

Sustainability Data Book

The latest version

— Last update: August 2020 —

Sustainability Data Book

The latest version

— Last update: August 2020 —

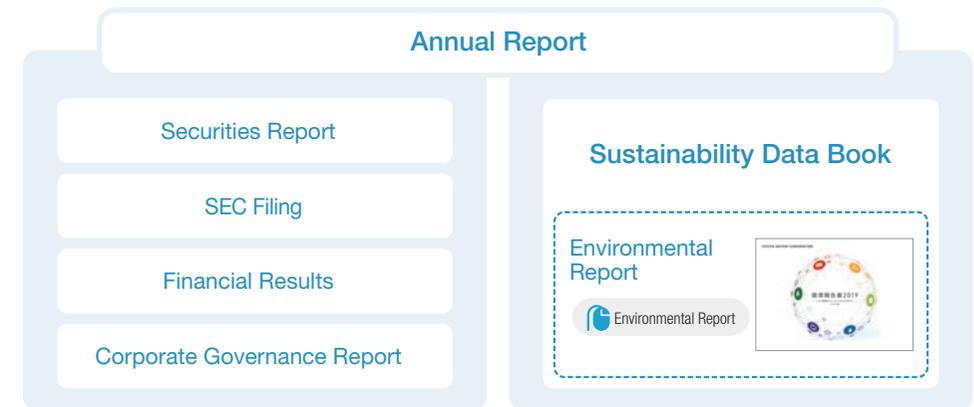
Editorial Policy

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

| | | | |
|----------------|---|--|--|
| August 2020 | <ul style="list-style-type: none"> • P17-19 • P30 • P37-41 • P47-48 | <p>Customer First and Quality First Measures</p> <p>Respect for Human Rights</p> <p>Health and Safety</p> <p>Diversity and Inclusion</p> | <p>Initiatives to Improve Quality</p> <p>Reasonable Country of Origin Inquiry</p> <p>KPIs for Promoting Women's Participation in the Workplace, Promotion of Women's Participation in the Workplace (Major Global Locations)</p> |
| July 2020 | <ul style="list-style-type: none"> • P9 • P25-27 • P42-48 | <p>Sustainability Policy</p> <p>Respect for Human Rights</p> <p>Diversity and Inclusion</p> | <p>Organization for Sustainability Management</p> <p>Prioritized Human Rights Themes, Migrant Workers, Responsible Sourcing of Cobalt, Freedom of Association</p> <p>Fundamental Approach, Support Measures for Balancing Work and Childcare, KPIs for Promoting Women's Participation in the Workplace, Toyota Loops' <i>Monozukuri</i> Project, Major Initiatives of Nursing Care (Japan) (Data updated)</p> |
| May 2020 | <ul style="list-style-type: none"> • P1 • P11 • P28-29 • P44 | <p>Editorial Policy</p> <p>Environment</p> <p>Respect for Human Rights</p> <p>Diversity and Inclusion</p> | <p>Excerpted from the Sustainability Data Book 2019 with a link to the separate Environmental Report.</p> <p>Initiatives for Responsible Mineral Sourcing (Added cobalt)</p> <p>The promotion of Female Employee Participation and Advancement in the Workplace Action Plan</p> |
| September 2019 | Sustainability Data Book 2019 issued | | |

Contents

| | | | | | |
|---|-------------|---|--------------|--|--------------|
| Overview of Toyota Motor Corporation | 4-5 | Customer First Measures | 20 | Creating an Affluent Society | 52-56 |
| Consolidated Financial Highlights Based on U.S. GAAP (Financial Years Ended March 31) | 5 | After-sales Services Measures | 22 | Olympic Games, Paralympic Games | 52 |
| Corporate Principles | 6-7 | Social Contribution Activities | 24-25 | Special Olympics Initiative | 53 |
| Guiding Principles at Toyota | 6 | Respect for Human Rights | 26-30 | The Role of Robots in Achieving Mobility for All | 53 |
| Toyota Way 2001 | 7 | Initiatives for Responsible Mineral Sourcing | 29 | Assisted Mobility Vehicles | 55 |
| Toyota Code of Conduct | 7 | Collaboration with Business Partners | 31-34 | Agriculture and Biotechnology Business | 55 |
| Toyota Global Vision | 7 | Collaboration with Suppliers | 31 | Foundations | 56 |
| Sustainability Policy | 8-10 | Collaboration with Dealers | 33 | | |
| Organization for Sustainability Management | 9 | Overseas Distributors | 34 | Governance | |
| Initiatives Aligned with Global Society | 9 | Employees | 35-36 | Corporate Governance | 58-61 |
| Stakeholder-oriented Management | 9 | Health and Safety | 37-41 | Fundamental Approach and Maintenance of Internal Control Systems | 61 |
| | | Human Resources Development | 42-44 | Risk Management | 62-65 |
| | | Global Human Resource Development Structures | 43 | Initiatives for Information Security | 62 |
| | | TMC's Human Resource Development (Japan) | 43 | Business Continuity Management at Toyota | 64 |
| | | Human Resource Development of Overseas Employees at TMC Head Office | 44 | Compliance | 66-67 |
| | | TQM (Total Quality Management) | 44 | Performance Data | 68-70 |
| | | Diversity and Inclusion | 45-51 | ISO 26000 Comparison | 71-72 |
| | | Promoting Women's Participation in the Workplace (Japan) | 45 | CSR Policy Comparison with ISO 26000 Issues | 72 |
| | | Initiatives Related to Persons with Disabilities | 49 | | |
| | | LGBT-related Initiatives | 50 | | |
| | | Major Initiatives of Nursing Care (Japan) | 51 | | |
| | | Employment for Over-60s (Japan) | 51 | | |
| | | Employment of Fixed-term Contract Employees (Japan) | 51 | | |
| | | Localization of Management at Overseas Facilities | 51 | | |

Environment



Society

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

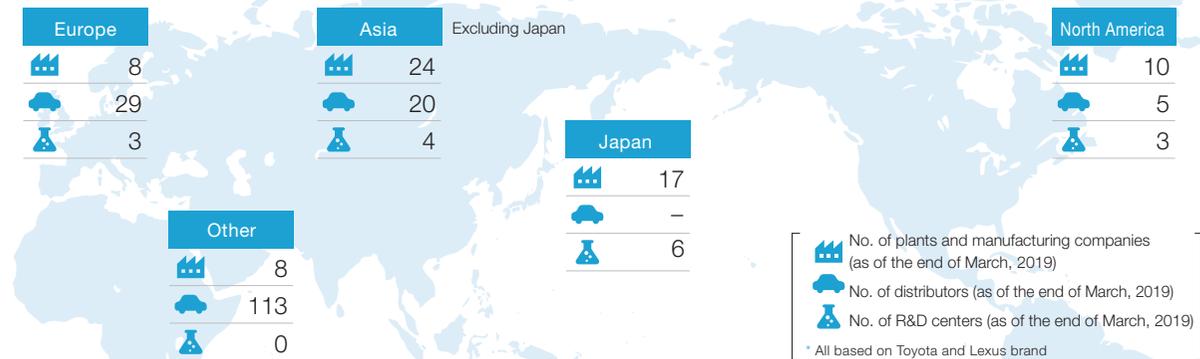
Consolidating the Toyota Group's knowledge to offer a wide variety of housing services to meet different customer needs.



Other Business

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

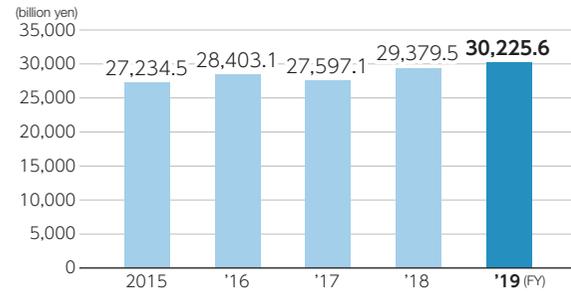
Global/Regional Data



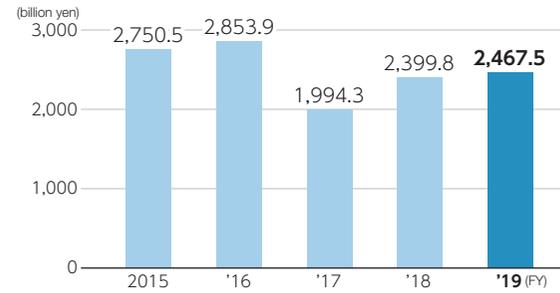
| | No. of employees (as of March 31, 2019) | No. of vehicles produced (FY2019) | No. of vehicles sold (FY2019) |
|---------------|--|--------------------------------------|----------------------------------|
| Japan | 58% | 48% | 25% |
| North America | 13% | 20% | 31% |
| Europe | 6% | 8% | 11% |
|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

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

Net Revenues



Operating Income

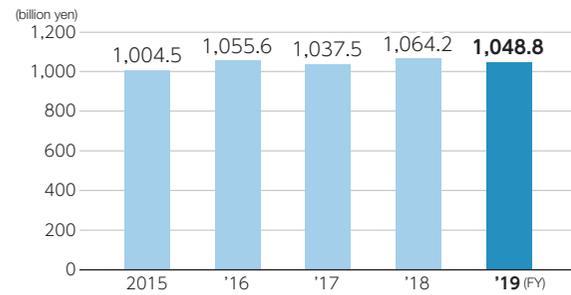


Net Income

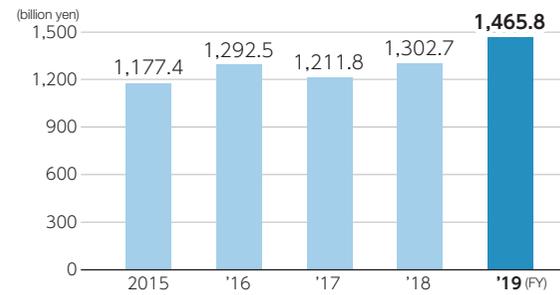


• Shows the net income attributable to the shareholders of Toyota Motor Corporation

R&D Expenses



Capital Investment



• Capital investment excludes vehicles and equipment on operating leases

Corporate Principles

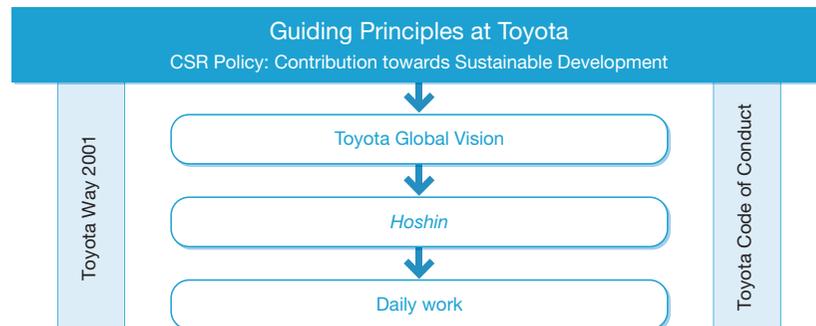
Fundamental Approach

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.

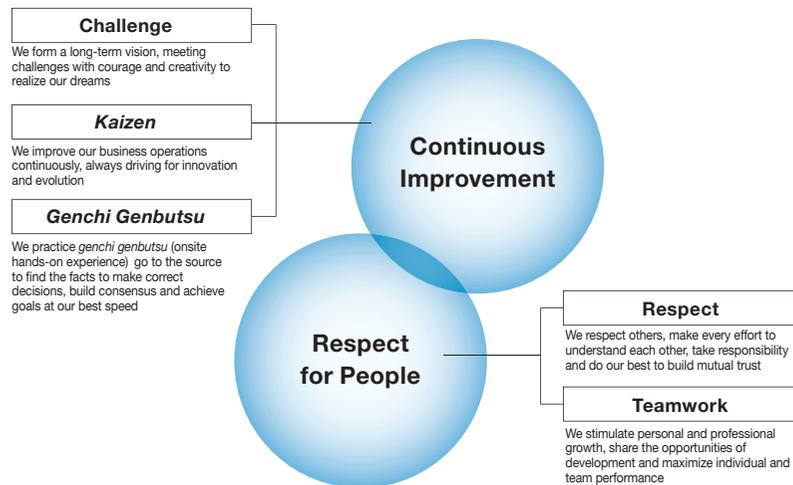
In 1992, in response to changes in society and business structure, Toyota established the Guiding Principles at Toyota (revised in April 1997) to clarify how Toyota is expected to act, based on the recognition that strong policies are important for finding the way to proceed, especially when the environment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

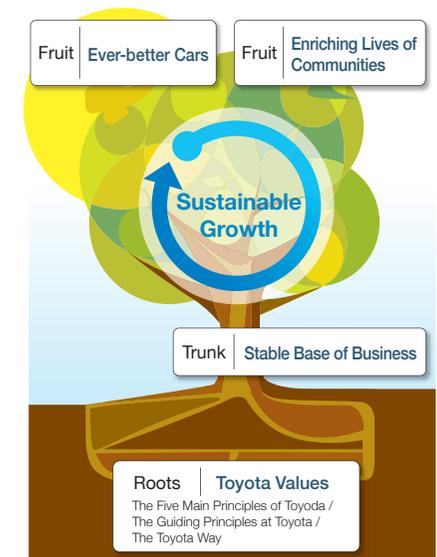
The Toyota Global Vision—announced in March 2011—reflects lessons learned from financial losses caused by the global economic crisis in 2008 and the series of recall issues of 2010. It reflects company-wide review and comprehensive discussions on how Toyota wants to be, and the kind of values it should esteem. The Five Main Principles of Toyoda, the Guiding Principles at Toyota, and the Toyota Way 2001 are fundamental values of Toyota’s corporate activities. To be sustainable in society, we strive to implement a positive cycle of making ever-better cars that exceed customer expectations; contributing to Enriching lives of Communities by being rewarded with the smile of customers and communities; and achieving a stable business base.

