miles in the next 32 years. Even though I have driven it for only two weeks,

**I have already noticed that everyone does a double take, just like when I was driving the Supra. I am very lucky to be able to drive two such exciting cars.**

**Thank you for making such good cars. I'm really impressed.**

#### New Zealand

An incident happened when my boyfriend and his friend had gone fishing to a remote lake and were driving home. Although he was a safe driver,

**a bad road made steering impossible, and the Prado slid 65 m down to the bottom of a canyon.**

He sustained cuts and bruises, and his friend hurt his wrist and shoulder ligament.

**I cannot express in words how grateful I am that they were fortunate enough to survive such a serious accident.**

We have promised each other that we are absolutely going to buy another new Prado when we have enough money. I cannot think of owning any other car.

**I'm really grateful to our Prado as well as to Toyota Motor Corporation, which manufactured this car.**

### [Claims and Consultations]

#### Japan

**"I cannot figure out how to use the navigation system!"**

**"Getting answers to questions related to the navigation system takes too long!"**

#### Countermeasures

#### [Initiatives for Improvement]

#### Deployment of Navigation Corner Where Specialists Handle Navigation-related Inquiries

Navigation-related issues account for 20 percent of all customer inquiries. Since navigation-related inquiries are diverse we have assigned navigation specialists to minimize the amount of time customers must wait. Moreover, many customers ask questions while operating their navigation systems. Therefore, we have provided models of all Toyota genuine navigation systems installed in our vehicles over the past 10 years at the Navigation Corner to create the same operational environment as those of customers.



Navigation Corner



### Ongoing Customer First Staff Education

To coincide with the designation of every May as Consumer's Month by the Japanese government, Toyota has declared it Customer's Month, and undertakes initiatives aimed at spreading awareness of the Customer First principle throughout the company. The Customer Feedback Exhibitions present feedback from customers not just in Japan but around the world, as well as initiatives taken from the customer's perspective. The exhibitions serve as forums for each employee to reconfirm the importance of listening to customer feedback.

As part of employee education, "Experience and Learn from Customer Feedback" sessions are held to observe and experience the functioning of our call center, the Customer Assistance Center. A Customer Feedback Board summarizing customer feedback has been posted on the company intranet, drawing employee attention to issues of concern to customers.

Furthermore, we are actively encouraging some of our employees to obtain the Consumer Affairs Advisor qualification, which is certified by the Japanese Prime Minister. Facility and vehicle evaluation from the customer's viewpoint is also held by a group of experts, the Toyota Consumer Affairs Advisor Group.



A customer feedback exhibition



Video shown at the exhibition

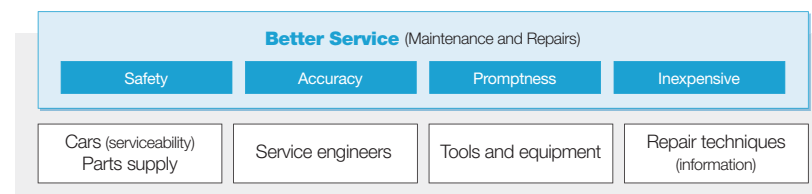
### After-sales Services Measures

To bring smiles to the faces of as many customers as possible, it is essential to simultaneously achieve both better cars and better services. Customer car use requires regular check-ups, legally mandated inspections, and repairs following breakdowns or accidents. After-sales service provides safety, peace of mind, and comfort to customers at these times, and continues support for the Toyota and Lexus brands. In recent years, the average duration of car use has been lengthening (as of the end of March 2018, the average vehicle age excluding minivehicles in Japan was 13.2 years, increasing by 1.6 years from 10 years ago). As a result, the role of after-sales service is becoming increasingly important. More than 100 million Toyota vehicles are currently owned worldwide and each of them is irreplaceable to the customer. Toyota is taking measures to provide ever-better services in accordance with the concept of the 3S Spirit (*Seikaku + Shinsetsu = Shinrai*: Accuracy + Caring = Trust) so that we can achieve high levels of customer satisfaction in using their Toyota vehicles.

#### Organization and Structure

Better service means the ability to safely, accurately, promptly, and inexpensively perform maintenance and repairs in cases of breakdown. To do this, we are working to enhance the serviceability of vehicles so they can be repaired quickly and the availability of service parts, and to develop service engineers. Based on the idea that after-sales services begin at the stage of vehicle development, we believe that serviceability is also one aspect of a car's performance, and incorporate serviceability improvement based on market feedback into vehicle development. Toyota has also established a system to deliver parts exactly when they are needed to countries around the world so that repairs and other services can be completed in a timely manner. Parts inventories and inspection work are being made more efficient by applying Toyota Production System concepts at dealer worksites.

#### Better Service and Supporting Factors



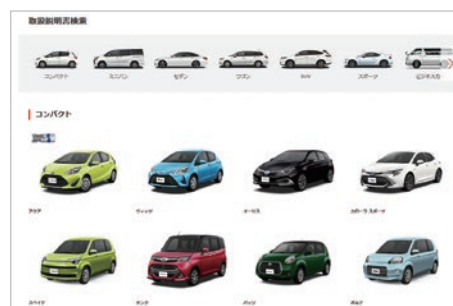
In terms of tools for supporting service operations, the number of diagnostic codes for identifying failure causes has been increased. When the on-board computer performs self-diagnosis and detects a failure, it sends the diagnostic code for the failed part to the dealer so that the part causing the problem in the vehicle can be quickly identified. We are also taking innovative steps to improve service operation efficiency by reducing the number of frequently performed operations or automating them.

Service, technology, sales, and other divisions are collaborating on repair techniques to deploy easy-to-repair car manufacturing. They also provide necessary information quickly and make repair work speedy and easy.

There are currently approximately 180,000 Toyota personnel involved in after-sales service in Japan and overseas, and educational systems and facilities are being established in each region. The Tajimi Service Center in Gifu Prefecture, Japan, plays a central role in enhancing the knowledge and technical skills of service staff worldwide.

### Measures to Help Customers Use Their Vehicles Safely

To help customers enjoy driving their vehicles safely and comfortably, user's manuals are created and information on the latest models is posted on the Toyota website. We are also taking steps utilizing the product information provision tools for distributors and dealers, as well as the company website to accurately communicate the risks resulting from operational errors.



User's manual search screen (Japan)

### Initiative with Toyota National Dealers' Advisory Council to Listen Directly to Customer Feed

Since dealers offer services to customers directly, Toyota is working with dealers to provide ever-better cars and ever-better services.

In Japan, the sectional meetings of Toyota National Dealers' Advisory Council and Toyota are discussing after-sales services.

Technical Sectional Meetings, which have been held regularly since 1977, investigate quality issues and serviceability from the customer's perspective. At Service Meetings, held since 1990, various issues regarding the service sites of dealers are investigated. The results of both meetings are used to implement improvements.

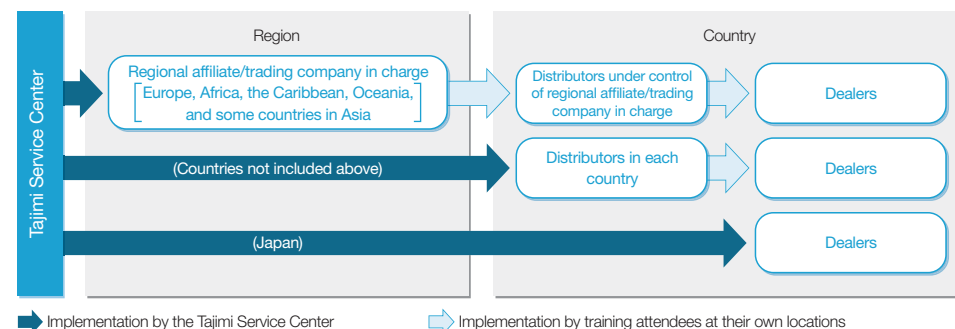
### Training Centers Develop Global Service Technical Staff

The Tajimi Service Center in Gifu Prefecture, Japan provides training on service technologies and sheet metal painting to service engineers from dealers in Japan and overseas distributors worldwide.

The Tajimi Service Center, which opened in July 2013, includes classrooms, practice fields, and drive evaluation courses with a variety of road conditions on a vast 187,000 m<sup>2</sup> site. In FY2019, a total of approximately 2,100 staff members from 18 sites in Japan and overseas were trained at the center, bringing the cumulative total number of attendees to approximately 11,800.

The Center has completed the R&D functions for the latest service technologies compatible with the service, repair, and sheet metal painting/repair of Toyota cars on the market that are equipped with state-of-the-art technology. These new technologies will increase the knowledge and improve the technical skills of staff members who come to the center for training from all over the world, contributing to the creation of a foundation for reinforcing global competitiveness in service technology.

### Service Technology Training Process



Tajimi Service Center

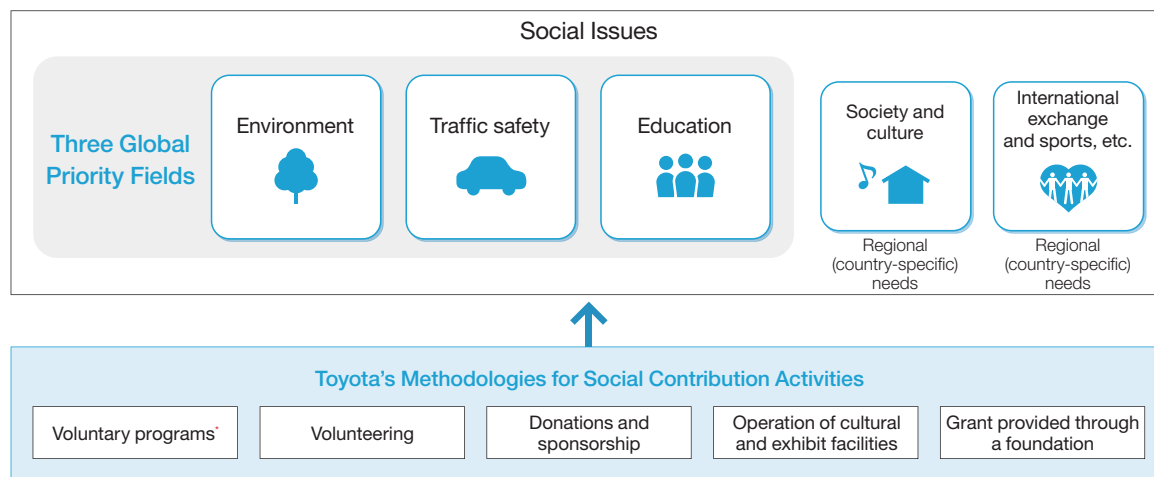
## Social Contribution Activities

### Fundamental Approach

Based on Toyota's founding principle of contributing to society by making automobiles, we have been striving to contribute to the sustainable growth of society.

We set environment, traffic safety, and education as the three global priority fields for our initiatives, in addition to making social contributions through our main business. We also hold social, cultural and other activities according to the social needs of each country or region, utilizing our resources of technology and expertise, etc. In addition, we focus on volunteering and passing on automotive and manufacturing cultures to the next generation in order to enrich the lives of communities.

### Social Contribution Activity Fields



\* Social contribution activities that are planned and developed, or implemented by a company on its own depending on the situation

### Basic Principles and Policies of Social Contribution Activities (Established in 1995)

Purpose	We in the Toyota Group will undertake social contribution activities to contribute to sustainable social vitality
Stance	We will maximize the benefits of our social contribution activities by working with partners; by using our resources effectively; and by concentrating on initiatives that address real social needs, including the need for fostering human resources
Employee participation	We will support independent social contribution activities that our employees undertake as members of the community
Information disclosure	We will disclose information about our social contribution activities, aiming to promote the development and improvement of societies
Global perspective	We will adopt a global perspective on social contribution activities while adapting our activities to needs and circumstances in each nation and region where we operate



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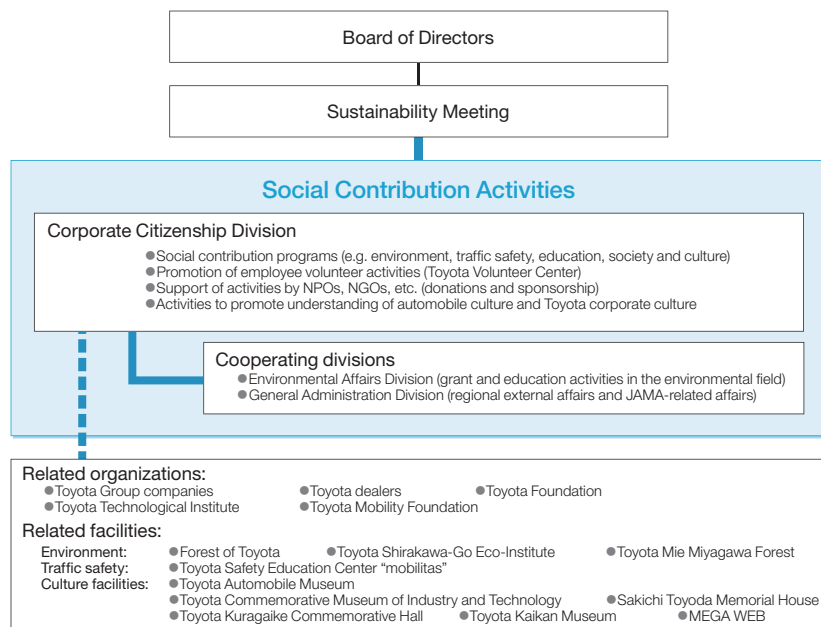
Diversity and Inclusion

Creating an Affluent  
Society

## Organization and Structure

In Japan, the Corporate Citizenship Division, a specialized division for social contribution activities, plays the lead role in organizing activities. Outside Japan, it is mainly the regional headquarters in the United States, Europe, Asia and China that promote social contribution activities in each region.

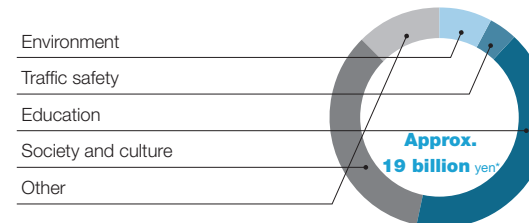
### Organization Structure (Japan)



### Organization Structure (Overseas)

U.S.	Toyota Motor North America promotes activities based on local needs and in collaboration with related affiliates
Europe	Toyota Motor Europe implements Europe-wide projects and individual affiliates also promote activities based on local needs
Asia	Regional social contribution meetings are led by Toyota Motor Asia Pacific to consider the deployment and direction of activities within the region
China	Toyota Motor (China) Investment promotes activities in China based on local needs and in collaboration with related affiliates

### FY2019 Expenditure for Social Contribution Activities



\* Consolidated base including TMC and major subsidiaries. Overseas affiliates' results have been converted to yen based on the average exchange rate for FY2019.

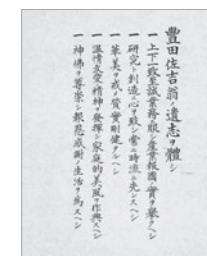
### Column

## Toyota's Social Contribution Activities which Started with Sakichi Toyoda's Hope for People's Happiness

Toyota's social contribution activities trace their roots to Sakichi Toyoda, the father of Toyota Motor Corporation's founder, Kiichiro Toyoda. In 1925, Sakichi pledged one million yen (at the time) to the Imperial Institute of Invention and Innovation to encourage battery-related inventions to support inventions that would enrich people's lives. The invention of such batteries proved to be extremely difficult, and none have yet been completed. Nevertheless, the resulting progress in batteries for cars has had a tremendous impact on industries and people's lives. Even after Sakichi's death, this spirit was handed down to Kiichiro and others who started the automotive industry in Japan, through the desire to contribute to the development and welfare of the country and feelings of gratitude. This spirit was later incorporated into the Five Main Principles of Toyoda, the Guiding Principles at Toyota, and the Toyota Global Vision.



Sakichi Toyoda



Five Main Principles of Toyoda

### Examples of Activities

We set environment, traffic safety, and education as the three global priority fields for our initiatives, and have also been actively involved in areas such as society and culture according to the social needs of each country or region.

Social contribution activity website

Toyota's Social Contribution Activities Report

## Respect for Human Rights

### Fundamental Approach

Toyota complies with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. Furthermore, in order to contribute to sustainable development, we believe that management interacting with its stakeholders is of considerable importance, and we endeavor to build and maintain sound relationships with our stakeholders through open and fair communication.

### Human Rights as an Essential Foundation of Labor Relations

Toyota respects the basic human rights of all individuals, including our employees and those in our supply chain. Toyota is a company that practices the philosophy of “Respect for People.” We share a common belief that every Toyota employee has the infinite capability to better themselves, the company, and society. The integration of such achievements by our employees will bring company growth. This growth allows our company to provide decent employment, which in turn, allows our members to build trust in the company and provide further productivity improvements.

Each employee’s contribution towards the creation of a work environment that promotes safety & health, respects each employee’s dignity, is inclusive, and that is free of discrimination and harassment is essential to ensuring a decent work environment, which will lead to the productivity improvement needed for company growth. Discrimination, unhealthy, and unsafe work environments are not only violations of human rights, they are also conditions that will negatively impact employee performance. Since our employees spend a considerable amount of time at work we aim to create positive working conditions and environments that will allow them to excel.

In addition, the contributions and cooperation of all our stakeholders are essential to providing satisfying products and services to our customers. We have continued manufacturing vehicles up to this point thanks to the support of many individuals. Going forward, we will continue to engage our employees and show respect to all of our stakeholders as we continue to contribute to society as a mobility company. At present, with our customers’ needs and the very concept of automobiles constantly changing, Toyota is endeavoring to transform itself from an automobile company to a mobility company, that is, a company that provides all kinds of services related to people’s mobility. As we face new competitors and a changing business domain, Toyota’s employees are each harnessing their knowledge and giving their best efforts to survive in an environment marked by constant, major change, with Toyota’s management philosophy of “Respect for People” serving as the foundation. To meet the expectations of our stakeholders, we also

refer to international norms such as the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights to tackle issues related to human rights.



Employees of Toyota Motor North America

### UN Guiding Principles Reporting Framework

Toyota has formulated an internal policy related to human rights and refers to the UN Guiding Principles on Business and Human Rights and other international norms when promoting it. To fulfill our responsibility to respect human rights, we have identified “risks that have an adverse impact on human rights” based on the scale and properties of our businesses, relief possibilities, stakeholder expectations, and so on that must be given priority. Currently, we have identified the three areas of “freedom of association,” “precarious work,” and “supply chain due diligence” as risks that have an adverse impact on human rights, and we are making them our priority. In addition, Toyota has also developed its Toyota Supplier CSR Guidelines (see page 27) based on the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights.

### Freedom of Association

In Toyota’s “Respect for People” management-philosophy, we aim to respect individual capabilities, ways of thinking, and creativity and harness them fully. To do this, it is necessary to make sure that all employees are on the same page regarding the company’s management situation, the surrounding environment, and management issues, and we emphasize thorough dialogue with employees. In addition, based on the Universal Declaration of Human Rights, we respect our employees’ right to freely associate while also respecting their right not to be compelled to belong to an association in compliance with the laws of the countries in which we operate.

