Sustainability Data Book Overview

Updated in June 2023

Sustainability Data Book Overview

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.

Since fiscal 2021, the Sustainability Data Book, which had conventionally been released annually, has been updated whenever necessary so that the information can be disclosed in a timely manner.

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 update history, please see the following page.

Scope of Report

This Book introduces the initiatives and activities of Toyota Motor Corporation and its consolidated subsidiaries etc. in Japan and overseas. The scope of data covered is described in each section.

Toyota References in This Document

Toyota Motor Corporation:
- Information on or initiatives of Toyota Motor Corporation

Toyota:
- Information on or initiatives of Toyota Motor Corporation and its consolidated subsidiaries

Reference Guidelines

- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board
  - (Reference code SASB TR-AU-●●● is indicated at each applicable part.)
- GRI Standards
  - (Reference code GRI ●●●●● is indicated at each applicable part.)
- ISO 26000 Guidelines

Third Party Assurance

Third Party Assurance denotes data assured by an Independent Practitioner

Disclaimer

This report includes not only past and current facts pertaining to Toyota Motor Corporation and other companies within the scope of coverage of the report, but also plans and projections at the time of its publication as well as forecasts based on management policies and strategies. These forecasts are assumptions or determinations based on information available at the time they are stated, and the actual results of future business activities and events may differ from the forecasts due to changes in various conditions. In cases where information provided in prior reports is corrected or restated and in cases where material changes occur, the details thereof will be indicated in this report. The readers' understanding about this point would be appreciated.
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Overview of Toyota Motor Corporation

Updated in June 2023

Company Profile

Company Name: Toyota Motor Corporation
President and Representative Director: Koji Sato
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
Founded: August 28, 1937
Capital: 635.4 billion yen (as of the end of March, 2023)
Main Business Activities:
- Automotive business
- Financial services (vehicle loans and leasing, etc.)
- Other operations (information technology, etc.)
No. of Employees (consolidated): 375,235 (as of the end of March, 2023)
No. of Consolidated Subsidiaries: 569 (as of the end of March, 2023)
No. of Associates and Joint Ventures Accounted for by the Equity Method: 168 (as of the end of March, 2023)

Vision & Philosophy
For details of our Vision & Philosophy, please see our official website.

Global/Regional Data
- No. of Employees: 375,235 (as of the end of March, 2023)
- No. of Vehicles produced: 8,694,032 (FY 2023)
- No. of Vehicles sold: 8,821,872 (FY 2023)

Financial Data
For our major financial data, please see our official website.
Fundamental Approach

**Aim**
- Contributing to the creation of a prosperous society through our business activities based on the Guiding Principles at Toyota while continuing to uphold the spirit of the Toyota Principles, which we have inherited since our foundation.
- Aiming to be the ‘best company in town’ that is both loved and trusted by local people to achieve the mission of ‘Producing Happiness for All’ under the Toyota Philosophy compiled in 2020.

» Contributing to the sustainable development of our society and planet by promoting sustainability under the Toyota Philosophy.

**Initiative**
- Advancing initiatives based on our Sustainability Fundamental Policy and individual policies and guidelines.

Sustainability-related policies

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**Toyota Philosophy**

**Guiding Principles at Toyota**

Organizational Structure

**Aim**
- Addressing issues of greater importance and urgency on a priority basis while grasping, for example, changes in the external environment and social needs.

**Initiative**
- Continuously promoting and improving our sustainability activities with oversight and decision-making provided by the Board of Directors. We will work in close liaison with relevant departments to carry out environmental, social, and governance-related initiatives (as indicated on the right).
- Toyota has appointed a Chief Sustainability Officer (CSO) to lead the engagement with external stakeholders and dissemination of information regarding sustainability activities.

**Sustainability Meeting**

Chairperson: Executive President

Members: Members include 3 external officers, the Chief Sustainability Officer and the Chief Human Resources Officer

Frequency: Twice a year, in principle

Function: To help increase corporate value by reflecting opinions and external advice about key sustainability-related issues in management practices to achieve sustainable growth

**Sustainability Subcommittee**

Chairperson: Deputy Chief Officer, General Administration & Human Resources Group (Senior management positions responsible for sustainability)

Members: Officers and General Managers from related divisions will participate in keeping with agenda topics such as the environment, financial affairs, and human resources

Frequency: Four times a year, in principle

Function: To implement operations related to the promotion of sustainability

To consult with the Sustainability Meeting about key issues and submit reports to the Board of Directors

**Toyota Philosophy**

Updated in June 2023
Materiality (key issues)

Aim

Identifying key issues to sustainably enhance our own corporate value while contributing to society in view of the ever-changing social trends, external voices, and increasingly diversified, complicated issues.

Initiative

- Promoting initiatives to realize the six key issues (materiality).

Process of identification

- Major references
  - International guidelines, norms (GRI, SASB, SDGs, etc.)
  - Priority items of evaluation organizations
  - Trends inside and outside Japan
  - Risk and opportunity perspective

- Evaluation from internal and external viewpoints
  - Factors we have cultivated so far (founding spirit)
  - Anticipated environmental changes (transformation into a mobility company)

- Evaluation from social viewpoints
  - Value that Toyota can offer society
  - Contribution to solving social issues (SDGs)

Discussion

- Discussion at Sustainability Meeting attended by Outside Directors and Audit and Supervisory Board Members

Enhancing corporate value

- Founding spirit
  - Factors that we should continue to maintain
    - Principle: Five Main Principles of Toyoda
    - Strengths: Capabilities and technologies of monozukuri (manufacturing), Toyota Production System, cost reduction, quality, many partners, etc.

- Six materiality issues
  - Respect for people, empower various human resources
  - Make safe, reasonably priced, high-quality cars
  - Maintain a stable business base

Contribution to society (SDGs)

- Transformation into a mobility company
  - Factors that should change or reinforce
    - Business (financial): Adapt to CASE*
    - Non-financial: Commit to ESG

- Toyota’s SDGs
  - Producing happiness for all individuals in the era of diversification, with a “YOU perspective” that sees the other side of the story.

- Initiative

- Promoting initiatives based on the desire of working for the benefit of others, which has been passed on since our founding.

- Examples
  - Initiatives for the global environment
  - Initiatives for a happier society
  - Initiatives for working people

SDGs Initiatives

- Promoting initiatives to realize the six key issues (materiality).

- Major references
  - International guidelines, norms (GRI, SASB, SDGs, etc.)
  - Priority items of evaluation organizations
  - Trends inside and outside Japan
  - Risk and opportunity perspective

- Evaluation from internal and external viewpoints
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Enhancing corporate value

- Founding spirit
  - Factors that we should continue to maintain
    - Principle: Five Main Principles of Toyoda
    - Strengths: Capabilities and technologies of monozukuri (manufacturing), Toyota Production System, cost reduction, quality, many partners, etc.

- Six materiality issues
  - Respect for people, empower various human resources
  - Make safe, reasonably priced, high-quality cars
  - Maintain a stable business base

Contribution to society (SDGs)

- Transformation into a mobility company
  - Factors that should change or reinforce
    - Business (financial): Adapt to CASE*
    - Non-financial: Commit to ESG

- Toyota’s SDGs
  - Producing happiness for all individuals in the era of diversification, with a “YOU perspective” that sees the other side of the story.

- Initiative

- Promoting initiatives based on the desire of working for the benefit of others, which has been passed on since our founding.

- Examples
  - Initiatives for the global environment
  - Initiatives for a happier society
  - Initiatives for working people

SDGs Initiatives
**Stakeholder Engagement**

**Aim**
- Engaging in stakeholder-oriented management to contribute to sustainable development and striving to maintain and develop sound relationships with stakeholders through open and fair communication.
- Disseminating information about Toyota’s initiatives through dialogues with external experts to examine, for example, the direction of our sustainability-related initiatives, and through speech delivery at external lecture meetings.
- Participating in joint projects between public and private sectors (as needed)
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Providing information on financial status, business details, etc.

**Initiative**
- Holding dialogues with major stakeholders through Toyota’s relevant divisions and offices around the world.
- Disseminating information about Toyota’s initiatives through dialogues with external experts to examine, for example, the direction of our sustainability-related initiatives, and through speech delivery at external lecture meetings.
- Inviting local communities to Toyota’s events and discussions/negotiations, opinion exchanges and mutual study and partnerships.

**Customers**
- Based on our “Customer First” policy, we take measures to incorporate the comments and opinions of customers into better products and services.
- Toyota Customer Assistance Center (as needed)
- Official websites, product websites (as needed)
- Information sharing through social media (as needed)
- Of/ ficial website, product websites (as needed)
- Investor information website, etc. (as needed)

**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/regulations, opinion exchanges and mutual understanding regarding labor-management issues
- Employee satisfaction survey (once or twice every two years)
- Surveying employee satisfaction regarding workplace culture and company life

**Shareholders**
- Timely and appropriate disclosure of operation and financial results to shareholders and investors, and constructive dialogues toward sustained growth and enhancement of corporate value.
- Shareholders’ Meeting (once a year)
- Financial results announcement (four times a year)
- Individual meetings (as needed)
- Investor Information website, etc. (as needed)

**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)
- Explaining and discussing with local representatives on Toyota’s initiatives at each plant
- 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)
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Business Partners**
- Close communication to achieve a mutually beneficial relationship based on mutual trust.
- Various meetings, seminars, and events (as needed)
- Sharing corporate policies
- Supplier conventions, various meetings with supplier associations, seminars, and events (as needed)
- Sharing purchasing policies and strengthening mutual study and partnerships

**Toyota’s SDGs**
- Promoting mutual understanding and forming stable local communities
- Introducing policies to improve the vitality of the nation/ industries
- Recognizing social needs in individual regions

**Fundamental Approach**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Organizational Structure**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Materiality (key issues)**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Toyota’s SDGs**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Governance**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Public Policy**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Content Index**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world

**Overview**
- Participating in collaborative activities with NGOs and NPOs (as needed)
- Social contribution activities in each region around the world
Public Policy

**Aim**

- Carrying out Toyota's mission "Producing Happiness for All" and aiming to be the No. 1 company in the community, loved and relied on by local residents.
  - For example, in terms of climate change, it is very important to expand the use of electrified vehicles worldwide. In the process of achieving this objective, governments and the authorities concerned have a crucial role in developing energy policies and infrastructure. Working and learning together with stakeholders, Toyota will maximize its contribution to local communities and the development of public policies in consideration of policies, social needs, technological advancement, and various customer needs while always bearing transparency and compliance in mind.

**Initiative**

- Building good relationships with governments and their administrative agencies, regulators, political parties, NGO, local communities, customers, and other stakeholders.
- Participating in economic organizations and industry associations around the world and many officers and employees are involved in and contribute to formulating policy recommendations.
- Disclosing Toyota's Views on Climate Public Policies
  - Being more transparent about our activities, building and increasing trust with the public, and further strengthening cooperation between all stakeholders by summarizing our views on key climate-related policies and providing an overview of the industry associations to which we belong.

Toyota's Views on Climate Public Policies 2022
Environment

11 Policy and Environmental Management
17 Climate Change
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37 Climate-related Financial Disclosures Based on TCFD Recommendations
47 Environmental Data
52 FY2022 Review of the 7th Toyota Environmental Action Plan (2025 Target)
55 Third-party Verification
**Fundamental Approach**

### Aim

- **Reduce the environmental footprint** and contribute to the sustainable development of society and the world throughout all areas of our business activities.
- **Build close, cooperative relationships** with a wide spectrum of individuals and organizations involved in environmental preservation.

### Initiative

**Toyota Earth Charter**

- Conducting continuous environmental initiatives since the 1960s.
- Formulated our long-term initiatives for the global environment by 2050 as the **Toyota Environmental Challenge 2050**, in 2015.* Subsequently advancing various initiatives centered on this.

*2015: The 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) was held this year.

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**Environmental Management**

### Aim

- To achieve sustainable development together with society, establish the environmental management system with consolidated subsidiaries to ensure through risk management and compliance and maximize environmental performance.
- Always improve the management system and quickly respond to changes in environmental issues including worsening climate change.

### Initiative

**Establish an Environmental Management System**

- **Establish strategies, policies and approaches** in each field under the lead of the three committees of the Environmental Product Design Assessment Committee, the Production Environment Committee, and the Resource Recycling Committee, under the supervision of the Board of Directors.
- **Share our target with the following companies** and proceed with environmental management:
  - Consolidated subsidiaries on a financial accounting basis (493 companies).
  - Unconsolidated vehicle production companies (9 companies).
- **Set environmental affairs offices in the six regions** (North America, Europe, China, Asia, South America, and South Africa) and proceed with global environmental efforts with consideration given to local conditions.

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**Global Environmental Management Framework**

- **Toyota Motor Corporation**, **E.g., Regional Environmental Committee**
  - **North America, Europe, China, Asia, South America, and South Africa**

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**Vision & Philosophy**

- **Toyota Earth Charter**
- **Toyota Environmental Challenge 2050**

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**Policy and Environmental Management**

- Updated in October 2022
- **Overview**
  - Promoting Sustainability
  - Environment
  - Social
  - Governance
  - Content Index
- **Fundamental Approach**
- **Environmental Management**
- **Initiatives with Suppliers**
- **Initiatives with Dealers and Distributors**
- **Stakeholder Engagement**
ISO*1 14001/ISO 50001
Certification as of 2021
■ ISO 14001: All plants of Toyota Motor Corporation and consolidated subsidiaries (122 companies)
■ ISO 50001: 8 of the above companies

*1 International Organization for Standardization

Risk Management and Compliance
■ Take the following actions at the operating bases of Toyota Motor Corporation and consolidated subsidiaries:
  - Implement preventive measures
  - Undertake risk management in accordance with criteria that meet or exceed laws and regulations
  - Have systems in place, just in case, to respond to a violation or a complaint in a timely manner, and if such a situation occurs, work to prevent reoccurrence through identification of root causes
  - Conduct mutual learning for plants by sharing practices among Toyota Group companies

Maximize Performance
■ Proceed with initiatives to address climate change, resource recycling, and harmony with nature based on the Toyota Environmental Challenge 2050.
  - P.13 Initiatives with Suppliers
  - P.17 Climate Change
  - P.28 Resource Recycling
  - P.31 Harmony with Nature
■ For chemical substances, air quality, and other compliance-related initiatives, and also for waste and logistics packaging, proceed with initiatives based on the 2025 target.

Outside Evaluation for Our Commitment to Climate Change and Water Security
CDP® Corporate Research
■ Selected for inclusion in the A List, which is the highest evaluation for climate change and water security by the CDP (in December 2021).

Major Targets and Progress (excluding the initiatives to address climate change, recycle resources, and ensure harmony with nature)

<table>
<thead>
<tr>
<th>2025 Target</th>
<th>2021 Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical substances</td>
<td>Implement thorough management by carefully considering legal trends in each country and region</td>
</tr>
<tr>
<td>Air quality</td>
<td>Product: Steadily introduce low-emission vehicles and boost further improvement by introducing and increasing ZEVs*</td>
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<tr>
<td></td>
<td>Production: Continue volatile organic compound (VOC) emission reduction activities and maintain industry-leading level</td>
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<tr>
<td></td>
<td>* Zero Emission Vehicles: Vehicles that have the potential not to emit any CO2 or nitrogen oxide (NOx) during driving, such as battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs)</td>
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<tr>
<td>Waste</td>
<td>Promote activities to thoroughly reduce waste globally and aim to minimize the volume of resource input and waste, with the environment and economy in balance</td>
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<td></td>
<td>Production: Maintain the volume of waste per vehicle produced at each plant below 2018 levels</td>
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<tr>
<td>Logistics packaging</td>
<td>Implement initiatives to reduce and recycle plastics used in packaging and recycle them</td>
</tr>
<tr>
<td>Risk management</td>
<td>Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region</td>
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</tbody>
</table>

P.31 Environmental Data [1]
P.31 Environmental Data [2]
P.31 Environmental Data [3]
P.31 Environmental Data [4]
P.31 Environmental Data [5]

Stakeholder Engagement
Completeness: 100%
Appendices
"(The document continues with other sections and tables)

Sustainability Data Book
Aim
■ Work together with suppliers toward reducing the environmental footprint throughout the product life cycle based on the concepts of mutual trust and mutual benefit, thereby contributing to accomplishing a sustainable society.