“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 Sustainability Management

Updated in July 2020

As the automobile industry is entering a once-in-a-century transformational period in which the need to solve social issues is becoming increasingly urgent, companies are required to enhance their commitment to promoting sustainability.

Toyota set up the Sustainability Management Dept. in 2019, to enable the entire company to promote integrated sustainability initiatives by determining priorities. In 2020, Toyota appointed a Chief Sustainability Officer (CSO and director) and a Deputy Chief Sustainability Officer (DCSO) as leaders of the promotion. The Sustainability Meeting, chaired by the CSO, discusses sustainability issues and directions for solution, and reports the results of the discussions to the Board of Directors, a supervisory organ of the meeting.

Moreover, the Sustainability Liaison Meeting, hosted by the Sustainability Management Dept. as the secretariat, is held for the relevant departments (environment, human resources, secretarial, procurement, accounting, public relations, corporate citizenship etc.) on a periodic basis, with the aim of improving the overall sustainability of the company.

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 Toyoda, 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 CO₂, etc. to zero in the second half of this century were agreed upon with a long-term goal of keeping the rise in the global average temperature to well below 2°C compared to the preindustrial revolution level.



Toyota's SDGs

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

| | |
|---|----|
| Initiatives for Improving Traffic Safety | 13 |
| Customer First and Quality First Measures | 17 |
| Social Contribution Activities | 24 |
| Respect for Human Rights | 26 |
| Collaboration with Business Partners | 31 |
| Employees | 35 |
| Health and Safety | 37 |
| Human Resources Development | 42 |
| Diversity and Inclusion | 45 |
| Creating an Affluent Society | 52 |

Initiatives for Improving Traffic Safety

Related SDGs



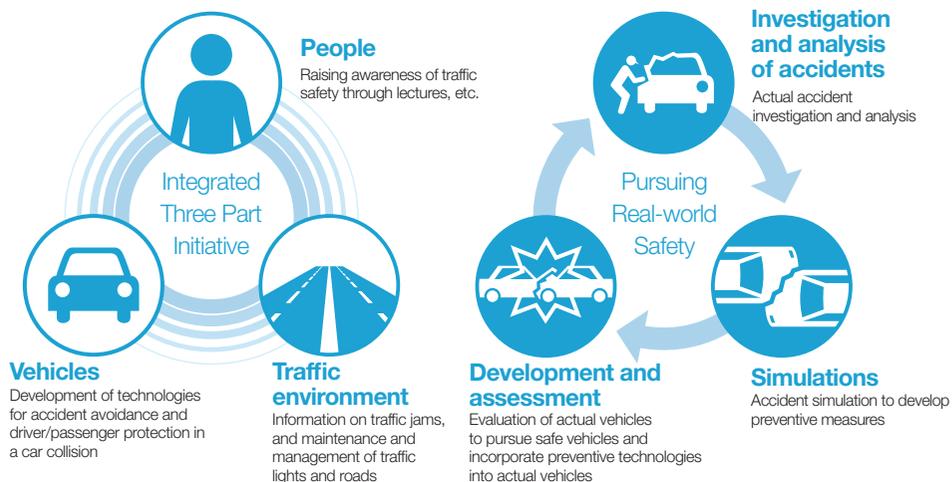
Fundamental Approach

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.

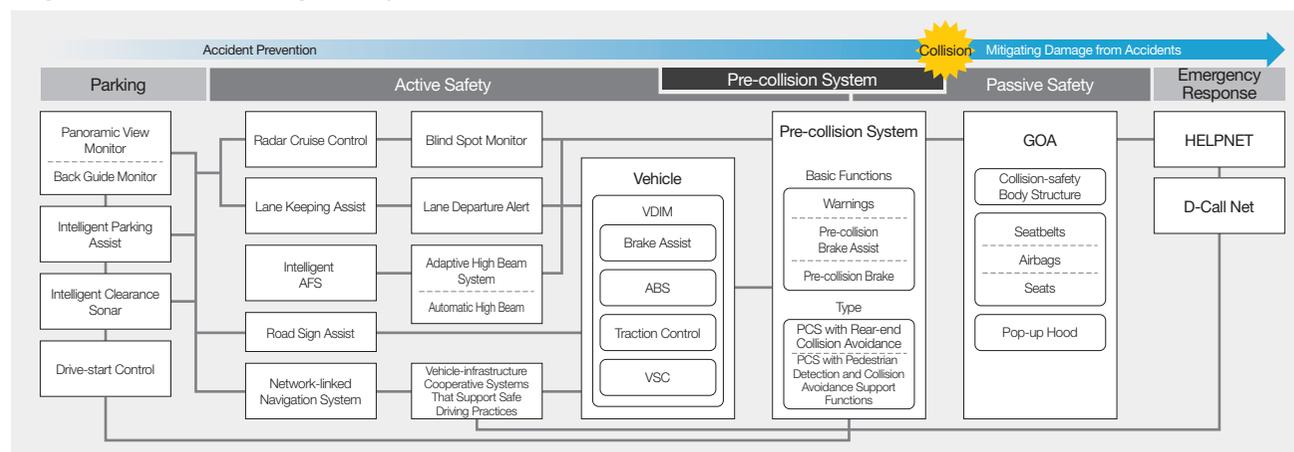
* Source: Global status report on road safety 2018, WHO



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



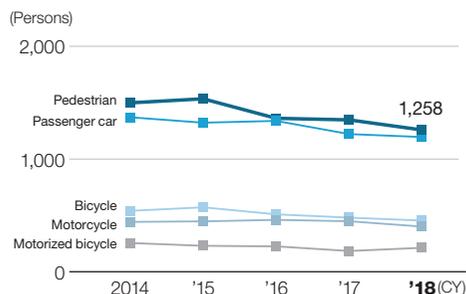
Actual Status of Traffic Accidents and Toyota's Safety Technology

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.

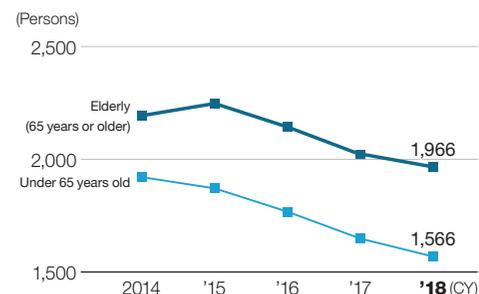
For this reason, more and more attention is being given to active safety technologies that help prevent accidents in addition to the existing passive safety features. At Toyota, we are working on installing the Toyota Safety Sense system that packages multiple active safety systems, including collision 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.¹ 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.² 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.

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

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

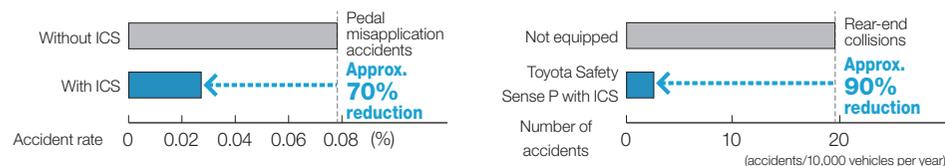


Display of the pedal misapplication prevention system for retrofitting

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 ¹ 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 ¹ Collision Safety Performance Assessment | Crown (Grand Prix Award in collision safety performance) Camry, Corolla Sport |
| TSP+ ² (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 ¹ 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 ¹ in Europe | Lexus ES |
| Five Star Award (the highest ranking) in the ANCAP ¹ in Australia | Corolla, Lexus ES |
| Five Star Award (the highest ranking) in the C-NCAP ¹ in China | Camry |
| Good (the highest ranking) in occupant protection, pedestrian protection, and prevention in the C-IASI ³ in China | Camry, Izoa |
| Grade 1 (the highest ranking) in the KNCAP ¹ in Korea | Camry |
| Five Star Award (the highest ranking) in the ASEAN NCAP ¹ | 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

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

² TSP+: A ranking given to the most outstanding TSP vehicles

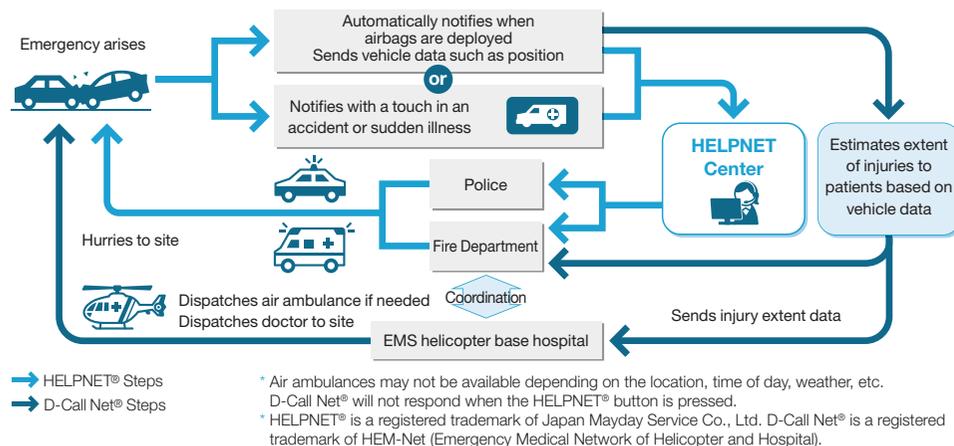
³ China Insurance Automotive Safety Index

Emergency Response

Every minute counts in emergency response to accidents or sudden illness. In 2000, Toyota rolled out HELPNET[®] 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[®] 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[®] 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



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

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.



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

Updated in August 2020

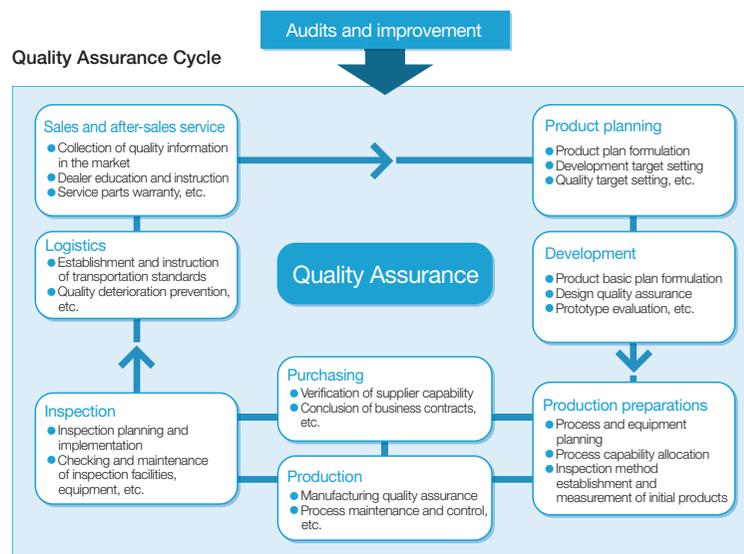
Toyota sees quality as a combination of product quality, sales and service quality, and the quality of work performed by each employee that serves, as the foundation supporting the other aspects of quality.

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 the initiatives 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, policies and important issues related to quality are discussed and decided at meetings of the Quality Function Board, the highest-order conferences of Toyota related to quality, attended by presidents of companies and officers of relevant groups, thereby promoting company-wide quality improvement. Each year, Toyota formulates a plan for addressing company-wide quality issues and ensuring quality corresponding to new businesses and technologies, and deploys it as our quality function policy throughout the company. In order to strengthen regionally led quality improvement activities capable of making decisions and taking actions as close as possible to local customers, Toyota has appointed a Global Chief Quality Officer (Global CQO) in Japan and Chief Quality Officers (CQOs) in other regions around the world. For the meeting of the Quality Function Board held in January, the CQOs are gathered from all regions to discuss quality function policies.