Regardless of whether or not there is a labor union, Toyota has taken every opportunity it can to engage in thorough dialogue with employees and build healthy labor relations. We believe that dialogue and

discussion with employees or their appropriate representatives is part of these kinds of relationships between labor and management. Moreover, to ascertain the status of dialogue with employees and issues related to freedom of association, we periodically send out and collect questionnaires from our subsidiaries and request that improvement be made to policies and activities based on the responses. For affiliates that require concentrated initiatives, associates from the Toyota Motor Corporation (TMC) are dispatched to review policies and activities, and work with the affiliate in question to enhance communication with and training for employees regarding Toyota's policies concerning freedom of association and legal compliance.

### Precarious Work

The term non-permanent workers refers to temporary workers, contract employees, dispatch employees, and so on. This status is marked by a number of uncertain and unstable characteristics, such as uncertain employment periods, low wages, and low employee benefits. Our businesses require personnel equipped with both a deep understanding of Toyota values and advanced skills, and because a long period of time is required to cultivate such personnel, Toyota strives to provide stable employment even when the external environment is harsh. At the same time, because it is engaged in the automobile industry, in which demand is greatly influenced by new products and seasonal factors, Toyota hires a certain number of temporary personnel for a certain period either directly or indirectly to respond to these fluctuations. For this reason, in addition to each affiliate hiring non-permanent workers based on the customs and labor laws of each region, Toyota also strives to avoid inappropriate working conditions and employment. First, we confirm the composition of employees at affiliates in various countries, and for non-permanent employment relationships, we identify affiliates requiring prioritized examination. TMC associates are dispatched to identified affiliate sites, and we implement improvements such as reallocations and reviews of employment rules related to contract terms when necessary. In addition, we review and continuously improve the working conditions of fixed-term contract employees at TMC.

### Supply Chain Due Diligence

Automobiles are comprised of approximately 30,000 parts, and because the supply chain is extremely broad and deep, we are aware that preventing adverse impacts on human rights in our supply chain is a theme we should prioritize. So, we established a workshop for suppliers that are particularly large and difficult to replace in order to share incidents to be wary of and examples of problem solving. Toyota adheres to the principle of mutual trust and mutual responsibility between labor and management and aims to collaborate with suppliers to contribute to sustainable societal development as well as the earth's sustainability. It also strives to comply with the laws of various countries and regions while protecting human rights and performing activities that contribute to both local communities and the international community.

### Education Related to Human Rights

Toyota invests in the education of our members and suppliers in relation to anti-discrimination, open and honest dialogue, as well as human rights related matters. Training is conducted both at TMC and affiliates in conjunction with our group companies and Tier 1 suppliers. Targets of the training include supplier executives, TMC managers who will be assigned to affiliates in various countries, and those in charge of purchasing at our overseas affiliates.



Participants gathered for training

### Labor Relations Training for Supplier Executives

Labor relations training for suppliers is held about 10 times per year, primarily as preparation for executives from the head office of our main suppliers in Japan who are being transferred to overseas suppliers. At the training, a variety of areas are covered, including best practices for building positive labor-management relationships, information on past labor disputes, labor-management negotiations, and the latest trends in human rights, international norms, and regulations.



Case Study and Group Discussion



Negotiations roleplay

### Training Prior to Being Transferred to Overseas Human Resources

All TMC employees who are being transferred to the human resources functions at affiliates in various countries receive this training so that they can understand the new roles for their overseas posting, the employment situation in the country, and the culture. Training includes lectures on labor-management relationships and human rights.

### Training Prior to Being Transferred to Purchasing

All TMC employees who are being transferred to purchasing at affiliates in various countries receive this training to help support their daily purchasing responsibilities at their overseas posting. The training will involve lectures for building healthy labor-management relationships at local suppliers, including lectures related to human rights.

## Initiatives for Responsible Mineral Sourcing Updated in May 2020

Concerns have been arising over risks in the procurement of minerals that are essential for manufacturing, including concerns about minerals sourced from the Democratic Republic of Congo and its neighboring countries (the Covered Countries) that may finance armed groups, and human rights abuses such as child labor, forced labor and mining in a harsh working environment.

In addition to the investigation and disclosure on the use of conflict minerals (gold, tin, tantalum and tungsten) in its products, which is required by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, Toyota has also conducted investigation into the procurement of cobalt, which is associated with concerns over child labor and other human rights abuses.

### Toyota's Policy for Responsible Mineral Sourcing

Based on the Toyota Supplier CSR Guidelines, which compile Toyota's requests to suppliers regarding their sustainability activities, Toyota has requested our suppliers to engage in responsible material procurement.

Also, in response to the spread of concerns over mineral sourcing in recent years, Toyota has established its Policies and Approaches to Responsible Mineral Sourcing, and has been implementing measures based on these policies.

 Toyota Supplier CSR Guidelines

#### Policies and Approaches to Responsible Mineral Sourcing

Toyota and its subsidiaries promote obtainment of materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means.

We recognize that the situation surrounding conflict minerals originating in the Covered Countries is one of the significant social issues among supply chains.

We aim at procurement and usage that are free from conflict minerals originating in the Covered Countries and relating to illegal conduct including human rights infringement.

We also recognize that human rights abuses such as child labor in the procurement of cobalt etc. are one of the serious social problems, and we aim at procurement activities that do not include minerals that are suspected of these abuses.

To achieve such procurement and usage, we conduct inquiries tracing back through our supply chains and confirm if such minerals are used. In addition, we take appropriate steps to discontinue procurement of materials that can cause social problems such as human rights or finance armed groups, if such usage is detected.

Based on mutually beneficial relationships, we ask our suppliers to understand our policies and approaches and to promote responsible material procurement.

## Reasonable Country of Origin Inquiry

Toyota has conducted a reasonable country of origin inquiry with due diligence throughout its global supply chain since 2013.

In 2018, Toyota again conducted a survey of its automotive, marine, and other businesses in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas.

Before conducting the survey, Toyota formulated a manual detailing how to fill in the survey sheet and developed a tool, both to be used by suppliers to compile survey results. Toyota also supported a briefing session co-sponsored by the Japan Auto Parts Industries Association (JAPIA)<sup>1</sup> and the Japan Electronics and Information Technology Industries Association (JEITA)<sup>2</sup>. We contacted suppliers who had not submitted a Conflict Minerals Reporting Template (CMRT), and collected CMRTs from thousands of suppliers in total. We have reviewed suppliers' CMRTs and requested them to make corrections if there are errors and/or omissions in order to improve our efforts associated with conflict minerals.

We are also making efforts to work with other industry groups on the issue of conflict minerals in Japan and overseas.

Toyota Motor North America, Inc. (TMNA), a U.S. subsidiary of Toyota, has participated in a working group set up by the Automotive Industry Action Group (AIAG)<sup>3</sup>, a U.S. group tasked with setting a code of conduct for the auto industry. TMNA has also been cooperating with the Responsible Minerals Initiative (RMI)<sup>4</sup> through activities of each working group. Through AIAG, we supported and contributed to RMI activities. Specifically, TMNA as Leader of AIAG's Smelter Engagement Team contacted 29 smelters/refiners between January and December, 2018, and contacted an additional 34 smelters/refiners as Team-Lead of the Global Smelter Engagement Team. They performed surveys of smelters/refiners, visited their industry organizations, and encouraged those companies to participate in the Responsible Minerals Assurance Process (RMAP) and to conduct re-audits. As a result of the industry-wide cooperation outlined above, the number of conflict-free smelters/refiners worldwide has been increased to 255 as of November 2018. Of these, 247 companies are included in Toyota's 2018 survey results.

The survey results from January–December 2018 and Toyota's initiatives were incorporated into Form SD and the Conflict Minerals Report, and filed with the U.S. Securities and Exchange Commission (SEC) on May 31, 2019.

<sup>1</sup> JAPIA: <https://www.japia.or.jp/en/top/>

<sup>2</sup> JEITA: <https://www.jeita.or.jp/english/>

<sup>3</sup> AIAG: <https://www.aiag.org/>

<sup>4</sup> RMI: (Formerly known as Conflict-Free Sourcing Initiative)  
(<http://www.responsiblemineralsinitiative.org/>)

 Conflict Minerals Report

### Initiatives related to Cobalt

Cobalt, used in batteries, etc. necessary for automobile electrification, is an important mineral resource for Toyota. At the same time, Toyota understands that there are concerns associated with mining of cobalt regarding child labor and other human rights abuses. Toyota has formulated its Policies and Approaches to Responsible Mineral Sourcing based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas, and has promoted responsible procurement of minerals by such means as conducting surveys with the aim of enhancing the transparency of its supply chain. Meanwhile, by participating in activities of the RMI Cobalt Working Group, Toyota's U.S. subsidiaries have been encouraging smelters/refiners to acquire certificates.

### Grasping the Status of Cobalt Procurement

Toyota has been advancing activities to clarify the supply chain and identify smelters using the Cobalt Reporting Template, or CRT,<sup>\*1</sup> provided by RMI. As of March 2020, the supply chain related to batteries, a major component using cobalt, has largely been clarified, with several smelters identified.

Toyota will continue to conduct background investigation of smelters, thereby identifying and assessing human rights risks including child labor. If any risk is identified as a result of the survey, we will develop appropriate measures to mitigate the risk.

\*1 CRT: Cobalt Reporting Template



## Collaboration with Business Partners

### Fundamental Approach

In order to contribute to society through car-manufacturing and *monozukuri* (manufacturing) and put into practice the principle of “Customer First,” it is necessary to share principles and collaborate with our business partners such as suppliers and dealers.

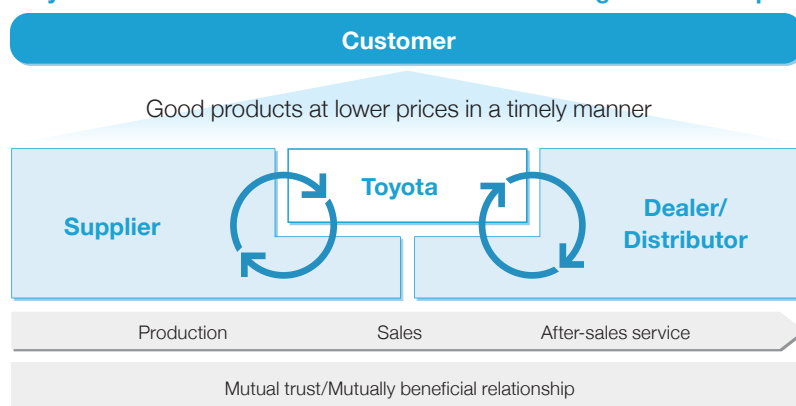
Toyota pursues open and fair business, and engages in sustainability initiatives through close collaboration with business partners to raise quality in terms of safety and customer satisfaction.

#### Excerpt from “CSR Policy: Contribution Towards Sustainable Development”

- 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.
- 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.
- We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws.

### Safety and Peace of Mind

### Enriching Lives of People



## Collaboration with Suppliers

Since its establishment, Toyota has worked closely with its suppliers in its manufacturing. As part of these efforts, Toyota has globally implemented its Basic Purchasing Policies according to the spirit of mutual benefit based on mutual trust. We have close relationships with existing and new suppliers to promote “Customer First.”

To address the increasing interest in corporate social responsibility, including in our supply chain, we have dialogues with supplier executives.

Before conducting business transactions, we conclude contracts that clearly spell out legal compliance, respect for human rights, and considerations for local and global environments. Internally, we work to raise the awareness of all our employees, including buyers, through seminars and trainings.

Toyota is also committed to continue contributing to the sustainability of society and the earth by working with suppliers to ensure compliance, respect for human rights, and reduce negative environmental impact.

#### Toyota Basic Purchasing Policies

##### 1. Fair Competition Based on an Open-door Policy

Toyota is open and fair to any and all suppliers, regardless of nationality, size, or whether they have done business with us before.

We evaluate suppliers by quality, technological capabilities, and reliability in delivering the required quantities on time, and efforts addressing social responsibilities, such as environmental issues.

##### 2. Mutual Benefit Based on Mutual Trust

We develop mutual benefit in long-term relationships.

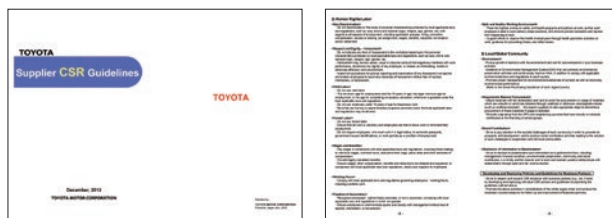
To foster the trust, we pursue close communication with suppliers.

##### 3. Localization with Good Corporate Citizenship

We actively procure from local suppliers, including parts, materials, tools, equipment and others materials. In this way, we aim to contribute to the local society and be a good corporate citizen.

### Implementation of the Toyota Supplier CSR Guidelines

At Toyota, we believe it is important to cooperate with suppliers, and issued the Toyota Supplier CSR Guidelines in February 2009. Toyota suppliers are requested to implement their own activities based on the guidelines and in turn develop their individual policies and guidelines to be followed by their own suppliers. Furthermore, in December 2012, Toyota revised the guidelines to more clearly indicate its principles regarding human rights issues (strengthening of monitoring and corrective actions, and approaches towards conflict minerals) in order to help enhance its suppliers' initiatives.



Toyota Supplier CSR Guidelines

### Bribery Prevention

In response to the global expansion of its business and societal demands, Toyota adopted the Anti-Bribery Guidelines in 2012 to completely eliminate corruption. Toyota is strengthening its preventive measures by deploying the Guidelines to our suppliers.

Anti-Bribery Guidelines (For Business Partners)

### Suppliers' Sustainability Activities

Toyota suppliers voluntarily hold CSR lectures and workshops, and engage in volunteer activities. CSR lectures are held every year by Toyota's supplier associations, Kyohokai and Eihokai, with the aim of improving member companies' awareness and understanding of sustainability, and encouraging sustainability initiatives. In FY2019, a lecture titled "Sustainable growth strategy that utilizes Guidance for Collaborative Value Creation" was given. The automotive industry is facing an era of profound transformation, the likes of which comes only once every 100 years, and individual companies are being forced to strengthen their competitiveness. Against this backdrop, the lecture provided an opportunity to consider specific strategies and business-model-related initiatives, improve corporate earning power, and share and recognize measures for sustainably enhancing corporate value, from the ESG (Environment, Society, and Governance) perspective as ways to respond to the new era. Furthermore, Toyota also holds CSR Study Meetings every year to support the activities of its suppliers. In FY2019, a CSR Study Meeting was held and attended by 450 people from 350 suppliers, focusing on sustainability trends and initiatives. Toyota participates in the supplier CSR training program of the Automotive Industry Action Group (AIAG)\* to support its overseas suppliers in their activities. In the previous fiscal year, Toyota participated in the development of the Supplier Responsibility Training Project. This new e-learning program is available to suppliers on AIAG website. Toyota will continue working to help raise awareness across its supply chains.

\* AIAG: <https://www.aiag.org/>

[Human rights initiatives p. 25](#) [Addressing conflict mineral issues p. 27](#)



CSR lecture

## Collaboration with Dealers

Dealers are the front line where Toyota's "Customer First" policy is directly observed. Toyota and its dealers share the value of its products/services and always work as one to enhance customer satisfaction based on a strong relationship of trust through close two-way communication.

Toyota follows a "Customer First, Dealer Second, Manufacturer Third" concept. We support dealers in making concerted efforts to meet customer expectations in order to raise the level of customer satisfaction. We believe that, through these efforts, we will realize growth for both dealers and Toyota.

### Support of Toyota Dealers in Japan

The Toyota National Dealers' Advisory Council (TNDAC), which is comprised of Toyota dealers in Japan, established the CSR Study Group in 2005. TNDAC then reorganized it into the Compliance Study Group in 2016, which has been studying to ensure legal compliance and giving suggestions to all Toyota dealers in Japan. To help dealers carry out compliance activities, TNDAC distributes the Legal Compliance Manual, which explains major laws and regulations and summarizes the checkpoints, to dealers each year. Additionally, Toyota supports TNDAC and dealers in many ways, including the following:

- Setting up a compliance support website that lists best practices from dealers
- Providing information through seminars and lectures held by TNDAC
- Providing support for revising the Legal Compliance Manual in response to revisions in laws and regulations

### Toyota Gentaiken Program

The Toyota Gentaiken Program aims to nurture future car fans by providing children of the "virtual era" with opportunities to gain real-life experience using their five senses and to experience the global environment and economy.

This program works together with local dealers to offer "traveling classrooms" at elementary schools in the area.

The theme of the classroom activities is to offer fun and hands-on experiences. The class for fourth graders teaches about the power and control of a car using a model and a real car in Car Gentaiken Class. The class for fifth graders provides a full understanding of cars, teaching the students about the relationship of cars to the environment and economics using quizzes or games, as part of learning about the automotive industry in their social studies class. In FY2019, the Car Gentaiken Class was conducted at 86 schools and the Class to Fully Understand Cars at 326 schools, for a total of 412 schools. Since starting in 2008, the program has provided classroom activities to approximately 180,000 children in 3,679 schools.

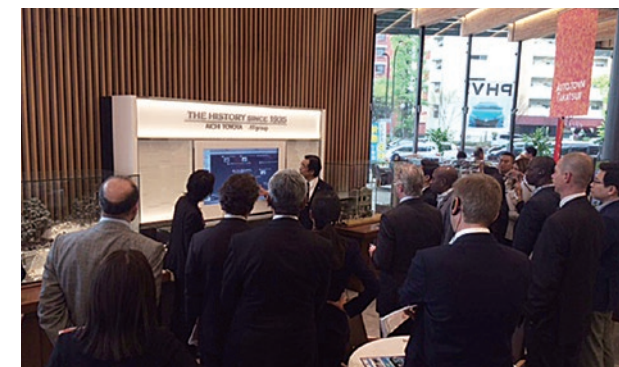


Fifth-grade classroom instruction

### Onsite Visit from Toyota Dealers Overseas

Every year, Toyota dealers throughout Japan host visits by Toyota dealers from all over the world who have expressed the desire to learn customer satisfaction (CS) activities.

They learn how Japanese dealers improve customer satisfaction and create more Toyota fans throughout the entire value chain, including new car sales, service, insurance, used cars, and credit. After genchi genbutsu (onsite hands-on experience), they incorporate what they have learned into various activities at their own locations back home. Through active communication among dealers with different cultural backgrounds, these visits offer each dealer new ideas and learning opportunities.



Visitors



## Overseas Distributors

The overseas distributors are important Toyota partners in providing ever-better cars for customers worldwide. Toyota has approximately 170 distributors and 10,000 dealers overseas that are creating Toyota fans through their involvement in the local community.