Initiative
Green Purchasing* Policy
Implementation of the Green Purchasing Guidelines
■ Ask all tier 1 suppliers, including new suppliers, to implement basic initiatives based on the TOYOTA Green Purchasing Guidelines (the "guidelines"), and also deploy and enlighten the guidelines to all tier 2 and subsequent suppliers so that the guidelines will take root.
■ Ask through the guidelines that initiatives be taken toward reducing the environmental footprint at each company's production plants and throughout the product life cycle, and that related legal compliance be ensured.
* Prioritizing the purchase of parts, materials, equipment and services with a low environmental footprint when manufacturing products

■ Overseas Practices related to the Green Purchasing Policy
  ■ Ask the purchasing base in each region to implement the guidelines in line with local conditions and make continuous efforts.

Compliance with the Guidelines
■ Referred to the possibility that if we do not observe improvement after the occurrence of a supplier's violation of the guidelines, such as non-compliance with laws and regulations, the transactional relationship may be subject to review.
■ Already informed tier 1 suppliers of these points by including them in the Supplier Sustainability Guidelines (revised in 2021).

Monitoring
Self-assessment Sheet
■ Use a self-assessment sheet to confirm the status of initiatives by each company and share the results.
FY2022 Results
■ Received responses from 227 main companies in Japan and provided feedback on the scoring results.

Cases
Toyota Motor North America (North America)
■ Updated the existing guidelines and issued the Green Supplier Requirements in April 2021, and reinforced environmental management by including compliance with requirements (CO2 emission reductions) in the terms and conditions.

CDP Supply Chain Program
■ Introduced the CDP Supply Chain Program in 2015 to support continuous environmental initiatives conducted with suppliers, enabling us to determine the supplier's risks, opportunities and initiatives on climate change and water security.
■ Create opportunities for environmental communication by annually holding briefing sessions and response guidance where we share information on social trends and Toyota’s environmental policies, and provide feedback on response results, with the number of participating suppliers increasing every year.
2021 Results
• Received responses from suppliers accounting for approximately 83 percent of the total purchasing value by Toyota Motor Corporation.
• Approximately 54 percent of these suppliers reduced their CO2 intensity (per unit of net revenue) compared to the previous year. (Affected by the sluggish production due to the COVID-19 pandemic, the fluctuation rate was greater than that of the previous year.)

Main Results of the CDP Supply Chain Program (2021)
Initiatives toward Reducing CO₂ Emissions

- Towards carbon neutrality throughout the product life cycle, started to investigate concrete CO₂ reduction measures by presenting CO₂ reduction guidelines tailored to each supplier.

2025 Target
- Work with major suppliers in each country and region toward reducing CO₂ emissions.
- Regions in scope: Regional head offices with a purchasing function (in Japan, North America, Europe, China, Asia, South America and South Africa)

2021 Results
- Steadily accomplished the target set in each country or region.

Risk Management

Ensuring Compliance with Regulation Concerning REACH*1 and Other Global Regulations on Chemical Substances

- Comply with laws and regulations on chemical substances in various countries and regions, such as the Chemical Substances Control Law*2 in Japan, and the Directive on EUL*3 and Regulation concerning REACH of the European Union (EU).
- Improve structures and undertake operational management in cooperation with all parties involved in conveying chemical substance information.
- Continue industry collaboration and global deployment and comprehensive implementation of action standards tailored to the cultures and industrial structures of each region.

FY2022 Results
- Revised regulations based on the Global Automotive Declarable Substance List (GADSL) to reflect the latest laws and regulations in each country (setting content rate targets for each substance in consideration of regulatory requirements, etc.).
- Steadily introduced vehicles that satisfy these regulations, and also began to work in cooperation with European affiliates to address data registration regulations (WFD*4/SCIP*5) newly launched in Europe.
- Conducted supplier awareness activities (361 companies) using self-assessment check lists to ensure thorough management of chemical substances, and continued to expand activities to other regions.

*1 Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals: A regulation for managing chemical substances to protect human health and the environment
*2 Act on the Regulation of Manufacture and Evaluation of Chemical Substances: An act to prevent environmental pollution caused by chemical substances that pose a risk of impairing human health and interfere with the inhabitation and growth of flora and fauna
*3 Directive on End-of-Life Vehicles: A directive designed to reduce the load of end-of-life vehicles on the environment
*5 Database of Information on Substances of Concern in articles, as such as or in complex objects [Products]

Environmental Due Diligence at the Time of Purchasing

- Policies and Approaches to Responsible Mineral Sourcing
  - Established the Policies and Approaches to Responsible Mineral Sourcing in accordance with the OECD guidance to take into account the impact on local societies by the procurement of minerals that may cause social problems regarding human rights and environment.
  - Due Diligence Policy
    - Identify and assess risks in the supply chain together with suppliers, and if any risk is identified, implement appropriate measures that will lead to the mitigation of the risk.

Supplier Hotline

- Set up a supplier hotline in accordance with the Toyota Code of Conduct and Toyota Basic Purchasing Policies, which call on suppliers to comply with laws and regulations and to take fair and just actions, in order to allow suppliers to report any action violating environmental laws, regulations, or business manners that may have occurred in the supply chain, while assuring anonymity.
**Awareness-raising Activities**

**Training for Purchasing Group Personnel**
- Provide group training for new employees regarding sustainability including the environment.
- Organize periodic study groups regarding carbon neutrality for staff who communicate directly with suppliers.

**Training Sessions with Suppliers**
- A variety of practical opportunities established by Toyota and its suppliers for joint training on environmental issues.

**Initiatives by Kyohokai**
- Established research groups that consider environmental topics in 2019.
- Organized working groups for four themes in 2021, and actively exchanged information and held discussions for mutual learning by, for example, inviting speakers from leading companies and holding on-site review meetings. Issued a final report to the entire Kyohokai in March 2022.

*Voluntary organization consisting of more than 200 suppliers delivering automotive components, bodies, etc. to Toyota Motor Corporation*

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**Initiatives through Supplier Briefings**
- Hold periodic supplier briefings where we share information on environmental trends and Toyota’s environmental policies.
- Organized an explanatory session in FY2022 for promoting activities to reduce CO2 emissions from items, and shared the goal of realizing carbon neutrality by 2050, thereby accelerating our efforts toward the accomplishment.

P.73 Supplier Awareness Activities

**Recognition of Supplier’s Environmental Initiatives**
- Annually present the Environmental Activity Awards, established in 2017 to commend suppliers that conduct exceptional environmental initiatives.

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**Initiatives with Dealers and Distributors**

**Aim**
- Work together with dealers and distributors toward reducing the environmental footprint, help them earn trust from their local communities and serve as the “Best-in-Town”, and contribute to the communities and customers.

**Initiative**

**Implement the Environmental Global Policy in the Sales and Service Area**
- Continuing to implement a strategy to reduce the environmental footprint in store operations since 2016.

**Regions**
- Dealers in 54 major countries and regions, such as Japan, North America, Europe, Asia, Latin America, Oceania, and Africa (approximately 13,000 stores, accounting for 92 percent of the total in terms of the number of vehicles sold).

**Actions**
- Establish a structure of environmental management system
- Minimize environmental risks
- Improve environmental performance
- Activities to make environment better with customers and society

**Initiatives to Reduce CO2 Emissions**

**2025 Target**
- 100 percent introduction rate for CO2 reduction items at newly constructed and remodeled dealers.

**2021 Results**
- Achieved the target in 41 countries and regions, and proceeding with initiatives toward achieving the target in other countries and regions.
Overseas Initiatives
Toyota Argentina S.A. (Argentina)
- Ensured that all dealers in Argentina were ISO 14001 certified.
- Launched the original environmental program “Eco Dealer Program” in 2018 with the involvement of all dealers.
  - Gave certification to dealers in three phases according to their status of environmental management framework, achievement levels of CO2 reductions, etc.
  - Held a monthly meeting to share best practices, for example, for saving energy and introducing renewable energy.
- Reduced CO2 emissions in FY2022 by 15 percent compared to 2018 levels at the dealers in Argentina as a result of the above initiatives.

Stakeholder Engagement

Aim
- Establish positive relationships with governments and their administrative agencies, regulators, political parties, non-profit organizations, local communities, customers, dealers, suppliers, and employees.
- Contribute and commit to public policy by participating in activities by industry and economic associations, and other initiatives.

U.S. and Europe
- U.S.: Participate in the Suppliers Partnership for the Environment*1 and promote environmental initiatives where suppliers, governments, NGOs and other stakeholders collaborate.
  - Europe: Address key sustainability issues in the supply chain as a member company of CSR Europe’s*2 Drive Sustainability,*3 an automobile industry partnership program.
  - Participate in the WBCSD*4 and apply what we learn through participation in a traffic flow improvement verification program in Thailand, and other projects, to our efforts to contribute to the realization of a sustainable society.

Suppliers Partnership for the Environment
Drive Sustainability
World Business Council for Sustainable Development

Japan
- Engage in public relations and present recommendations by ourselves or through industry and economic associations regarding climate public policies, such as those related to the Paris Agreement, the accomplishment of carbon neutrality, and the stable supply of low-cost renewable energy.
- Representative Affiliation:
  - Japan Automobile Manufacturers Association, Inc. (JAMA)
  - Japan Business Federation (KEIDANREN)

Cases
JAMA
- Reduce pollution, waste, or the use of resources.
- Comply with the End-of-Life Vehicle Recycling Law: Collection, recycling and appropriate treatment of CFC/HFC, airbags, and shredder residue (ASR).
- Proceed with the 3R efforts (reduction, reuse and recycling): Reduce weight and make even better use of raw materials at the time of the design of automobiles, and control the generation of designated byproducts or recycle such items at the manufacturing phase.
- Reduce in-car emissions of volatile organic compounds (VOCs).
- Prohibit the use of the four heavy metals (lead, mercury, hexavalent chromium, and cadmium) / public policy on considerable reduction.
Aim

Through contributing to achieving carbon neutrality, aim to establish a sustainable society in harmony with nature.

Initiative


Toyota is committed to reducing CO2 emissions in each stage of the vehicle life cycle.
**Life Cycle**

**Aim**
- Achieve carbon neutrality by completely eliminate CO₂ emissions not only during driving but throughout the entire vehicle life cycle including materials/parts manufacturing, vehicle manufacturing, logistics, energy production, disposal and recycling.
- Offer optimal products to minimize CO₂ emissions throughout the vehicle life cycle by taking into consideration the energy situations and composition ratios of power generation sources of each country/region.
- Accelerate measures for the development of technologies that contribute to CO₂ emissions reduction and create eco-friendly designs as we pursue "ever-better cars".
- Step up efforts to reduce CO₂ emissions throughout the entire vehicle life cycle while engaging in even closer communication with various stakeholders in each stage of the value chain, including suppliers and dealers.

**Initiative**

- **2025 Target**
  - **Life cycle CO₂ emissions**
    - Reduce CO₂ emissions* by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels
    * Per vehicle
  - **Logistics**
    - Japan: Reduce CO₂ emissions by 7 percent by improving transport efficiency compared to 2018 levels (average of 1 percent reduction per year)
    - Japan + Other regions:
      - Reduce CO₂ emissions by ocean-going vessels (Switch two car carriers to liquid natural gas (LNG) powered pure car carriers)
  - **Suppliers**
    - Promote CO₂ emissions reduction activities among major suppliers

- **2021 Initiatives**
  - **Life cycle CO₂ emissions**
    - Reduced CO₂ emissions* by 13 percent throughout the entire vehicle life cycle compared to 2013 levels
    * Per vehicle
  - **Logistics**
    - Ongoing kaizen activities
    - Loading efficiency improvement
    - Joint transport
    - Modal shifts*
      * Switching from cargo transport by car to means of transportation with less environmental impact, such as railway and ships
    - CO₂ emissions in Japan: 266,000 tons (down 8 percent compared to 2018 levels)
    - Introduced an LNG-powered vessel (total 3 vessels) to transport completed vehicles to North America
  - **Suppliers**
    - Started and promoted communication with suppliers in each region on climate change measures

**Life Cycle Zero CO₂ Emissions Challenge**

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**Zero CO₂ Emissions Throughout the Entire Vehicle Life Cycle in the Future**

![Graph showing CO₂ emissions reduction targets for 2013, 2021, and 2025](image-url)
Promoting Environmental Management in the Vehicle Life Cycle

- Has been working to reduce CO2 emissions by adopting LCA*1 methods with the aim of a clean car manufacturing throughout the vehicle life cycle.
- Promoting the environmental management by using the Eco Vehicle Assessment System (Eco-VAS), which was introduced in 2005, that sets environmental targets during the vehicle development stage under the guidance of the chief engineer and takes steady measures to achieve those targets.
- Achieved life cycle CO2 emission levels in all subject models equivalent to or lower than those of reference vehicles (previous models or vehicles of the same class).

*1 Life Cycle Assessment:
- A comprehensive assessment technique to quantify a vehicle's impact on the environment (including global warming, acidification and resource depletion) in each stage from resource extraction to disposal and recycling
- Toyota has acquired a certification based on the ISO 14040/14044 from TÜV Rheinland, a third-party certification organization.

Eco-VAS Activity Cases:
LCA Results of CO2 Reduction in the Vehicle Life Cycle for NX350h

Consideration in Each Stage of the Vehicle Life Cycle

- Toyota has been working, in cooperation with its stakeholders, to achieve carbon neutrality by 2050 by employing the Life Cycle Assessment (LCA) methods to measure CO2 emissions.
- Carbon neutrality in LCA means to achieve carbon neutrality for not only greenhouse gas (GHG) emissions during driving but all CO2 generated throughout the entire vehicle life cycle including materials, parts and vehicle manufacturing, logistics, energy production, disposal and recycling.

Each Stage of the Vehicle Life Cycle

- CO2 emissions during driving are considered in two stages.
  - Well to Tank (WtT): From fuel extraction/production to a tank, or from power generation to filling a battery
  - Tank to Wheel (TtW): From start of an engine or motor to driving wheels

- While gasoline vehicles emit CO2 during fuel production (WtT) and driving (TtW), battery electric vehicles (BEVs) do not emit CO2 during driving (TtW) but if fossil fuel is used, CO2 is generated during production of electricity (WtT) and production of batteries.
- To reduce CO2 emissions of BEVs, conversion to renewable energy is crucial. But the progress in conversion varies among countries and regions, making it difficult to achieve complete conversion. It is therefore not easy to achieve carbon neutrality only with BEVs. So, reduction of CO2 emissions from the existing powertrains, such as gasoline vehicles and hybrid vehicles, many of which are present in market, should also be promoted by introducing low-carbon synthetic fuels, such as biofuel and e-fuel.
Considering from Energy Production Stage

Consideration to energy policies

- In working toward achieving carbon neutrality, Toyota considers that various elements affect energy policies of individual countries/regions as described below:
  - Individual countries/regions are promoting various initiatives appropriate for their energy situations, which vary among countries/regions depending on their degree of development of social infrastructure and industry and the presence of resources.
  - Meanwhile, recent tight power supply and soaring energy prices are affecting energy policies of countries.

Consideration to characteristics of each power generation method

- In working toward achieving carbon neutrality, Toyota considers distinctive characteristics of each power generation method, including some examples below:
  - **Renewable power generation**
    - No CO2 emissions during power generation.
    - With costs reduced and policy support provided, increasingly introduced.
    - Although there are some factors that are making stable supply difficult, such as differences in the amount of power generated depending on the weather, solutions such as reinforcement of power systems and combined use of stationary batteries are being considered.
  - **Backup with other power generation methods** is an issue.
  - **Thermal power generation**
    - Being used in many countries and regions as a stable power source.
    - To reduce CO2 emissions, co-firing of hydrogen or ammonia is being considered.
    - Combined application of CCS (CO2 capture and storage), a process of separating and recovering CO2 in exhaust gas from plants or power stations, is expected, though there are challenges in the selection of proper locations, cost reduction and the development of laws.