Additionally, each region has organized a variety of quality-related conferences. For the highest-order conference chaired by the regional CQO, Toyota Motor Corporation sends our Global CQO or a secretariat member in order to facilitate and support better communication and collaboration. Toyota also shares our quality function policy with our affiliated group companies and suppliers, promoting collaborative actions for ensuring quality. Moreover, initiatives implemented under the quality function policy are reported to the management, including directors, each month, and are properly addressed.

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

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.

Fostering Quality-oriented Awareness and Culture

“Customer First,” “Quality First,” and “Build in Quality in Processes.” Based on the principles we have maintained since our foundation, to foster a corporate culture in which each member is committed to building high quality, Toyota has been working to instill Toyota’s common values, represented by the Five Main Principles of Toyoda, and Our Attitudes* in which Customer First is listed as the first attitude. Toyota has also set up several company-wide quality promotion events throughout the year, such as Quality Month, Customer’s Month, and Toyota Restart Day, thereby encouraging each member’s further quality-based thinking and actions, and fostering a quality-oriented culture.

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.

* A compilation of the values and codes of conduct that Toyota has maintained since our founding



Roundtable discussion between Chairman Uchiyamada and the storytellers

Quality Risk Management

Toyota has established a global system to identify quality risks and promptly respond to them. In each region around the world, CQO leads the efforts to improve and enhance the quality assurance system. Toyota also appoints a Regional Product Safety Executive (RPSE) for each region, with the aim of establishing a quality risk management structure capable of making appropriate decisions that represent the voices of local customers. This structure is expected to facilitate global sharing of quality risks, proper actions from the standpoint of local customers, and prompt response to emergencies on a global scale.

[Auditing]

Toyota conducts internal audits at least once a year with the aim of further enhancing proper quality assurance activities in accordance with the laws and regulations of each country and internal rules. Internal auditors with ample knowledge of ISO 9001, Toyota’s quality assurance rules and systems, and auditing methods, form an auditing team, and conduct audits focusing on the audit points that have been determined based on the environmental changes both inside and outside the company, quality indicators and other factors. Audit results are shared with the relevant parties, so that necessary measures for improvement can be promptly implemented. Toyota sincerely listens to the opinions of third parties, including the certification organizations of each country, and reflects them in the enhancement of our quality assurance activities.

[Collaboration with Suppliers]

New suppliers:

Before starting a transaction with a new supplier, Toyota mainly checks the supplier's technical capabilities, such as design development and quality management, in order to solidify the foundation for ensuring quality.

Existing suppliers:

In order to build the product quality that Toyota aims at in close cooperation with suppliers, Toyota shares with suppliers manuals compiling the necessary actions to be taken by the suppliers and Toyota, respectively, in each stage from production preparation to mass production, thereby raising common quality awareness. Toyota also shares the checklist for self-inspection of the quality management structure and production processes with suppliers, and regularly examines the inspection results and improvement plans, with the aim of achieving further quality improvement.

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. Based on the belief that nothing is more important than helping customers use their vehicles safely, and in order to minimize trouble to customers by taking prompt action, we make recall decisions by determining quality failures 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 the customers, to ensure that feedback from regional customers is accurately reflected.

FY2020 Recalls

| Country, region | Number of recalls | Number of units (million units) |
|-----------------|-------------------|---------------------------------|
| Japan | 30 | 1.7 |
| North America | 20 | 6.9 |
| Europe | 20 | 1.0 |
| Other | 28 | 2.2 |
| Global | 59* | 11.8 |

* Since the same recalls conducted in multiple countries/regions are aggregated, the total number of recall cases of each country/region is not equal to the number of global recall cases.

After a decision to recall is made, Toyota contacts individual customers through dealers, and additionally posts information on our website to ensure prompt repair service.

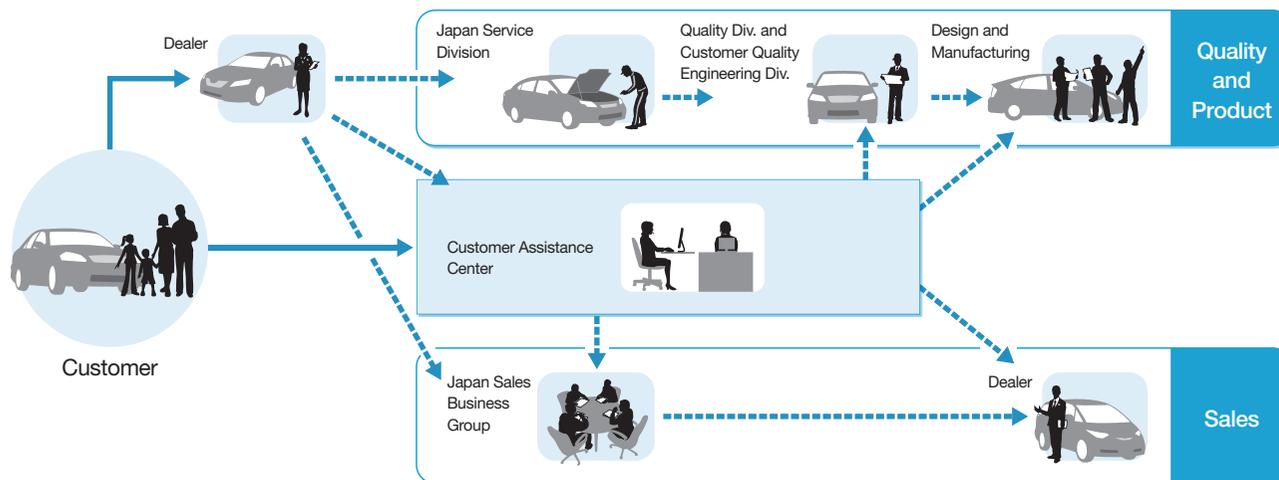
Customer First Measures

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.

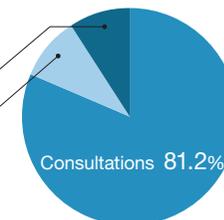
Toyota also conducts surveys of customers who use our telephone service via an automated response system, in an effort to continuously make further improvements.

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

Number of calls received: 314,000 (Japan)

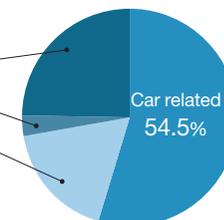
Breakdown of call content (Japan)

| | |
|---------------------|------|
| 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

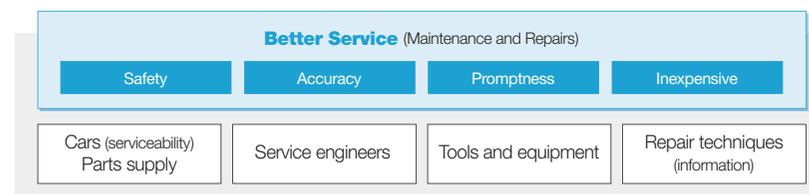
After-sales Services Measures

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



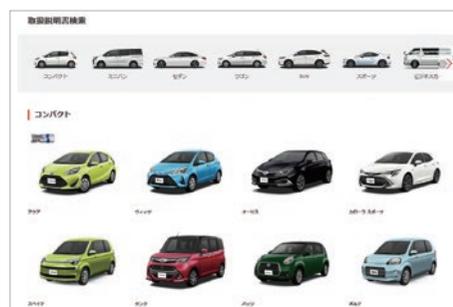
In terms of tools for supporting service operations, the number of diagnostic codes for identifying failure causes has been increased. When the on-board computer performs self-diagnosis and detects a failure, it sends the diagnostic code for the failed part to the dealer so that the part causing the 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.

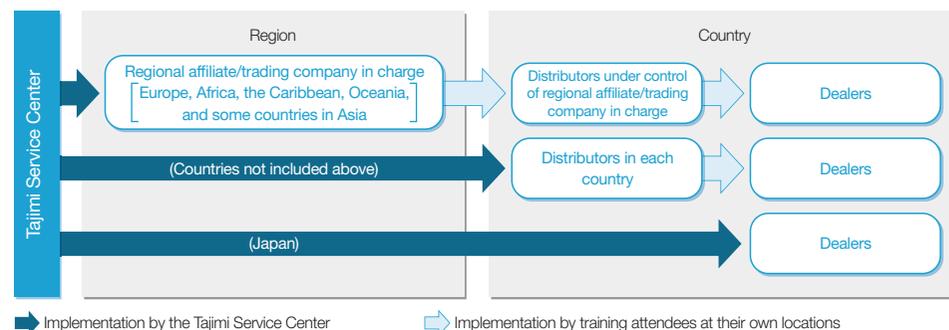
Training Centers Develop Global Service Technical Staff

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 m² 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

Related SDGs

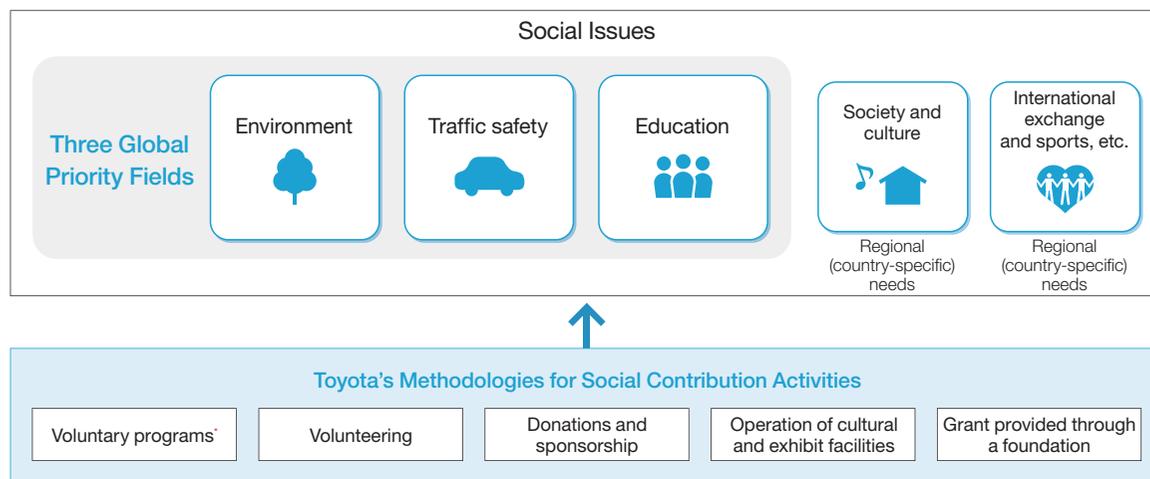


Fundamental Approach

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 |

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

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.

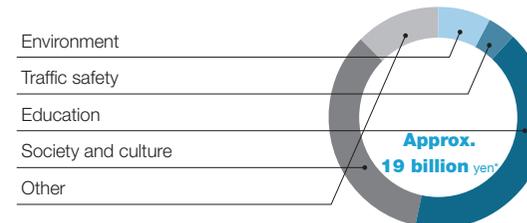
Organization Structure (Japan)



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.

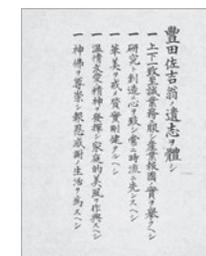
Column

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

Related SDGs



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

Prioritized Human Rights Themes

Updated in July 2020

Toyota continues to progress with due diligence activities guided by both internal policies and principles, as well as the UN Guiding Principles on Business and Human Rights. In order to define our priorities, we have established a regular monitoring activity to grasp human rights-related concerns in society, and how Toyota can proactively tackle such concerns.

Due to the rising social concerns surrounding modern slavery, the enactment of legislation aimed at protecting the rights of migrant workers and the abolishment of child labor have been promoted in various countries. We have thus worked to gather information on these trends through dialogue with the Japan Council of Metalworkers’ Unions, ShareAction (through participation in the Workforce Disclosure Initiative), the Business for Social Responsibility Human Rights Working Group, the Global Alliance for Sustainable Supply Chain (“ASSC”), the International Organization of Employers (“IOE”), and the International Labor Organization (“ILO”). As a result, together with our business environment forecast, we decided to prioritize Migrant Workers and Responsible Sourcing of Cobalt as the main topics for FY2020. Our aim is to partner with external stakeholders to fully understand and align with societal expectations, while also maintaining legal compliance in all of our operations and within our supply chain.



Migrant Workers Updated in July 2020

We recognize that migrant workers are vulnerable to situations of exploitation and forced labor. Due to the nature of Toyota's business, we also recognize the possible risks of forced labor within our business and supply chain involving migrant workers.

As part of our due diligence activities, we have been working with non-governmental organizations to ensure fair working conditions for migrant workers within our affiliates and suppliers both inside and outside Japan. This has included the development of guidelines to help eliminate possible exploitation by unscrupulous employment agencies charging high recruitment fees, as well as ensuring freedom of movement, fair treatment, and proper employment contracts for migrant workers.