### Organization and Structure

Toyota's sales operations are divided into six regions (excluding Japan) throughout the world: North America, Europe, China & Asia, East Asia/Oceania & the Middle East, Africa, and Latin America & Caribbean, to provide the best cars and services according to the market characteristics of each region. The car usage conditions and environment, as well as the required functions and services, can vary greatly depending on the country and region. Toyota strives to comprehend customer feedback in a timely manner through overseas dealers, in order to make ever-better cars.

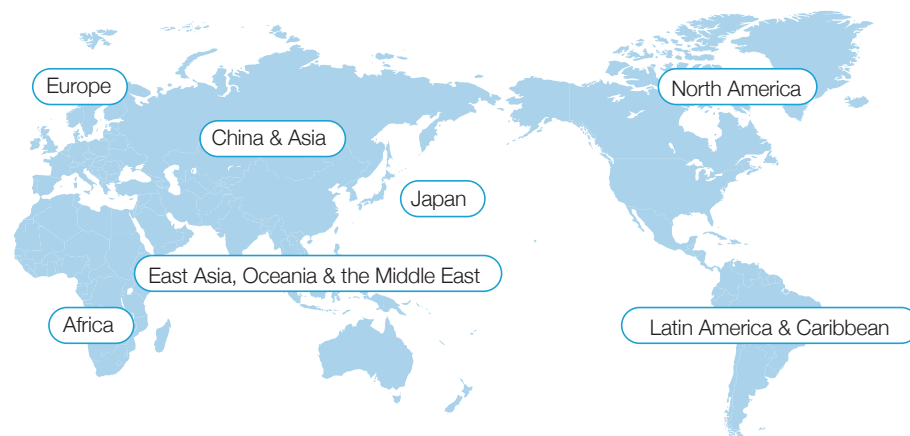
In January 2019, Toyota transferred all of its sales and marketing operations for Africa to Toyota Tsusho Corporation, which has great strengths when it comes to doing business in Africa. Such a transfer is expected to concentrate the power of the Toyota Group for contributing to regional development through business and would enable the provision of "best-in-town" service.

By promoting greater work efficiency and strengthening their activities through this transfer, Toyota and Toyota Tsusho aim to provide better services to their customers in Africa.

Since 1984, a World Convention has been held every four years to bring together overseas distributors and executives of Toyota. At this convention, Toyota expresses its appreciation for the hard work and shares its policies, to make it an opportunity to reaffirm further improvement of customer satisfaction.

## Environmental Initiatives in Collaboration with Domestic and Overseas Dealers and Distributors

Toyota is working with domestic and overseas dealers and distributors to create environmentally friendly dealers and members to lower environmental risks through sales activities.



## Employees

### Fundamental Approach

Toyota's philosophy for its employees, who support the stable base of its business, is institutionalized as the Toyota Way in Human Resources Management.

The aim of the Toyota Way in Human Resources Management is to realize management with respect for people, that is, providing all employees with opportunities to achieve social contribution and self-realization through their work, and enabling them to exercise their abilities to think, to be creative, and to perform. For this aim to be achieved, "a relationship of mutual trust and mutual responsibility between labor and management\*\*" is essential, in which the company gives the highest priority to ensuring stable employment and strives to improve labor conditions, while all employees execute their duties and responsibilities for the prosperity of the company. This philosophy is shared by all Toyota affiliates around the world, where it is reflected and implemented in management and various policies based on the features of each region.

Toyota believes that these initiatives will lead not only to management with respect for people, but also to customer satisfaction and social contribution, and thus the sustainable growth of the company and society.

### Concept of the Toyota Way in Human Resources Management to Build a Good Working Environment

#### Toyota Way in Human Resources Management

**Purpose: Realization of management that shows respect for people**

**Principle: Establishment of a relationship of mutual trust and mutual responsibility between labor and management**

- Building an environment in which employees can work with full confidence in the company
- Building a framework that promotes constant and voluntary wisdom and improvement
- Comprehensive human resources development
- Nurturing teamwork that aims to ensure the fulfillment of individual roles and optimization of the whole

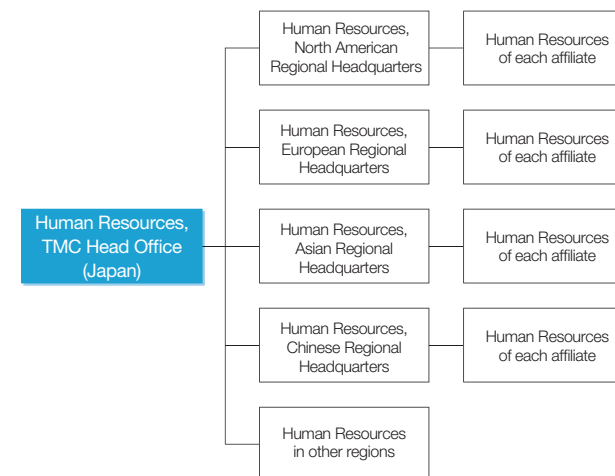
#### \* A Relationship of Mutual Trust and Mutual Responsibility Between Labor and Management

Toyota went through painful experiences such as redundancy and labor disputes during the management crisis of the 1950s, which led Toyota to conclude the Joint Declaration of Labor and Management in 1962. Since then, both parties have worked to nurture a relationship in which employees proactively cooperate to improve productivity, while the company works to maintain and improve working conditions. Further, by sharing this understanding with employees and enhancing employee awareness in times of crisis, Toyota has also created "a relationship of mutual trust and mutual responsibility between labor and management," based on which employees and management execute their duties and responsibilities for the prosperity of the company. This concept is the foundation of Toyota's labor-management relations. Now, 50 years after the conclusion of the Joint Declaration of Labor and Management, Toyota is striving to further strengthen the labor-management bond.

### Organization and Structure

At Toyota, Global HR members discuss how to create good working environments where employees can work with trust, how to develop frameworks to enhance constant and proactive *kaizen* (continuous improvement), how to develop people, and how to create a sense of unity for teamwork through daily communication and periodic conferences.

These discussions are reflected in the global HR Function Guidelines (HRFG) and each affiliate's HR *hoshin* the following year in order to realize the Toyota Way in Human Resources Management.



## Results of Employee Satisfaction Survey

By providing its employees with opportunities to achieve social contribution and self-realization through their work, Toyota aims to enable all employees to exercise their abilities to think, to be creative, and to perform. Toyota uses its employee satisfaction surveys to measure the results of these efforts and utilizes the analysis results for planning and implementing measures to make a better workplace.

### Results of Employee Satisfaction Survey (Japan)

	(FY)	2013	2014	2015	2016	2017	2019
Administrative and engineering employees	(%)	73.9		77.2		78.0	<b>75.8</b>
Shop floor employees	(%)		69.2		71.9		

### Percentage of Employees Who Feel Personal Growth (Japan)

	(FY)	2014	2015	2016	2017	2019
Administrative and engineering employees	(%)	76.5	77.2	78.4	77.6	<b>75.2</b>
Shop floor employees	(%)	75.8		71.9		

### Results of Employee Satisfaction Survey (Overseas)

	(FY)	2011	2013	2015	2017	2019
Administrative and engineering employees	(%)	74.0	74.0	76.0	74.0	<b>77.0</b>
Shop floor employees	(%)	72.0	72.0	72.0	72.0	<b>70.0</b>

## Creating Attractive Workplaces

In order to strengthen its human resource base for sustainable growth, Toyota has created a working environment in which employees can work with confidence and feel safe. Toyota strives to foster employees' pride and loyalty to the company by encouraging a culture of teamwork through communication.

Employee teams, including those from overseas affiliates, competed in the annual Toyota Relay Race (*HURE! hure! Ekiden*). The enthusiastic cheering from more than 30,000 spectators enhanced the sense of unity and boosted morale within Toyota.



Ekiden

## Promoting Various Sports, from Company Teams to Classes for Children

Toyota is working to help create affluent communities by promoting various sports. Since our founding in 1937, Toyota has focused particularly on company sports.

The players' commitment to challenge, teamwork and never giving up embodies the spirit of Toyota. Coworkers playing hard increase employee motivation and provide excitement in the workplace. There are currently 33 sports clubs and 18 individual athletes who are training to compete in Olympic Games, Paralympic Games. They have achieved high rankings at competitions.

In addition, we sent Toyota athletes to lead "Dream Classes" at elementary schools in Toyota City, and provided support for sports classes offered by dealers and sports events held by local communities.

## Safety and Health

### Fundamental Approach

Ensuring the safety and health of employees has been one of Toyota's most important long-standing business activities and will continue to be so, going forward. Upon assuming the position of General Safety and Health Supervisor in 1957, then Senior Managing Officer Eiji Toyoda explained his basic stance on safety and health: "Safe work is the 'gate' to all work. Let us pass through this gate." Toyota has handed these words down as its Basic Philosophy for Safety and Health, incorporating the strong desire that employees never be involved in an occupational accident.

This is why we are using the PDCA cycle to improve priority policies implemented under the leadership of company-wide safety and health managers (operating officers), as part of our overall safety and health activities.

For health promotion, we hold discussions with the Toyota Motor Health Insurance Society, labor unions and industrial health personnel (human resources, safety & health) to take health support measures.

In September 2017, President Akio Toyoda announced the "Proclamation of Health Commitment: Aiming at Becoming a Health-first Company." This proclamation states that the physical and mental health of our employees is the "driving force of good performance," and Toyota actively supports the "challenge to improve your lifestyle" for each employee and engages in initiatives for "health promotion and illness prevention."

Dialogues are held between labor and management at each work site to cooperatively resolve these issues of safety and health according to the specific situations at each location.

Furthermore, the KPIs of safety and health are reported as important issues at Executive Meetings on a regular basis.

### Basic Philosophy for Safety and Health

Safe work  
Reliable work  
Skilled work  
Safe work is the "gate" to all work  
Let us pass through this gate

### Promoting a Three-pillar Approach to Safety

We have promoted the interactive development of safety and health based on our safety and health function policy. For safety, we work to ensure that our management takes the leadership and that everyone adheres to the basic rules. Under the slogan of “Eventually achieving zero accidents and the continuation of zero accidents at all worksites,” we will intensify efforts toward the three pillars of safety: human resource development (raising awareness of hazards through education and on-the-job training and conducting programs with the participation of all personnel), risk management (developing safety management systems), and environmental and facility preparation (providing safe machinery and comfortable workplace environments).

If any incidents occur, we will promptly communicate the relevant information to all general managers to ensure that the same incident does not recur.

#### Accident Frequency Rate (Frequency Rate of Lost Workday Cases)

(FY)	2015	2016	2017	2018	2019
(%)					
Frequency rate of lost workday cases (Global)	0.89	0.75	0.60	0.59	<b>0.42</b>
Frequency rate of lost workday cases (Japan)	0.06	0.03	0.07	0.07	<b>0.08</b>
All industries (Japan)	1.66	1.61	1.63	1.66	<b>1.83</b>
Manufacturing industry (Japan)	1.06	1.06	1.15	1.02	<b>1.20</b>
Automobile manufacturing industry (Japan)	0.23	0.20	0.18	0.15	<b>0.19</b>

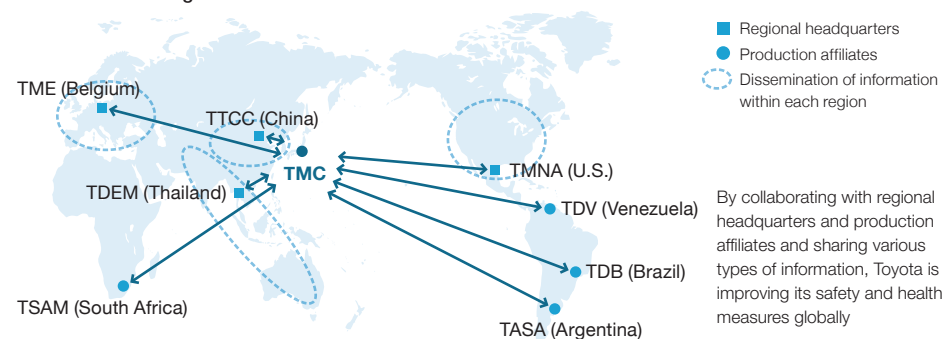
Data source: All industries, manufacturing industry, and automobile manufacturing industry (2018 Survey on Industrial Accidents by the Ministry of Health, Labour and Welfare)

### Global Safety Measures

Toyota regional headquarters take the lead in promoting safety and health measures in each region. We are currently working with each region to develop an occupational safety and health management system (OSHMS) globally. Along with unique regional requirements, we have established requirements that are shared throughout global Toyota based on ISO 45001\*. Using OSHMS, weaknesses are identified by genchi genbutsu (onsite hands-on experience) to improve safety management. For example, we confirm whether measures are being implemented to avoid accidents that have occurred at the sites of other affiliates, and that a system has been created to ensure the effort is active and continuous. Toyota also holds an annual global safety meeting, attended by managers from all regions who are responsible for safety and health, and who study measures for common issues and can share information on best practices.

\* ISO 45001: The international standard related to occupational safety and health management systems established by the ISO (International Organization for Standardization)

#### Structure for Sharing Global Information and Collaboration



Global Safety Meeting (held in North America in 2019)



Confirming safety activities (Australia and Asia area)

### Initiatives for Improving Traffic Safety with Business Partners (Japan)

At Toyota, we are providing opportunities to communicate and tackle each issue to ensure safety for business partners on the premises, in order to create a friendly work environment. For example, when performing routine cleaning and inspection of equipment, improvements are made, such as adding lights for dark work spaces or placing non-slip treads on slippery footholds. In order to mutually raise the level of safety awareness, we are cooperating with All Toyota Safety and Health Cooperating Association, comprised of 17 Toyota Group companies; Toyota Motor Corp. Safety and Health Cooperating Association, comprised of suppliers; Kyohokai, a supplier association comprised of parts and materials suppliers that have close business relationships with TMC; and Eihokai, comprised of equipment and logistics suppliers.

### Column Recognized as a 2019 Certified Health & Productivity Management Outstanding Organization

For the second year in a row, Toyota was certified as a 2019 Certified Health & Productivity Management Outstanding Organization (Major Corporations), certifying that we carry out outstanding health policies and activities in our health management. This is based on the idea that if a company values the health of their employees, it will create a workplace that allows employees to stay energetic and motivated, resulting in improved performance and growth for the company. This certifies us as a corporation that carries out strategic initiatives to manage employee health from a management perspective.



### Building up Good Health (Japan)

Starting in FY2018, we have been promoting the Healthy Lifestyles Challenge 8 program as an activity to prevent illness. This program encourages employees to make improvements in their health-related practices in eight areas to maintain and enhance their mental and physical health: (1) appropriate weight (BMI), (2) breakfast, (3) drinking, (4) snacking, (5) exercise, (6) smoking, (7) sleep, and (8) stress. The aim is to develop mentally and physically healthy people, encouraging each employee to examine one or more issue to raise awareness and adopt healthier practices. Reports indicating the status of implementing the eight health-related practices are provided and checked against the Healthy Lifestyles Challenge 8 Implementation Sheets on which health behavior targets are set and implementation status is checked weekly. A smartphone application is also provided to check the number of steps walked and the eight health-related practices. In addition, feedback on the Healthy Lifestyles Challenge 8 results is provided to each division along with support such as exercise instruction and health lectures to promote the development of health-related customs and culture at each workplace. In addition, company cafeterias are offering low-calorie, nutritionally-balanced meals to support improvement in eating habits. We also promote no smoking inside the office floor to prevent second-hand smoke.

### Column Health Support Center "WELPO"

The WELPO health support center conducts quadrennial physical examinations for all employees and their spouses (dependents) aged 36 years or older, as well as employees stationed overseas, with the aim of detecting cancer early and preventing lifestyle-related diseases such as metabolic syndrome. The center also offers health workshops that match the health status of individuals. By providing employees and their spouses relaxed time to reflect on their health and lifestyle habits, the center helps them take concrete steps toward being healthy.



Health Support Center "WELPO"

### Mental Health Care Measures (Japan)

To actively promote good mental health, we provide both mandatory and optional trainings, such as Self-care Training and Line Care Training, with the aim of preventing mental health problems from either occurring or recurring. Self-care Training targets new and young employees and helps raise awareness on how to identify warning signs and deal with stress. Line Care Training includes psychological training, as well as case-study-based training for newly-appointed managers. Listener Training is for supervisors who directly supervise subordinates. Trainees receive advice on how to communicate at workplaces and collaborate with industrial health personnel. We established internal guidelines on mental health measures for employees, and industrial health personnel, personnel in charge of human resources, and the employee's colleagues work together to ensure a smooth return to the workplace and provide daily support.

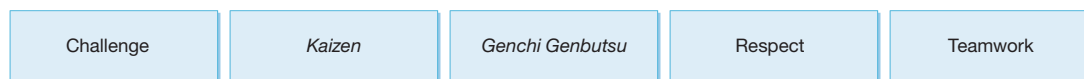


## Human Resources Development

### Fundamental Approach

Toyota is committed to developing human resources with the philosophy that “*Monozukuri* is about Developing People.” For sustainable growth, we need to make improvements each day. In order to realize “Ever-better Cars” and “Customer First,” all employees need to share the same values regardless of different cultures and customs. To ensure this, Toyota develops global OJT based on the Toyota Way for sustainable growth.

### Five Key Values for The Toyota Way



### Practice of the Toyota Way

We have organized and arranged methods and techniques into “Global Content” to share the values and ways of thinking of The Toyota Way so that it can be understood and practiced by Toyota employees around the world.

This Global Content is practiced by Toyota employees through training and OJT both in Japan and overseas.