Cases of Initiatives in Energy Production and Usage

**CO2-free hydrogen production and usage for Woven City and beyond**

- On March 23, 2022, ENEOS and Toyota announced to jointly explore CO2-free hydrogen production and usage at Woven City, the prototype city of the future that Toyota has started to develop in Susono City, Shizuoka Prefecture, Japan.
- The two companies have decided to commence construction and operation of a hydrogen refueling station to produce and supply CO2-free hydrogen to Woven City and Fuel Cell Electric Vehicles (FCEVs).
- They are considering connecting the Community Energy Management System (CEMS*) of Woven City with the hydrogen EMS to optimize hydrogen production.

*Community Energy Management System

**Developing a hydrogen-based new city of the future**

- On June 4, 2021, Fukushima Prefecture and Toyota announced that they have commenced discussions with various partners over developing a city for a new future that makes use of hydrogen and technologies produced in Fukushima Prefecture.
- Creating first an implementation model for hydrogen-based deliveries at supermarkets and convenience stores, which play a role both as essential urban infrastructure and as evacuation areas in times of disaster, before embarking on a challenge to apply the model to cities nationwide.
- Introducing several fuel cell (FC) trucks for deliveries.
- Optimizing operational management and hydrogen refilling schedules through the use of connected technologies, and carrying out energy management that caters to the prevailing local conditions.
Initiatives in Logistics

- To achieve carbon neutrality throughout the entire vehicle life cycle, working to improve transport efficiency (reduce workload) and make use of low-carbon technologies (reduce CO₂ emissions intensity) in transport of production parts, completed vehicles, and supply parts covered by in-house logistics arrangements.

2021 Results
- CO₂ emissions in logistics in Japan: Down 8 percent from 2018
- CO₂ emissions in logistics overseas: CO₂ reduction activities tailored to local characteristics are being promoted

Case 1: Improving transport efficiency (reducing workload)

Joint logistics across suppliers through in-house logistics arrangements
- For logistics of production parts in Japan, based on the concept of retrieval system, a principle of Toyota Production System (TPS), gradually changing the conventional delivery system, which is arranged by suppliers, to the retrieval system, which is arranged by Toyota.
- By managing logistics from the perspective of the overall optimization, improving loading efficiency by combining the load of all suppliers and helps improve transport efficiency at supplier sites, thereby contributing to reduction of CO₂ emissions.
- Gradually increasing the regions and suppliers covered by the new system, from Kyushu to Tohoku, and to Tokai.

Case 2: Making use of low-carbon technology (reducing CO₂ emissions intensity)

For land transport
- Commenced use of 25-meter tandem trailers to improve transport efficiency and as a solution to the shortage of drivers. (From March 2022: between Tahara and Hino, from June 2022: between Mikawa and Kyushu) Considering gradually expanding the application while advancing negotiations concerning the development of the operation routes.
- Taking on new initiatives for the practical use of new technologies, including hydrogen fuel cell electric trucks.

For marine transport
- Introduced LNG-powered pure car carriers*2 to transport completed vehicles from Japan to North America.
- Added one vessel in 2021 (total three vessels).
- Further expansion is being discussed with shipping companies.

*1 A delivery system in which one truck makes an efficient circular route to pick up and deliver loads from/to multiple suppliers.

*2 CO₂ emissions per transport unit are reduced by 25 percent to 40 percent compared to earlier diesel ships.
**Aim**

- Toward achieving the carbon neutrality, providing optimal products according to the situation of each country/region.
- Providing products that inspire customers to think, “this is easy to use” and “I want to drive this” based on a sustainable and practical approach.

**Initiative**

- Based on the idea that eco-friendly vehicles contribute to the environment only when they come into widespread use, enhance the lineups of electrified vehicles*1 and flex-fuel vehicles (FFV*2) and promote their spread.
- Strive to reduce average CO\(_2\) emissions per vehicle during driving by 90 percent compared to 2010 levels by 2050.

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**New Vehicle Zero CO\(_2\) Emissions Challenge**

<table>
<thead>
<tr>
<th>2025 Target</th>
<th>2021 Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average CO(_2) emissions from new vehicles</td>
<td>Reduce global(^*3) average CO(_2) emissions (TtW(^*4) g/km) from new vehicles by 30 percent or more compared to 2010 levels</td>
</tr>
<tr>
<td>Sales of electrified vehicles</td>
<td>Make cumulative sales of 30 million electrified vehicles or more</td>
</tr>
</tbody>
</table>

\(^*1\) Hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs), battery EVs (BEVs) and fuel cell vehicles (FCEVs)

\(^*2\) Vehicles that run on fuel mixed with plant-derived bioethanol

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**Promoting widespread use of electrified vehicles**

**2021 Results**

- Cumulative sales: 20.3 million units (as of March 31, 2022)
- Cumulative CO\(_2\) emissions reduction effect from the widespread use of electrified vehicles: 162 million tons

---

**Environmental Data**

- **Cumulative Sales**
  - **2007:** 20 million units
  - **2022:** 20.3 million units

- **Cumulative CO\(_2\) Emissions Reduction**
  - **2007:** 50 million t-CO\(_2\)
  - **2022:** 162 million t-CO\(_2\)
Aiming at Carbon Neutrality through Product Development

Diverse solutions for diverse situations

- A wide range of vehicles, from passenger cars to commercial vehicles and from cars for people’s daily lives to luxury cars, are used in diverse situations, including not only urban areas but also countries and regions with underdeveloped infrastructure, especially in a severe environment, such as deserts and coal mines.
- Toyota has a variety of powertrain lineups of electrified vehicles, vehicles that convert electricity into power to move, such as HEVs, PHEVs, BEVs and FCEVs.
- In diversified markets of different countries and regions, there is no one-size-fits-all solution. Toyota therefore endeavors to propose various solutions and prepare as many options as possible for our customers.

BEV strategies

- Expand the options for achieving carbon neutrality by offering a full lineup of BEVs.
- Announced in December 2021 the plan to roll out 30 BEV models by 2030, globally offering a full lineup of BEVs in the passenger and commercial segments.
- Released the bZ4X, developed based on a dedicated platform for battery EVs, on May 12, 2022.

Development and supply of batteries

- While promoting a full lineup of electrified vehicles, we have also been developing a full lineup of batteries.
  - In line with different types of electrified vehicles, continuously evolving different types of batteries by taking advantage of their respective characteristics.
  - Commercialized the bipolar nickel-metal hydride battery as an onboard battery for driving for the first time in the world.
  - Used in the new Aqua announced in July 2021.
  - Output density: doubled compared to the batteries used in the previous generation of the Aqua.

The benefits of bipolar nickel-metal hydride batteries

- Improved accelerator responsiveness and an exciting sensation of speed when the accelerator pedal is pressed.
- Being more compact, less space is required to be equipped.
- More batteries can be installed in the same space (enabling drivers to enjoy driving on battery power alone for a longer time).
Expanding use of fuel cells from passenger cars to heavy-duty vehicles

- A fuel cell generates electricity through a reaction between hydrogen as a fuel and oxygen in the air. Similar to BEVs, FCEVs do not emit CO₂ on a TtW basis. But the amount of CO₂ emissions during fuel production (WtT) varies depending on the production method of hydrogen.
- The amount of CO₂ emissions from production of hydrogen varies depending on the production method. There are types of hydrogen with low environmental impact, including hydrogen produced from natural gas by capturing or storing CO₂ emitted in production processes (blue hydrogen) and hydrogen produced through electrolysis of water using renewable energy (green hydrogen).
- Use of hydrogen with few CO₂ emissions enables FCEVs to achieve substantial CO₂ reduction equivalent to that achieved by BEVs using renewable energy.
- Heavy-duty trucks are required to satisfy strict conditions, such as adequate cruising range and load capacity, as well as the ability to refuel quickly. They also account for around 70 percent of CO₂ emissions from commercial vehicles in Japan. Therefore, it is highly meaningful to make them zero-emission. Application of a fuel cell system based on the FCEV MIRAI for passenger cars to heavy-duty vehicles is being considered.

Hydrogen engine technology development

- Hydrogen-engine vehicles directly burn hydrogen as fuel in a modified conventional gasoline engine setup.
- Using 100-percent pure hydrogen, they emit nearly no CO₂ except for the combustion of minute amounts of engine oil during driving.
- Promoting agile development on the frontline of motorsports.
- The hydrogen-powered Corolla participated in the Fuji Super TEC 24 Hours Race held from May 21, 2021 for the first time.
- The GR86, which uses carbon neutral fuel, participated in the Super Taikyu Series 2022 as an attempt to increase options of fuels using internal combustion engines.
- Since the first race, more and more supporters have come together with the same goal to achieve carbon neutrality. Companies and municipalities that produce, transport, and use hydrogen and carbon-neutral fuel in the Series have increased from the initial eight (as of May 22, 2021) to 24 (as of June 3, 2022).

Plant-derived ethanol as automobile fuel

- Ethanol produced from sugarcane or corn, which has been increasingly used for the purpose of mainly reducing oil consumption in Brazil and the U.S., is attracting much attention as an option to achieve carbon neutrality.
- Plant-based bioethanol emits CO₂ when it is burned. But since plants absorb CO₂ to grow, it will not increase the overall amount of CO₂ in the air.
- For gasoline vehicles in general, gasoline mixed with a maximum of around 10% ethanol can be used. In countries where ethanol is inexpensive, such as Brazil, 100-percent pure ethanol fuel is sold, and in such areas, flexible-fuel vehicles (FFVs), for which high-concentration ethanol can be used, are being distributed.
- Toward achieving the carbon neutrality, Toyota provides vehicles that cater to different local conditions for customers.

Bioethanol produced from plants

[Diagram of bioethanol production and usage]

- *Internal combustion engine vehicles

"Establish "Research Association of Biomass Innovation for Next Generation Automobile Fuels"
Production

Aim

- Achieve carbon neutrality at all global plants by 2035.

Initiative

- Promote the energy reduction initiatives such as daily kaizen and the introduction of innovative technologies, as well as the introduction of renewable energy and utilization of hydrogen, at all plants of Toyota and consolidated subsidiaries.
  - Daily kaizen and the introduction of innovative technologies: While the number of parts with much CO\textsubscript{2} emissions during manufacturing is increasing due to the popularization of electrified vehicles, optimizing production equipment and improving energy reduction programs to reduce the amount of energy used per vehicle by an annual rate of 1 percent or more.
  - Introduction of renewable energy and utilization of hydrogen: Working hand in hand widely with stakeholders both inside and outside the company to build the necessary social infrastructure to support the widespread use of these energy sources.

Challenging carbon neutrality at plants by 2035

Plant Zero CO\textsubscript{2} Emissions Challenge

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<th>2021 Initiatives</th>
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</thead>
</table>
| Plant CO\textsubscript{2} emissions | • Reduce CO\textsubscript{2} emissions by implementing innovative technologies and daily kaizen and introducing renewable energy
• Reduce CO\textsubscript{2} emissions from global plants by 30 percent compared to 2013 levels |
| • Introduced innovative technologies including a new type of paint atomizer (airless paint atomizer) that uses static electricity and promoted energy-saving through daily kaizen
• Reduced CO\textsubscript{2} emissions by 21 percent compared to 2013 levels |
| Renewable electricity | • Achieve a 25 percent introduction rate for renewable electricity |
| • Achieved a 13 percent introduction rate for renewable electricity
• Maintained 100 percent renewable electricity introduction rate at all plants in Europe
• Installed solar panels at the affiliate in Thailand (3.8 MW) |
| Hydrogen | • Promote proactive technological development to utilize hydrogen |
| • Continuously conduct various verification tests to support the utilization of hydrogen
• Stationary fuel cell (FC) generator diverting on-board FC, use of hydrogen burner for sealer drying furnaces in the battery assembly process, production of water electrolysis-based hydrogen by solar power generation, use of FC forklifts |

*All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)*
Daily Kaizen and the Introduction of Innovative Technologies

Reducing CO₂ emissions in production activities

- Plant manufacturing divisions worked with production engineering divisions and facility administration divisions to conduct energy diagnoses at production sites, propose improvements and implement measures.
- Continued energy-saving activities (internal ESCO* activities) and sharing of best practices internally.
- Expanded the introduction of innovative technologies with a focus on painting processes and promoted energy-saving by adopting steamless and airless processes and shifting to LED lighting.

2021 Results

- Global CO₂ emissions: Down 21 percent compared to 2013 levels

2021 Results

- Global CO₂ emissions: Down 21 percent compared to 2013 levels

* Energy reduction Support & Cooperation

Case: Oil-water separation system at ordinary temperature for antirust coating in production process (Takaoka Plant)

- To reduce energy consumption for heating water at 80°C, which is necessary for oil-water separation of cleansing water, introduced a centrifuge that separates oil and water using the difference in their specific gravity to realize oil-water separation without heating.

2021 Results

- CO₂ emissions reduction effect: 360 tons

Manufacturing-infrastructure collaboration in energy-saving activities

- Eliminating steam in painting process:
  Steam is associated with a large amount of loss of air and less than half of its energy can be used effectively. So, all-out efforts were made to replace the equipment to the one that do not use steam and to reconstruct power sources taking into account the overall optimization and reuse of exhaust heat.
  - A series of activities, including the one described below, were recognized and awarded the Minister of Economy, Trade and Industry Prize of the 2021 Energy Conservation Grand Prize by the Energy Conservation Center, Japan.

Case: Oil-water separation system at ordinary temperature for antirust coating in production process (Takaoka Plant)

- To reduce energy consumption for heating water at 80°C, which is necessary for oil-water separation of cleansing water, introduced a centrifuge that separates oil and water using the difference in their specific gravity to realize oil-water separation without heating.
Introduction of Renewable Energy and Utilization of Hydrogen

Expanding the introduction of renewable energy

- Promoting the introduction of renewable energy, taking into consideration the characteristics of each region.
- Actively introducing renewable energy power generation facilities at Toyota plant sites.
  - Tahara Plant: Installed wind power generators (22 MW, operation to begin in 2023)
  - Affiliate in Thailand Siam Toyota Manufacturing Co., Ltd., STM: Installed solar panels (10 MW)
  - All plants in Europe: Maintained 100 percent renewable electricity introduction rate

2020 results
- Renewable electricity introduction rate (global): 13%

Expanding utilization of hydrogen with great promise as a means of suppressing supply and demand variation in energy and for energy storage and transport

- Collaboration with stakeholders
  - Participating in initiatives to create mechanisms for the use of hydrogen energy throughout society, such as the Hydrogen Utilization Study Group in Chubu (Japan), contributing to the realization of a decarbonized society.

  *Established in 2020 by local municipalities and business groups with the aim of creating a large-scale demand for hydrogen and building a supply chain for stable hydrogen utilization in the Chubu region.

Case: Utilization of hydrogen at plants (Motomachi Plant)

- Conducting verification testing on FC forklifts and FC power generation (Honsha Plant).
- Replacing natural gas burners for the sealer drying furnace of battery cases with hydrogen burners.
- Conducting verification testing of co-firing of natural gas/pure hydrogen firing to contribute to wide-spread use of hydrogen.

Co-firing/pure hydrogen firing switchable burner for sealer drying furnaces
**Fundamental Approach**

**Aim**
- Building a sustainable global environment and society by increasing the reuse rate of precious, limited resources.

**Initiative**
- As an initiative to tackle resource-recycling issues under the Toyota Environmental Challenge 2050, formulated “Challenge of Establishing a Recycling-based Society and Systems”, and started actions in 2015.

**Activities to Achieve Resource Recycling**

**Aim**
- Aiming to realize a recycling-based society by addressing such issues as the depletion of natural resources and increasing waste due to population growth and the accelerating pace of resource consumption, throughout the entire vehicle life cycle.