We have also partnered on the development of the "ASSC Tokyo Declaration 2020." This is a set of 13 declarations created to enhance and respect the rights of migrant workers from the moment of recruitment, during overseas employment, and until their safe return to their home countries. The "ASSC Tokyo Declaration 2020" was developed with reference to the "Dhaka Principles," regarded as the international norm advocated by the International Organization for Migration and the International Labor Organization.



[Assessing Migrant Labor-Related Risks in Toyota's Direct Global Operations]

Toyota assesses migrant labor-related risks based on an understanding of the latest trends related to migrant labor and the expectations of stakeholders. We have created a task force to develop comprehensive surveys to grasp the current situation at Toyota subsidiaries both in Japan and overseas, specifically, to determine the number of migrant workers*, the countries the workers migrated from, the percentage of indirect recruitment, and whether there were any possible issues in the recruitment and/or repatriation process (e.g., charging of recruitment fees, withholding of passports or identification documents, prohibition of return to the home country, etc.). Based on the data gathered, we have determined that no infringements are being placed upon migrant workers at our subsidiaries.

* In these surveys, "migrant workers" refer to non-regular (contingent, contract, non-permanent, temporary, etc.) foreign national workers with status of residence (non-permanent) for the purpose of employment (excluding expatriates from other companies/countries).

Migrant Workers at Toyota Subsidiaries by Region

| Region | No. of Migrant Workers |
|-----------------|------------------------|
| Japan | 600 |
| Asia-Pacific | 460 |
| Europe | 420 |
| North America | 57 |
| Southern Africa | 5 |
| Latin America | 0 |
| Oceania | 0 |
| China | 0 |

Due to the significant increase in the number of migrant workers being employed in Japan as a whole and within our domestic operations, we decided to investigate the situation of our Group companies and their major Tier-1 suppliers and our own major Tier-1 suppliers (the top 276 suppliers accounting for 90% of the total procurement value) by focusing our attention on foreign technical internship trainees*, who are at high risk of debt bonded labor.

* Foreign Technical Internship Trainees are foreign workers sent to Japan for the purpose of technical skills training. There are approximately 146 qualified job types, and trainees are dispatched to various industries in the hopes of providing much needed technical skills to be used in operations in their home countries upon repatriation.

Foreign Technical Internship Trainees Utilization (Japan)

| | No. of Companies Surveyed | No. of Companies Utilizing Technical Trainees | No. of Trainees |
|---|---------------------------|---|-----------------|
| Toyota Group Companies & Their Major Tier-1 Suppliers | 119 | 83 | 2,800 |
| Tier-1 Suppliers (Japan only) | 276 | 124 | 6,300 |
| Total | 395 | 207 | 9,100 |

Through our dialogue with our external stakeholders, we recognized that there is risk in hiring migrant workers from employment agencies in their sending countries and supervising organizations in Japan, since it may result in forced labor due to the migrant workers being charged exorbitant fees, ensnaring them in serious debt.

Through the surveys, we have been able to ascertain that 22 Tier-1 supplier companies employ foreign technical internship trainees from affiliated companies, and 102 companies employ trainees via employment agencies in the sending country, and supervising organizations in Japan. Upon further investigation, we found that the countries dispatching technical internship trainees were mainly comprised of China and various South East Asian countries such as Vietnam, Laos, Thailand and Indonesia.

In order to mitigate any possible human rights infringements associated with the migration of technical internship trainees, we plan to:

- Promote corrective actions for zero tolerance of unreasonable fees borne by migrant workers that induce the possibility of forced labor
- Work closely with suppliers to share best practices to avoid human rights infringements of migrant workers
- Support supplier due diligence for agencies acquiring migrant workers in coordination with NGOs

Responsible Sourcing of Cobalt Updated in July 2020

Toyota recognizes the concern over cobalt sourcing from small-scale artisanal mining, which has been criticized for the utilization of child labor. We do not tolerate the use of child labor within our business and supply chain, and aim to implement measures to source only ethical cobalt.

[Initiatives related to Cobalt, Grasping the Status of Cobalt Procurement p. 30](#)

Freedom of Association Updated in July 2020

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.

Unionization Situation

| | |
|--|--------------------|
| Countries with Unionized Operations (only countries/regions with manufacturing) | 91% (20 out of 22) |
|--|--------------------|

Along with the collective agreements in place with our unionized affiliate companies both in Japan and overseas, we also have Labor-Management Joint Declarations established in Japan (1962), Thailand (1993), Indonesia (2004) and Brazil (2015) as a global framework, in order to agree on a universal philosophy of labor relations.

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 Updated in August 2020

Toyota has conducted a reasonable country-of-origin inquiry with due diligence throughout its global supply chain since 2013. In 2019, 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 of which were to be used by suppliers to compile the survey results. Toyota also supported a briefing session co-sponsored by the Japan Auto Parts Industries Association (JAPIA)^{*1} and the Japan Electronics and Information Technology Industries Association (JEITA).^{*2} We contacted suppliers who had not submitted a Conflict Minerals Reporting Template (CMRT), and collected CMRTs from thousands of suppliers.

We have reviewed the CMRTs and requested that the suppliers make corrections if there were any errors and/or omissions, in order to improve our efforts in relation to conflict minerals.

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

In cooperation with the Responsible Minerals Initiative (RMI)^{*3}, Toyota Motor North America, Inc. (TMNA), a U.S. subsidiary of Toyota, has been engaging in the activities of Conflict-free Sourcing Working Group and the working group of the Automotive Industry Action Group (AIAG)^{*4} on conflict minerals originating from the Democratic Republic of Congo. Specifically, in 2019, TMNA continued to lead RMI's Global Smelter Engagement Teams Working Group (as Team-Lead) in conducting background surveys of smelters/refiners.

As a result of the industry-wide cooperation described above, the number of conflict-free smelters/refiners worldwide has increased to 267 as of November 2019. Of these, 265 companies are included in Toyota's 2019 survey results.

The survey results from January–December 2019 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 29, 2020.

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

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

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

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

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^{*}, 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.

* CRT: Cobalt Reporting Template

Collaboration with Business Partners

Related SDGs



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.

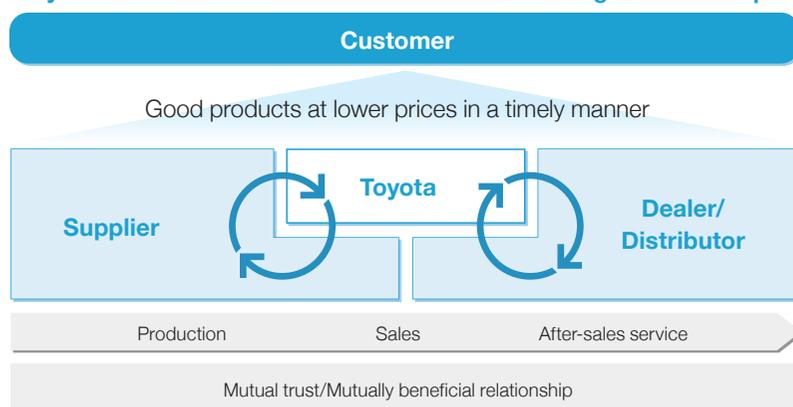
Toyota pursues open and fair business, and engages in sustainability initiatives through close collaboration with business partners to raise quality in terms of safety and customer satisfaction.

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.

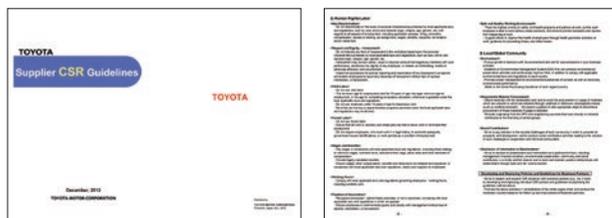
To foster the trust, we pursue close communication with suppliers.

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. 26](#) [Addressing conflict mineral issues p. 29](#)



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.

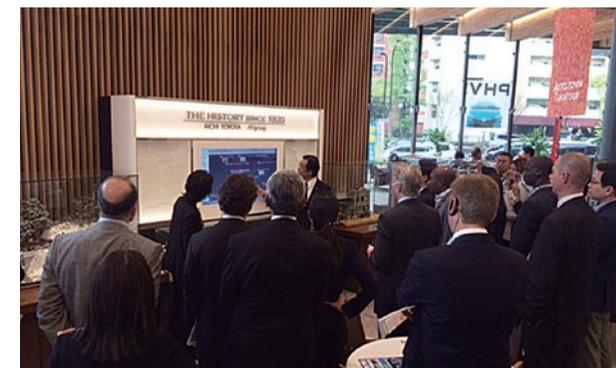


Fifth-grade classroom instruction

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

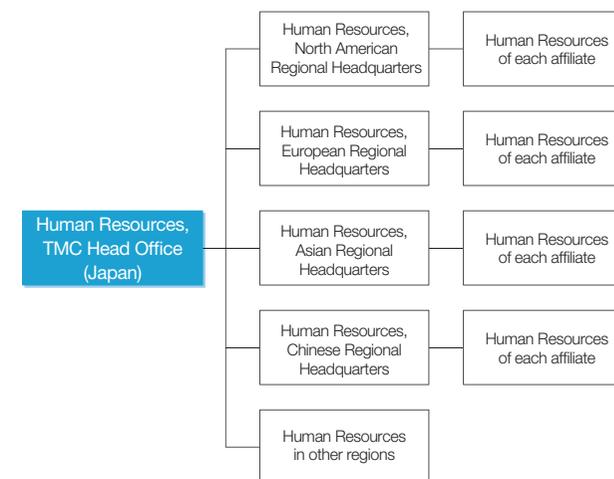
* A Relationship of Mutual Trust and Mutual Responsibility Between Labor and Management

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.



Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

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 | 75.8 |
| 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 | 75.2 |
| 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 | 77.0 |
| Shop floor employees | (%) | 72.0 | 72.0 | 72.0 | 72.0 | 70.0 |

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.

Health and Safety

Updated in August 2020

Basic Approach

Ensuring the health and safety of its employees is positioned as one of Toyota's most important longstanding business activities, and will continue to be so going forward.

[Philosophy for health and safety]

The physical and mental health of our employees is the driving force behind our good performance, and our top management has announced that Toyota aims to become a health-first company. For safety, under its basic safety and health philosophy, "Safe work is the gate to all work. Let us pass through this gate," Toyota is disseminating its strong desire for its employees to never be involved in occupational accidents.

[Health and safety function policy]

Aiming to develop human resources and workplaces capable of positively thinking and taking action to safeguard their health and safety, Toyota is promoting the instillation and deepening of its interactive health and safety culture on a global scale.

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.

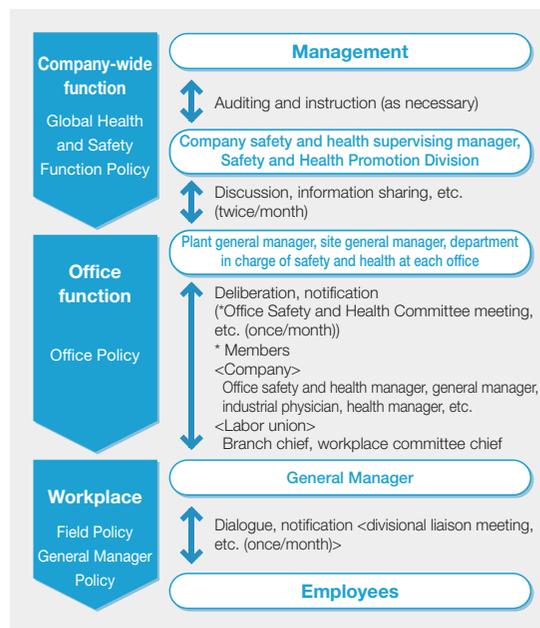
Organization and Structure

Each year, the safety and health function policy is formulated by the company safety and health supervising manager in view of technological innovations and environmental changes, and is deployed globally.

Based on this policy, efforts are made at all workplaces in all regions to improve their safety and health activities through repeated assessments and improvements, and the progress of the activities is shared with the management. To facilitate the smooth progress of various activities, cooperation is promoted on a daily basis in sharing information with the administrative divisions of offices, promoting mutual understanding with labor unions, and conducting joint activities with the health insurance society.

For suppliers, affiliated companies, in-plant contractors and other business partners, Toyota also promotes activities based on the relevant policy to ensure that they work in a safe and healthy environment. Toyota sets up opportunities for communication to listen to employees' troubles, and works together with them to create a worker-friendly environment.