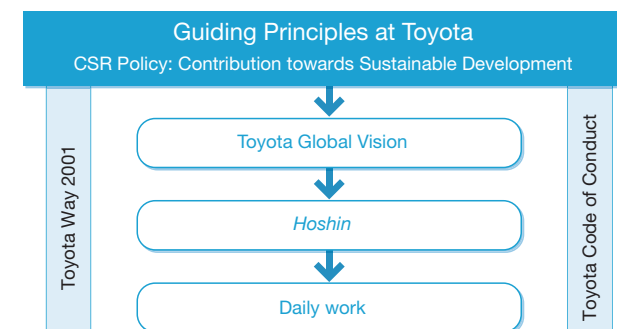
### List of Global Content

	Administrative and engineering employees	Shop floor employees
Managers	<b>Hoshin management</b> <ul style="list-style-type: none"> <li>Activity for <i>kaizen</i> (continuous improvement) on a company-wide scale</li> <li>Measures for maximizing organizational output</li> </ul>	<b>Skills and roles of management and supervision</b> <ul style="list-style-type: none"> <li>Managing skill of standard operations for managers/supervisors</li> <li>Section and team operational knowledge gained from managing irregularities</li> </ul>
	<b>On-the-job development (OJD)</b> <ul style="list-style-type: none"> <li>A four-step method for promoting human resource development through the practice of regular business activities and guidance</li> </ul>	
	<b>Management at Toyota</b> <ul style="list-style-type: none"> <li>Overall image of management at Toyota</li> <li>Effective worksite management</li> </ul>	
General employees	<b>Problem solving</b> <ul style="list-style-type: none"> <li>Methods of working using an eight-step method for identifying and solving problems (The Toyota Way)</li> </ul>	<b>Problem solving</b> <ul style="list-style-type: none"> <li>Techniques for improving current conditions to realize ideal working conditions</li> </ul>
	<b>Ji kotei-kanketsu (built-in quality with ownership)</b> <ul style="list-style-type: none"> <li>A three-step method for building in quality in each process</li> </ul>	<b>Production skills</b> <ul style="list-style-type: none"> <li>Knowledge regarding recognizing irregularities and crucial points</li> <li>Trouble-shooting capability</li> </ul>
	<b>Toyota Way</b> <ul style="list-style-type: none"> <li>Toyota's values</li> <li>The fundamentals of all work</li> </ul>	<b>Basic skills</b> <ul style="list-style-type: none"> <li>Minimum skills necessary for production line work processes</li> </ul>

### Evaluation of and Feedback to Each Employee in Relation to Principles and Hoshin

Daily work (topics and roles) of Toyota employees are derived from annual direction (*hoshin*). Evaluation and feedback are based on close communications between subordinates and superiors. Specifically, topics and roles 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 leads to human resource development. Results for each half year are reflected in bonuses and performance abilities are reflected in raises for the following year.

### Relationship with Philosophy, Hoshin and Daily Work



## Global Human Resource Development Structures

With the aim of sharing the values of the Toyota Way globally, Toyota is providing trainings through global executive human resource development, TMC human resource development undertaken by TMC, and overseas affiliate human resource development undertaken by affiliates in each region.



### Global Executive Human Resource Development

The Global 21 Program is to provide skilled global employees with knowledge suitable for global Toyota executives and to exercise their strengths to the best of their ability in their respective areas of responsibility. The program comprises the following three pillars.

1. Indication of management philosophy and expectations of executives  
The Toyota Way and Global Vision are disseminated and incorporated into global human resource evaluations and training.
2. Human resource management  
Evaluation standards and processes are standardized globally to ensure fairness and consistency. There are five major areas of evaluation: issue creativity, issue execution capabilities, organizational management capabilities, human resource utilization capabilities and leadership.
3. Training deployment and training programs  
Global assignments and executive training are carried out. Development of human resources at overseas affiliates is based on local training together with OJT at TMC to learn Toyota ways of performing work. TMC's human resource development includes programs corresponding to Global 21 within TMC training program.

## TMC's Human Resource Development (Japan)

### Management Human Resource Development

All personnel who are promoted to senior professional/senior management or senior managers undergo one-year, rank-specific training.

The training is based on group training and seminars that include discussions in small groups. Officers and general manager class employees serve as instructors to strengthen a culture of learning and teaching. Training for selected managers is also conducted to develop executive human resources candidates. These personnel work on management issues, attend overseas business schools for short periods, and attend leadership programs for executives in Japan. In this way, opportunities are created for top management to directly observe personnel in these positions and to foster executive minds for the candidates.

### Administrative and Engineering Human Resource Development

Practice of the Toyota Way is positioned as the foundation of human resource development. OJT focuses on *genchi genbutsu* (onsite hands-on experience), while off-the-job training (OFF-JT) opportunities for growth are also created with the guidance of supervisors or superiors.

For example, employees first participate in group training to learn steps for problem solving and then apply them to actual issues in their work duties.

For one year after hiring, new employees undergo comprehensive training on fundamental knowledge in various areas. In the third and sixth to eighth years of employment, young and mid-career employees undergo group training consisting of the five pillars of OJT in accordance with the Global Vision.

### Five Pillars of OJT for Young and Mid-career Employees

	Specific Measures
Working method	Problem solving, the Toyota Production System, etc.
Making ever-better cars	Comparison of new vehicles and competing vehicles
Enriching the lives of communities	Participation in volunteer activities
Customer First	Learning customer feedback at call centers
Company history	Learning from the founding spirit and the history of failure



### Dispatch Program for Young Employees

The dispatch program for young employees overseas was expanded from 2014 to accelerate the early development of young employees.

Employees working for more than four years are dispatched to overseas affiliates, overseas graduate programs (including MBA programs), or domestic affiliates for one to two years. Their mission is to acquire practical skills, deepen their understanding of different cultures, and improve their language skills.

In 2018, 373 employees were dispatched.

### Shop Floor Employee Human Resource Development

OJT is conducted by supervisors and superiors at worksites. Focus is placed on the cycle of clarification of goals and development plans, development and assignment, and evaluation/feedback.

Programs include OFF-JT, including rank-specific training and training for managers/supervisors, as well as OJT and OFF-JT combined for acquiring knowledge and technical skills.

The workplace environment is changing with a declining birth rate and aging population, a shrinking workforce, and diversification of worksite members. It is necessary for worksite members to maximize results to maintain production.

Specifically, we take measures to support employees who return to work until 65 after retirement at age 60 and female shop floor employees. In order to respond flexibly to new technologies and changes in production systems, we specify evaluation down to the technical element unit. Start-up seminars are also held to support transferred employees to support efficient acquisition of work skills.

### Human Resource Development of Overseas Employees at TMC Head Office

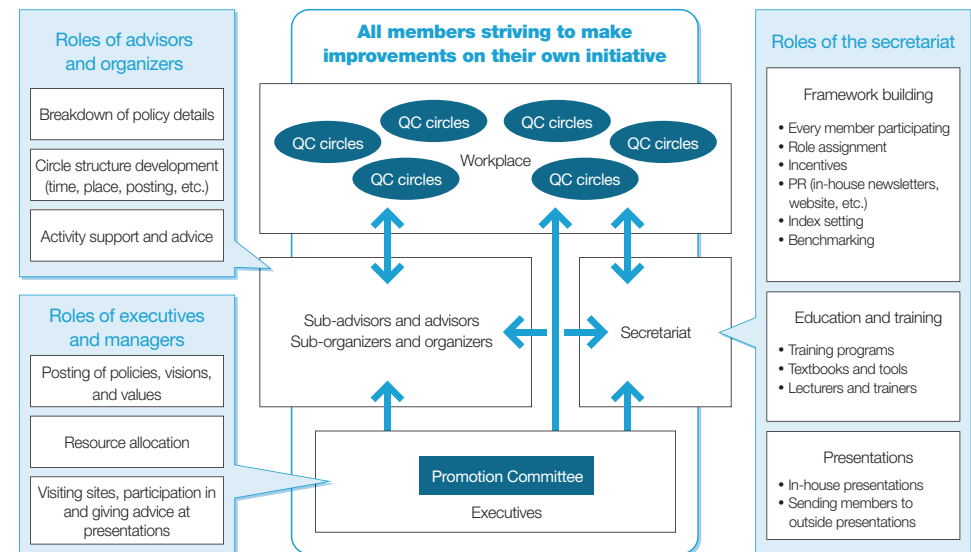
With the goal of promoting self-sufficiency in overseas affiliates, we temporarily transfer employees from overseas affiliates to TMC for OJT. Transferees focus on learning skills, knowhow and the Toyota Way throughout their training period, which is from six months to three years. Executives are posted as general managers or department managers at TMC to learn about decision-making processes and to be connected with other employees.

### TQM (Total Quality Management)

TQM is a management initiative that puts into practice the principles of “Customer First,” “kaizen (continuous improvement),” and “every member participating.” Its goal is to create a culture of employees challenging themselves to institute reforms and achieve human resource development that draws out creativity. As measures to implement it, Toyota is actively carrying out QC circle activities\* and the Creative Suggestion System. QC circle activities in particular have also been deployed to affiliates overseas, with more than 100,000 participants involved in approximately 16,000 circles every year.

\* QC circle activities: The circles are formed mainly by employees in shop floor jobs, who actively engage in activities to identify and solve on-the-job problems. When carrying out activities, all circle members strive to make continuous improvements on their own initiative, with the determination to promote individual growth and improve the workplace together. As a result, teamwork and trust are developed, and a positive and fulfilling workplace is created.

#### QC Circle Activity Promotion Structure



## Diversity and Inclusion

### Fundamental Approach

Toyota's strengths lie in our capacity to respect our employees' abilities to think and promote reforms involving every member.

Recent technical innovations centered on CASE are propelling Toyota to transform from a car company into a mobility company. We believe such a transformation is becoming increasingly important as we are expected to continue creating innovations steadily in existing areas while taking on challenges in new areas.

In such an environment, Toyota considers diversity and inclusion to be one of the key bases of management, and we are working to create an attractive workplace where employees with wide-ranging skills and values can demonstrate their abilities to the fullest and achieve self-realization.

In order to become a company that will be needed and chosen by society, we are promoting collaboration with a wide variety of partners both inside and outside the company while putting into practice the values Toyota has embraced since its founding, such as the attitude of humbly learning and taking on challenges from the customer's viewpoint.

### Global Promotion Structure

We are implementing measures appropriate to individual regions globally throughout the entire Toyota Group. In particular, we have set up a dedicated diversity and inclusion promotion organization in the Head Office in Japan, TMNA (U.S.), TMCA (Australia), and TSAM (South Africa). Furthermore, in many regions, we have established diversity and inclusion promotion organizations consisting mainly of concurrent appointments within the area of human resources.



Diversity promotion members from various countries



## Promoting Women's Participation in the Workplace (Japan)

In promoting diversity and inclusion, we recognize that gender diversity has been an issue, particularly at the Head Office in Japan. In 2002, we started initiatives at the Head Office centered on expanding and establishing measures to support women who are trying to balance work and childcare. Then in 2012, we began focusing on initiatives for creating a work environment that would help women gain motivation and supporting their participation (especially development of female managers).

### [Support Measures for Balancing Work and Childcare]

For those planning to take maternity leave, we have been offering Pre-maternity Leave Seminars and Supervisor Career Interviews since 2015. The goals of these events are to ease the participants' concerns about balancing work and childcare and to raise the level of desire to continue growing after returning to work, as well. The participants evaluate their career plans and how best to achieve them, hear about other employees who successfully balanced work with family in the past, and participate in roundtable discussions.

### [Career Development Support Measures]

In 2019, we introduced a career workshop targeting female employees and their supervisors. We are supporting the continued growth of female employees through various measures, including supporting long-term career building with life events taken into consideration, providing advice to supervisors on how to guide their subordinates, and facilitating dialogues between supervisors and subordinates. Additionally, in 2005, we introduced the career return system, which provides re-employment opportunities to employees who are forced to leave Toyota due to job-related relocation of their spouse (regardless of the spouse's gender or whether the spouse is a Toyota employee) or the need to provide nursing care. Then in 2019, we expanded the system and introduced the career continuation support system for Toyota employees who are moving overseas due to their spouse's overseas relocation. By providing a structure enabling Toyota employees to continue their careers at the overseas relocation destinations of their spouses, we are helping our female employees develop long-term careers and promoting excellent performance.



Career development support workshop targeting young women in administrative and engineering positions and their supervisors

Initiatives for Improving  
Traffic Safety

Customer First and  
Quality First Measures

Social Contribution  
Activities

Respect for Human  
Rights

Collaboration with  
Business Partners

Employees

Safety and Health

Human Resources  
Development

Diversity and Inclusion

Creating an Affluent  
Society

### “Bubu Forest” Large-scale Onsite Childcare Facility

In April 2018, Bubu Forest was built in the headquarter area, and it is the fourth childcare facility, for 320 children. To support shift workers at plants and nurses who work the night shift, Bubu Forest offers operation in the early morning hours as well as overnight stays. It also offers shuttle service from nearby plants to pick-up and deliver children. The facility also accepts new enrollments throughout the year, to accommodate the needs of employees including those who intend to return to work after childbirth, mid-career employees, and employees returning to Japan from overseas assignments.

In addition, Pipo Land, a new childcare facility established together with Bubu Forest within Toyota Memorial Hospital, has also been opened to take in sick children. This childcare facility is available to Toyota City residents and allows Toyota Motor Corporation (TMC) to build stronger ties with the local community in support of promoting work-life balance and childcare.



Bubu Forest childcare facility



Shuttle service



Opening ceremony

### Toyota Female Engineer Development Foundation

Toyota and nine group companies established the Toyota Female Engineer Development Foundation in December 2014 to contribute to the promotion of women's participation in manufacturing businesses in Japan. The aim is to attract and expand the number of girls to study in the science fields and foster female engineers in *monozukuri* (manufacturing). Our female engineers visit schools in Aichi Prefecture and give lectures to high school students to introduce them to engineering careers. The Foundation provides a development program for female engineering university students to support career-building as well as a scholarship program that provides financial support.



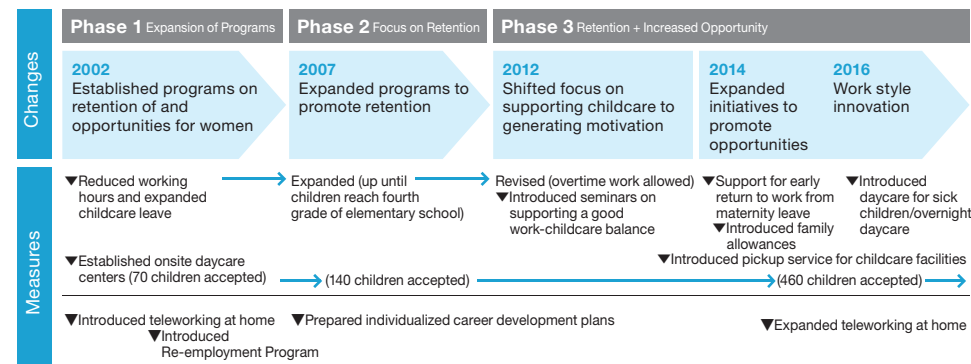
Development program (consultation with employees)



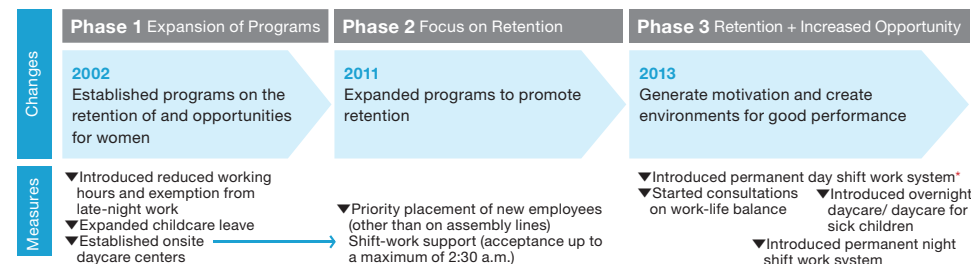
Visiting a high school to give a lecture



### Overall Image of Initiatives to Promote Women's Participation in the Workplace (Administrative and Engineering Employees) (Japan)



### Overall Image of Initiatives to Promote Women's Participation in the Workplace (Shop Floor Employees) (Japan)



\* A system that allows employees engaging in childcare to be exempted from shift work at plants

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## KPIs for Promoting Women's Participation in the Workplace (Japan)

Our initiatives to promote women's participation in the workplace, which began in 2002, have resulted in continuous improvements in all KPIs, including the goals described in the action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We will strive to improve the KPIs by continuing to implement these initiatives.

### The Promotion of Female Employee Participation and Advancement in the Workplace Action Plan

Updated in May 2020

Toyota's plan to build an environment to promote women's participation in the workplace

#### 1. Implementation Period

April 1, 2020 to March 31, 2025

#### 2. Provision of work-life opportunities for female employees

**Our Challenge** The ratio of females in managerial positions is low (continuation of our activity from 2016-2020 is necessary).

**Target** "The number of females in managerial positions in 2014 to be increased fourfold by 2025, and fivefold by 2030"

**Our Course of Action** **Hiring:** To maintain a hiring rate for female graduates and active hiring throughout the year for females [continuation from before 2020]

**System Development:** The creation of a system that reports on the progress of female training in each department to our board members [from 2020]

**Employee Training:** The development and implementation of a plan for individual employee training (continuation from before 2020) The utilization of a mentoring system [from 2020]

**Networking:** Host a global women's conference and symposium that the managerial class and female promotion candidates can participate in [from 2019]

#### 3. Creation of a supportive environment to balance work and family life

**Our Challenge** The teleworking system is not utilized enough yet.

**Target** "To increase users of the teleworking system to more than 50 percent of all employees (except for production workers and managers) by 2025, irrespective of whether teleworking for childcare or nursing purposes"

**Our Course of Action** **The creation of an environment that supports the use of teleworking, and informing our employees:** Expansion of use of IT tools so that there is no big difference between working in the office and teleworking [from 2020]

**Cultural Transformation:** Transformation to a work culture that does not make teleworking an inconvenience or a hindrance [from 2020]

### To Advance Measures in Support of Raising Next-generation Children Action Plan

#### 1. Period

April 1, 2018 to March 31, 2021

#### 2. Contents

**Aim 1** Promotion of understanding and spreading of various systems/examples related to balancing work and childcare

**Measures** ● Continuous information provision through the company's Intranet (from May 2018)

**Aim 2** Promotion of male employee participation in childcare

**Measures** ● Sending messages to male employees with children to encourage their participation in childcare (October 2018)

● Holding round-table talks for male employees on the topic of balancing work and childcare (from December 2017)

### Administrative and Engineering Employees

		FY	2003	2013	2019
Female managers	(persons)		7	76	215
Female assistant managers	(persons)		67	297	688
Attrition rate	(%)		5.8	2.4	2.2
Percentage of positions held by women <sup>1</sup>	Administrative employees	(%)	33.1 (32.8)	24.7 (26.5)	41.1 (47.6)
	Engineering employees	(%)	8.4 (7.4)	7.0 (7.4)	12.2 (12.7)
Percentage of director positions held by women <sup>2</sup>	(%)		0.0 (0)	5.6 (1)	13.0 (2)

<sup>1</sup> Excluding those hired into sports clubs; ( ) includes mid-career hires

<sup>2</sup> ( ) indicates the number of people

### Shop Floor Employees \* Production sites only; excluding those hired from the Toyota Technical Skills Academy

		FY	2003	2013	2019
Female shop floor employees	(persons)		727	1,443	1,891
Attrition rate	(%)		10.4	5.2	2.6
Percentage of positions held by women	(%)		24.9	11.9	26.4



Initiatives for Improving Traffic Safety

Customer First and Quality First Measures

Social Contribution Activities

Respect for Human Rights

Collaboration with Business Partners

Employees

Safety and Health

Human Resources Development

Diversity and Inclusion

Creating an Affluent Society

## Promotion of Women's Participation in the Workplace (Major Global Locations)

### Toyota Motor Europe (Belgium)



- Networking to promote gender diversity

- Working mother support: Home-working policy, part-time working regimes, support in finding employment for spouses of employees sent to TME
- Female career development: Mentorship system, sponsorship system
- Active hiring of promising candidates into career positions
- Unconscious bias awareness training for managers

### Toyota Motor (China) Investment Co., Ltd. (China)

- Breastfeeding break of up to one hour each day for lactating female employees



- Nursing room

### Toyota Motor North America, Inc. (U.S.)



- 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 managers

### Toyota South Africa Motors (Pty) Ltd. (South Africa)

- Leadership management workshops to ensure acceptance of women and promote their participation and advancement in the workplace



## KPIs Related to Promotion of Women's Participation in the Workplace (Major Global Locations)

We are continuing initiatives that promote women's participation and advancement in the workplace so that the percentage of positions held by women, from initial hiring to executive positions, will consistently increase at many affiliates.