**Initiative**
- Placing particular importance on the two projects below in the Challenge of Establishing a Recycling-based Society and Systems.
  - **Toyota Global 100 Dismantlers Project**: To establish social systems for appropriate treatment and recycling of end-of-life vehicles with reduced environmental impact.
  - **Toyota Global Car-to-Car Recycle Project**: A resource recycling initiative throughout the entire vehicle life cycle.

**Challenge of Establishing a Recycling-based Society and Systems**

*Promote Global Deployment of End-of-life Vehicle Treatment and Resource Recycling Technologies and Systems Developed in Japan*

*In the Challenge of Establishing a Recycling-based Society and Systems,*
- **Toyota Global 100 Dismantlers Project**: To establish social systems for appropriate treatment and recycling of end-of-life vehicles with reduced environmental impact.
- **Toyota Global Car-to-Car Recycle Project**: A resource recycling initiative throughout the entire vehicle life cycle.

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**SDGs**
- **Contributions**
  - GRI 203-1, 301-3, 306-2

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**Overview**
- Promoting Sustainability
  - Environment
    - Policy and Environmental Management
    - Climate Change
  - Resource Recycling
  - Social
    - Harmony with Nature
  - Governance
    - Climate-related Financial Disclosures Based on TCFD Recommendations
    - Environmental Data
      - FY2022 Review of the 7th Toyota Environmental Action Plan (2025 Target)
    - Third-party Verification

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**Fundamental Approach**
- Activities to Achieve Resource Recycling
Toyota Global 100 Dismantlers Project
Establishment of Social Systems for Appropriate Treatment and Recycling of End-of-life Vehicles

- Inappropriate disposal and dismantlement of end-of-life vehicles may affect local environments and cause risks to the health and safety of local residents.
- Toyota promotes the establishment of social systems for appropriate treatment and recycling of end-of-life vehicles without environmental impact by using its long-established technologies and know-how.

Establishment of Model Facilities for Appropriate Treatment and Recycling of End-of-life Vehicles

- In India, due to the government's announcement of the old-car replacement policy, the number of end-of-life vehicles is expected to increase, so that such issues as the collection and appropriate treatment of end-of-life vehicles are coming up.

FY2022 Results

- Establishment of two model facilities for appropriate treatment and recycling of end-of-life vehicles in India
- Maruti Suzuki Toyota India Private Limited (MSTI) financed by Toyota Tsusho Corporation commenced operations.
- A facility for appropriate treatment and recycling of test cars and other end-of-life vehicles that were generated in Toyota Kirloskar Motor Private Limited (TKM), was established in TKM.

For model facilities established by the end of FY2021, we, in cooperation with local affiliates, check the maintenance and operational status of appropriate treatment through such means as reports made in accordance with a checklist and visual inspection of the site by using web conferencing.

Examples of Easy-to-dismantle Design

- Toyota continues to use easy-to-recycle materials to promote resource recycling of end-of-life vehicles.
- Having directly visited and investigated dismantling companies around the world since the launch of the Raum passenger car in 2003, Toyota actively adopts vehicle structures that make it easy to dismantle and separate parts for new vehicles in order to ensure safe and speedy dismantling operations.

Achieving Industry-leading Levels in Easy-to-dismantle Design for Effective Resource Recycling

- Vehicle models launched in FY2022 for which an easy-to-dismantle design is adopted:
  - Aqua, Land Cruiser, Corolla Cross, Noah, Voxy, LexusNX, Lexus UX300e, Lexus LX
- Toyota vehicles achieve a recyclability rate of 85 percent or more by calculation based on the vehicle design values.
- In light of recent circumstances, where many of the vehicles manufactured in the early stage of the introduction of easy-to-dismantle designs are reaching their end of life, Toyota placed advertisements in Nikkan Kogyo Shimbun (The Daily Industrial News) focusing on the ease of removing the wiring harness, a representative example, in order to make Toyota's easy-to-dismantle design known to more dismantlers.
- Toyota won first prize in Newspaper Category No. 4 at the 2021 Japan Industrial Advertisement Award organized by Nikkan Kogyo Shimbun, Ltd.

Examples of Easy-to-dismantle Design

- To reuse automobile shredder residue (ASR) from end-of-life vehicles also as a material, which until now has been reused as heat, we are planning to use recycled plastic materials from ASR in new vehicles by utilizing crushing and sorting technologies of Toyota Metal Co., Ltd.
- We adopt recycled plastics, in stages, into new models that will go on sale in 2022 and afterward, aiming to more than triple the use of recycled plastics by 2030.

Toyota Global Car-to-Car Recycle Project
A Resource Recycling Initiative that Considers the Entire Vehicle Life Cycle

- Toyota works on reusing waste and recycling end-of-life vehicles to improve resource efficiency while reducing the generation of waste in each of the four stages of the vehicle life cycle: development & design, production, sales & services, and disposal.

Recycling of End-of-life Vehicles

- In the lead up to 2050, Toyota aims to build a society that maximizes plastic recycling on a global scale.
- We collect and recycle bumpers replaced during repairs at dealers.
- To reuse automobile shredder residue (ASR) from end-of-life vehicles also as a material, which until now has been reused as heat, we are planning to use recycled plastic materials from ASR in new vehicles by utilizing crushing and sorting technologies of Toyota Metal Co., Ltd.
- We adopt recycled plastics, in stages, into new models that will go on sale in 2022 and afterward, aiming to more than triple the use of recycled plastics by 2030.

Maximization of Utilization of Recycled Plastics in Toyota Vehicles

- The image shows a flowchart illustrating the recycling process of Toyota vehicles, from end-of-life vehicles to new vehicles, highlighting the maximization of utilization of recycled plastics.
Rare Metals and Rare Earth Elements

■ With a view to curbing the use of natural resources and increasing resource input efficiency, we promote the collection of rare resources used in electrified vehicles, such as hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), and fuel cell electric vehicles (FCEVs), and the reuse of recycled materials, aiming to achieve the ultimate goal of closed-loop recycling.**

■ We are collaborating with partner companies to establish a system for collecting and recycling HEV batteries, HEV motor magnets, and FC stacks, along with tungsten carbide tools and other materials used in production.

■ We are pressing ahead with car manufacturing that takes recycling into consideration, by feeding back results of these activities into the development and design stages.

** Recycling in which used products are manufactured into the same type of products

Battery 3R**2

■ In Japan, Toyota has launched the provision of the new bZ4X BEV through the car subscription service “KINTO” or on a lease.

■ Toyota collects all vehicle-use end-of-life bZ4X battery packs from dealers, dismantlers, etc. and reuse those usable for a second time as stationary batteries**3.

■ Ultimately, these batteries are planned for use as materials for new batteries.

**2 In this context, “rebuild, reduce and recycle”
**3 Stationary storage batteries used to store renewable energy whose generation is unstable

Efforts toward Compliance with the New EU Battery Regulation

■ At the end of 2020, the European Commission published the draft of a new EU battery regulation.

• This regulation embodies part of the circular economy envisaged in the European Green Deal.

• The scope of the regulation embraces all types of batteries and their entire life cycle, ranging from product design and production processes to reuse and recycling.

• While strengthening both internal and external partnerships, Toyota has started the following study in terms of major regulatory requirements:

  • Study on building a system for measuring the carbon footprint of battery packs.
  • Study on developing a battery supply chain management process.
  • Study on examining risks of human rights infringements and environmental destruction at the time of raw material mining.
  • Study on third-party certification.
  • Verification of compliance under a battery passport system using digital technology.
  • Study on building a battery traceability system.
Harmony with Nature

Fundamental Approach

Aim
- Aim to create a society in harmony with nature by promoting biodiversity conservation activities through collaboration with many stakeholders.

Initiative
- As an initiative to tackle biodiversity and water issues under the Toyota Environmental Challenge 2050, formulated "Challenge of Establishing a Future Society in Harmony with Nature" and "Challenge of Minimizing and Optimizing Water Usage," and started actions in 2015.

Biodiversity

Aim
- Promote biodiversity conservation activities based on the Toyota Policy on Harmony with Nature and the Policy for Sustainable Natural Rubber Procurement toward the building of a sustainable society in harmony with nature.

Challenge of Establishing a Future Society in Harmony with Nature

Connect the Reach of Nature Conservation Activities Among Communities, with the World, to the Future
- Toyota Green Wave Project
  - Plant in Harmony with Nature ⇒ "Connecting Communities" activities
- Toyota Today for Tomorrow Project
  - Global collaboration with NGOs ⇒ "Connecting with the World" activities
- Toyota ESD* Project
  - Environmental education for the next generation ⇒ "Connecting to the Future" activities

* Education for Sustainable Development
Toyota Policy on Harmony with Nature

- This policy is a guideline for promoting harmony with nature and will serve as the basis for future activities.
- We will expand the reach of activities promoting harmony with nature, including the conservation of biodiversity, from communities to the world in collaboration with various people throughout society.

Humans enjoy prosperous and fulfilling lives by harmonizing various elements of nature such as water and air as well as conserving biodiversity. However, as environmental issues such as climate change and water shortages interact and become more severe, this harmony of natural elements is disrupted, and biodiversity is being lost. To improve the current situation, Toyota seeks to realize a sustainable society in harmony with nature by fully utilizing the technology and know-how it has developed through various businesses.

1. Recognizing that nature underlies our life and economy through resource supply and climate stabilization, we will promote activities that harmonize various elements of nature and conserve biodiversity.
2. We will expand the reach of activities among communities and connect them with the world by not only acting spontaneously, but also collaborating strongly with society.
3. We will promote environmental education to change the awareness of employees and generations based on the recognition that the biodiversity that forms the foundation of our prosperous life is facing a critical situation. At the same time, we will offer related information to society through both in-house and outside activities.

Policy for Sustainable Natural Rubber Procurement

- Toyota proceeds to eliminate deforestation and ecosystem conversion from our supply chains.
- Believing that protection of forests and other natural ecosystems is critical for maintaining biodiversity, combating climate change, and sustaining livelihoods, we have formulated the Policy for Sustainable Natural Rubber Procurement for natural rubber used in cars.
- This policy features the following:
  - Being aligned with the Policy Framework that was adopted in a September 2020 resolution by the General Assembly of the Global Platform for Sustainable Natural Rubber (GPSNR), of which Toyota is a member
  - Respecting the principles and guidelines laid out in the UN Guiding Principles for Business and Human Rights and the ILO fundamental conventions

Toyota Policy on Harmony with Nature

We renewed the Biodiversity Guidelines formulated in 2008 as the Toyota Policy on Harmony with Nature in January 2021.

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Overview of the Plant in Harmony with Nature

Case: Development of the Plant in Harmony with Nature (1)
Toyota Motor Manufacturing (UK) Ltd. (U.K.)
- Located in a vast ecological park, Toyota Motor Manufacturing (UK) Ltd. realized the Plant in Harmony with Nature ahead of other global plants.
- More than 400 species of wildlife and plants are conserved in five zones in cooperation with local experts based on conservation plans and methods established by the government.
- 2021 Results
  - Observed butterflies and bees that are important indicator species in the grassland area.
  - Butterflies: Over 1,000
  - Bees: Over 200
  - Provided observation results to national research institutes.

Case: Development of the Plant in Harmony with Nature (2)
Toyota Motor Thailand Co., Ltd. (Thailand)
- As part of the Plant in Harmony with Nature project, Toyota Motor Thailand Co., Ltd. promotes biodiversity conservation through monitoring of indicator species, maintenance of habitat environments, and collection of scientific data.
  - 2021 Results
    - Maintained a growing environment for the Asian Golden Weaver, which is listed on the International Union for Conservation of Nature and Natural Resources (IUCN*) Red List, at Cheeva Panavet (Toyota Biodiversity and Sustainable Learning Center).
    - Butterflies:
      - Red Tailed Bumble Bee
      - Asian Golden Weaver
    - Through collaboration with Sango, an auto parts manufacturer located nearby, confirmed that there were 24 nests at Cheeva Panavet and 11 at Sango.

*1 International Union for Conservation of Nature and Natural Resources

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Fundamental Approach
Biodiversity
Water Environment

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Fundamental Approach
Biodiversity
Water Environment

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Policy and Environmental Management
Climate Change
Resource Recycling
Harmony with Nature
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Overview of Promoting Sustainability
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Toyota Green Wave Project
Plant in Harmony with Nature ⇒ “Connecting Communities” activities

2025 Target
- Realize “Plant in Harmony with Nature” – 6 in Japan and 4 in other regions.
- Promote activities to connect with local communities in collaboration with affiliated companies.
- Start activities promoting harmony with nature in collaboration with local communities and companies toward biodiversity conservation.

2021 Results
- Realized 3 plants in Japan and 4 plants overseas.
- Promoted activities in collaboration with 23 Toyota Group companies and global affiliates.
  (Number of activities: 248)

Case: Development of the Plant in Harmony with Nature (1)
Toyota Motor Manufacturing (UK) Ltd. (U.K.)
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  - Provided observation results to national research institutes.

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Global collaboration with NGOs ⇒ “Connecting with the World” activities

2025 Target
- Globally strengthen conservation of endangered species, which symbolize biodiversity, in collaboration with NGOs and others.

2021 Results
- Supported 27 projects of NPOs and other non-profit organizations and groups addressing biodiversity and climate change (17 in Japan and 10 in other regions).

Initiatives through GPSNR*2
- July 2019: Participated in the GPSNR.
- September 2021: Announced the Policy for Sustainable Natural Rubber Procurement.
- 2022: In response to the questions requested by the GPSNR regarding the status of implementation of this policy, information is being collected in cooperation with suppliers with the aim of replying by the end of December.

*2 Global Platform of Sustainable Natural Rubber: An international framework for improving the environmental, social and economic aspects of natural rubber procurement
Toyota ESD Project — Environmental education for the next generation ⇒ “Connecting to the Future” activities

2025 Target
- Implement globally unified initiatives to foster environmentally conscious persons responsible for the future.
  - Offer environmental education opportunities by utilizing biotopes and others in collaboration with the Plant in Harmony with Nature.
  - Foster environmentally conscious persons at both in-house and outside sites, including plants and the Forest of Toyota, by utilizing educational tools in harmony with nature for the next generation.

2021 Results
- Conducted environmental education programs around the world.
  - Examples of Toyota Motor Corporation (Japan).
  - Implemented environmental study sessions.
    - Plant in Harmony with Nature (21 sessions, including online sessions)
    - The Forest of Toyota (179 sessions).
  - Distributed 17,852 educational tools in harmony with nature for the next generation.

Global Implementation of Environmental Education for the Next Generation
- Building good relationships with local communities through environmental education has a positive impact on Toyota's business over the medium to long term.
- We implement the Toyota ESD Project in each region and hold many environmental study sessions and events in which local residents and employees learn and work together.

Case: Establishment of Ecozone (2018) and Implementation of Many Environmental Learning and Conservation Activities

Toyota Kirloskar Motor Private Ltd. (India)
- Ecozone
  - A place for environmental learning for employees, business partners (suppliers, dealers, logistics companies), children/students, and local residents.
  - A place with about 25 acres, comprising of 17 theme parks representing the five modules of biodiversity, climate change, energy, water, and waste.
  - Results since opening
    ⇒ Confirmed over 650 plant species and 198 faunal species (Species listed by the IUCN Red List: 38 plant species, 3 faunal species).
    ⇒ More than 20,000 children/students participated in exercises.

Whole view of Ecozone (India)
Water Environment

Aim
- Minimize the impact on water environments globally under different environments in each region.
- Strive to become the No. 1 regional plant leading to prosperity throughout the entire society through effective use of water resources.

Initiative

Toyota Water Environment Policy
- Strive to become the No. 1 regional plant leading to prosperity throughout the entire society.
- Assess our impact on water environments and work to minimize those impacts from two perspectives: the input side, where we thoroughly reduce the amount of water usage, and the output side, where we purify wastewater thoroughly and return.