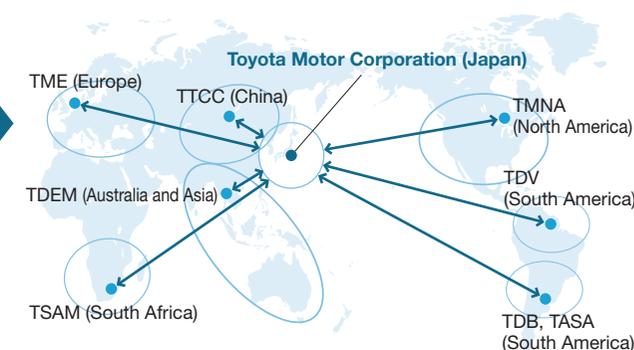
Organization Structure



Suppliers, affiliated companies

| | |
|---|---|
| Group companies | All Toyota Safety and Health Cooperating Association (17 companies) |
| Parts and materials suppliers | Kyohokai safety and health committee (229 companies) |
| Equipment, installation and logistics suppliers | Eihokai safety and health committee (128 companies) Toyota Motor Corp. Safety and Health Cooperating Association (580 companies) |

Overseas affiliates



Health and Safety Education

Toyota offers educational programs to familiarize members of all classes, from new entrants to officers, with their expected roles in promoting safety and health. In its education programs for managers, in particular, Toyota's aims and stance of initiatives and key points in workplace management are explained, and case-based discussions are held. Participants also listen to talks by experienced instructors on their experiences, thereby raising awareness of their roles in promoting safety and health. The programs are designed to encourage managers to recognize anew the importance of daily communications with their subordinates, by reminding them of the need to discover any health problems of their subordinates as early as possible, providing them with ideas for predicting risks, and the like.

Rank-specific education programs (for newly appointed managers and employees)

| Health and safety training | Training hours | Number of participants (2019) |
|----------------------------|--------------------|-------------------------------|
| Officers | 4 hours | 16 |
| Division general managers | 8 hours | 57 |
| Section general managers | 8 hours 45 minutes | 165 |
| CX* | 7 hours 50 minutes | 175 |
| Workplace leaders | 12 hours | Approx. 2,000 |
| General and new employees | 1 hour | Approx. 4,000 |

* CX (Chief Expert)

[Education for improvement of hazardous operations/skills]

Training on highly important skills and special education programs are provided at the Global Safety and Health Education Center, where training is provided by experienced instructors using actual equipment, in addition to statutory lecture courses.

[Education for safety and health staff members]

Training programs are provided every year for safety and health staff, who provide support and instruction for workplace activities, for the purpose of improving their knowledge and practical skills of response to accidents and occupational diseases, the process of handling workers' accident compensation insurance, the work environment, risks related to high-pressure gas usage, and other issues.

[Education programs for advancement]

| | |
|---|--|
| On-site education | As programs to support safety and health activities in response to the needs of each workplace, professional instructors visit workplaces to provide lectures on such issues as how to improve lifestyle habits and prevent heat stroke to improve health literacy, and also offer accident simulation training to raise awareness of work safety. (Held 278 times in total in 2019) |
| KY (kiken (danger) yochi (prediction) Dojo, Construction Work Safety Dojo | KY Dojo is a hands-on training program aimed at improving awareness of accident risk in the workplace, whereby trainees learn how to identify danger points. Construction Work Safety Dojo is a forum for managers in charge of construction work safety and staff in charge of production equipment to learn about actual machines and equipment in the planning stage. |
| Web learning | [Virtual safety education] Toyota has established an environment on its website where visitors are able to virtually experience potential risks in relation to the safety, environment, protective gear, etc. of each production engineering worksite or office. (Accessed approx. 10,000 times in total in 2019) [Health e-learning] As part of health promotion education, e-learning programs are employed at various events or in response to workplace needs for the purpose of raising awareness and increasing knowledge of mental health, lifestyle-related diseases and the like. (Employed approx. 34,000 times in total in 2019) |

Company-wide Initiatives related to Health and Safety

| | |
|------------------------------------|--|
| Safety Inheritance Month (January) | At the timing of periodic organizational restructuring and personnel relocation, based on lessons learned from serious accidents that have occurred inside the company, meetings are held at all worksites, where managers express their determination to prevent accidents and ensure safety around their workplaces, thereby reminding themselves of the importance of safety. |
| Safety Month (July) | In line with the National Occupational Safety Week, a company-wide campaign is held to promote work safety. All officers issue their messages and managers express their determination, making the month an opportunity for all workplace members to review their daily operations. |
| Health Month (October) | In line with the National Occupational Health Week, health promotion events are held. All officers issue their "health messages" and each plant hosts health lectures. |

Building up Good Health

Aiming to raise the health level of all employees, Toyota has been promoting a company-wide initiative since 2017, promoting eight lifestyle habits that have an impact on the prevention of mental and physical diseases. This initiative, named Healthy Lifestyle Challenge 8*, is aimed at developing healthy people by defining the habits necessary to maintain health and encouraging each employee to adopt healthier habits or pay greater attention to the habits they have already adopted.

In order to revitalize workplace activities, regular feedback is provided on the results of the initiative at each workplace, while instructors visit workplaces to provide health lectures and instructions, evaluate the implementation level, and award workplaces in recognition of improvements made. Also, smartphone apps are made available that serve as barometers and visualize the level of implementation of the eight lifestyle habits, encouraging employees to participate enjoyably in the initiative.

* (1) Appropriate weight (BMI), (2) breakfast, (3) drinking, (4) snacking, (5) exercise, (6) smoking, (7) sleep, and (8) stress.

2019 targets and results

| | Target | Result |
|--|-------------------------------|-----------------------|
| Absentees due to lifestyle-related diseases | Down 5% from 2017 | Down 3% |
| Absentees due to mental health problems | Down 10% from 2017 | Down 2% |
| Average number of Challenge 8 habits practiced | 6.5/8 items practiced by 2025 | 6.2/8 items practiced |

Physical examination and health guidance

Physical examination targeting employees aged 40 or over includes a specialized examination aimed at prevention of lifestyle-related diseases and cancer screenings for early discovery of cancers. Based on the results of this examination, tailored health guidance is offered. In cases where no signs of improvement are seen in follow-ups or after hospital treatment, internal health guidance is also provided. In particular, the WELPO health support center, operated jointly by the Company and the health insurance society, accepts approx. 20,000 employees aged 36 years or older and their spouses (dependents) every four years, offering programs to support their health. For employees of other ages, physical examinations and various forms of health guidance are provided by full-time medical staff within their workplaces.

2019 targets and results

| | Target | Result |
|---|--------|--------|
| Specified health guidance implementation rate | 60% | 84.5% |
| Rate of employees who have received physical examinations | 100% | 100% |

Initiatives for Mental Health Care

Employees, workplace managers, industrial health staff including psychology experts, and staff in charge of personnel and labor affairs are respectively engaged in various activities to prevent mental health problems from either occurring or recurring.

Toyota believes that promoting self-efforts to improve lifestyle habits (the Healthy Lifestyle Challenge 8 initiative) and developing a worker-friendly environment through workplace management are the basic actions in the primary stage of prevention. Since 2016, a stress check has been made available to all employees every year. The results of the check are notified to the employee, aimed at reminding them of their own stress condition. For employees who are potentially under high stress, face-to-face guidance by a physician is provided, thereby preventing aggravation of mental health problems. Furthermore, the results of group analysis are notified to each workplace, with the aim of assisting improvement of the workplace environment.

(2019 stress check implementation rate: 96.7%)

In the secondary stage of prevention, health consultation by full-time industrial physicians or public health nurses stationed at each office is provided to aid decision-making or offer follow-up support in response to concerns of or requests from employees and managers/supervisors.

As the third prevention stage, Toyota has prepared a program for supporting return to work, to enable careful treatment of the relevant employee based on the opinion of their main physician and the judgment of the industrial physician, as well as coordination of their workplace environment in accordance with the basic concept for returning to work. Through these initiatives, all offices are working to prevent recurrence and absence due to it.

Major initiatives for mental health care

| | |
|---|---|
| Zero to primary prevention stage (Prevention) | <ul style="list-style-type: none"> ● Self-care <ul style="list-style-type: none"> • Promoting development of good lifestyle habits (Healthy Lifestyle Challenge 8) • Providing stress check to raise awareness • Rank-specific education (new or young employees) ● Line Care <ul style="list-style-type: none"> • Workplace management (support by and communication with supervisors and co-workers) • Workplace/individual support by a general counsellor for each field • Rank-specific education (for managers) ● Care by experts <ul style="list-style-type: none"> • Training by psychology expert staff |
| Secondary prevention stage (Early discovery and response) | <ul style="list-style-type: none"> ● Screening at physical examination ● Setting up a full-time internal health counselling service |
| Third prevention stage (Prevention of recurrence/re-absence) | <ul style="list-style-type: none"> ● Support for return to work (including follow-ups) ● Care by experts <ul style="list-style-type: none"> • Advice by psychiatrist for relevant employees and industrial health staff |

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

Initiatives for Health Improvement

| | |
|--|--|
| T-CaRS (TOYOTA-Communication and Refreshment Support) | <p><Employed as a measure to promote growth, in addition to support for employees' health></p> <ul style="list-style-type: none"> ● T-CaRS Healthy Company Dojo ● Offering multiple training programs (on communication skills, mindfulness, etc.) that encourage trainees to work in a happy and highly productive manner ● Allowing "anyone" to receive any training "appropriate for their own position or role" "whenever necessary" ● e-mail newsletters ● Periodically providing psychological tips useful for business persons ● Refresh Time (consultation) ● One-on-one consultation with a psychology expert is available in off-work hours ● Counseling on not only health issues but any topic related to work and private life is available. |
| Health check for workers working long hours | <ul style="list-style-type: none"> ● Offering a health check (interview) and consultation with an industrial physician to allow employees to work in comfort during a temporarily busy period or when troubleshooting ● Providing careful follow-ups, such as more detailed physical checkups than the statutory level, and work adjustment (The number of workers working long hours has been decreasing.) |
| Health support for employees stationed overseas | <ul style="list-style-type: none"> ● To give overseas expatriates and their accompanying family members a sense of ease, providing physical examinations and vaccinations against infectious diseases before departure. For those undergoing treatment, in addition to the opinion of the main physician, judgment is made on whether or not they can embark on an overseas assignment, and advice/guidance is provided based on local medical conditions. ● During overseas assignment, offering local physical examinations and providing counseling based on the examination results. Also making available various tools to allow access to counseling on troubles and health-related information. ● Periodically sending industrial physicians or nurses to local worksites to check the medical conditions and local lifestyle of each region, and providing other support to help employees stationed overseas and their accompanying family members feel at ease. |
| Food and nutritional education through the company cafeteria | <ul style="list-style-type: none"> ● Visualizing nutrition balance and calories and offering health-conscious dishes |
| Tackling second-hand smoke and banning smoking on the premises | <ul style="list-style-type: none"> ● Following the complete ban on indoor smoking by the end of 2019, an initiative has been launched to achieve the total prohibition of smoking on the premises from April 2025. (Smoking rate in 2019: 24.6%) |

Safety Initiatives

Under the basic policy of promoting the instillation and deepening of an interactive health and safety culture, Toyota promotes safety initiatives focusing on the three pillars of safety: people, work, and place/environment. Toward achieving the target of "ultimately achieving zero accidents and the continuation of zero accidents at all worksites," Toyota promotes safety and health activities rooted in each worksite. These initiatives involve not only our employees but also secondees, assistant secondees, dispatched

employees, employees of plant contract companies, and employees of suppliers related to plant construction work, under the Occupational Safety and Health Rules.

Three pillars of safety

- 1. Safe "people"**
Promote the development of human resources who are capable of predicting risks and thinking and acting in compliance with rules
- 2. Safe "work" (risk management)**
Reduce and manage high-risk operations toward achieving zero serious accidents
- 3. Safe "place/environment"**
Aiming to build positive and worker-friendly processes, find troubles and take quick decisions and actions

2019 targets and results

| | Target | Result |
|--|--------------------|----------|
| All accidents (including lost workday cases) | Down 50% from 2011 | Down 31% |
| Fatal accidents on company's premises | 0 cases | 0 cases |

Work-related injuries (frequency rate of lost workday cases)

| | Year | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|------|------|------|------|-------------|
| Global | | 0.43 | 0.38 | 0.34 | 0.23 | 0.25 |
| | Japan | 0.03 | 0.07 | 0.07 | 0.08 | 0.04 |
| | North America | 1.76 | 1.62 | 1.49 | 0.93 | 1.01 |
| | Europe | 1.42 | 0.91 | 0.69 | 0.35 | 0.42 |
| | China | 0.16 | 0.18 | 0.20 | 0.19 | 0.07 |
| | Asia-Pacific | 0.13 | 0.09 | 0.04 | 0.02 | 0.05 |
| | Other | 0.18 | 0.13 | 0.18 | 0.12 | 0.23 |
| All industries (Japan) | | 1.61 | 1.63 | 1.66 | 1.83 | 1.80 |
| Manufacturing industry (Japan) | | 1.06 | 1.15 | 1.02 | 1.20 | 1.20 |
| Automobile manufacturing industry (Japan) | | 0.20 | 0.18 | 0.15 | 0.19 | 0.20 |

Source (Japan): All industries, manufacturing industry, and automobile manufacturing industry (Statistical Tables by Ministry of Health, Labour and Welfare)

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

[Initiatives for the Three Pillars]

Safe “people”

The key is the initiative by leaders who always demonstrate a safety-first attitude. Safety education programs are aimed at continuation of the development of safe-oriented human resources based on the history of hardships and efforts experienced by our predecessors, encouraging us to review our daily awareness and behavior.