### Percentage of Women Hired under Various Categories

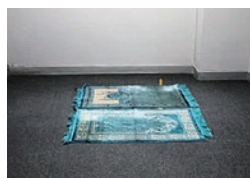
\* ( ) indicates the number of people

	Category	Full-time employees	People hired	Managerial positions	Director positions
TMNA (U.S.)	(%)	23.8	29.9	24.9	28.6 (6)
TMCA (Australia)		28.6	36.7	19.8	0.0
TDEM (Thailand)		33.6	37.4	16.1	0.0
TMCI (China)		46.4	56.5	33.6	5.6 (1)
TME (Belgium)		34.9	33.8	18.6	0.0
TSAM (South Africa)		21.6	31.4	29.8	20.0 (2)
TDB (Brazil)		8.4	12.7	1.8	0.0

### Toyota Daihatsu Engineering & Manufacturing Co., Ltd. (Thailand)



- Nursing room



- Female prayer room
- Reserved parking area for pregnant employees

### Toyota Motor Corporation Australia Ltd. (Australia)



- Annual Toyota Women's Conference Australia



- Special day when employees are allowed to bring their children to work
- Introduction of female voices in Executive Management Committee

### Toyota Do Brasil Ltda. (Brazil) Toyota Argentina S.A. (Argentina)



- Women's Day, which promotes an open conversation about the challenges women face in balancing their professional and personal lives



- Mother working from home



- Healthy pregnancy program for pregnant employees: Guidance and advice related to health conditions, as well as orientation on lactation and baby care
- Unconscious bias training for male employees
- Leadership training for female leaders

## Initiatives Related to Persons with Disabilities

### ● Initiatives in Japan

Based on the concept of harmonious society, in which all persons with or without disabilities work and live together in harmony, we provide various work opportunities to those with disabilities. We offer a variety of support to enable persons with disabilities to work energetically by fully utilizing their abilities.

For example, we have assigned a job consultant to each office, created a consultation hotline that ensures privacy, and introduced a special holiday system that can be used by employees for going to hospital or other clinics. Furthermore, to ensure that persons with disabilities are given fair opportunities, we send in sign language interpreters, provide a variety of support tools, and make workplace improvements as needed.

In terms of facility, we are creating workplaces with improved accessibility as needed by for example providing handicapped parking spaces and universally accessible toilets.

To those workplaces hiring employees with disabilities, we are distributing guidebooks to help other employees better understand disabilities and gain the knowledge necessary for providing support.

In addition, to cultivate a workplace-wide culture, we have implemented Emotional Barrier-free Training targeting a wide range of employees, from new employees to senior professional/senior management, to promote understanding of and empathy for people with disabilities.

As of June 2019, the number of persons with disabilities employed was 1,322 accounting for 2.33 percent of the entire workforce (including special-purpose subsidiaries) which is above the legal requirement of 2.2 percent.

#### Percentage of Positions Held by Persons with Disabilities (Japan)

	Year	2015	2016	2017	2018	2019
Employment rate	(%)	2.14	2.14	2.17	2.25	<b>2.33</b>
Legally mandated employment rate	(%)	2.0	2.0	2.0	2.2	<b>2.2</b>

\* Numbers as of June in each year (including specified subsidiaries)

### Creating an Environment Where the Disabled Can Work with Assurance

Toyota Loops Corporation began operation in April 2009 with 28 people with disabilities and received certification from the Minister of Health, Labour and Welfare as a special-purpose subsidiary of Toyota Motor Corporation in October of that year.

Toyota Loops primarily handles work that is outsourced from Toyota such as internal printing, mail services, enclosing catalogues and document digitization. It also performs a variety of office support tasks such as issuing visitor and employee identification cards, and shredding documents, as well as erasing data from unneeded PCs. The company is also providing nursing assistance at Toyota Memorial Hospital and healthcare services (massage) that can be used by Toyota employees.

As of June 2019, Toyota Loops employed 256 persons with disabilities. The number of support staff has also been increased in order to eliminate or reduce anxieties that employees may have regarding their health or work. We are also reinforcing support by creating a consultation hotline and providing consultations with an industrial physician and counseling by a clinical psychologist and psychiatrist.

We actively exchange information with governmental bodies, local communities, and social welfare organizations to create working environments where each employee can work with reassurance.

We also have many employees who are active outside work.

Toyota Loops employees representing Aichi Prefecture participated in the Abilympics (a national technical skills competition for persons with disabilities) in Okinawa Prefecture held in November 2018, winning silver in the Database division and bronze in the Word Processor division.



Toyota Loops employees competing in the Abilympics

### Toyota Loops Employees Support Toyota Memorial Hospital

Starting in November 2014, 10 Toyota Loops employees have been providing business support in the field of medicine. They provide support work for nursing assistants in five wings of the Toyota Memorial Hospital (ER, Internal Mixed, Orthopedics, Surgery Mixed, Stroke Center). Starting with preparing tea or moist towels for the patients, they make beds, check laundry for cleaning, and other jobs.

The nursing assistants note that “although it was hard for them to learn the work at first, now they do their work very diligently and carefully. This gives us more time with our patients and helps us provide better service.”



Toyota Loops employees making beds



Initiatives for Improving  
Traffic Safety

Customer First and  
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Social Contribution  
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Development

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Society

## ● Global Initiatives

We are striving to create a workplace environment that is friendly even to employees with disabilities by, for example, providing universally accessible toilets, handicapped parking spaces, and wheelchair ramps. We also conduct a variety of events, for example participating in campaigns and holding workshops, to promote understanding about people with disabilities.

### [TDEM (Thailand)]

Together with organizations serving people with disabilities, we are carrying out activities to promote safe driving, such as holding seminars with the goal of increasing knowledge and awareness about safe driving.



Toyota Safe Driving Campaign

### [TMCA (Australia)]

Held a disability awareness workshop titled “Champions of Change” by Dylan Alcott, a wheelchair tennis player.



“Champions of Change” workshop

## LGBT-related Initiatives

### ● Initiatives in Japan

Toyota has launched initiatives with the aim of creating workplaces with an appropriate understanding and acceptance of LGBT people.

Prohibition on discrimination or harassment of LGBT people has been incorporated into the employee behavioral guidelines, and we no longer require new graduates to fill in their sex on their job application sheets.

In our company training, we provide training to enlighten new graduate employees about human rights, and we also provide experience-based training by outside instructors (LGBT people) for mid-career employees. Furthermore, Toyota has established an internal harassment consultation hotline, and is making dedicated toilets for LGBT people in Head Office and Nagoya office.

### ● Global Initiatives

#### [TMNA (U.S.)]

During the recruiting and hiring process, we provide a non-discrimination statement to everyone that submits a job application. That statement says that the company does not discriminate based on gender, ethnicity, and many other categories, including LGBT. We do not require a photo or gender identification on resumes. One of our business partner groups (organizations representing minority’s interest) is an LGBT group.



LGBT Pride Flag Raising Ceremony

#### [TMCA (Australia)]

Gender description is not required during the application process. We do not request photos.

## Major Initiatives of Nursing Care (Japan)

As nursing care environments change, we have been expanding company measures on nursing care since 2009, in order to reduce employee burdens and anxiety, allowing them to devote themselves to work. For example, we hold lectures by outside experts such as licensed social welfare workers and nursing care workers since 2009.

### Use of Childcare and Nursing Care Leave (Japan)

	(FY)	2015	2016	2017	2018	2019
Male	(Persons)	20	43	44	54	111
Female	(Persons)	469	577	602	582	513

### Major Initiatives in Nursing Care (Japan)

Support for the Work-life Balance	<ul style="list-style-type: none"> <li>● Nursing care leave and shortened working hours</li> <li>● Increase flexibility in working hours system                             <ol style="list-style-type: none"> <li>(1) Change the units of time for shortened working hours, etc.</li> <li>(2) Change the working hour for teleworking at home</li> <li>(3) Expand applicable periods for various work-life balance support</li> <li>(4) Establish a new nursing care leave program</li> </ol> </li> </ul>
Providing Information	<ul style="list-style-type: none"> <li>● Create a consultation hotline at the Toyota Health Insurance Union</li> <li>● Publish pamphlets on nursing care</li> <li>● Hold nursing care lectures</li> <li>● Hold hands-on nursing care seminars</li> </ul>
Nursing Care Services	<ul style="list-style-type: none"> <li>● Introduce a nursing care savings program</li> <li>● Form a partnership with a major nursing care service provider</li> <li>● Expand nursing care service providers</li> <li>● Introduce home care workers services</li> </ul>
Financial Support	<ul style="list-style-type: none"> <li>● Introduce nursing care insurance</li> <li>● Create parent nursing care insurance</li> <li>● Introduce a nursing care financing program</li> </ul>

## Employment for Over-60s (Japan)

Following the introduction of the Internal Re-employment Program for Retired Professionals in 1991, an Optional Re-employment Application System was launched in 2001 to outplace applicants to external affiliates and other sites, providing a framework for helping over-60s to continue working.

Based on the revisions to the Law on Stabilization of Employment of Elderly Persons in 2006 and 2013, the support was revised to expand re-employment by taking surveys and interviews based on the needs of the employees.

In addition, starting from 2016, the Advanced Skilled Partner System was set up for shop floor employees to encourage and motivate employees to retire at 65 years old by maintaining their job rank and salary.

## Employment of Fixed-term Contract Employees (Japan)

When hiring fixed-term contract employees, we ensure appropriate hiring and contract renewals, and also provide support for obtaining government certification to those who have fulfilled contracts exceeding one year, focusing maximum efforts on maintaining stable employment and improving their work capacity. With the full-time staff appointment system, fixed-term contract employees who have worked for TMC for at least one year have the chance to take an examination for employment by recommendation from their workplace. This leads to increased motivation and vitality. Fixed-term contract employees are also given the opportunity in their third year.

It is necessary to maintain strong workplace in order to achieve sustainable growth, and to this end, TMC continues to hire fixed-term contract employees as full-time employees.

## Localization of Management at Overseas Facilities

Toyota is localizing management at overseas affiliates from a medium- to long-term perspective. The roles are defined so that the head office determines what needs to be done, and overseas affiliates decide how they will carry out those tasks. In principle, executives and chief officers responsible for overseas operations live at the respective overseas locations and create management systems close to operation. Toyota also actively hires local employees. Of six regional headquarters, two are currently headed by non-Japanese chief officers. As of April 2019, TMC has five non-Japanese executives (one of whom is an outside director).

We are working towards the localization of management posts as well. This should facilitate the timely understanding of customer and employee needs in each region, enabling us to make appropriate business decisions.

## Creating an Affluent Society

### Fundamental Approach

To help realize a mobility society of the future and affluent lifestyles, Toyota is working on a wide variety of initiatives beyond just automotive manufacturing, including building environmentally-friendly communities where people connect more freely, developing life-supporting robotics and sponsoring sport events such as the Olympic Games, Paralympic Games Tokyo 2020. Through collaboration with governments, local communities, other corporations and academics, Toyota is committed to realizing a sustainable society for the greater happiness of all.

### Olympic Games, Paralympic Games

Competing in sports brings about “courage” and “inspiration.” The Olympic Games, Paralympic Games possess a “power” that enriches people and society through various activities that are centered on sports. Toyota shares the vision and philosophy that the Olympic Games, Paralympic Games strive to achieve, and entered into agreements to become an Official Worldwide Olympic Partner of the International Olympic Committee (IOC) and an Official Worldwide Paralympic Partner of the International Paralympic Committee (IPC) in 2015. By providing various activities and sustainable mobility, Toyota hopes to help create a better world, peaceful and equal society.

#### What Toyota Is Aiming for as a Partner

The agreement runs through the Olympic Games, Paralympic Games Tokyo 2020 and to the end of 2024 in the mobility category.

Through the Olympic Games, Paralympic Games, Toyota is aiming to achieve “Ever-better MOBILITY FOR ALL,” “Ever-better SOCIETY” and “Ever-better TOYOTA.” Toward the realization of a society in which everyone can participate and strive, Toyota will take initiatives in mobility, sports, and social issues.



For mobility, Toyota will provide mobility that will bring a smile to everyone involved in the Olympic Games, Paralympic Games. At the Olympic Games, Paralympic Games Tokyo 2020, Toyota will showcase forms of mobility that incorporate its latest and most advanced technologies, as well as future of social and transportation systems. Additionally, Toyota aims to provide safe, secure, and comfortable mobility to everyone, including people with disabilities and visitors from overseas.

#### Mobility Initiatives

Theme	Major Initiatives
Sustainability	<ul style="list-style-type: none"> <li>Lead the way toward a future hydrogen-based society by providing ultimate zero-emission vehicles as official event vehicles</li> <li>Adopt the latest safety equipment toward realizing a zero-traffic-accident society</li> </ul>
MOBILITY FOR ALL	<ul style="list-style-type: none"> <li>Strive to develop future fully autonomous driving technologies to demonstrate the ultimate “MOBILITY FOR ALL”</li> <li>Utilize the e-Palette, a BEV specialized for mobility service, to help shuttle athletes in and around the Olympic Village</li> <li>Ensure unrestricted and comfortable mobility for all people including those with disabilities, the elderly, and people accompanied by children, Toyota will provide enhanced accessible mobility such as the Welcab</li> </ul>
Smooth operation management of event vehicles	<ul style="list-style-type: none"> <li>Utilize Toyota’s logistics expertise, represented by the Toyota Production System, as well as advanced information and communication technology (ICT) to help ensure safe, secure, and smooth transportation at the event</li> </ul>
Contribution to the most innovative event in history	<ul style="list-style-type: none"> <li>Propose a future in which robots and humans harmoniously coexist, by pursuing two-pronged approach of developing practical robots useful to people and robots that bring amazement to people</li> </ul>



e-Palette

[Toyota Olympic, Paralympic and sports page](#)

## Special Olympics Initiative

The Special Olympics (SO) is an international sports organization supporting people with intellectual disabilities to take part in society, providing various sports training opportunities, and holding events and competitions that give them opportunities to demonstrate their abilities. The Special Olympics Initiatives provides training and athletic competition, giving athletes continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in the sharing of gifts, skills and friendship with other athletes, their families, and the community. Agreeing with this mission, Toyota is providing a variety of types of support, such as vehicles and volunteers, in order to help realize a society rich in diversity.

Toyota entered into an agreement to become a “National Partner” with the Special Olympics Initiatives Nippon (SON) in January 2016. In November 2017, Toyota entered into an agreement with Special Olympics Initiatives International to become a Global Gold Partner. In addition, Toyota has agreed to support Special Olympics Initiatives Unified Sports, which joins people with and without intellectual disabilities on the same team.

Toyota was inspired by a simple principle: training together and playing together is a quick path to friendship and understanding. Beginning in 2018, Toyota has been supporting Special Olympics Initiatives Unified Sports programming primarily in Japan and the United States.



Signing ceremony

## The Role of Robots in Achieving Mobility for All

At Toyota, we use industrial robot technology for a variety of applications based on our dedication to “Supporting human life activities and living in harmony with people.” Since 2004, we have developed partner robots focused on support for people unable to move on their own, including the aging population. Now, as we transform into a mobility company, we are expanding our robotics efforts to provide all people with the freedom to move. For Toyota, “Mobility for All” includes not only “physical” movement, but also people’s “virtual” mobility, which provides further opportunities to be “moved” emotionally.

Toyota is working to create new values that will support all customers’ desire to move and the “Mobility for All” that will make such dreams come true.

### Expanding the Development Community through Supplying Human Support Robots (HSR)

Life support robot, Human Support Robot (HSR), is a compact robot intended to support customers’ daily lives. For example, HSR can pick up and carry objects and the user can remotely control or converse via the Internet.

Starting in 2015, we supplied HSRs to universities and research institutes as platforms, forming a development community that promotes sharing results and mutual use. Up to now, HSR has been used in research and development at 49 organizations in 13 countries including Japan. One of the organizations, Preferred Networks, Inc. (PFN) and Toyota have agreed in the summer of 2019 to engage in joint research and development on HSR robotics platform. The two companies aim to develop service robots that cater to market needs at the earliest opportunity.

We will also provide HSR as a platform in the household task support event at the World Robot Summit 2020.



HSR utilization example by PFN, a community member



### Third-generation Humanoid Robot, T-HR3, Combining Cleverness with Gentleness

T-HR3 is a third generation Humanoid Robot whose entire body can move smoothly by being synchronously linked with the movements of a remote operator. (Announced on November 2017)

In November 2018, Toyota and NTT DOCOMO, INC. started trials to control the T-HR3 using fifth-generation mobile communication technology (5G). Under a test environment with control from a remote location (a distance of approximately 10 kilometers), the T-HR3 successfully performed a task which requires low-latency through intervention from a 5G area.



T-HR3

### Welwalk Rehabilitation Assist Robot

The Welwalk is designed to support rehabilitation such as walking training for people with lower limb paralysis due to strokes, etc. It features a range of rehabilitation support functions based on exercise learning theory, including an adjustment function that sets the movement level according to the patient's ability, as well as a function to provide feedback regarding the patient's gait characteristics.

In the autumn of 2017, we began a rental business for the Welwalk WW-1000 aimed at medical institutions, and rented out 75 units as of the end of July 2019. Then in June 2019, we announced the new technology which is scheduled to be installed on future Welwalk at an international academic conference on rehabilitation. The aim is for this design to be used in a more appropriate way at more facilities, for example by automatically detecting the patient's abnormal gait on a real-time basis and displaying the recommended assistance setting values. A game function based on exercise learning theory is under development to improve the patient's motivation for walking training.



June 2019, announced new technology planned to be introduced in future Welwalk

### Column Toyota Robots to Help People Experience Their Dream of Attending the Olympic Games, Paralympic Games Tokyo 2020

Toyota, as a worldwide partner of the Olympic Games, Paralympic Games, aims to provide mobility solutions that go beyond providing official vehicles for the Olympic Games, Paralympic Games Tokyo 2020 (Tokyo 2020).

For example, through robot-based communication and remote control, Toyota aims to enable customers at remote locations to interact with athletes and virtually experience the atmosphere of the event, as well as to use Field Support Robots to help operational staff achieve efficient operation of the event. Toyota will also provide Human Support Robots to help wheelchair-bound customers feel secure while they enjoy watching the games.