Challenge of Minimizing and Optimizing Water Usage

Minimize Water Usage and Implement Water Discharge Management According to Individual Local Conditions

<table>
<thead>
<tr>
<th>Water usage per Vehicle Produced Globally</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Reduced by 5%</td>
</tr>
</tbody>
</table>

Water Environment Policy

Toyota Water Environment Policy

Thoroughly reduce the amount of water usage
Minimize the impact on local water resources by minimizing water withdrawal and utilizing rainwater

Purify wastewater thoroughly and return
Have a net positive impact on the environment by returning clean water in the local water environment

Aim
- Minimize the impact on water environments globally under different environments in each region.
- Strive to become the No. 1 regional plant leading to prosperity throughout the entire society.

Initiative

Toyota Water Environment Policy
- Strive to become the No. 1 regional plant leading to prosperity throughout the entire society.
- Assess our impact on water environments and work to minimize those impacts from two perspectives: the input side, where we thoroughly reduce the amount of water usage, and the output side, where we purify wastewater thoroughly and return.

2025 Target
- Reduce water usage taking the water environment in each country and region into consideration
- Promote wastewater recycling, rainwater use and various activities including daily kaizen
- Reduce global water usage by 3 percent per vehicle produced compared to 2013 levels (reduce by 34 percent compared to 2001 levels)
- Complete measures at 2 Challenge-focused plants where the water environment is considered to have a large impact

2021 Initiatives
- Comprehensively introduced reduction technologies and undertook daily water-saving efforts, such as water recycling and reducing the amount of steam used in painting processes

Water quality
- Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards
- Continuously assess the impact of wastewater at all plants where it is discharged directly into the river

2025 Target
- Continuously manage water quality under internal standards that are stricter than regulatory standards
- Assessed the impact of wastewater at all plants

* All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)
Cases of Water Usage Reduction

Case 1: Water Usage Reduced Through Repeated Kaizen Activities

Toyota do Brasil Ltda. (Brazil)
- Reduce water usage in the painting process, which uses approximately 80 percent of the water in the plant.
  ⇒ Minimize water usage while maintaining good product conditions by improving cleaning nozzles in the water cleaning process.
  ⇒ Reuse wastewater from air supply houses and deionizers.

2021 Results
- Water usage reduction: 25,000 tons in total.
- Per-unit water usage (per vehicle produced): Reduced by 42 percent compared to 2013 levels.
- Received “Local Environmental Award” organized by the Association of Automotive Engineering in recognition of the above activities.

Case 2: Water Usage Reduced Through Expansion of Water Recycling in the Casting Process

Toyota Motor (Changshu) Auto Parts Co., Ltd. (China)
- Promote activities to become a zero-emission casting plant.
- During the treatment of wastewater from die casting machine, 54 tons of wastewater is generated annually for cleaning the oil accumulated in a concentration system.
  ⇒ Reuse cleaning wastewater by adding an oil separator, piping and switching valves.

2021 Results
- Reuse of water: 51 tons (94 percent recovery rate).

Wastewater Collection Flow from Die Casting Machine
a) Board's Oversight of Climate-related Risks and Opportunities

- At Toyota, to ensure effective strategy formulation and implementation in line with latest societal trends, important climate-related issues, if arise, are reported to the Board of Directors.
- The Board of Directors conducts the following duties:
  - Deliberate and supervise strategies, major action plans, and business plans.
  - Monitor the progress toward qualitative and quantitative targets addressing climate issues.
- Monitoring is performed in consideration of the financial impact of the following risks/opportunities, which may turn into climate-related issues:
  - Risks/opportunities related to products, such as fuel efficiency/emission regulations.
  - Risks/opportunities related to low-carbon technology development.
- These governance mechanisms are used in formulating long-term strategy, including the Toyota Environmental Challenge 2050, and in formulating and reviewing the medium- to long-term targets and action plans.
- Cases of decisions made at the Board of Directors Meeting in 2022:
  - Reported on and approved the identification of carbon neutrality (CN) as a key matter in relation to climate change and the development of a plan to transition to CN by 2050.
  - The Board of Directors decided by resolution the level of battery-related investment in order to secure the number of batteries which serve as a pacemaker to expand its line of BEVs.

b) Management’s Role in Assessing and Managing Climate-related Risks and Opportunities

- The Board of Directors Meeting is the ultimate decision-making and oversight body of Toyota in addressing climate-related issues.
- The committees below are the major bodies in assessing and managing the climate-related risks and opportunities.

<table>
<thead>
<tr>
<th>Frequency of reporting on climate-related issues to the Board of Directors</th>
<th>Sustainability Meeting (Advisory function)</th>
<th>Sustainability Subcommittee (Executive function)</th>
<th>Environmental Product Design Assessment Committee</th>
<th>Production Environment Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>When an important matter arises</td>
<td>—</td>
<td>When an important matter arises</td>
<td>When an important matter arises</td>
<td>When an important matter arises</td>
</tr>
</tbody>
</table>

Roles

- To help increase corporate value by reflecting opinions and external advice about key sustainability-related issues in management practices to achieve sustainable growth
- To implement operations related to the promotion of sustainability
- To consult with the Sustainability Meeting about key issues and submit reports to the Board of Directors
- To assess product-related risks and opportunities, formulates/implements strategies and plans, conducts monitoring, etc.
a) Short-, Medium- and Long-term Climate-related Risks and Opportunities the Organization Has Identified

- Toyota strives to identify the various risks and opportunities that will arise from environmental issues, takes action while continuously confirming the validity of strategies such as the Toyota Environmental Challenge 2050 and works to enhance its competitiveness.
- Take measures to respond to changes associated with climate change that may have various impacts on Toyota’s business fields.
  - Measures need to be taken in various areas, including response to tighter regulations by the government and the adoption of new technology.
- Take measures against the increasing severity of natural disasters such as storms and flooding, due to higher temperatures and rising sea levels.
- The acceleration of climate change may pose risks to Toyota’s business, but if we can respond appropriately, this will lead to enhanced competitiveness and the acquisition of new business opportunities.
  - In accordance with the above understanding, we have organized the risks relating to climate change and identified particularly significant risks in line with risk management processes based on the degree of impact and stakeholders’ interest.
- To respond to risks, we are implementing the following measures:
  - Promote electrification and the introduction of renewable energy in production processes.
  - Take adaption measures for natural disasters.
  - Support and sign the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Disclose information appropriately concerning risks and opportunities related to climate change and their analyses.
- Conduct disclosure through responses to CDP* in accordance with the TCFD.

List of Toyota’s Climate Change Related Risks (Risks (1), (3) and (7) are significant)

<table>
<thead>
<tr>
<th>Transition Risks</th>
<th>Regulation</th>
<th>Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Tightening of regulations for fuel efficiency and ZEVs* (acceleration of electrification)</td>
<td>Fines for failure in achieving fuel efficiency regulations</td>
<td>Increase in sales of electrified vehicles</td>
</tr>
<tr>
<td>(2) Expansion of carbon pricing</td>
<td>Fines for failure in achieving fuel efficiency regulations</td>
<td>Increase in sales of electrified vehicles</td>
</tr>
<tr>
<td>(3) Expansion of carbon pricing</td>
<td>Fines for failure in achieving fuel efficiency regulations</td>
<td>Increase in sales of electrified vehicles</td>
</tr>
</tbody>
</table>

* Zero Emission Vehicles: Vehicles that have the potential not to emit any CO2 during driving such as battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs).

Physical Risks

- Acute
  - (7) Increase in frequency and severity of natural disasters

- Chronic
  - (8) Increase in threat to water security

Significant Risks and Opportunities and Toyota’s Measures

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
<th>Toyota’s Measures</th>
<th>Scenario Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Increase in production and purchasing costs due to the introduction of carbon taxes, etc.</td>
<td>Decrease in energy costs due to promoting the introduction of energy-saving technology</td>
<td>Impacts will increase</td>
</tr>
<tr>
<td>(3)</td>
<td>Increase in frequency and severity of natural disasters</td>
<td>Improvement of energy security by diversifying energy supply sources</td>
<td>Impacts will increase</td>
</tr>
<tr>
<td>(7)</td>
<td>Production suspension due to damage to production sites and supply chain disruptions caused by natural disasters</td>
<td>Implementations of continuous adaptive improvements to our BCP in light of disaster experiences</td>
<td>Impacts will increase</td>
</tr>
</tbody>
</table>

* CDP: An international NGO that encourages and assesses corporate disclosures on environmental actions based on calls from global institutional investors with high levels of interest in environmental issues.
b) Impact of Climate-related Risks and Opportunities on the Organization's Businesses, Strategy, and Financial Planning

- Under the recognition that climate-related issues may have a significant impact on its businesses, strategy, and financial planning, Toyota reviews its strategy based on the risks and opportunities associated with climate-related issues whenever necessary.
- The table on the right describes the specific impact on our businesses, strategy, and financial planning.
- Toyota identifies risks, determines their degree of significance, and sets priorities, in accordance with the Toyota Global Risk Management Standard (TGRS).
- Details of the TGRS are provided in the next chapter "Risk Management."

<table>
<thead>
<tr>
<th>Impact on Strategy</th>
<th>Products and services</th>
<th>Supply chains/value chains</th>
<th>Investments in R&amp;D*</th>
<th>Adaptation activities and mitigation activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant climate related risks</td>
<td>• Regulatory risks for decarbonization in different countries (fuel efficiency regulations, GHG emission regulations, etc.)</td>
<td>• Regulatory risks for decarbonization in different countries (fuel efficiency regulations, GHG emission regulations, etc.)</td>
<td>• Regulatory risks for decarbonization in different countries</td>
<td>• Regulatory risks, such as the introduction of carbon pricing and decarbonization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Market risks, such as changes in consumer needs</td>
</tr>
<tr>
<td>History of impacts</td>
<td>• The numerical target for CO2 emissions reduction was set as the New Vehicle Zero CO2 Emissions Challenge.</td>
<td>• The numerical target for CO2 emissions reduction in the entire value chain was set as the Life Cycle Zero CO2 Emissions Challenge.</td>
<td>• The sales target for electrified vehicles was set as the New Vehicle Zero CO2 Emissions Challenge.</td>
<td>• The target for CO2 emissions reduction related to plant operations was set as the Plant Zero CO2 Emissions Challenge.</td>
</tr>
<tr>
<td></td>
<td>Targets for Scope 3 Category 11 were approved by SBTi in 2022.</td>
<td>• The medium-term strategy takes into account of the following: Manufacturing and disposal of batteries for the manufacture of electrified vehicles Collaboration with suppliers Risks and opportunities related to recycling</td>
<td>Increase of R&amp;D expenses was assumed in promotion of R&amp;D of electrified vehicles</td>
<td>In 2021, the decision to aim at carbon neutrality at plants by 2035 was announced.</td>
</tr>
<tr>
<td></td>
<td>In 2021, Toyota announced its aim to sell 3.5 million BEVs in 2030.</td>
<td>• In April 2023, Toyota announced a new average GHG emissions target for new vehicles and set a pace of selling 1.5 million BEV units by 2026 as our base volume.</td>
<td>In 2021, Toyota announced the aim to sell 3.5 million BEVs in 2030.</td>
<td>Targets for Scope 1 and 2 were validated by SBTi in 2022.</td>
</tr>
<tr>
<td></td>
<td>In April 2023, Toyota announced a new average GHG emissions target for new vehicles and set a pace of selling 1.5 million BEV units by 2026 as our base volume.</td>
<td>• In April 2023, Toyota announced a new average GHG emissions target for new vehicles and set a pace of selling 1.5 million BEV units by 2026 as our base volume.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

P.44 Validation and approval of Toyota’s emissions reduction targets by the Science Based Targets initiative (SBTi).
c) Resilience of the Organization’s Strategy, Taking into Consideration Different Climate-related Scenarios, including a 2°C or Lower Scenario

**STEP 1**
Set Future Storylines Assuming Climate Change Effects

- Substantial changes brought by climate change and associated policies of various countries to the automobile industry and the entire mobility society will present both risks and opportunities to Toyota.
- Based on risk and opportunity analysis, using scenarios such as those of the Intergovernmental Panel on Climate Change (IPCC)’s Representative Concentration Pathways (RCP) 4.5 equivalent, IEA’s Stated Policies Scenario (STEPS), and Net Zero Emissions by 2050 Scenario (NZE) as reference.

**STEP 2**
Consider the Impacts on Toyota

- We considered impacts on Toyota in each future storyline of society envisioned in STEP1.
- In the case of a society of the stated policies future storyline, if adequate climate change measures are not implemented throughout society, the following events are likely to increase:
  - Production suspensions due to increased frequency and severity of natural disasters such as flooding.
  - Decreased production and production suspensions due to supply chain disruptions.
- In a society of the 1.5°C or less future storyline, the role of electrified vehicles (ZEVs in particular) will increase.
  - The percentage of ZEVs among new vehicle sales will increase greatly and the use of carbon neutral fuels will also expand.
  - With regard to effects on production and purchasing, since the introduction of carbon taxes and increased tax rates may lead to higher costs, expanding the use of energy-saving technology, renewable energy and hydrogen will mitigate the risks.

**STEP 3**
Toyota’s Strategies

- Fundamental approach
  - In April 2021, Toyota proclaimed that it would address global-scale challenges to achieve carbon neutrality by 2050.
  - We will develop diverse technologies that will encourage customers in different regions to choose eco-friendly vehicles, with the belief that they can only contribute to reducing GHG emissions if they are widely used (multi-pathway).
  - We will accelerate environmental technology development for electrified vehicles, such as hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell vehicles (FCEVs).
  - We will promote the development of electric vehicles, as well as hydrogen-fuel and hydrogen engine-powered vehicles, carbon neutral fuels, etc.

- Electrification strategy
  - Toyota sells vehicles in around 200 countries and regions.
  - It is important to offer options of a variety of electrified vehicles to satisfy the different needs of the countries and regions with diverse economic conditions, energy and industrial policies, and customer needs.
  - Toyota has sold a cumulative total of 22.5 million electrified vehicles worldwide (as of February 2023), and is one of the first companies to respond to climate change risks.

- Future actions
  - With regards to BEVs, successively introduce models with dedicated platforms and promote practical vehicle supply through battery development and production strategies.
  - Launch 10 new models by 2026 and set the pace of selling 1.5 million BEV units by 2026 as our base volume to reach a target of 3.5 million vehicles sold globally each year by 2030.
  - Advance the sales of electrified vehicles to fit different regional conditions and customer preferences.
  - In addition to BEVs, promote electrification strategy from all directions, and flexibly and strategically change total vehicle sales and other conditions in response to changes in the market while leveraging the strengths that we have gained through our experience so far, thereby encouraging customers in each region to choose us and accelerating the increased use of electrified vehicles.
Achieving carbon neutrality in the 1.5°C or less future storyline

• Even if battery demand increases in accordance with altered customer needs, flexibly respond by enhancing collaboration with existing/new partners, and swiftly establishing production structures at suppliers that have capital ties with Toyota.

Challenges toward new technologies

• In addition to increasing the number of electrified vehicles, promote the introduction of CO2-reducing off-cycle technology* (although not reflected in mode fuel efficiency).
• As CN fuels are technological option for CN realization along with hydrogen fuel and hydrogen engine vehicles, and are also expected to contribute to reducing CO2 emissions that is effective for vehicles already in use, we will put effort into expanding such technological options.

Cases of efforts in the development of new technologies to achieve the creation of a CN society

• Announce the launch of the new RZ450e, a dedicated BEV model.
• Establish the “Research Association of Biomass Innovation for Next Generation Automobile Fuels” with 5 other companies to study how to improve efficiency in the process of producing fuels, and promote research on technologies related to the use of biomass and the efficient production of bioethanol fuels for vehicles.
• Toyota has joined the Hydrogen Utilization Study Group in Chubu.
• The Study Group participates in the Chubu Conference for Promoting the Use of Hydrogen and Ammonia in Society which is held in corporation with the government, economic organizations and companies, and formulates the “Chubu Hydrogen and Ammonia Supply Chain Vision”, which sets out the direction of initiatives aiming at the practical introduction and use of hydrogen and ammonia in the Chubu region.

Activities for strengthening strategic resilience

• Implement measures to respond to natural disasters such as formulating a business continuity plan (BCP).
• Strengthen the supply chain by enhancing information gathering, and improve communication.
• Toyota will work together not only with the automobile industry but with all industries while continuing to engage in challenges to respond to a society of the 1.5°C or less future storyline through initiatives that are practical as well as sustainable.