Safety Memorial Center

Safe “work” (risk management)

The key to workplace safety is the 4Ss (*seiri* (sorting), *seiton* (straightening), *seiso* (cleaning), *seiketsu* (clean)), and the standardization of operations after listing up all operations and assessing the safety risks thereof, taking operability into consideration. In the case below, to avoid contact between a worker and an industrial vehicle, areas for people and vehicles are separated, thereby improving the level of safety.



Before

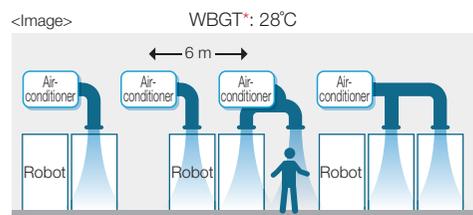


After

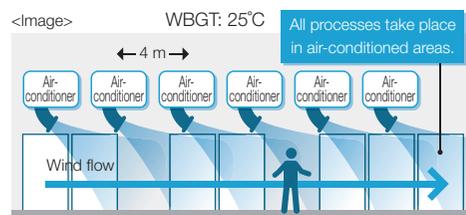
Safe “place/environment” (heat countermeasures)

The work environment, which is managed by statutory environmental measurement, is significantly affected by the production equipment, season and other factors. Therefore, measures for equipment are implemented according to the predetermined priority order. The following is a case aimed at improving the environment by creating flows of cool air throughout the worksite to mitigate heat.

Before



After



* WBGT (Wet Bulb Globe Temperature) (C):
Indicator for environmental assessment considering both temperature and humidity, aimed at prevention of heat stroke

Cooperation with Overseas Affiliates

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^{*1}) globally.

Globally common measures are basically implemented in accordance with ISO 45001^{*2}, with consideration given to issues unique to each region.

Using OSHMS, weaknesses are identified by genchi genbutsu (onsite hands-on experience) inspections and audits, with the aim of improving the level of safety management.

We confirm whether measures are being implemented to avoid accidents that have occurred at 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 to tackle common issues and can share information on best practices.

*1 OSHMS: Occupational Safety and Health Management System

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

Social Recognition of Our Health and Safety Activities

Toyota has been certified by the Ministry of Economy, Trade and Industry as one of the White 500 Health & Productivity Management Outstanding Organizations for three consecutive years since 2018, and by the Ministry of Health, Labour and Welfare as a Safety and Health Outstanding Company since 2015 (renewed every three years).



White 500 Health & Productivity Management Outstanding Organizations (certified by METI)



Safety and Health Outstanding Company 2018-2021 (certified by Ministry of Health, Labour and Welfare)

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.

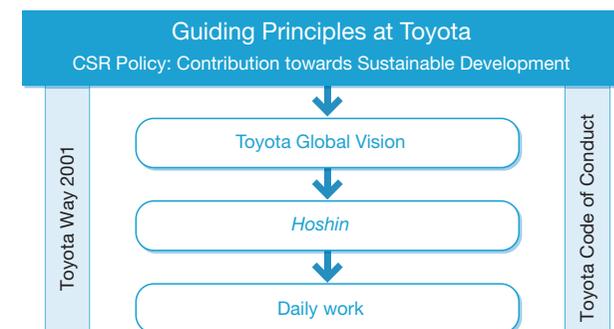
List of Global Content

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

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

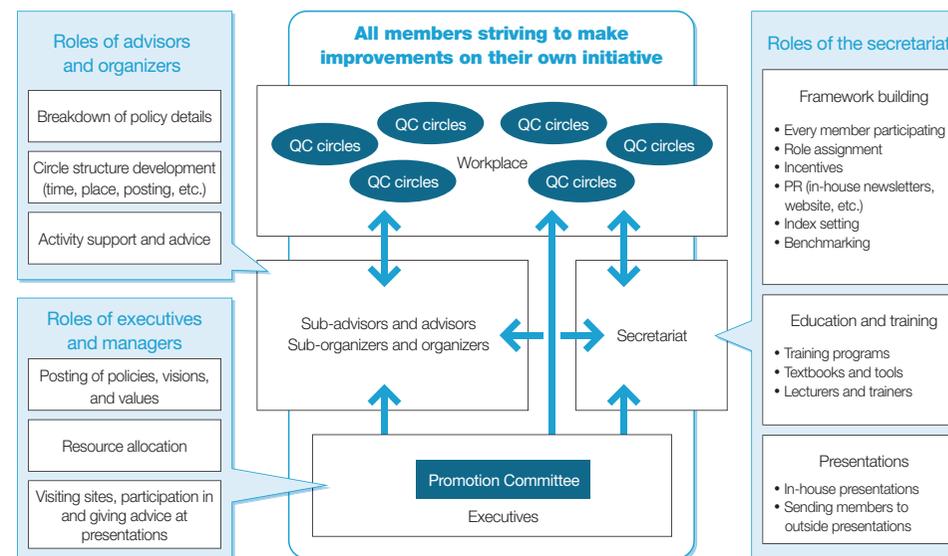
With the goal of promoting self-sufficiency in overseas affiliates, we temporarily transfer employees from overseas affiliates to TMC for OJT. Transferees focus on learning skills, knowhow and the Toyota Way throughout their training period, which is from six months to three years. Executives are posted 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

Related SDGs



Fundamental Approach Updated in July 2020

Toyota's strengths lie in our capacity to respect our employees' abilities to think and promote reforms involving every member. Toward the transformation from a car company into a mobility company to leverage recent technical innovations centered on CASE, this capacity is growing increasingly important as we continue to create innovations steadily in existing areas while taking on challenges in new areas, and are required more than ever to provide products and services from diverse viewpoints of various members of society.

Amid such an environment, Toyota considers diversity and inclusion to be one of the key elements of our business infrastructure, and we are working to create an attractive workplace where employees with wide-ranging skills and values, irrespective of gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital status or the presence of children, can demonstrate their abilities to the fullest and achieve self-realization.

In order to become a company that is 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 our 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] Updated in July 2020

Since 2015, Toyota has offered Pre-maternity Leave Seminars and Supervisor Career Interviews for employees who take maternity leave.

The goals of these events are to ease concerns about balancing work and childcare and to raise the level of desire to continue growing after returning to work. Participants examine their career plans and how best to achieve them, hear about other employees who have successfully balanced work with family commitments in the past, and participate in roundtable discussions. Toyota has also introduced the teleworking system, removing time and location restrictions, to allow employees to continue working while taking care of their children. The number of employees eligible for this system has been increasing, allowing a flexible workstyle for many of our employees, excluding employees at production sites.

[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



Sharing the true feelings of young women in administrative and engineering positions with 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

Health and Safety

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.



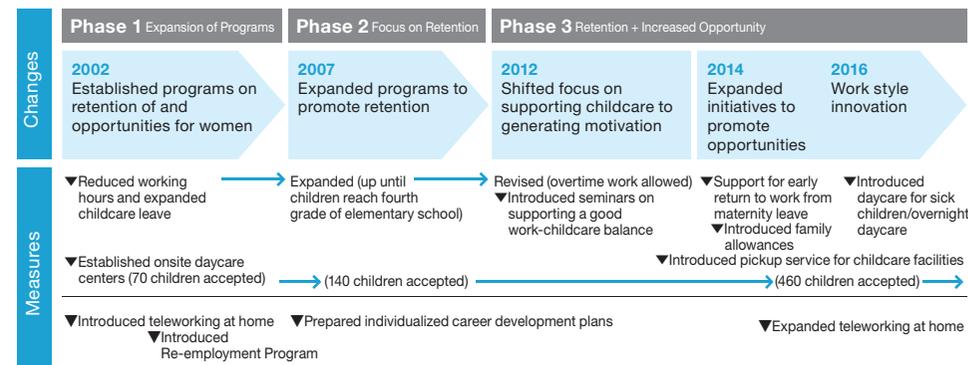
Development program (consultation with employees)



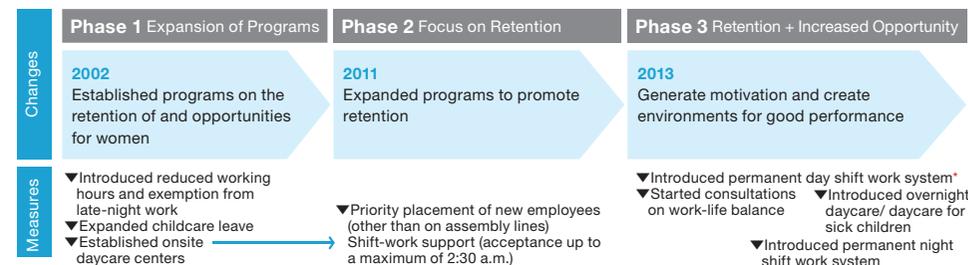
Visiting a high school to give a lecture



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

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

KPIs for Promoting Women's Participation in the Workplace (Japan) Updated in August 2020

Our initiatives to promote women's participation in the workplace, which began in 2002, have resulted in continuous improvements of 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.

(As of FY2020, 2.5% of management positions are held by women. * The industry average is 2.2%.)

We will strive to improve the KPIs by continuing to implement initiatives to support female recruitment and participation.

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

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 certain hiring rates for female graduates (40% or above for administrative positions and 10% or above for engineering positions) and active hiring of women throughout the year (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]

Action Plan Based on the Act on Advancement of Measures to Support Raising Next-generation Children

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 ¹ | 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 ² (%) | | 0.0 (0) | 5.6 (1) | 13.0 (2) |

¹ Excluding those hired into sports clubs; () includes mid-career hires

² () 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

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

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

Updated in August 2020

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

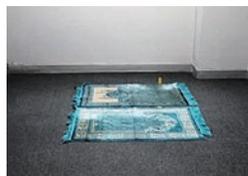
| | Category | Full-time employees | People hired | Managerial positions | Director positions |
|---------------------|----------|---------------------|--------------|----------------------|--------------------|
| TMNA (U.S.) | (%) | 23.8 | 29.9 | 24.9 | 28.6 (6) |
| TMCA (Australia) | | 28.6 | 36.7 | 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 |

As of November 2019

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

In May 2020, the company was ranked tenth on Diversity Inc's "2020 Top 50 Companies for Diversity List."

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 | 2.33 |
| Legally mandated employment rate | (%) | 2.0 | 2.0 | 2.0 | 2.2 | 2.2 |

* 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
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

Shimoyama Plant branch opened to launch Monozukuri Project

Updated in July 2020

In April 2020, the Shimoyama Plant branch of Toyota Loops was opened inside the Shimoyama Plant. Members participate in the *Monozukuri* (manufacturing) Project, conducting operations to support car manufacturing operations at Toyota Motor Corporation, such as preparing engine parts to allow assembly workers to easily pick them up.



Preparation for assembly



Toyota Loops employees at Shimoyama Plant branch

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.