By actualizing dreams and delivering excitement through provision of robots that support all customers' desire to move, Toyota is committed to make Tokyo 2020 a great success.



Robots to be provided to Tokyo 2020

[Click here for details](#)

## Assisted Mobility Vehicles

As Japan enters into a period of a super-aging society, government policy is shifting towards home-based medical treatment and nursing care. As a result, there is a growing need for assisted mobility that is easy to use at home. Toyota named its assisted mobility vehicles Welcab with the hope of contributing to the happy lives of customers.

Our goal is to make vehicles that are comfortable and safe as well as simple and easy-to-use, and that give people with disabilities and the elderly the freedom of mobility, while also accommodating the needs and wants of caregivers.

### Organization and Structure

We plan and develop Welcab vehicles based on five development perspectives—ease of getting in and out of the vehicle, comfortable and smooth ride, ease of operation for drivers and caregivers, ease of communication inside the vehicle, and reasonable pricing—while pursuing market needs.

Customers can experience Welcab vehicles firsthand at Welcab stations established at dealers and Heartful Plazas, which are general Welcab exhibit sites, with Welcab consultants onsite to help customers choose the most appropriate vehicle.

As of May 2018, there are 242 Welcab Stations and nine Heartful Plazas in Japan.

**242** Welcab Stations in Japan

**9** Heartful Plazas in Japan



Heartful Plaza

## Agriculture and Biotechnology Business

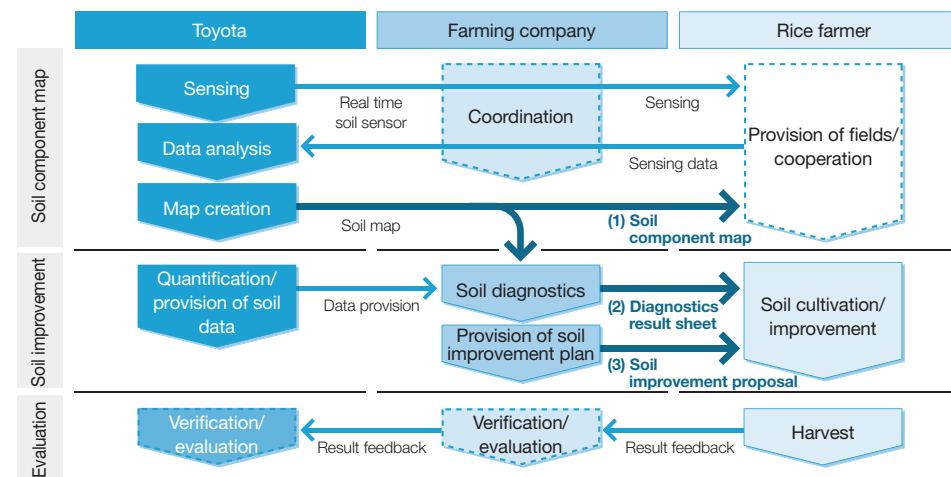
To contribute to solving global problems such as global warming, energy issues and food shortages, Toyota believes in the need for new businesses that contribute to the environment, in addition to the automotive business. Therefore, we are establishing a structure to carry out R&D in a variety of fields and start new businesses.

### Support to Agricultural and Food Production Industries

We are pursuing various ways of applying our automotive production management and process improvement know-how to address issues faced by agriculture, such as the aging of the farming population and declining food self-sufficiency. One example is the *Housaku-Keikaku* agricultural IT management tool launched by Toyota in 2014 as a cloud-based solutions service that adopts the principles of the Toyota Production System to improve agricultural efficiency.

In March 2019, we began field trials of a new support service that uses data from real-time visualization of soil components during agricultural land analysis to diagnose soil characteristics and propose improvements. The aim of this service is to rapidly identify variations in soil components within a tract of agricultural land, and to help improve agricultural productivity and lower environmental impacts by enabling precise soil cultivation through waste-free addition of fertilizers and other soil improvement agents. This field trial is being carried out on farmland in Mie Prefecture in cooperation with Tokai Trading Co., Ltd., which has a wide range of know-how related to agricultural machinery and fertilizers, as well as extensive contacts in the farming industry.

#### Outline of the Soil Diagnostics and Improvement Proposal Service Using Optical Sensors





## Foundations

### Toyota Foundation

Toyota Foundation was established in 1974. The Foundation views events from a global perspective as it works to support activities that bring broad, long-term benefits to society. It identifies issues in a wide range of areas including human and natural environments, social welfare, and education and culture, and provides grants for research and projects that address these issues.

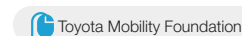
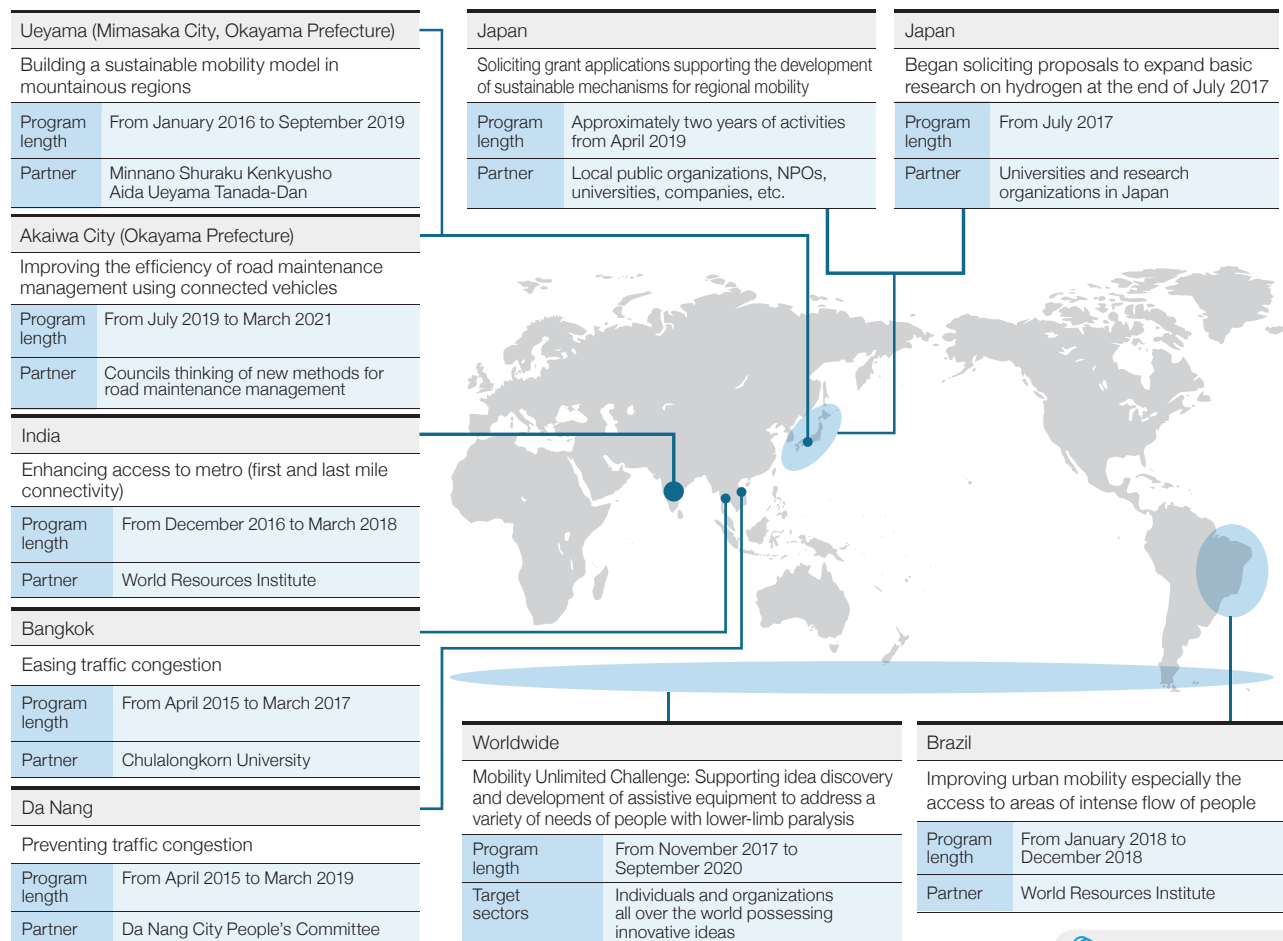
Specifically, the foundation conducts a variety of support programs, including the Research Grant Program, International Grant Program, Grant Program in Japan, Communication with Society Program, and the Initiative Program.



### Toyota Mobility Foundation

The Toyota Mobility Foundation was established in August 2014 to create a truly mobile society and help overcome the barriers to mobility for all. The foundation seeks to make this possible by sharing Toyota's expertise and accumulating innovative visions and experiences from NPOs and research organizations worldwide.

#### Main Projects



# Governance

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## Corporate Governance

### Fundamental Approach

Toyota regards sustainable growth and the stable, long-term enhancement of corporate value as essential management priorities. Building positive relationships with all stakeholders, including shareholders, customers, business partners, local communities and employees, and consistently providing products that satisfy customers are key to addressing these priorities. To this end, Toyota constantly seeks to enhance corporate governance. Moreover, Toyota complies with the general principles of the Corporate Governance Code. The specifics of these efforts are discussed in Sustainability Meetings and reported to the Board of Directors.



### Business Execution and Supervision

With the aim of achieving the Toyota Global Vision, Toyota has been implementing ongoing revisions in its operational framework in order to quickly respond to the unprecedentedly rapid changes occurring in the external environment. Since 2011, to accelerate decision making and operational execution, Toyota has been undertaking a variety of reforms, including the introduction of the in-house company system.

In 2018, to accelerate management oversight that is fully coordinated with the workplace, Toyota moved up the timing for changing the executive lineup from April to January, revised the corporate strategy function, and restructured the Japan Sales Business Group based on regions rather than sales channels. These organizational changes were designed to transform the company structure into one that facilitates decision making close to customers and close to where the action takes place.

In 2019, to further advance its “acceleration of management” and the development of a diverse and talented workforce, we made executive and organizational changes as follows.

- Executives are composed of only senior managing officers and people of higher rank.
- A new classification called “senior professional/senior management” (*kanbushoku* in Japanese) was created replacing the following titles or ranks: managing officers, executive general managers, (sub-executive managerial level) senior grade 1 and senior grade 2 managers, and grand masters.

From the perspective of appointing the right people to the right positions, senior professionals/senior management are positioned in a wide range of posts, from chief officer, deputy chief officer, field general manager, and plant general manager to group manager, regardless of age or length of employment, to deal with management issues as they arise and to strengthen their development as part of a diverse and

talented workforce through *genchi genbutsu* (on-site learning and problem-solving). Executives themselves go to where the action is taking place and, together with senior professionals/senior management and other members of the workplace, give form in the real world to their visions for a future society of mobility. In the Sustainability Meetings, in which Outside Directors and Outside Audit & Supervisory Board Members also participate, the execution of operation is supervised from a societal perspective toward sustainable growth of the company and the corporate governance structure is deliberated.

In addition, we deliberate on and monitor management and corporate activities based on views of various stakeholders through a wide variety of deliberating bodies, including the Labor-Management Council/Joint Labor-Management Round Table Conference.

### Board of Directors and Related Structures

The structures related to the Board of Directors are based on comprehensive considerations with the aim of ensuring prompt, appropriate decision making and appointing the right person to the right position. We believe that it is crucial to appoint individuals who comprehend and are capable of putting into practice its core concepts of making ever-better cars and *genchi genbutsu* (onsite hands-on experience). Moreover, these individuals must be able to contribute to decision making aimed at sustainable growth into the future. Toyota’s Executive Appointment Meeting, of which the majority are Outside Directors, discusses recommendations with the Board of Directors regarding such appointments.

In order to ensure that outside perspectives are adequately reflected in management decision making, there are three Outside Directors, all of whom are registered as independent officers with the relevant financial instrument exchanges.

When selecting Outside Directors who will serve as independent officers, we consider the requirements set forth in the Companies Act and independence standards established by the relevant financial instrument exchanges. Our Outside Directors draw on their broad experience and insight, including their respective fields of expertise, to inform decision making from a perspective independent of management structure.

### Overview of the Executive Appointment Meeting

Purpose and authority	Evaluation of recommendations to the Board of Directors concerning appointment/dismissal of Members of the Board of Directors and Audit & Supervisory Board Members
Number of persons	5 (of whom 3 are Outside Directors)
Members	Representative Director Takeshi Uchiyamada (Chairman) Representative Director Koji Kobayashi Outside Director Ikuro Sugawara Outside Director Sir Philip Craven Outside Director Teiko Kudo

## Audit & Supervisory Board

Toyota has adopted an Audit & Supervisory Board system. Six Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) play a key role in Toyota's corporate governance by undertaking audits in line with the audit policies and plans.

In appointing Audit & Supervisory Board Members, Toyota believes it is necessary to elect individuals who have broad experience and insight in their respective fields of expertise and can advise management from a fair and neutral perspective, as well as audit the execution of business. Toyota's Executive Appointment Meeting, more than half of whose members are Outside Directors, discusses recommendations with the Audit & Supervisory Board regarding such appointments.

Three individuals, all of whom are registered as independent officers with the relevant financial instrument exchanges, have been appointed as Outside Audit & Supervisory Board Members. When appointing Outside Audit & Supervisory Board Members, Toyota considers the requirements set forth in the Companies Act as well as the independence standards established by the relevant financial instrument exchanges.

## Executive Compensation

The amount of executive compensation, how its calculation method is determined, and the calculation method are described below.

### [Decision Policy and Decision Process]

The director compensation system is designed based on the following ideas.

- The system should encourage Members of the Board of Directors to work to improve the medium- to long-term corporate value of Toyota
- The system should maintain compensation levels that will allow Toyota to secure and retain talented personnel
- The system should motivate Members of the Board of Directors to promote management from the same viewpoint as our shareholders with a stronger sense of responsibility as corporate managers

Remuneration for Members of the Board of Directors is effectively linked to corporate performance while reflecting individual job responsibilities and performance. Remuneration standards in each member's home country are also taken into account when determining remuneration amounts and methods. Remuneration for Outside Directors and Audit & Supervisory Board Members consists only of fixed payments. As a result, this remuneration is not readily impacted by business performance, helping to ensure independence from management.

The amounts of remuneration for Members of the Board of Directors and the remuneration system are decided by the Board of Directors and by the members of the Executive Compensation Meeting, a majority of whom are Outside Directors. The Board of Directors resolves the total amount of remuneration for a given fiscal year and delegates the determination of the amount of remuneration for each Member of the Board of Directors to the Executive Compensation Meeting. The Executive Compensation Meeting reviews

the remuneration system for Members of the Board of Directors and senior management, and determines the amount of remuneration for each Member of the Board of Directors, taking into account factors such as corporate performance, as well as individual job responsibilities and performance.

Remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the scope determined by resolution of the Shareholders' Meeting.

Additionally, we check the appropriateness of our executive compensation by referencing benchmarking results created by outside compensation consultants.

### Overview of the Executive Compensation Meeting

Purpose and authority	Evaluation of the executive compensation system, and decision on individual remuneration amount is based on factors such as corporate performance, as well as individual job responsibilities and performance. (The Board of Directors resolves the total amount of remuneration for the current fiscal year and delegates the determination of individual remuneration amount to the Executive Compensation Meeting.)
Number of persons	5 (of whom 3 are Outside Directors)
Members	Representative Director Takeshi Uchiyamada (Chairman) Representative Director Koji Kobayashi Outside Director Ikuro Sugawara Outside Director Sir Philip Craven Outside Director Teiko Kudo

### [Method of Determining Performance-based Remuneration]

Remuneration for Members of the Board of Directors is effectively linked to corporate performance while reflecting individual job responsibilities and performance. Remuneration standards in each member's home country are also taken into account when determining remuneration amounts and methods.

#### 1) Directors with Japanese citizenship (excluding Outside Directors)

Toyota sets the total amount of remuneration (Annual Total Remuneration) received by each Member of the Board of Directors in a year based on consolidated operating income, the volatility of the share price of Toyota and individual performance evaluation. The balance after deducting fixed remuneration from Annual Total Remuneration constitutes performance-based remuneration.

### Explanation of Indicators

Consolidated operating income	Indicator for evaluating Toyota's efforts based on business performance
Volatility of Toyota's share price	Corporate value indicator for shareholders and investors to evaluate Toyota's efforts
Individual performance evaluation	Qualitative evaluation of each director's performance

**Evaluation Method and Reference Value for Indicators, and Evaluation Result for the Current Fiscal Year**

	Evaluation method	Reference value	Evaluation result for the current fiscal year
Consolidated operating income	Evaluate the degree of attainment of consolidated operating income in the current fiscal year, using required income (set in 2011) for Toyota's sustainable growth as a reference value	1 trillion yen	170%
Volatility of the Toyota's share price	Comparatively evaluate the volatility of Toyota's share price up to the end of the current fiscal year, using the share price of Toyota and the Nikkei stock average at the end of the previous fiscal year as reference values	Toyota's share price: 6,825 yen Nikkei average: 21,454 yen	

**Method of Setting the Annual Total Remuneration**

Annual Total Remuneration is set for each Member of the Board of Directors based on consolidated operating income and the volatility of the share price of TMC, and then adjusted based on individual performance evaluation. Individual performance-based remuneration is set within the range of 10% above or below Annual Total Remuneration for each position.

2) Directors with foreign citizenship (excluding Outside Directors)

Fixed remuneration and performance-based remuneration are set based on the remuneration levels and structures that allow TMC to secure and retain talented personnel. Fixed remuneration is set, taking into account each member's job responsibilities and the remuneration standards of such members' home countries. Performance-based remuneration is set based on consolidated operating income, the volatility of the share price of Toyota and individual performance, taking into account each member's job responsibilities and the remuneration standards of such members' home countries. The concept of each item is the same as for directors with Japanese citizenship (excluding Outside Directors).