To ensure stable fund procurement and lasting corporate value enhancement, we check the progress and validity of Toyota’s strategies by:

• Conducting appropriate information disclosures regarding various ESG assessment indicators.
• Enhancing information disclosure and dialogue with stakeholders including institutional investors.

Media briefing on batteries and carbon neutrality

Media Briefing on Battery EV Strategies

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* Off-cycle technology: Technologies such as high-efficiency lighting, waste heat recovery, active aerodynamic improvements and solar radiation/temperature control that can improve actual fuel consumption.
**Sustainability Data Book**

**Carbon Neutrality (CN)**
- Recognize that carbon has no borders and that reducing greenhouse gases (GHG) is a matter of great urgency.
- Reduce average GHG emissions from new vehicles by 33% in 2030 and more than 50% in 2035 (compared to 2019 levels), and achieve CN for GHG emissions throughout the lifecycle by 2050.

**Multi-pathway Approaches**
- Continue to offer a variety of options based on multi-pathway approach in consideration of energy’s future and the current conditions in different regions.
- Press ahead with the promotion of electric vehicles in light of total sales of 22.5 million EVs since the first-generation Prius was put on the market (as of February 2023).

**Expanding the value of mobility**
- Evolving cars to create a mobility society where everyone is happy, comfortable and has freedom of movement.
- Creating a company connected to society through three approaches: electrification, intelligence and diversification.

**Toyota’s Vision for the Future of Vehicles**

**Overview**
- Explanation of Toyota’s new management vision and ideal future in April 2023
- Strive to enrich the lives of people all over the world, change “negative” to zero, and “produce happiness for all” by going “beyond zero” to create and provide greater value, as we aim to transform ourselves into a mobility company.

**Multi-pathway**
- Continue to offer a variety of options based on multi-pathway approach in consideration of energy’s future and the current conditions in different regions.
- Press ahead with the promotion of electric vehicles in light of total sales of 22.5 million EVs since the first-generation Prius was put on the market (as of February 2023).

**Multi-pathway Approaches**
- BEV
  - Aim to launch 10 new models by 2026 and reach sales of 1.5 million vehicles annually.
  - Launch next-generation BEVs that use batteries as efficiently as possible and double the cruising range.
  - Plan to launch BEVs in different regions.
  - Developed countries: Improve performance of bZ series and significantly expand product lineup.
  - U.S.: Start local production of 3-row SUVs in 2025 (Equipped with batteries produced in North Carolina).
  - China: Launched “bZ4X” and “bZ3”.
  - Asia and other emerging economies: Start local production of BEV pickup trucks by the end of this year.
- FCEV
  - Aim to mass produce medium- to heavy-duty trucks and other commercial vehicles that can take advantage of shorter filling times and lighter weights compared to BEVs.
- PHEV
  - Aim to develop PHEV with an EV-mode driving range beyond 200 km or more through the development of increasing battery efficiency.
- HEV
  - Carbon-neutral electrified vehicles tailored to local energy conditions and customer usability that can be put on the market in the immediate future.
  - Expand sales of HEVs, including in emerging economies.
- H2
  - Develop water electrolysis systems that use renewable energy, hydrogen produced from excess food and livestock waste, and other technologies in cooperation with the energy industry.
- CN fuels
  - Develop fuel and other technologies designed to enable the reduction of GHG emissions in vehicles already in use.
  - Develop sustainable CN fuels produced from biomass and other materials in collaboration with the energy industry.
Risk Management

a) Organization’s Processes for Identifying and Assessing Climate-related Risks

- Toyota identifies, assesses, and manages all risks, including climate change, based on a company-wide risk management system called the Toyota Global Risk Management Standard (TGRS) that covers all risks related to global corporate activities.
- Risk assessment is based on the two perspectives of “magnitude of impact” and “vulnerabilities” to clarify the substantive financial or strategic impact on the business.
  - Magnitude of impact
  - Assessed on each of “finance,” “reputation,” “violation of laws and regulations,” and “business continuation” elements on a scale of five (For “finance,” the ratio to sales is indexed).
  - Vulnerabilities
  - Assessed on the two elements of the “current status of countermeasures” and “probability of occurrence.”

Cases of Examination of Climate-related Risks Identified and Their Impacts

<table>
<thead>
<tr>
<th>Risk type</th>
<th>Cases of possible impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition</td>
<td>Policy and Legal</td>
</tr>
<tr>
<td>Physical</td>
<td>Acute                                     A concern that extensive storms and floods caused by climate change will have a significant impact on production plans and rising water costs at some Toyota plants</td>
</tr>
<tr>
<td></td>
<td>Chronic                                   A concern that the expansion of drought associated with climate change will have a significant impact on production plans and rising water costs at some Toyota plants</td>
</tr>
<tr>
<td></td>
<td>Technology                                As a climate change policy, fuel efficiency regulations for automobiles are being tightened globally, and customers’ need for low-carbon vehicles is also increasing. Development and cost reduction of low-carbon technology focusing on electrification are important management issues.</td>
</tr>
<tr>
<td>Market</td>
<td>Changes in the market lead to a decrease in sales, affecting financial conditions</td>
</tr>
<tr>
<td>Reputation</td>
<td>A concern that a decline in social image of the corporation will affect Toyota’s sales and stock prices</td>
</tr>
</tbody>
</table>

b) Organization’s Processes for Managing Climate-related Risks

- After risks by region, function (manufacturing, sales, etc.), and product are extracted by each division and assessed in view of magnitude of impact and vulnerability, each region and each division mutually cooperates and supports one another in the implementation of a prompt response.
- Chief Officers of each Group or Company Presidents of in-house companies supervise the activities of the companies, and at the subordinate level, the General Managers supervise the activities of divisions and implement and monitor countermeasures.
- Climate-related risks and opportunities are also identified and assessed by the Environmental Product Design Assessment Committee, Production Environment Committee, and Sustainability Subcommittee. The following matters are discussed, and the response status is monitored and reviewed by the divisions in charge and relevant officers at the respective committees.
  - Environmental Product Design Assessment Committee: Fuel economy regulations and procurement
  - Production Environment Committee: Direct operations, such as CO2 emission regulations on plants and water risks
  - Sustainability Subcommittee: Relevance of initiatives in consideration of issues related to promoting sustainability and external stakeholders.
- Meetings of the above committees are held about four times a year with the participation of Executive- or General Manager-level members of relevant divisions, such as technology, environment, finance, purchasing, and sales.
- Through examinations by these committees, the risks are assessed multiple times a year. Important risks and opportunities that require prompt response are reported to the Board of Directors Meeting one by one for response measures to be determined.

| Policy and Environmental Management | Climate Change | Resource Recycling | Harmony with Nature | Climate-related Financial Disclosures Based on TCFD Recommendations | Environmental Data | FY2022 Review of the 7th Toyota Environmental Action Plan (2025 Target) | Third-party Verification | Content Index | Overview | Sustainability Data Book | 43 |
Metrics and Targets

a) Metrics Used by the Organization to Assess Climate-related Risks and Opportunities in Line with Its Strategy and Risk Management Process

- Toyota believes that setting multiple metrics to comprehensively manage climate-related risks and opportunities is important as a measure for adaptation to and mitigation of climate change.
- The metrics include not only the amount of GHG emissions but also other elements deeply related to climate change, such as energy, water, resource recycling, and biodiversity.
- The following targets have been set based on these indicators and are systematically promoted as “6 challenges” through initiatives in six areas:
  - Long-term strategy (2050 Target): Toyota Environmental Challenge 2050
  - Medium-term strategy (2030 Target): 2030 Milestone, validation and approval by SBTI
  - Short-term strategy (2025 Target): 7th Toyota Environmental Action Plan

  Aim to achieve Scope 1, 2 and 3 to become carbon neutral (CN) by 2050 by promoting the following challenges from the list of “6 challenge”.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Scope 1, 2 and 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Cycle Zero CO2 Emissions Challenge</td>
<td>Scope 1, 2 and 3</td>
</tr>
<tr>
<td>New Vehicle Zero CO2 Emissions Challenge</td>
<td>Average GHG emissions from new vehicles (Scope 3, category 11)*1</td>
</tr>
<tr>
<td>Corporate activities</td>
<td>Scope 1 and 2 + voluntary actions*2</td>
</tr>
<tr>
<td>Plant Zero CO2 Emissions Challenge</td>
<td>Scope 1 and 2 at production sites + voluntary actions*3</td>
</tr>
</tbody>
</table>

*1 Per vehicle, gCO2e/km, Well to Wheel: Includes GHG emissions from the production of fuel and electricity, as well as GHG emissions during vehicle operation.
*2 Production sites of Toyota/Motor brands other than by financially consolidated subsidiaries.
*3 Internally, natural resources are used as indicators to examine capital investment and other activities.
*4 Structure of each target can be found in the table on the next page.

b) Scope 1, Scope 2, and, if Appropriate, Scope 3 greenhouse gas (GHG) Emissions, and the Related Risks

- For the disclosure of non-financial information, such as for climate change, are growing and increasingly being legislated in different parts of the world.
- Toyota has worked extensively over the years to disclose environmental information and will continue to review conditions for disclosure, as needed, so that information is released in accordance with local systems.

Trends in CO2 Emissions (Preliminary values) (million t-CO2)

<table>
<thead>
<tr>
<th>Scope</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>2.45</td>
<td>2.48</td>
<td>2.33</td>
</tr>
<tr>
<td>Scope2</td>
<td>3.15</td>
<td>3.39</td>
<td>2.84</td>
</tr>
</tbody>
</table>

- Emissions factors: See P47 “Environmental Data G”
- Period covered: Conventional: Calendar year (January 1 to December 31)
  - New: Financial reporting period (April 1 to March 31)

- CO2 emissions calculated for the calendar year are listed below for reference.

<table>
<thead>
<tr>
<th>Scope</th>
<th>2020</th>
<th>2021</th>
<th>2022*3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>2.45</td>
<td>2.56</td>
<td>2.38</td>
</tr>
<tr>
<td>Scope2</td>
<td>3.42</td>
<td>3.69</td>
<td>2.92</td>
</tr>
</tbody>
</table>

*3 Preliminary values

<table>
<thead>
<tr>
<th>Scope</th>
<th>Target year</th>
<th>Base year</th>
<th>Reduction rate</th>
<th>Validation / Approval class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3, category 11 (emissions intensity)</td>
<td>2035</td>
<td>2019</td>
<td>33.3%</td>
<td>Well Below 2°C</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope</th>
<th>2030</th>
<th>Validation / Approval class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger light duty vehicles and light commercial vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium and heavy freight trucks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2035</th>
<th>2019</th>
<th>11.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2035</td>
<td>2019</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

*4 SBTI validates the Scope 1 and 2 emissions reduction target of a company as in line with the science-based criteria established by SBTI to limit the global average temperature increase to 1.5°C above pre-industrial levels. With regard to automobile companies, SBTI also approves Scope 3 Category 11 emissions (gCO2e/km) reduction targets as in line with the science-based criteria to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, in conjunction with the above-mentioned validation.

- In April 2023, Toyota announced its intention to reduce average GHG emissions from vehicles sold worldwide by 33% by 2030 and over 50% by 2035 (compared to 2019 levels).

c) Targets Used by the Organization to Manage Climate-related Risks and Opportunities and Performance Against Targets

Structure of Environmental Strategies

- Toyota is continuously monitoring trends as well as customer’s opinion, which enables it to consider what issues should be focused on and work on environmental issues with new ideas and technologies by quickly anticipating future issues.

- Goals related to Risks and Opportunities in Line with Its Strategy

  - Long-term strategy (2050 Target): Toyota Environmental Challenge 2050
  - Medium-term strategy (2030 Target): 2030 Milestone, validation and approval by SBTI
  - Short-term strategy (2025 Target): 7th Toyota Environmental Action Plan

- We received validation and approval*4 from SBTi in September 2022 for Scope 1 and 2, and Scope 3, category 11 reduction targets, and updated our medium-term targets in line with this.

Validation and approval of Toyota's emissions reduction targets by the Science-Based Targets initiative (SBTi)
Long-term Targets and Medium-term Targets

**Contribution to SDGs**

### Toyota Environmental Challenge 2050

<table>
<thead>
<tr>
<th>Long-term</th>
<th>Medium-term</th>
<th>Short-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve CN for GHG emissions throughout the life cycle*1 by 2050</td>
<td>Reduce GHG emissions by 30% throughout the life cycle*2 by 2030 (compared to 2019)</td>
<td>7th Toyota Environmental Action Plan (2025 Target)</td>
</tr>
<tr>
<td>Achieve CN for average GHG emissions<em>2 from new vehicles</em>3 by 2050</td>
<td>Reduce average GHG emissions<em>2 from new vehicles</em>3 by 2035 (compared to 2019 levels)</td>
<td></td>
</tr>
<tr>
<td>Achieve CN for GHG emissions from corporate activities*4 by 2050</td>
<td>Reduce GHG emissions from corporate activities*1 by 66% by 2030 (compared to 2019 levels)</td>
<td></td>
</tr>
<tr>
<td>Achieve zero CO2 emissions from production at plants*5 by 2050</td>
<td>Achieve CN<em>6 for CO2 emissions from production at plants</em>5 by 2035</td>
<td></td>
</tr>
<tr>
<td>Minimize water usage and implement water discharge management according to individual local conditions</td>
<td>Implement measures, on a priority basis, in the regions where the water environment is considered to have a large impact</td>
<td></td>
</tr>
<tr>
<td>Promote global deployment of End-of-life vehicle treatment and recycling technologies and systems developed in Japan</td>
<td>Complete establishment of battery collection to recycling systems globally</td>
<td></td>
</tr>
<tr>
<td>Connect the reach of nature conservation activities among communities, with the world, to the future</td>
<td>Realize “Plant in Harmony with Nature”—12 in Japan and 7 in other regions—as well as implement activities promoting harmony with nature in all regions in collaboration with local communities and companies</td>
<td></td>
</tr>
<tr>
<td>Promote global deployment of End-of-life vehicle treatment and recycling technologies and systems developed in Japan</td>
<td>Contribute to biodiversity conservation activities in collaboration with NGOs and others</td>
<td></td>
</tr>
<tr>
<td>Connect the reach of nature conservation activities among communities, with the world, to the future</td>
<td>Expand initiatives both in-house and outside to foster environmentally conscious persons responsible for the future</td>
<td></td>
</tr>
</tbody>
</table>

---

*1 Applies to GHG emissions from energy consumption in Toyota Motor Corporation and financially consolidated subsidiary corporate activities, and GHG emissions from suppliers and customers in relation to vehicles under Toyota Motor Corporation and financially consolidated subsidiary brands. (Scope 1, 2, 3) (Applies to Toyota Motor Corporation alone in 2050)

*2 Per vehicle, gCO2e/km, Well to Wheel: Includes GHG emissions from the production of fuel and electricity, as well as GHG emissions during vehicle operation.

*3 Applies to finished vehicles under Toyota Motor Corporation and financially consolidated subsidiary brands. (Scope 3 Category 11) (Applies to Toyota Motor Corporation alone in 2035 and 2050)

*4 Applies to GHG emissions from energy consumption in Toyota Motor Corporation and financially consolidated subsidiary corporate activities, and GHG emissions related to the production of Toyota brands other than by financially consolidated subsidiaries (Scope 1, 2 + voluntary actions).

*5 Applies to CO2 emissions from energy consumption in Toyota Motor Corporation and financially consolidated subsidiary plants, and GHG emissions from the production of Toyota brands other than by financially consolidated subsidiaries (Scope 1, 2 + voluntary actions).