Initiatives for Improving
Traffic Safety

Customer First and
Quality First Measures

Social Contribution
Activities

Respect for Human
Rights

Collaboration with
Business Partners

Employees

Health and Safety

Human Resources
Development

Diversity and Inclusion

Creating an Affluent
Society

Major Initiatives of Nursing Care (Japan) Updated in July 2020

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) | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------|-----------|------|------|------|------|------|
| Male | (Persons) | 43 | 44 | 54 | 106 | 149 |
| Female | (Persons) | 577 | 602 | 582 | 507 | 475 |

Major Initiatives in Nursing Care (Japan)

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

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"> Lead the way toward a future hydrogen-based society by providing ultimate zero-emission vehicles as official event vehicles Adopt the latest safety equipment toward realizing a zero-traffic-accident society |
| MOBILITY FOR ALL | <ul style="list-style-type: none"> Strive to develop future fully autonomous driving technologies to demonstrate the ultimate “MOBILITY FOR ALL” Utilize the e-Palette, a BEV specialized for mobility service, to help shuttle athletes in and around the Olympic Village 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 |
| Smooth operation management of event vehicles | <ul style="list-style-type: none"> 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 |
| Contribution to the most innovative event in history | <ul style="list-style-type: none"> 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 |



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

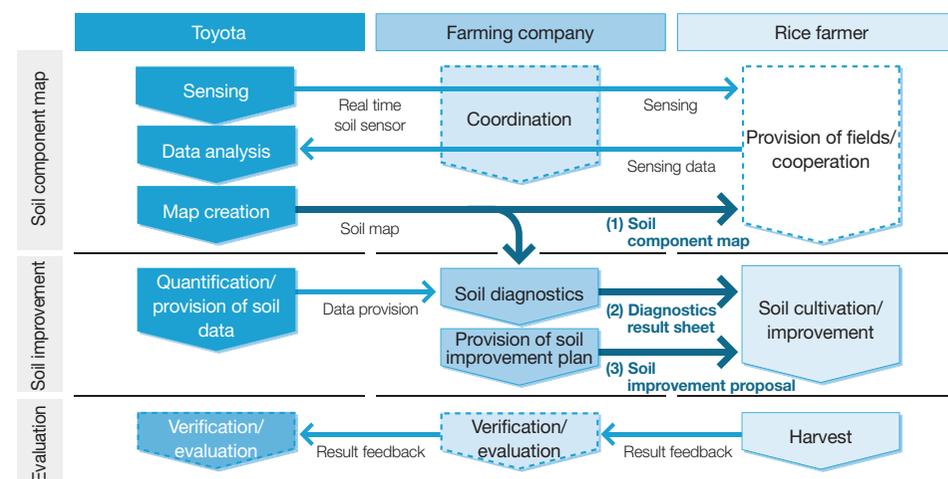
To contribute to solving global problems such as global warming, energy issues and food shortages, Toyota believes in the need for new businesses that contribute to the environment, in addition to the automotive business. Therefore, we are establishing a structure to carry out R&D in a variety of fields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

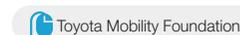
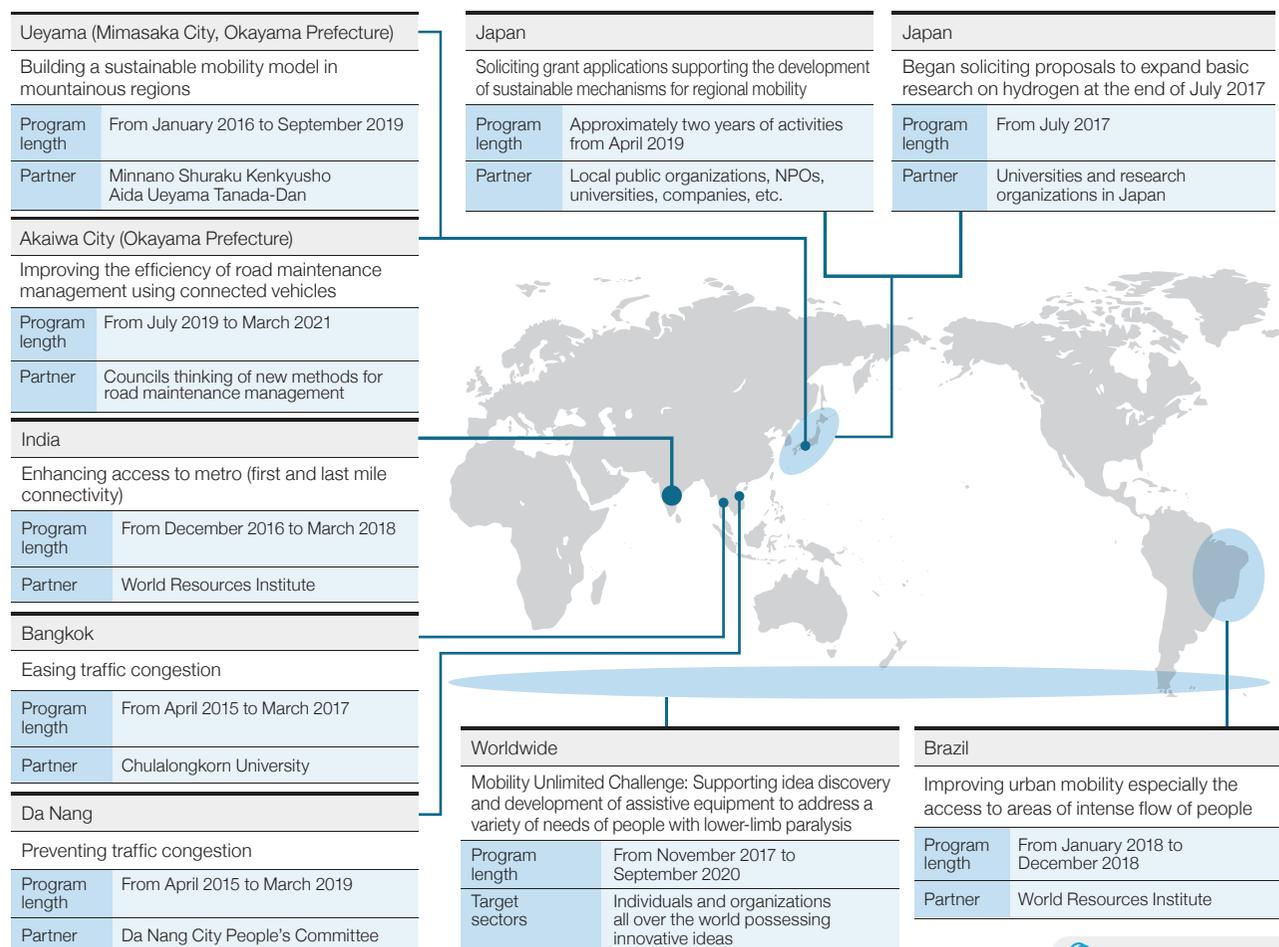
Specifically, the foundation conducts a variety of support programs, including the Research Grant Program, International Grant Program, Grant Program in Japan, Communication with Society Program, and the Initiative Program.



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

| | |
|----------------------|----|
| Corporate Governance | 58 |
| Risk Management | 62 |
| Compliance | 66 |
| Performance Data | 68 |
| ISO 26000 Comparison | 71 |

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).

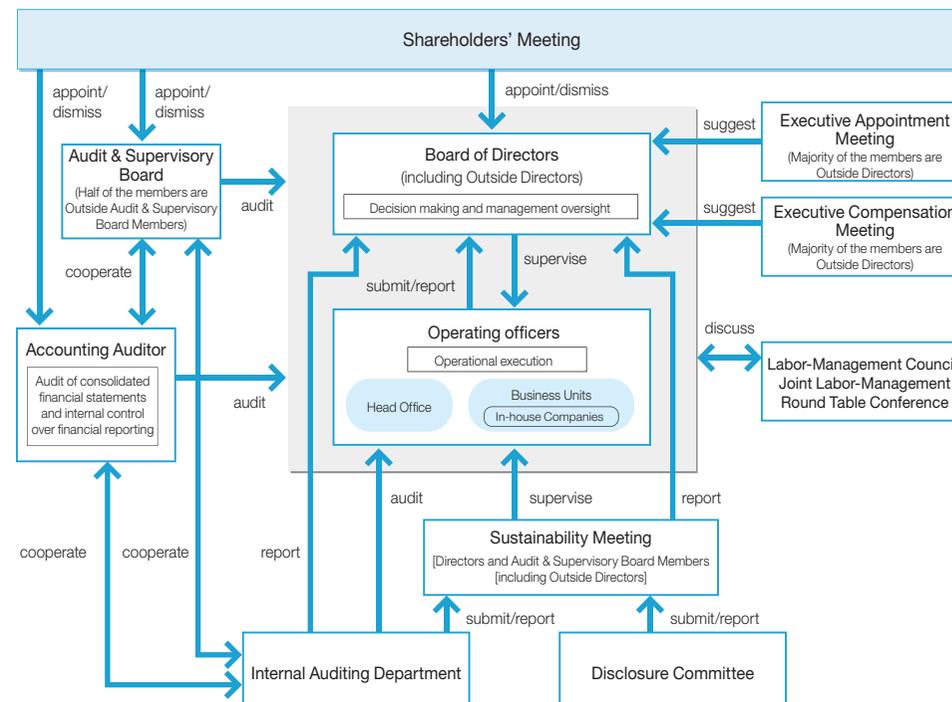
[Share Compensation System]

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 took place in 2010. Having appointed risk managers globally and in each region and section, Toyota has been making global efforts to prevent and mitigate the impact of risks that could arise in business activities.

Organization and Structure

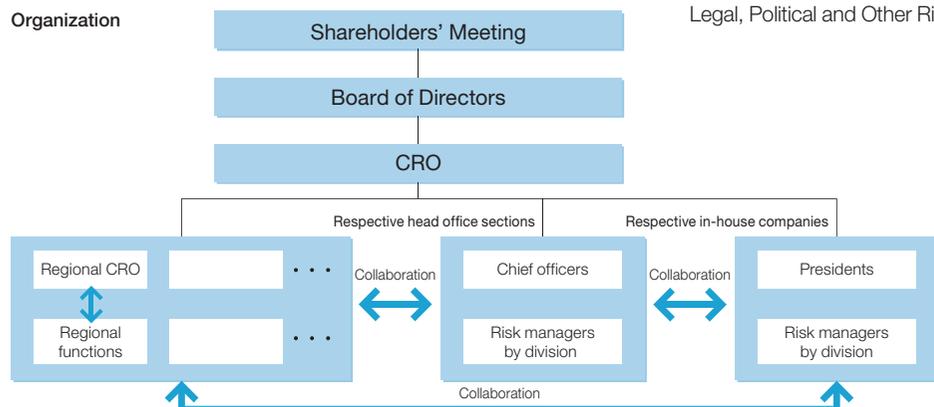
To head global risk management, Toyota has appointed a Chief Risk Officer (CRO) who oversees significant risks and takes leadership to respond to significant global emergencies. Beneath the CRO are Regional CROs appointed to manage their own risk management structures.

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. 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)

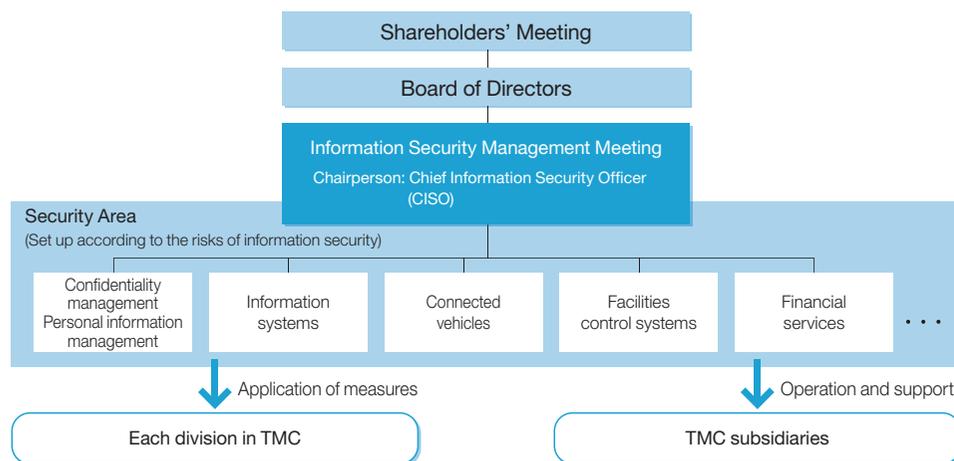
1. Compliance
2. Maintenance of stable business infrastructure
3. Providing safe products and services
4. Contribution to the establishment of safe cyberspace
5. Information security management

Information Security Policy

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.

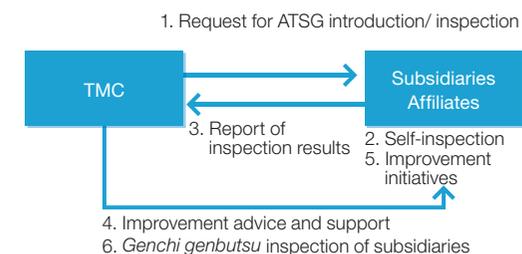
ATSG ensures information security through a multi-faced approach: through organization, human resources, technical security, physical security, and incident/accident response. To cope with recent environmental changes and increasingly sophisticated cyber attacks, ATSG is revised periodically.

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,¹ layered defense,² 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.

¹ 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.