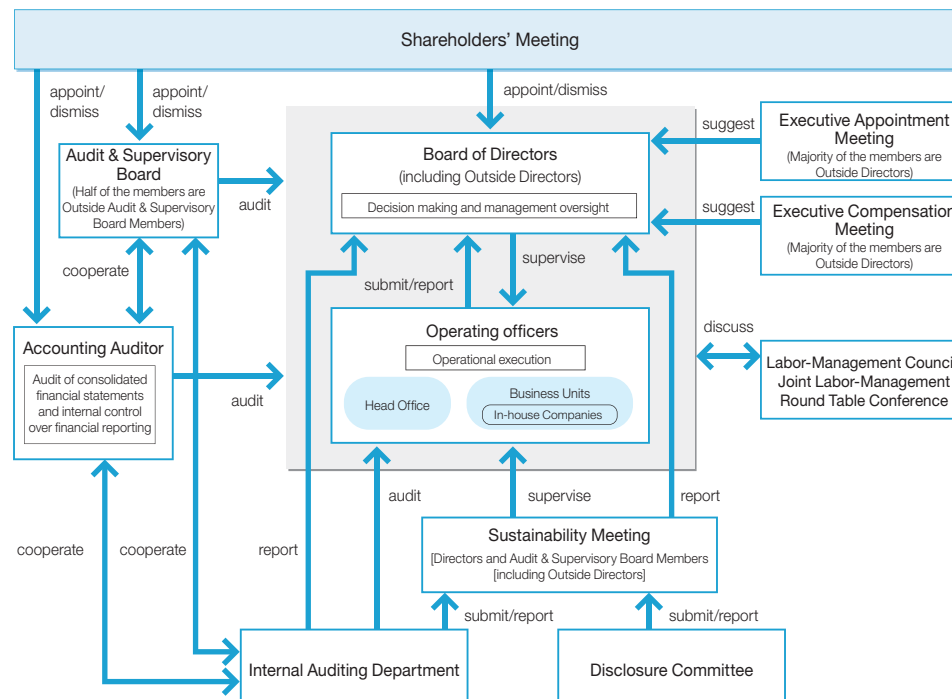
**[Share Compensation System]**

The Board of Directors of TMC decides the share compensation, using the maximum share compensation (4.0 billion yen per year) set in the 115th Ordinary General Shareholders' Meeting held on June 13, 2019.

**Analysis and Evaluation of the Effectiveness of the Board of Directors**

After the Secretariat of the Board of Directors conducts a quantitative analysis of the state of the Board's performance pursuant to an instruction of the Chairman of the Board of Directors, a survey is conducted of Members of the Board of Directors (Members of the Board of Directors and Audit & Supervisory Board Members) regarding the state of execution of operations and of the supervision of such execution. Furthermore, interviews are held individually with Members of the Board of Directors, including the Outside Directors and Outside Audit & Supervisory Board Members, based on results of the survey. The Secretariat of the Board of Directors' Meeting combines and explains the findings to the Chairman of the Board of Directors and reports and discusses the findings at the Board of Directors' Meeting. For FY2019, it was confirmed, as a result of the evaluation, that effectiveness was secured. However, since meaningful comments were provided during the process of the evaluation regarding "acceleration of decision making," "management oversight of operations" and other matters, Toyota will make suggested improvements during FY2020 to further enhance effectiveness.

**Corporate Governance Organizational Diagram (Emphasizing Frontline Operations + Multidirectional Monitoring)**



## Fundamental Approach and Maintenance of Internal Control Systems

### Basic Stance on System for Ensuring Appropriate Business Operations

Toyota and its subsidiaries work to foster a sound corporate culture based on the Guiding Principles at Toyota and the Toyota Code of Conduct. Toyota integrates the principles of problem identification and *kaizen* (continuous improvement) into its operational processes and makes continuous efforts to train employees who will put these principles into practice.

### System to Ensure Appropriate Operations

Toyota endeavors to maintain and properly operate a system for ensuring the appropriateness of business operations as a corporate group in accordance with its Basic Policies on Establishing Internal Controls. Each fiscal year, Toyota inspects the establishment and implementation of internal controls to confirm that the organizational units responsible for implementing internal controls are functioning autonomously and enhancing internal controls as necessary. The findings of these inspections are reviewed in the Sustainability Meetings and the Board of Directors Meetings.

For details on Fundamental Approach and Maintenance of Internal Control Systems, please see "IV. Basic Approach to Internal Control System and its Development" in the Corporate Governance Report.



# Risk Management

## Fundamental Approach

Toyota has been working to reinforce its risk management structure since the series of recall issues that occurred in 2010. In June 2010, Toyota established the Risk Management Committee (now Sustainability Meeting) and appointed risk managers globally and at each region and section to comprehensively prevent and mitigate the impact of risks that could arise in business activities.

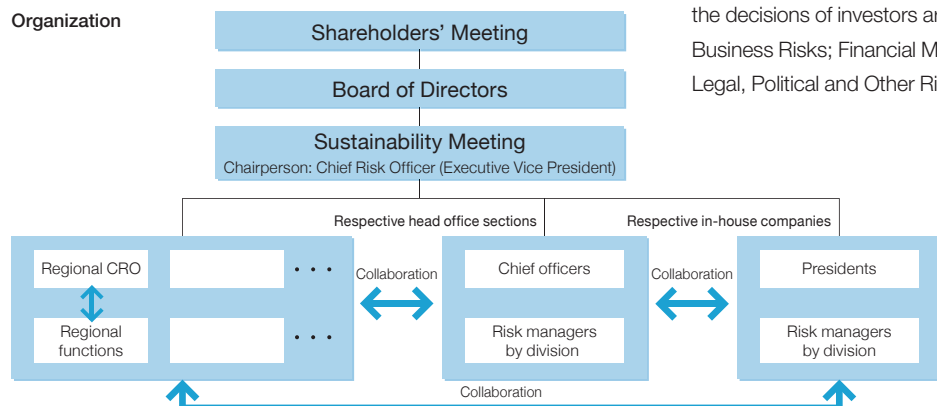
### Organization and Structure

To head global risk management, Toyota has appointed a Chief Risk Officer (CRO) who oversees significant risks and takes leadership to respond to significant global emergencies. Beneath the CRO are Regional CROs appointed to manage their own risk management structures.

Within head office departments (such as Accounting and Purchasing), risk management by function is assigned to chief officers and risk managers of individual divisions, while in individual in-house companies, risk management by product is assigned to the company presidents and risk managers of individual divisions. This

makes it possible for them to coordinate and cooperate with the regional head offices and sections.

To oversee and mitigate global risks, we are enhancing our global risk management capability based on the Toyota Global Risk Management Standard (TGRS), which spells out Toyota's globally common risk management policy, structure, and operating procedures. Additionally, to identify and implement the necessary risk-prevention actions, significant emerging risks are reported and reviewed in the Sustainability Meetings. To respond to emerging risks in recent years, Toyota advances measures related to information security and business continuity management (BCM). Risks related to Toyota's businesses that could significantly impact the decisions of investors are listed in Form 20-F: Industry and Business Risks; Financial Market and Economic Risks; Regulatory, Legal, Political and Other Risks.



## Initiatives for Information Security

With cyber attacks becoming more sophisticated and complicated, the targets of cyber attack are no longer limited to confidential information and information systems, but also include the networks of systems that control plant facilities and vehicles (such as on-board device systems). The importance of information security is increasing for Toyota.

Toyota is committed to ensuring the safety and security of our customers from cyber attack threats and we consider it our social responsibility to protect our customers' personal information. Therefore, we are reinforcing information security by governance and risk management based on the Information Security Policy, formulated to clearly define our basic policy and attitude regarding information security, with the goal of taking necessary actions together with our subsidiaries.

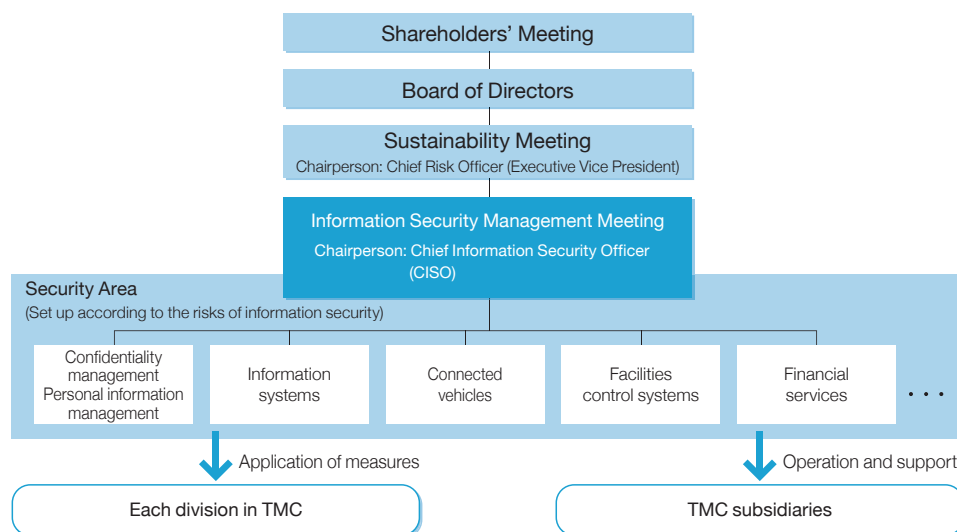
### Information Security Policy (Toyota's Basic Approach)

1. Compliance
2. Maintenance of stable business infrastructure
3. Providing safe products and services
4. Contribution to the establishment of safe cyberspace
5. Information security management

## Organization and Structure

Under the Chief Information Security Officer, security officers are respectively assigned in the individual security fields to promote activities.

Details of activities in each security field and overall common issues are shared and discussed at Information Security Management Meetings to improve information security throughout Toyota.



## Initiatives for Information Management

Toyota has established the All Toyota Security Guidelines (ATSG) covering TMC, its subsidiaries and affiliates, with the goal of comprehensively preventing information leaks and emerging risks of cyber attacks.

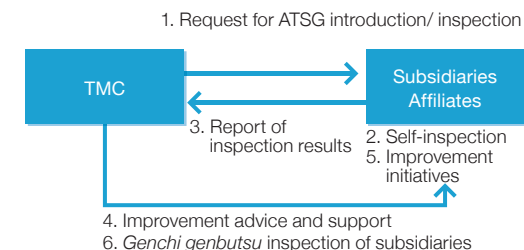
ATSG ensures information security through a multi-faced approach: through organization, human resources, technical security, physical security, and incident/accident response. To cope with recent environmental changes and increasingly sophisticated cyber attacks, ATSG is revised periodically.

By annually inspecting the information security initiatives being taken at each company in line with the ATSG, Toyota is working to ensure continuous maintenance and improvement. Furthermore, starting in FY2019, TMC has been carrying out *genchi genbutsu* inspection of its subsidiaries for further improvements.

### All Toyota Security Guidelines (ATSG)

1. Organizational management measures (establishment of organization and rules)
2. Human resource management measures (employee training, etc.)
3. Technical management measures (network security, etc.)
4. Physical management measures (entry and exit controls, etc.)
5. Establishment of incident/accident response

### Structure for ATSG Implementation at Subsidiaries and Affiliates



In terms of automobile-related initiatives, Toyota is a member of Automotive Information Sharing & Analysis Center (Auto-ISAC) in Japan and United States, a framework for sharing knowledge related to information security and is actively utilizing it to immediately learn about cases that occur within the industry and put them to use in our company's development phase.

Toyota also references the best practices in the industry (specifically, best practices found in Auto-ISAC) in order to protect its vehicles against cybersecurity risks. These include the concept of security by design,<sup>1</sup> layered defense,<sup>2</sup> and security tests.

For personal information, individual education ensures that employees are well aware of the importance of following the law and handling information appropriately. In FY2019, we checked our compliance status with regard to EU General Data Protection Regulation (GDPR) and other regulations. We will keep checking for non-compliance on a regular basis in order to protect personal information.

<sup>1</sup> Security by design: Design approach that defines the security requirements needed for safe system operations beginning from the planning and designing phases of an information system, and which aims to reliably incorporate these requirements into the information system through the development processes, by moving away from the approach of implementing security countermeasures only after a problem has been discovered.

<sup>2</sup> Layered defense: Security practice of combining multiple defense "layers" in order to enhance security, so that an attack is not successful even if one layer is penetrated.

## Business Continuity Management at Toyota

Although Toyota was not directly affected by recent large-scale disasters such as the Great East Japan Earthquake and the Thailand floods, our production operations stopped for a long period of time which inconvenienced our customers in terms of both sales and services.

There are deep concerns about the possibility of a Nankai Trough Massive Earthquake occurring, as the Toyota Group companies' main functions are concentrated in that area. It is predicted that a large scale earthquake there would severely impact our production and logistics operations.

To be prepared for such disasters, the Business Continuity Plan (BCP) was established to facilitate early recovery of business operations despite resource limitations.

In order to contribute to enriching the lives of communities, Toyota will work on disaster recovery according to the Basic Guidelines.

### Toyota's Basic Guidelines (Priorities during a Disaster)

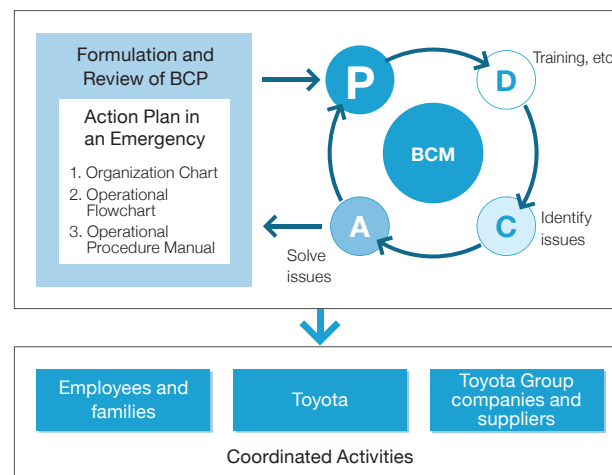


## Business Continuity Management at Toyota

The PDCA is implemented and continuous improvement is undertaken through training, etc., to constantly raise the practical effectiveness of Toyota's BCP.

These activities are identified as Business Continuity Management (BCM), promoted through coordination among employees and their families, Toyota Group companies and suppliers, and Toyota.

Through this process of formulation and review of the BCP, we aim to develop risk-resilient organizations, workplaces, and individuals.



## Humanitarian Aid and Early Recovery of Disaster-affected Regions

Toyota has concluded comprehensive disaster support agreements with local governments (Toyota City, Miyoshi City, Tahara City, and Susono City). In accordance with the Basic Guidelines, these efforts will give priority to disaster recovery and contribute to building disaster-resilient communities.

Humanitarian support and regional recovery assistance are to be provided under mutual cooperation with local governments. Toyota is preparing relevant structures by incorporating necessary provisions in its business continuity plan (BCP) and conducting joint training with the local governments.

Details of the major support items are described below. In addition, we have agreed with individual local governments to provide support such as designated shelter facilities.

### Details of the Major Support Items

1. Rescue and relief in a disaster
2. Provide temporary evacuation facilities to local residents
3. Provide food, drinking water, and daily necessities for distribution through local governments (local residents)
4. Support cargo handling at municipal relief supply facilities
5. Provide space necessary for restoration of local infrastructure (water supply and drainage, roads, etc.)
6. Employee participation in local recovery activities

### Building a Disaster-resilient Supply Chain with Suppliers

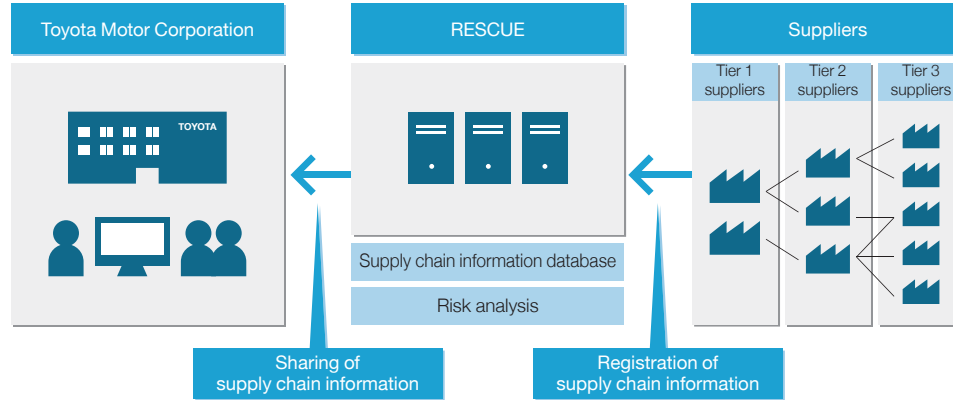
Toyota provides recovery support in accordance with the following priorities: (1) Humanitarian aid; (2) Early recovery of the affected area; (3) Restoration of Toyota's operations and production. Since the Great East Japan Earthquake, we have worked with suppliers in each country and region to build a disaster-resilient supply chain by sharing supply chain information and setting up measures for prompt initial action and early recovery.

In sharing supply chain information in Japan, Toyota has received highly confidential information from suppliers and used it to build a database, the RESCUE (REinforce Supply Chain Under Emergency) system, based on the concept of protecting Japanese *monozukuri* (manufacturing). While strictly protecting suppliers' confidential information, Toyota conducts regular trainings with suppliers to ensure effective utilization of this system in case of a disaster.

This system has been standardized and shared with other companies through the Japan Automobile Manufacturers Association, helping thus to build a disaster-resilient supply chain.

Toyota is implementing equivalent initiatives with suppliers in each country and region overseas.

#### RESCUE System to Store Supply Chain Information



# Compliance

## Fundamental Approach

The Guiding Principles at Toyota state that Toyota shall “honor the language and spirit of the law of every country and region, and undertake open and fair business activities to be a strong corporate citizen of the world.” Toyota believes that adhering to this principle is to fulfill corporate social responsibility and ensure compliance.

The Toyota Code of Conduct (adopted in 1998 and revised in March 2006) outlines the basic frame of mind that all members of Toyota should adopt. It shows concrete guidelines for the Guiding Principles at Toyota to carry out social responsibilities. This booklet is distributed to all our employees.

We also hold Sustainability Meetings to report and discuss the expectations of our stakeholders and our responses to various social issues including compliance.

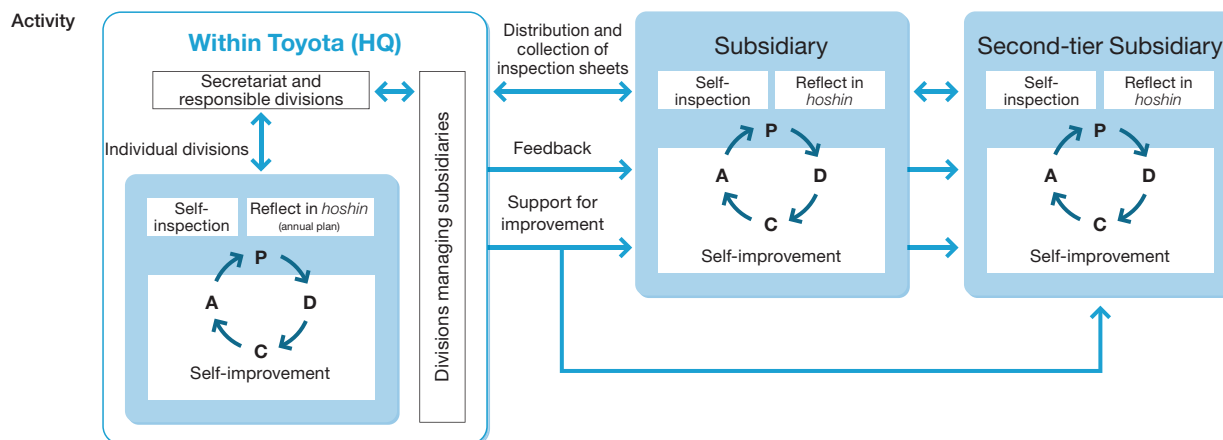


## Checks to Enhance Compliance

In FY2009, Toyota began implementing internal checks to enhance its compliance structure. In FY2010 these checks were extended to subsidiaries in and outside Japan. Since then, these checks have been carried out and improved every year.