*6 For the fundamental approach to achieving carbon neutrality, refer to “Challenging carbon neutrality at plants by 2035” in page 25.
### Short-term Target – Seventh Toyota Environmental Action Plan (2025 Target)

**Challenge of Minimizing and Optimizing Water Usage**

- **Water quantity**: Reduce water usage taking the water environment in each country and region into consideration
- **Water quality**: Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards
- **Toyota Global100 Dismantlers Project**: Complete setup of 15 model facilities for appropriate treatment and recycling of end-of-life vehicles
- **Toyota Global Car-to-Car Recycle Project**: Establish a safe and efficient system for battery 3R (Rebuild, Reuse, and Recycle), eyeing the widespread use of electrified vehicles
- **Toyota Global Water Project**: Realize “Plant in Harmony with Nature” – 6 in Japan and 4 in other regions
- **Toyota Today for Tomorrow Project**: Globally strengthen conservation of endangered species, which symbolize biodiversity in collaboration with NGOs and others

**Plant Zero CO2 Emissions Challenge**

- **CO2 emissions from plants**: Reduce CO2 emissions by implementing innovative technologies and daily kaizen and introducing renewable energy
- **Reduce CO2 emissions from global plants by 30 percent compared to 2013 levels**: Achieve a 25 percent introduction rate for renewable electricity
- **Promote proactive technological development to utilize hydrogen**: Reduce global water usage by 3 percent per vehicle produced compared to 2013 levels (reduce by 34 percent compared to 2001 levels)
- **Complete measures at 2 Challenge-focused plants where the water environment is considered to have a large impact**: Reduce global average CO2 emissions (TtW, g/km) from new electrified vehicles

**Life Cycle Zero CO2 Emissions Challenge**

- **Life cycle CO2 emissions**: Reduce CO2 emissions by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels
- **Logistics**: Japan: Reduce CO2 emissions by 7 percent by improving transport efficiency (compared to 2018 levels) and Japan: Other regions: Reduce CO2 emissions by vessels for export (introduce LPG-powered pure car carriers)
- **Suppliers**: Promote CO2 emissions reduction activities among major suppliers
- **Dealers and distributors**: Achieve 100 percent introduction rate for CO2 emissions reduction items at newly constructed and remodeled dealers

**New Vehicle Zero CO2 Emissions Challenge**

- **Average CO2 emissions from new vehicles**: Reduce global*1 average CO2 emissions*1 (TWh, g/km) from new vehicles by 30 percent or more compared to 2010 levels
- **Electrified vehicles**: Make cumulative sales of 30 million electrified vehicles or more

**Chemical substances**: Implement thorough management by carefully considering legal trends in each country and region

**Air quality**: Promote activities to thoroughly reduce waste globally and aim to minimize the volume of resource input and waste, with the environment and economy in balance

**Waste**: Implement initiatives to reduce and recycle plastics used in packaging and recycle them

**Risk management**: Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region
## Greenhouse Gases (GHG)

### Greenhouse Gases (GHG)

**CO₂ Emissions & CO₂ Emissions Intensity**

**Scope 1 (Direct Emissions) & Scope 2 (Energy-related Indirect Emissions): Global**

<table>
<thead>
<tr>
<th>By type</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-energy-related CO₂</td>
<td>0.006</td>
<td>0.007</td>
<td>0.007</td>
</tr>
<tr>
<td>CH₄</td>
<td>0.015</td>
<td>0.015</td>
<td>0.013</td>
</tr>
<tr>
<td>N₂O</td>
<td>0.009</td>
<td>0.008</td>
<td>0.009</td>
</tr>
<tr>
<td>PFCs</td>
<td>0.009</td>
<td>0.008</td>
<td>0.041</td>
</tr>
<tr>
<td>HFCs</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SF₆</td>
<td>0.002</td>
<td>0.002</td>
<td>0.002</td>
</tr>
<tr>
<td>Total</td>
<td>0.042</td>
<td>0.043</td>
<td>0.072</td>
</tr>
</tbody>
</table>

Calculated in accordance with the Japanese Act on Promotion of Global Warming Countermeasures

**Organizational Boundary**

- All plants of Toyota Motor Corporation and consolidated subsidiaries

### Greenhouse Gases from Sources Other Than Energy-related CO₂

**Scope 1 (Direct Emissions): Global**

<table>
<thead>
<tr>
<th>By type</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased goods and services*¹</td>
<td>88.8</td>
<td>75.79</td>
<td>85.25</td>
</tr>
<tr>
<td>Capital goods</td>
<td>4.23</td>
<td>3.93</td>
<td>4.17</td>
</tr>
<tr>
<td>Fuel- and energy-related activities (not included in Scope 1 or 2)*¹</td>
<td>1.19</td>
<td>1.00</td>
<td>1.08</td>
</tr>
<tr>
<td>Upstream transportation and distribution*¹</td>
<td>4.40</td>
<td>3.79</td>
<td>4.21</td>
</tr>
<tr>
<td>Waste generated in operations*¹</td>
<td>0.13</td>
<td>0.11</td>
<td>0.10</td>
</tr>
<tr>
<td>Business travel</td>
<td>0.17</td>
<td>0.05</td>
<td>0.04</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>0.68</td>
<td>0.74</td>
<td>0.63</td>
</tr>
<tr>
<td>Upstream leased assets*²</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Downstream transportation and distribution*¹</td>
<td>0.03</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>Processing of sold products</td>
<td>1.24</td>
<td>0.77</td>
<td>0.87</td>
</tr>
<tr>
<td>Use of sold products*³</td>
<td>258.45</td>
<td>234.35</td>
<td>267.39</td>
</tr>
<tr>
<td>End-of-life treatment of sold products*¹</td>
<td>4.93</td>
<td>4.35</td>
<td>4.87</td>
</tr>
<tr>
<td>Downstream leased assets*²</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Franchises</td>
<td>—</td>
<td>—</td>
<td>4.65</td>
</tr>
<tr>
<td>Investments</td>
<td>0.09</td>
<td>0.07</td>
<td>0.07</td>
</tr>
<tr>
<td>Total</td>
<td>364.34</td>
<td>324.97</td>
<td>373.36</td>
</tr>
</tbody>
</table>

**Organizational Boundary**

- Mainly covers automotive business of Toyota Motor Corporation and consolidated subsidiaries

### CO₂ Emissions Scope 3 (Other Indirect Emissions): Global

<table>
<thead>
<tr>
<th>By type</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per vehicle produced</td>
<td>0.76</td>
<td>0.79</td>
<td>0.77</td>
</tr>
</tbody>
</table>

Calculated in accordance with the GHG Protocol

**Organizational Boundary**

- Toyota Motor Corporation and consolidated subsidiaries (100%)

---

*¹ The figures for 2019 and 2020 were also recalculated due to the revision of calculation conditions.

*² Calculated in Scope 1 & 2 and Scope 3 Category 11

*³ In Category 11, the data of Toyota Motor Corporation and Daihatsu Motor Co., Ltd. are provided. For all the consolidated subsidiaries, data will be disclosed as soon as they are ready.

For Toyota Motor Corporation, Category 11 is calculated from the average fuel efficiency of vehicles (excluding the freight category in the regulations for fuel efficiency, as well as trucks and buses) in each country and region—Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia.
**C02 Emissions**

Scope 1 (Direct Emissions), Scope 2 (Energy-related Indirect Emissions), Scope 3 (Other Indirect Emissions): Global

<table>
<thead>
<tr>
<th>(million t-CO2)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1, 2, 3</td>
<td>Total</td>
<td>371.18</td>
<td>330.84</td>
</tr>
</tbody>
</table>

1. The production was low in 2020 due to the influence of the COVID-19 pandemic.

2. Progress for achieving emissions reduction targets validated and approved by the Science Based Targets initiative (SBTi)


**Average CO2 Emissions from New Vehicles: Global**

<table>
<thead>
<tr>
<th>Country</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>150.2</td>
<td>146.0</td>
</tr>
<tr>
<td>Canada</td>
<td>142.6</td>
<td>134.9</td>
</tr>
<tr>
<td>Europe</td>
<td>100.4</td>
<td>101.5</td>
</tr>
<tr>
<td>Russia</td>
<td>96.1</td>
<td>113.2</td>
</tr>
<tr>
<td>Japan</td>
<td>188.0</td>
<td>187.3</td>
</tr>
<tr>
<td>China</td>
<td>131.2</td>
<td>125.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>127.9</td>
<td>136.1</td>
</tr>
<tr>
<td>India</td>
<td>147.7</td>
<td>144.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>148.5</td>
<td>152.3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>165.4</td>
<td>163.1</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>162.8</td>
<td>159.4</td>
</tr>
<tr>
<td>Australia</td>
<td>177.1</td>
<td>172.8</td>
</tr>
<tr>
<td>South Africa</td>
<td>194.0</td>
<td>176.8</td>
</tr>
</tbody>
</table>

**Electrified Vehicles Sales: Global**

<table>
<thead>
<tr>
<th>Type</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hybrid electric vehicles (HEVs)</td>
<td>1,864</td>
<td>1,905</td>
<td></td>
</tr>
<tr>
<td>Plug-in hybrid electric vehicles (PHEVs)</td>
<td>56</td>
<td>48</td>
<td>116</td>
</tr>
<tr>
<td>Battery electric vehicles (BEVs)</td>
<td>0</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Fuel cell electric vehicles (FCEVs)</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>1,922</td>
<td>1,957</td>
<td>2,703</td>
</tr>
</tbody>
</table>

**Energy Used & Energy Intensity: Global**

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>11.7</td>
<td>10.1</td>
<td>10.2</td>
</tr>
<tr>
<td>Japan (excluding Toyota Motor Corporation)</td>
<td>20.0</td>
<td>17.8</td>
<td>19.4</td>
</tr>
<tr>
<td>North America</td>
<td>13.2</td>
<td>11.2</td>
<td>13.3</td>
</tr>
<tr>
<td>Europe</td>
<td>3.2</td>
<td>2.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Asia</td>
<td>7.8</td>
<td>6.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Others (South America, Oceania, Africa, Middle East)</td>
<td>2.0</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>58.0</td>
<td>49.9</td>
<td>55.6</td>
</tr>
</tbody>
</table>

**Organizational Boundary**

1. Toyota Motor Corporation and consolidated subsidiaries
2. Toyota vehicle production plants of unconsolidated subsidiaries (production processes)
3. Toyota Motor Corporation (excluding consolidated subsidiaries)
4. Excludes the freight category in the regulations for fuel efficiency as well as trucks and buses
5. Total (a) + (b)

In principle, fractions are rounded down to the nearest unit. For this reason, the total and the breakdown totals do not always match.
### Water Withdrawal: Global

#### By region

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>7.7</td>
<td>6.2</td>
<td>5.8</td>
</tr>
<tr>
<td>Japan (excluding Toyota Motor Corporation)</td>
<td>15.7</td>
<td>13.1</td>
<td>12.7</td>
</tr>
<tr>
<td>North America</td>
<td>6.9</td>
<td>5.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Europe</td>
<td>1.4</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Asia</td>
<td>6.7</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Others (South America, Oceania, Africa, Middle East)</td>
<td>1.1</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39.4</td>
<td>32.3</td>
<td>33.5</td>
</tr>
</tbody>
</table>

#### By water source*

<table>
<thead>
<tr>
<th>Source</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>31.9</td>
<td>26.9</td>
<td>29.3</td>
</tr>
<tr>
<td>Groundwater</td>
<td>0.2</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Seawater</td>
<td>2.1</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Third-party water</td>
<td>1.5</td>
<td>1.2</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35.7</td>
<td>30.1</td>
<td>33.9</td>
</tr>
</tbody>
</table>

* Classification items have been revised in accordance with GRI definitions.

### Water Discharge: Global

#### By water discharge destination

<table>
<thead>
<tr>
<th>Destination</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>31.9</td>
<td>26.9</td>
<td>29.3</td>
</tr>
<tr>
<td>Groundwater</td>
<td>0.2</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Seawater</td>
<td>2.1</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Third-party water</td>
<td>1.5</td>
<td>1.2</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35.7</td>
<td>30.1</td>
<td>33.9</td>
</tr>
</tbody>
</table>

### Water Consumption: Global

#### Water Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3.7</td>
</tr>
<tr>
<td>2020</td>
<td>2.2</td>
</tr>
<tr>
<td>2021</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

#### Calculation Method

- Calculated using the formula below in accordance with GRI 303
- Water consumption = water withdrawal – water discharge

### Recycled Water: Global

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.6</td>
</tr>
<tr>
<td>2020</td>
<td>0.6</td>
</tr>
<tr>
<td>2021</td>
<td>1.2</td>
</tr>
</tbody>
</table>

* Classification items have been revised in accordance with GRI definitions.

---

In principle, fractions are rounded down to the nearest unit. For this reason, the total and the breakdown totals do not always match.
## Recycling

### Raw Materials Used and Recycled Materials Use Rate: Global

<table>
<thead>
<tr>
<th>Material Type</th>
<th>Amount of raw materials used (million tons)</th>
<th>Ratio of recycled materials used (%)</th>
</tr>
</thead>
</table>

### Vehicles Recycled in Accordance with the End-of-life Vehicle Recycling Law: Toyota Motor Corporation

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount of appropriate End-of-life vehicle treatment and recycling processed (thousand vehicles)</th>
<th>Recycling rate (%)</th>
<th>Vehicle recovery rate (%)</th>
<th>ASR recycling rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FC stack</td>
<td>96 (2019), 96 (2020), 96 (2021)</td>
<td></td>
<td>99</td>
<td>96</td>
</tr>
</tbody>
</table>

### Information on Vehicles Recycled in Accordance with SASB Standards: Toyota Group

<table>
<thead>
<tr>
<th>Type</th>
<th>Weight of vehicles recovered (tons)</th>
<th>Recycling rate (%)</th>
<th>Vehicle recovery rate (%)</th>
<th>ASR processing volume (thousand tons)</th>
</tr>
</thead>
</table>

### Parts Recycled: Toyota Motor Corporation

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount recycled (units)</th>
<th>Recycling (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magnet*5</td>
<td>6.0 (2019), 10.0 (2020), 7.5 (2021)</td>
<td></td>
</tr>
<tr>
<td>Lead wheel balance weight*6</td>
<td>69.7 (2019), 59.7 (2020), 58.4 (2021)</td>
<td></td>
</tr>
</tbody>
</table>

### Bulk Supply System Oil Supply Rate: Toyota Motor Corporation

<table>
<thead>
<tr>
<th>Type</th>
<th>Oil supply rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive battery</td>
<td>64.0 (2019), 63.7 (2020), 48.8 (2021)</td>
</tr>
</tbody>
</table>
### Waste

#### Waste: Global

<table>
<thead>
<tr>
<th>By region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>29</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>Japan (excluding Toyota Motor Corporation)</td>
<td>131</td>
<td>110</td>
<td>120</td>
</tr>
<tr>
<td>North America</td>
<td>33</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td>Europe</td>
<td>10</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Asia</td>
<td>30</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>Others (Oceania, South America, Africa, Middle East)</td>
<td>8</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>241</td>
<td>200</td>
<td>231</td>
</tr>
</tbody>
</table>

#### By disposal operations

<table>
<thead>
<tr>
<th>Recycling for a fee (thousand tons)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>131</td>
<td>110</td>
<td>120</td>
</tr>
<tr>
<td>Japan (excluding Toyota Motor Corporation)</td>
<td>131</td>
<td>110</td>
<td>120</td>
</tr>
<tr>
<td>North America</td>
<td>33</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
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<td>10</td>
<td>11</td>
<td>15</td>
</tr>
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<td>Asia</td>
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<td>Others (Oceania, South America, Africa, Middle East)</td>
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</tr>
<tr>
<td>Total</td>
<td>241</td>
<td>200</td>
<td>231</td>
</tr>
</tbody>
</table>

#### By type

- **Non-hazardous waste**: 225 thousand tons
- **Hazardous waste**: 16 thousand tons
- **Per vehicle produced (kg/unit)**: 26.7

#### Conversion Factors

**A** Referenced Emission Factors

- **Electricity**: Emission factor method by electric company (partially used 2019 actual figures from the “IAE Emissions Factors 2021”)
- **Other Than Electricity**: Explanation of the Standard Calorific Value by Energy Source and Carbon Emissions Factors (FY2018 revision) by the Ministry of Economy, Trade and Industry

**B** Referenced Global Warming Potential

- **IPCC: Youth Assessment Report**

**C** Referenced Emission Factors

- **Categories 1, 2, 3, 5, 7, 14**: Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain, by the Ministry of the Environment of Japan
- **Category 4**: Guidelines for the Method to Calculate CO2 Emissions in the Distribution Sector, by the Ministry of Economy, Trade and Industry

**D** Referenced Emission Factors

- **Category 11**: Carbon Footprint of Products Communication Program, Basic database, by the Japan Environmental Management Association for Industry
- **Category 14**: Explanation of the Standard Calorific Value by Energy Source and Carbon Emissions Factors (FY2018 revision) by the Ministry of Economy, Trade and Industry

**E** Referenced Emission Factors

- **Electricity**: 1.6 GJ/MWh
- **Other Than Electricity**: Explanation of the Standard Calorific Value by Energy Source and Carbon Emissions Factors (FY2018 revision) by the Ministry of Economy, Trade and Industry

**F** Referenced Emission Factors

- **Greenhouse Gas Emissions Accounting and Reporting Manual** by the Ministry of the Environment

**G** Referenced Emission Factors

- **Greenhouse Gas Emissions Accounting and Reporting Manual** by the Ministry of the Environment

**H** Referenced Emission Factors

- **Greenhouse Gas Emissions Accounting and Reporting Manual** by the Ministry of the Environment

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In principle, fractions are rounded down to the nearest unit. For this reason, the total and the breakdown totals do not always match.
Toyota formulated the 7th Toyota Environmental Action Plan (2025 Target), a five-year action plan to achieve the Toyota Environmental Challenge 2050.