² 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)

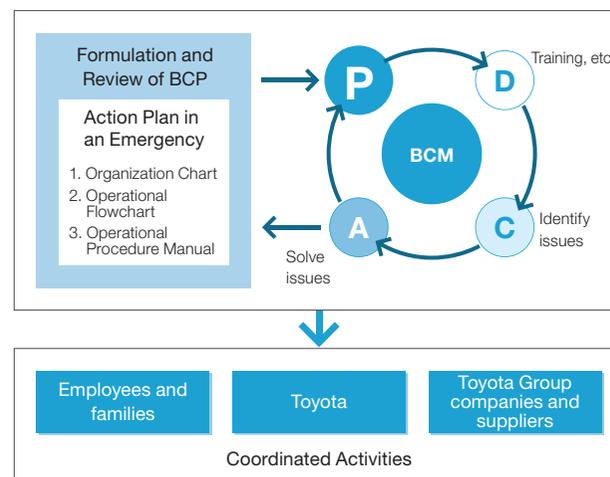


Business Continuity Management at Toyota

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

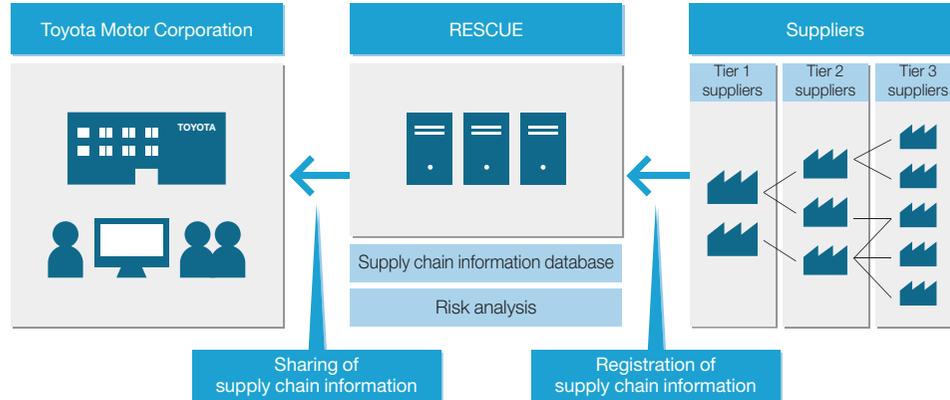
Toyota provides recovery support in accordance with the following priorities: (1) Humanitarian aid; (2) Early recovery of the affected area; (3) Restoration of Toyota's operations and production. Since the Great East Japan Earthquake, we have worked with suppliers in each country and region to build 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 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.

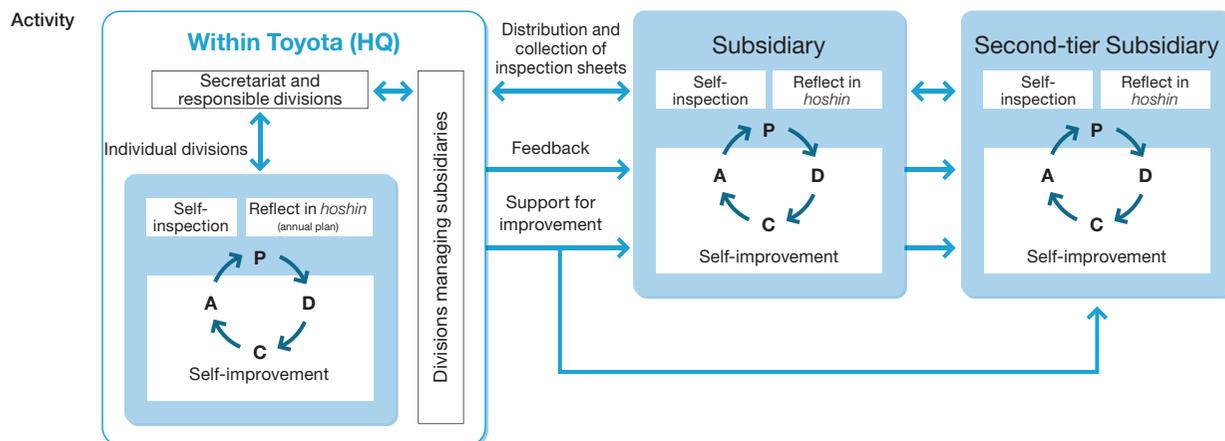


Checks to Enhance Compliance

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

- Contracts
- Act against Unjustifiable Premiums and Misleading Representations
- Intellectual Property (trademarks)
- Confidentiality
- Management
- Labor
- Antimonopoly Law
- Insider Trading Regulations
- Product Liability Act
- Bribery Prevention
- Export Operations Management
- Subcontracting Law
- Copyright
- Act on the Protection of Personal Information
- Taxation
- Safety and Health etc.

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

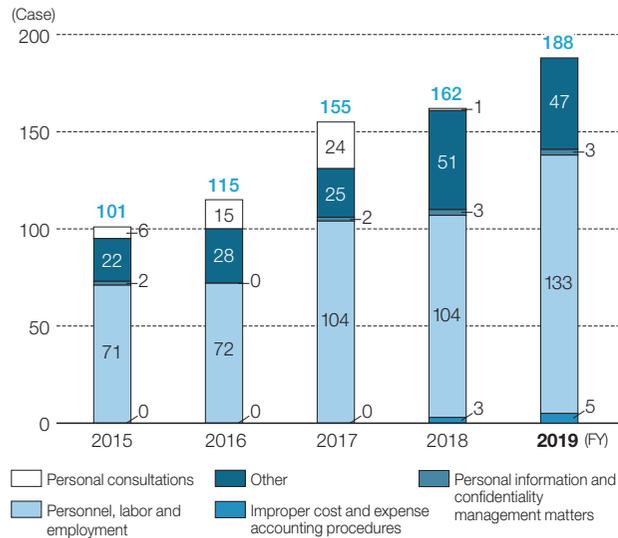
Toyota has established hotlines for quick and appropriate responses to concerns, complaints, or questions that employees may have.

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 | — ¹ | — ¹ | 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) ² | | Thousand calls | 299 | 293 | 314 | |
| Welcab | No. of Welcabs sold (Japan) | Vehicles | 17,050 | 15,718 | 14,801 | |
| | Market share of Welcab (Japan) ³ | % | 70.0 | 68.2 | 67.0 | |
| | No. of Welcab models (Japan) | Models | 26 | 23 | 23 | |
| Social Issues | Social Contribution Activities | Total expenses for social contribution activities ⁴ | Billion yen | 29.2 | 24.3 | 19.0 |
| | | No. of Toyota Community Concert participants (Japan) | Persons | 38,600 | 33,414 | 29,589 |
| | | No. of Why/What Lecture participants (Japan) | Persons | 1,031 | 906 | 728 |
| | | No. of visitors to the Forest of Toyota (Japan) | Persons | 11,137 | 10,175 | 10,546 |
| | | No. of traffic safety educational materials distributed (picture books) | Million books | 2.56 | 2.62 | 2.66 |
| | | Toyota Environmental Activities Grant Programs | 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) ⁵ | % | 2.17 | 2.25 | 2.33 | |
| | Employment of people with disabilities (including TMC and one special-purpose subsidiary) ⁵ | 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 | 15.2 |
| | | Male | Months | — | 2.5 | 2.4 |
| | | Female | Months | — | 16.6 | 16.9 |
| | Return rate after taking childcare leave | | % | — | 97.6 | 97.9 |
| Male | | % | — | 100 | 100 | |
| | Female | % | — | 97.4 | 97.6 | |

- 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 Toyota Motor Corporation and consolidated subsidiaries in Japan and overseas (applicable range may vary depending on item)
- 5 No. of people with disabilities employed and their employment ratio are current as of June 2019

| Issues | Items | Unit | FY2017 | FY2018 | FY2019 | | |
|---|--|--|---------------|---------------------|-------------------|--------------------|--------|
| Social Issues | Employees | Rate of male employees taking leave after birth of their child ⁶ | % | 93.8 | 93.8 | 94.5 | |
| | | Average number of days leave taken by male employees after birth of their child | Days | — | 4.9 | 5.3 | |
| | | No. of employees using the flexible working hours system (TMC) ⁷ | 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 | 39.4 |
| | | Average period of employment (TMC) | Male | | 39.7 | 39.4 | 39.5 |
| | | | Female | | 34.7 | 34.7 | 34.9 |
| | | Turnover rate | Male | | 17.7 | 17.4 | 17.5 |
| | | | Female | | 18.3 | 17.9 | 18.0 |
| | | Percentage of annual paid leave taken ^{8,9} | Male | | 13.3 | 13.2 | 13.4 |
| | | | Female | | — | — | 1.02 |
| | | Average monthly overtime per employee ⁸ | Male | % | 102.3 | 92.8 | 92.8 |
| | | | Female | | — | — | 1.02 |
| | | Newly-hired employees (TMC) | Male | Hours/month | 21.3 | 21.3 | 20.9 |
| | | | 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 | Male | 1,653 | 1,449 | | 1,219 | | |
| | Female | 1,521 | 1,198 | | 917 | | |
| Employees who feel their own growth (overseas) Administrative and engineering | Male | 132 | 251 | 302 | | | |
| | Female | 779 | 745 | 890 | | | |
| Employees who are satisfied with company life (TMC) Administrative and engineering | Male | | 77.6 | | 75.2 | | |
| | Female | | 70.0 | | — ¹⁰ | | |
| Employees who are satisfied with company life (TMC) Shop floor | Male | | 78.0 | | 75.8 | | |
| | Female | | — | | — ¹⁰ | | |
| Employees who are satisfied with company life (overseas) Administrative and engineering | Male | | 74.0 | | 77.0 | | |
| | Female | | 72.0 | | 70.0 | | |
| Environmental Issues | New Vehicle Zero CO ₂ Emissions Challenge | Annual HEV Sales (Global) ² | Million units | 1.401 | 1.518 | 1.631 | |
| | | Cumulative HEV Sales (Global) ² | | 9.943 | 11.461 | 13.059 | |
| | | CO ₂ emissions reduction benefit of Toyota Hybrid Vehicles (Global) | Million tons | 77.0 (January 2017) | 94.0 (April 2018) | 108.0 (April 2019) | |
| | Life Cycle Zero CO ₂ Emissions Challenge | Global average CO ₂ emissions from new vehicles reduction rate versus 2010 (Japan, U.S., Europe, China) | % | 11.9 | 13.7 | 14.9 | |
| | | CO ₂ emissions per ton-kilometer (transportation volume) from TMC logistics operations (Japan) | Million tons | 0.282 | 0.286 | 0.289 | |
| | | Global CO ₂ emissions (from energy consumption at stationary emission sources) ⁴ | Million tons | 7.81 | 7.79 | 7.65 | |
| Plant Zero CO ₂ Emissions Challenge | CO ₂ emissions per unit produced ⁴ | Tons/unit | 0.741 | 0.740 | 0.712 | | |
| | Challenge of Minimizing and Optimizing Water Usage | Million m ³ | 32.8 | 32.9 | 33.7 | | |
| Water usage per unit produced ⁴ | Water usage per unit produced ⁴ | m ³ /unit | 3.1 | 3.1 | 3.2 | | |

- 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 ² | 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
12 Revised in October 2020
3,223→3,453
2,782→3,012
1,387→1,507

| Basic data | Overall | Vehicle sales (consolidated) ¹⁾ | 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 | 3,453 ¹² | |
| | | No. of parts suppliers (overseas) | | 3,075 | 3,322 | 3,012 ¹² | |
| | | No. of non-Japanese parts suppliers | | 1,615 | 1,795 | 1,507 ¹² | |

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 | |
|----------------------------------|---|---|
| Organizational Governance | 1 Organizational governance | Corporate Principles |
| | | Sustainability Policy |
| | | Corporate Governance |
| | | Risk Management |
| | | Compliance |
| Human Rights | 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 |
| | | |
| | | |
| Labor Practices | 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 |
| | | |
| | | |
| | | |
| | | |
| Environment | 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 ₂ Emissions Challenge |
| | | Life Cycle Zero CO ₂ Emissions Challenge |
| | | Plant Zero CO ₂ 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 | |
|--|--|---|
| Fair Operating Practices | 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 |
| | | |
| | | |
| | | |
| Consumer Issues | 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 ₂ Emissions Challenge |
| | | Life Cycle Zero CO ₂ Emissions Challenge |
| | | Plant Zero CO ₂ Emissions Challenge |
| | | Challenge of Establishing a Recycling-based Society and Systems |
| | | Risk Management |
| | | Compliance |
| Community Involvement and Development | 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. |
|--|---|-------------------------------|
| 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. | 1 2 4 22 23 24 |
| | <ul style="list-style-type: none"> 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) | 25, 27 29, 30 |
| | <ul style="list-style-type: none"> 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) | 24, 28 |
| | <ul style="list-style-type: none"> 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) | 14 |
| | <ul style="list-style-type: none"> We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5) | 5, 6, 10 |
| Employees | <ul style="list-style-type: none"> We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5) | 11, 13 |
| | <ul style="list-style-type: none"> 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) | 3, 4, 9 |
| | <ul style="list-style-type: none"> 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) | 5, 7 8, 12 |
| | <ul style="list-style-type: none"> Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5) | 19, 20 |

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

Published by: Sustainability Management Dept.

<https://global.toyota/en/sustainability/>

Published: August 2020

Next scheduled report: To be updated throughout the year as necessary