Results are reported to Sustainability Meeting and used as a basis for further improvement. By incorporating improvement points into each year's action plans, we ensure that these checks lead to continuous improvement.

We also have discussions with subsidiaries to understand their compliance efforts and provide support when needed.



## Ensuring Compliance

To ensure that awareness of compliance extends throughout the company, Toyota conducts training programs for directors, managers and newly recruited employees together with company-wide e-learning programs.

The Legal Division also conducts seminars at individual divisions on a wide range of topics based on their specific needs.

### Main Training Themes in the Past

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Contracts</li> <li>• Act against Unjustifiable Premiums and Misleading Representations</li> <li>• Intellectual Property (trademarks)</li> <li>• Confidentiality</li> </ul> | <ul style="list-style-type: none"> <li>• Management Labor</li> <li>• Antimonopoly Law</li> <li>• Insider Trading Regulations</li> <li>• Product Liability Act</li> <li>• Bribery Prevention</li> <li>• Export Operations Management</li> </ul> | <ul style="list-style-type: none"> <li>• Subcontracting Law</li> <li>• Copyright</li> <li>• Act on the Protection of Personal Information</li> <li>• Taxation</li> <li>• Safety and Health etc.</li> </ul> |
|---|--|--|

## Corruption Prevention Measures

In response to the global expansion of our business and social demands, Toyota adopted the Antibribery Guidelines in 2012 to eliminate corruption. Toyota is strengthening its preventive measures and working to prevent corruption by raising awareness through internal training and by informing business partners as well. Furthermore, Toyota has been incorporating bribery prevention into self-inspection check sheets since 2013 and has been promoting improvement including in our subsidiaries.



### The Compliance Hotline

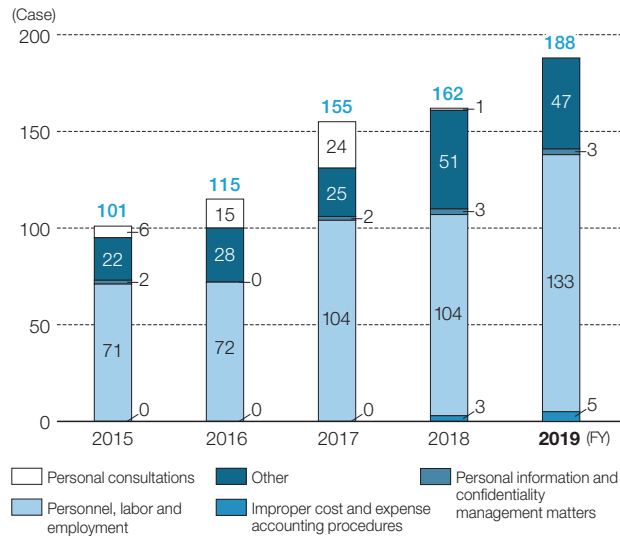
Toyota has established hotlines for quick and appropriate responses to concerns, complaints, or questions that employees may have.

We have set up the Compliance Hotline, run by an outside law firm (subcontractor), which allows employees to have consultations concerning compliance-related issues. We are making sure that everyone is aware of the hotline by distributing contact cards to all employees and regularly setting up pop-up displays in cafeterias, and employees are making use of the hotline.

Upon request, the content of consultations may be made anonymously. The consultations are passed to the responsible division and the details are investigated carefully to ensure that the employee who made the consultation is not identified. If the results of the investigation indicate an issue, a response is immediately implemented.

For cases where we confirmed that there actually was an issue, we confirmed the facts and took appropriate measures in accordance with company regulations such as Work Regulations.

#### Content and Number of Consultations to the Compliance Hotline (Japan)





## Performance Data

Activity results for the past three years are listed in the table below.

### Data List (Fiscal Year-end)

Issues	Items	Unit	FY2017	FY2018	FY2019	
Safety	No. of models with NCAP five-star safety rating	Japan (collision)	4	2	3	
		Japan (prevention): ASV+ FY2016, ASV++ FY2017, ASV+++ FY2019	5	2	3	
		U.S.	13	13	13	
		Europe	3	2	1	
		China	— <sup>1</sup>	— <sup>1</sup>	1	
		TSP	0	3	10	
	U.S. IIHS Top Safety Pick models	TSP+	13	9	2	
		No. of vehicles with units capable of providing and gathering traffic information (Japan)	No. of shipped vehicles with VICS (cumulative) No. of vehicles registered for G-BOOK, T-Connect, G-Link (cumulative)	14,180 5,300	15,210 5,900	16,230 6,690
	Quality	J.D. Power (US) Initial Quality Study (IQS) ranking No. 1	Models	7	2	1
		Good Design Award (Japan)	—	Prius/Prius PHV, Sienta (including the Welcab series)	C-HR, JPN TAXI, Roomy/Tank	Crown, Century, SORA
No. of calls to customer call centers (Japan) <sup>2</sup>		Thousand calls	299	293	314	
Welcab	No. of Welcabs sold (Japan)	Vehicles	17,050	15,718	14,801	
	Market share of Welcab (Japan) <sup>3</sup>	%	70.0	68.2	67.0	
	No. of Welcab models (Japan)	Models	26	23	23	
Social Issues	Total expenses for social contribution activities <sup>4</sup>	Billion yen	29.2	24.3	19.0	
		Persons	38,600	33,414	29,589	
	No. of Toyota Community Concert participants (Japan)	Persons	1,031	906	728	
	No. of Why/What Lecture participants (Japan)	Persons	11,137	10,175	10,546	
	No. of visitors to the Forest of Toyota (Japan)	Million books	2.56	2.62	2.66	
	No. of traffic safety educational materials distributed (picture books)	No. of programs (cumulative)	332	360	387	
Employees	No. of foreign executives (TMC)	Persons	7	7	5	
	Local employees comprising management at overseas affiliates	%	65.8	67.8	70.8	
	Non-Japanese CEOs/COOs in major overseas subsidiaries	%	56.3	52.7	55.0	
	No. of female managers (TMC)	Assistant manager	Persons	580	636	688
		Managerial positions	Persons	155	186	215
	Employment ratio of people with disabilities (including TMC and one special-purpose subsidiary) <sup>5</sup>	%	2.17	2.25	2.33	
	Employment of people with disabilities (including TMC and one special-purpose subsidiary) <sup>5</sup>	Persons	1,238	1,282	1,322	
	No. of employees using the childcare and nursing care leave program (TMC)		Persons	646	636	624
		Male	Persons	44	54	111
		Female	Persons	602	582	513
	Average period of childcare leave		Months	—	15.4	15
		Male	Months	—	2.5	2
		Female	Months	—	16.6	17
	Return rate after taking childcare leave		%	—	97.6	98
		Male	%	—	100	100
Female		%	—	97.4	98	

- 1 No Toyota cars were in the scope for assessment in 2017 and 2018
- 2 Results for January to December
- 3 Excluding minivehicles and heavy buses
- 4 TMC and consolidated subsidiaries in Japan and overseas
- 5 No. of people with disabilities employed and their employment ratio are current as of June 2019

Performance Data | ISO 26000 Comparison

Issues	Items	Unit	FY2017	FY2018	FY2019			
Social Issues	Employees	Rate of male employees taking leave after birth of their child <sup>6</sup>	%	93.8	93.8	95		
		Average number of days leave taken by male employees after birth of their child	Days	—	4.9	5		
		No. of employees using the flexible working hours system (TMC) <sup>7</sup>	Male	Persons	1,857	2,602	6,013	
			Female		342	935	3,896	
		Frequency rate of lost workday cases (TMC)	Male		1,515	1,667	2,117	
			Female		—	0.07	0.07	
		Full-time employees (TMC)	Male	Persons	75,218	74,890	74,515	
			Female		66,399	65,629	65,579	
		Average age (TMC)	Male	Years old	8,819	9,261	8,936	
			Female		39.1	38.8	39	
		Average period of employment (TMC)	Male		39.7	39.4	40	
			Female		34.7	34.7	35	
		Turnover rate	Male	Years	17.7	17.4	16	
			Female		18.3	17.9	18	
		Percentage of annual paid leave taken <sup>8,9</sup>		%	13.3	13.2	13	
		Average monthly overtime per employee <sup>8</sup>		Hours/month	—	—	1.02	
		Newly-hired employees (TMC)			102.3	92.8	93	
			Male		21.3	21.3	21	
			Female		2,513	2,237	1,914	
			Administrative	Male	Persons	2,166	1,825	1,469
				Female		347	412	445
			Engineering	Male		213	162	168
				Female		83	82	108
Shop floor	Male		130	80		60		
	Female		647	626		527		
Re-employed retirees (TMC)	Male		562	545		444		
	Female		85	81		83		
Employees who feel their own growth (TMC) Administrative and engineering				1,653		1,449	1,219	
Employees who feel their own growth (overseas) Administrative and engineering			1,521	1,198		917		
Employees who are satisfied with company life (TMC) Administrative and engineering			132	251		302		
Employees who are satisfied with company life (TMC) Shop floor			779	745		890		
Employees who are satisfied with company life (overseas) Administrative and engineering		%	77.6	— <sup>10</sup>	75.2			
Employees who are satisfied with company life (overseas) Shop floor			70.0	— <sup>10</sup>	— <sup>10</sup>			
Environmental Issues	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Annual HEV Sales (Global) <sup>2</sup>	Million units	78.0	— <sup>10</sup>	75.8		
		Cumulative HEV Sales (Global) <sup>2</sup>		—	— <sup>10</sup>	— <sup>10</sup>		
		CO <sub>2</sub> emissions reduction benefit of Toyota Hybrid Vehicles (Global)	Million tons	74.0	77.0	77.0		
	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	Global average CO <sub>2</sub> emissions from new vehicles reduction rate versus 2010 (Japan, U.S., Europe, China)	%	72.0	70.0	70.0		
		CO <sub>2</sub> emissions per ton-kilometer (transportation volume) from TMC logistics operations (Japan)	Million tons	11.9	13.7	14.9		
	Plant Zero CO <sub>2</sub> Emissions Challenge	Global CO <sub>2</sub> emissions (from energy consumption at stationary emission sources) <sup>4</sup>	Million tons	0.282	0.286	0.289		
		CO <sub>2</sub> emissions per unit produced <sup>4</sup>	Tons/unit	7.81	7.79	7.65		
Challenge of Minimizing and Optimizing Water Usage	Global water usage <sup>4</sup>	Million m <sup>3</sup>	0.741	0.740	0.712			
	Water usage per unit produced <sup>4</sup>	m <sup>3</sup> /unit	32.8	32.9	33.7			

- 6 Percentage of male employees who took more than a half-day or full day of leave within two months of the birth of their child (including annual paid leave and childcare leave)
- 7 Including use of programs other than those for childcare or nursing leave (definitions partially revised in FY2019)
- 8 Union member average
- 9 As a fraction of the number of days given each year. Including days of annual paid leave carried over from previous years (annual paid leave can be carried over for up to two years).
- 10 Survey not conducted

Performance Data | ISO 26000 Comparison

Issues	Items	Unit	FY2017	FY2018	FY2019	
Environmental Issues	Total waste volume (TMC)	Thousand tons	33.8	32.7	32.2	
	Waste volume per unit produced (TMC)	kg/unit	11.6	11.3	11.2	
	Recovery rate (TMC)	ASR	%	98	98	97
		Airbag	%	94	94	94
	Vehicle recovery rate (TMC)	%	99	99	99	
	Environmental Management	VOC emissions volume in vehicle body painting processes (average for all lines) (TMC)	g/m <sup>2</sup>	14.6	14.4	15.0
		No. of violations of environmental laws and regulations (TMC)	Number	1	1	1
Governance	Governance (TMC)					
	Outside Directors	Persons	3	3	3	
	No. of consultations made to the Compliance Hotline	Consultations	155	162	188	

11 Including Daihatsu and Hino

Basic data	Overall	Vehicle sales (consolidated) <sup>1)</sup>	Thousand vehicles	8,970	8,964	8,976	
			Those sold in Japan	2,274	2,255	2,226	
		Research and development expenses	Billion yen	1,037.5	1,064.2	1,048.8	
	Financial Information (Consolidated)	Net revenues		Billion yen	27,597.1	29,379.5	30,225.6
			Japan		14,830.8	16,024.8	16,625.3
			North America		10,239.0	10,574.4	10,817.2
			Europe		2,681.0	3,185.2	3,238.8
			Asia		4,819.8	5,148.1	5,513.0
			Other		2,161.0	2,453.2	2,333.4
		Operating income (Operating income ratio: %)		Billion yen (%)	1,994.3 (7.2)	2,399.8 (8.2)	2,467.5 (8.2)
			Japan		1,202.2	1,659.9	1,691.6
			North America		311.1	138.8	114.5
			Europe		12.2	75.0	124.8
			Asia		435.1	433.1	457.4
		Other		58.6	112.6	91.1	
		Net income		Billion yen	1,831.1	2,493.9	1,882.8
		Shareholders' equity		Billion yen	17,514.8	18,735.9	19,348.1
	Total assets		Billion yen	48,750.1	50,308.2	51,936.9	
	Net assets		Billion yen	18,668.9	19,922.0	20,565.2	
	ROE		%	10.6	13.7	9.8	
	Dividend per share		Yen	210	220	220	
	Capital expenditures		Billion yen	1,211.8	1,302.7	1,465.8	
	Vehicle production		Thousand vehicles	8,975	8,964	8,985	
	Global Expansion	No. of plants and manufacturing companies	Japan	Sites	16	17	17
			North America		11	10	10
			Europe		9	8	8
			Asia		24	24	24
Other				9	8	8	
No. of distributors		North America	Sites	5	5	5	
		Europe		29	29	29	
		Asia		20	21	20	
		Other		113	114	113	
No. of parts suppliers (Global)			Companies	3,511	3,759	3,223	
		No. of parts suppliers (overseas)		3,075	3,322	2,782	
		No. of non-Japanese parts suppliers		1,615	1,795	1,387	

## ISO 26000 Comparison

Initiatives described in the report are defined as below according to ISO 26000's seven core subjects and issues.

Core Subjects in ISO 26000	Issues	
<b>Organizational Governance</b>	1 Organizational governance	Corporate Principles
		Sustainability Policy
		Corporate Governance
		Risk Management
		Compliance
<b>Human Rights</b>	2 Due diligence 3 Human rights risk situations 4 Avoidance of complicity 5 Resolving grievances 6 Discrimination and vulnerable groups 7 Civil and political rights 8 Economic, social and cultural rights 9 Fundamental principles and rights at work	Respect for Human Rights
		Collaboration with Business Partners
		Employees
		Compliance
<b>Labor Practices</b>	10 Employment and employment relationships 11 Conditions of work and social protection 12 Social dialogue 13 Health and safety at work 14 Human development and training in the workplace	Employees
<b>Environment</b>	15 Prevention of pollution 16 Sustainable resource use 17 Climate change mitigation and adaptation 18 Protection of the environment, biodiversity and restoration of natural habitats	New Vehicle Zero CO <sub>2</sub> Emissions Challenge
		Life Cycle Zero CO <sub>2</sub> Emissions Challenge
		Plant Zero CO <sub>2</sub> Emissions Challenge
		Challenge of Minimizing and Optimizing Water Usage
		Challenge of Establishing a Recycling-based Society and Systems
		Challenge of Establishing a Future Society in Harmony with Nature

Core Subjects in ISO 26000	Issues	
<b>Fair Operating Practices</b>	19 Anti-corruption 20 Responsible political involvement 21 Fair competition 22 Promoting social responsibility in the value chain 23 Respect for property rights	Collaboration with Business Partners
		Compliance
<b>Consumer Issues</b>	24 Fair marketing, factual and unbiased information and fair contractual practices 25 Protecting consumers' health and safety 26 Sustainable consumption 27 Consumer service, support, and complaint and dispute resolution 28 Consumer data protection and privacy 29 Access to essential services 30 Education and awareness	Initiatives for Improving Traffic Safety
		Customer First and Quality First Measure
		Social Contribution Activities
		Collaboration with Business Partners
		New Vehicle Zero CO <sub>2</sub> Emissions Challenge
		Life Cycle Zero CO <sub>2</sub> Emissions Challenge
		Plant Zero CO <sub>2</sub> Emissions Challenge
		Challenge of Establishing a Recycling-based Society and Systems
		Risk Management
		Compliance
<b>Community Involvement and Development</b>	31 Community involvement 32 Education and culture 33 Employment creation and skills development 34 Technology development and access 35 Wealth and income creation 36 Health 37 Social investment	Initiatives for Improving Traffic Safety
		Creating an Affluent Society
		Social Contribution Activities

## CSR Policy Comparison with ISO 26000 Issues

CSR Policy: Contribution towards Sustainable Development		ISO 26000 Ref. No.
<b>Preamble</b>	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.	1 2 4 22 23 24
	<ul style="list-style-type: none"> <li>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)</li> </ul>	25, 27 29, 30
	<ul style="list-style-type: none"> <li>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)</li> </ul>	24, 28
	<ul style="list-style-type: none"> <li>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)</li> </ul>	14
	<ul style="list-style-type: none"> <li>We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)</li> </ul>	5, 6, 10
<b>Employees</b>	<ul style="list-style-type: none"> <li>We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)</li> </ul>	11, 13
	<ul style="list-style-type: none"> <li>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)</li> </ul>	3, 4, 9
	<ul style="list-style-type: none"> <li>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)</li> </ul>	5, 7 8, 12
	<ul style="list-style-type: none"> <li>Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)</li> </ul>	19, 20

CSR Policy: Contribution towards Sustainable Development		ISO 26000 Ref. No.
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>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)</li> </ul>	21
	<ul style="list-style-type: none"> <li>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)</li> </ul>	37
	<ul style="list-style-type: none"> <li>We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)</li> </ul>	21
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)</li> </ul>	—
	<ul style="list-style-type: none"> <li>We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)</li> </ul>	1
<b>Local Communities/ Global Society</b>	<b>Environment</b> <ul style="list-style-type: none"> <li>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)</li> </ul>	15, 16 17, 18
	<b>Community</b> <ul style="list-style-type: none"> <li>We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)</li> </ul>	2, 7, 8
	<ul style="list-style-type: none"> <li>We constantly search for safer, cleaner and superior technologies that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)</li> </ul>	26, 34
	<ul style="list-style-type: none"> <li>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)</li> </ul>	19, 20
	<b>Social Contribution</b> <ul style="list-style-type: none"> <li>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)</li> </ul>	31, 32 33, 35 36, 37



Toyota is a Worldwide Olympic/Paralympic Partner in the category of vehicles, mobility support robots and mobility services.

## **TOYOTA MOTOR CORPORATION**

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