We promoted initiatives in all 23 items, making steady progress in general in FY2022.

<table>
<thead>
<tr>
<th>Six Challenges</th>
<th>No.</th>
<th>Action Items</th>
<th>Specific Actions and Targets</th>
<th>Progress Results in FY2022</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Vehicle Zero CO2 Emissions Challenge</td>
<td>1</td>
<td>Average CO2 emissions from new vehicles</td>
<td>Reduce global<em>1 average CO2 emissions (TtW</em>2, g/km) from new vehicles by 30 percent or more compared to 2010 levels</td>
<td>Reduced by 24 percent compared to 2010 levels</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Electrified vehicles</td>
<td>Make cumulative sales of 30 million electrified vehicles or more</td>
<td>Achieved total electrified vehicle sales of 2.7 million units, and cumulative sales of 20.3 million units</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td>Plant Zero CO2 Emissions Challenge</td>
<td>3</td>
<td>CO2 emissions from plants</td>
<td>Reduce CO2 emissions by implementing innovative technologies and daily kaizen and introducing renewable energy</td>
<td>Accelerated CO2 emissions reduction activities by developing and introducing low-CO2 production technologies and globally sharing daily kaizen practices through shop-oriented environmental activities</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td>Life Cycle Zero CO2 Emissions Challenge</td>
<td>4</td>
<td>Life cycle CO2 emissions</td>
<td>Reduce CO2 emissions by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels</td>
<td>Reduce CO2 emissions by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td>Logistics</td>
<td>5</td>
<td>Japan</td>
<td>Reduce CO2 emissions by 7 percent by improving transport efficiency compared to 2018 levels (average of 1 percent reduction per year)</td>
<td>Japan</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan Other regions</td>
<td>Reduce CO2 emissions by ocean-going vessels (Switch two car carriers to liquid natural gas LNG powered pure car carriers)</td>
<td>Improved transport efficiency, including loading efficiency improvements, joint transport, modal shifts and use of tandem trailers, and used low-carbon technology</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td>Suppliers</td>
<td>6</td>
<td>Promote CO2 emissions reduction activities among major suppliers</td>
<td>Started communication on climate change measures with suppliers in each region</td>
<td>Started communication on climate change measures with suppliers in each region</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
<tr>
<td>Dealers and distributors</td>
<td>7</td>
<td>Achieve 100 percent introduction rate for CO2 emissions reduction items at newly constructed and remodelled dealers</td>
<td>Promoted initiatives to achieve the target in 54 major countries and regions, including Japan, North America, Europe, Asia, Latin America, Oceania and Africa (which covers 92 percent of the total vehicle sales)</td>
<td>Achieved the target in 41 countries and regions, and promoted initiatives to achieve the target in other countries</td>
<td>Evaluation Legend: <strong>Progressed smoothly</strong></td>
</tr>
</tbody>
</table>
### Six Challenges

<table>
<thead>
<tr>
<th>Challenge No.</th>
<th>No.</th>
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<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge of Minimizing and Optimizing Water Usage</td>
<td>8</td>
<td>Water quantity</td>
<td>• Reduce water usage taking the water environment in each country and region into consideration</td>
<td>Promoted daily kaizen, wastewater recycling, and rainwater use</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Promote wastewater recycling, rainwater use, and various activities including daily kaizen</td>
<td>Reduced by 11 percent compared to 2013 levels</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td>Challenge of Minimizing and Optimizing Water Usage</td>
<td>8</td>
<td>Water quantity</td>
<td>• Reduce global water usage by 3 percent per vehicle produced compared to 2013 levels (reduce by 34 percent compared to 2001 levels)</td>
<td>Promoted measures at Challenge-focused plants</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Complete measures at 2 Challenge-focused plants where the water environment is considered to have a large impact</td>
<td>Continued to manage water discharge quality under internal standards that are stricter than regulatory standards</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td>Challenge of Establishing a Recycling-based Society and Systems</td>
<td>9</td>
<td>Water quantity</td>
<td>• Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards</td>
<td>Continued to manage water discharge quality under internal standards that are stricter than regulatory standards</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Continuously assess the impact of wastewater at all plants where it is discharged directly into the river</td>
<td>Conducted assessment at all plants where it is discharged directly into the river</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td>Challenge of Establishing a Recycling-based Society and Systems</td>
<td>10</td>
<td>Toyota Global 100 Dismantlers Project</td>
<td>• Complete setup of 15 model facilities for appropriate treatment and recycling of End-of-Life vehicles</td>
<td>Completed setup of 9 facilities in total, including 2 facilities in India, in addition to the maintenance and management of 7 facilities already set up</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Continuously accelerate easy-to-dismantle designs</td>
<td>Continued to integrate easy-to-dismantle designs in new vehicles, published a collection of examples of easy-to-dismantle cases in Japan (through collaboration between the Japan Automobile Manufacturers Association and dismantlers), and conducted mass advertising on an individual company basis as Toyota (won the 2021 Japan Industrial Advertisement Award)</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Integrate easy-to-dismantle designs to respond to appropriate treatment and recycling of End-of-Life vehicles and resource issues, and provide appropriate information (large batteries, fuel cell (FC), hydrogen tank)</td>
<td>Develop technologies to utilize recycled materials (especially plastics) in accordance with the conditions in each region</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Establish a safe and efficient system for battery 3R*:1, aiming the widespread use of electrified vehicles</td>
<td>Promoted utilization by technological development to optimally exploit recycled materials in Europe and to increase the supply of recycled materials in Japan</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Aim to maximize collection and detoxification of End-of-Life batteries globally</td>
<td>Japan</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Start operating battery 3R throughout 5 regions—Japan, U.S., Europe, China, and Asia *1 Relict, Reuse, and Recycle</td>
<td>Participated in the Battery Recycling and Reuse Council in Kobe/Kansai Area and started evaluation and demonstration of the grid interconnection of reused batteries</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Develop technologies to utilize recycled materials (especially plastics) in accordance with the conditions in each region</td>
<td>For recycled plastics, set and announced the target to expand their utilization by 2030</td>
<td>.lazybones-emoji</td>
</tr>
<tr>
<td>Challenge of Establishing a Future Society in Harmony with Nature</td>
<td>11</td>
<td>Toyota Global Car to Car Recycle Project</td>
<td>• Establish a safe and efficient system for battery 3R*:1, aiming the widespread use of electrified vehicles</td>
<td>Japan</td>
<td>.lazybones-emoji</td>
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<td></td>
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<td></td>
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<tr>
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<td></td>
<td></td>
<td>• Promote utilization by technological development to optimally exploit recycled materials in Europe and to increase the supply of recycled materials in Japan</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
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<td>Participated in the Battery Recycling and Reuse Council in Kobe/Kansai Area and started evaluation and demonstration of the grid interconnection of reused batteries</td>
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<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Evaluation Legend
- **U-**: Progressed smoothly
- **U-**: Target expected to be achieved by FY2026 although there are some issues
- **-**: Target expected not to be achieved by FY2026
## Environmental Management

<table>
<thead>
<tr>
<th>No.</th>
<th>Action Items</th>
<th>Specific Actions and Targets</th>
<th>Progress Results in FY2022</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Chemical substances</td>
<td>• Implement thorough management by carefully considering legal trends in each country and region</td>
<td>• Steadily introduced vehicles that comply with the latest regulations and restricted substances</td>
<td><img src="progress" alt="" /></td>
</tr>
</tbody>
</table>
| 16  | Air quality                   | Steadily introduce low-emission vehicles and boost further improvement by introducing and increasing ZEVs*<sup>1</sup>  
• Zero Emission Vehicles: Vehicles that have the potential not to emit any CO<sub>2</sub> and NOx (nitrogen oxide) during driving such as battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs)  
• Production: Continue volatile organic compound (VOC) emissions reduction activities and maintain industry-leading level | • Product  
• In response to stricter emissions regulations in various countries and regions, steadily introduced vehicles that satisfy those regulations  
• Production: Promoted a switch to water-based paint in the bumper painting process  
• Took measures to completely eliminate the use of ozone-depleting substances (ODS)  
• No significant releases occurred | ![](progress) |
| 17  | Waste                         | Promote activities to thoroughly reduce waste globally and aim to minimize the volume of resource input and waste, with the environment and economy in balance | Promoted activities to reduce waste through development and deployment of waste reduction-oriented production technologies and daily kaizen activities | ![](progress) |
| 18  | Logistics packaging           | Implement initiatives to reduce and recycle plastics used in packaging and recycle them         | Continued to promote the reduction of plastics used in packaging by reviewing packaging specifications and active use of recycled materials | ![](progress) |
| 19  | Risk Management               | Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region | There were 2 environmental non-compliance issues in the production area (1 in Japan and 1 in the other region) and 1 complaint in the non-production area (1 in Japan), for which measures were completed  
There were no significant violations of environmental laws and regulations and environmental non-compliance issues | ![](progress) |

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* ZEV: Zero Emission Vehicle

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**Evaluation Legend**

- ✔: Progressed smoothly
- ✗: Target expected to be achieved by FY2026 although there are some issues
- —: Target expected not to be achieved by FY2026
Third-party Verification

Verification Opinion

Mr. Akio Toyoda
President,
Member of the Board of Directors
Toyota Motor Corporation
1 Toyota Chu, Toyota City, Aichi Prefecture
Japan

Objective

SGS-Japan Inc. (hereinafter referred to as “SGS”) was commissioned by Toyota Motor Corporation (hereinafter referred to as “the Organization”) to complete the verification based on Criteria of Verification (GS-J01A4-3-2019) and the SGS verification protocol regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as “the statement”).

The objective of this verification is to confirm that the data in the Organization’s applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third-party. The Organization is responsible for the preparation and presentation of the statement.

Scope

The scope of verification is Scope 1 and Scope 2: energy consumption; Scope 3 emissions; water usage; waste volume and automobile-related environmental performance (disclosed in the Toyota Sustainability Data Book).

The period under its report as FY2022. Refer to the attached sheet in Exhibit.

Procedure of Verification

The statement was verified in accordance with criteria of verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, calculation, and reporting methods employed by the Organization as well as review of related documents and records.
- Verification of the statement: On-site verification and review of source documentation at Tsuchiura Plant, and on-site verification and troubleshooting carried out remotely, by connecting the Organization’s Head Office with the Tsuchiura Plant via the Internet as special measures due to COVID-19 outbreak. Analytical procedures and interviews with the other sites in the scope of verification carried out at the Head Office.


Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization’s statement was not calculated and reported in conformance with the criteria. SGS-Japan Inc. affirms its independence from the Organization, being free from bias and conflicts of interest with the Organization.
<table>
<thead>
<tr>
<th>Vehicle produced</th>
<th>Company, BcE aggregation units</th>
<th>Production site of Toyota Motor Corporation and consolidated subsidiaries (236 domestic and overseas companies, 213 aggregation units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Energy Consumption (Global by region, by type)</td>
<td>SgS</td>
<td>Scope 1 &amp; 2 (energy-related CO2)</td>
</tr>
<tr>
<td>27 Electricity</td>
<td>SgS</td>
<td>Scope 1: 3.08 million t-CO2 Scope 2: 2.22 million t-CO2</td>
</tr>
<tr>
<td>28 Water Usage: Global (by region)</td>
<td>SgS</td>
<td>Scope 1: 12.87 million m³ Scope 2: 4.05 million m³</td>
</tr>
<tr>
<td>25 Water Intensity: Global (per vehicle production)</td>
<td>SgS</td>
<td>Scope 1: 0.07 million m³ Scope 2: 0.07 million m³</td>
</tr>
<tr>
<td>26 Waste Volume: Global (by region)</td>
<td>SgS</td>
<td>Scope 1: 2.30 million m³ Scope 2: 3.38 million m³</td>
</tr>
<tr>
<td>27 Waste Intensity: Global (per vehicle produced)</td>
<td>SgS</td>
<td>Scope 1: 3.50 million m³ Scope 2: 5.28 million m³</td>
</tr>
</tbody>
</table>

The period values depending on the fiscal year of each country (01 January 2021 to 31 December 2021, 01 April 2021 to 31 March 2022, 01 September 2021 to 31 August 2022).
<table>
<thead>
<tr>
<th></th>
<th>Overview</th>
<th>Promoting Sustainability</th>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
<th>Content Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>58</td>
<td>Respect for Human Rights</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>65</td>
<td>Diversity, Equity, and Inclusion (DE&amp;I)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>73</td>
<td>Value Chain Collaboration</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>76</td>
<td>Vehicle Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>Quality and Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>85</td>
<td>Information Security</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>88</td>
<td>Privacy</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>90</td>
<td>Intellectual Property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>91</td>
<td>Human Resource Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>96</td>
<td>Health and Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102</td>
<td>Social Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103</td>
<td>Social Data</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fundamental Approach

Aim

- Toyota aims to be the best company in town, both loved and trusted by the people.
- We respect and honor the Human Rights of our employees, customers, and all people impacted by our business activities.
- Each employee contributes to the creation of a decent work environment that promotes safety & health, respects each employee’s dignity, free from any human rights abuse including discrimination, harassment, child labor, and forced labor.

Initiative

- Toyota refers to and also respects the “United Nations Guiding Principles on Business and Human Rights” (UNGP), and promotes activities related to Human Rights based on these guidelines.
- Individuals working at Toyota respect Toyota’s Human Rights policy and also align suppliers with the Sustainability Supplier Guidelines, and implement Human Rights due diligence and educational activities.

Organizational Structure

Aim

- To ensure that the company fulfills its corporate responsibility to respect Human Rights by embedding, implementing and conducting the necessary processes and actions.

Initiative

- The direction and challenges of the initiatives are reported to and discussed at the Sustainability Subcommittee. Key issues are consulted to the Sustainability Meeting and brought up to the Board of Directors meeting for oversight and decision-making.

Policy Development and Dissemination

Aim

- Toyota’s Human Rights Policy applies to all executives and employees at Toyota and its subsidiaries. We also expect our business partners, including our suppliers, to understand and agree with this policy, and to work with us to ensure that their business operations respect this policy. This policy includes:
  - Respect for internationally recognized Human Rights in line with the international norms including the UNGP and the Universal Declaration of Human Rights.
  - Compliance with international Human Rights obligations together with the laws and regulations of the countries in which we operate.

Initiative

Development of Human Rights policies

- The Human Rights policy was developed with advice from third-party specialist Human Rights organizations.
- The policy was supported by the top management, and the policy was further developed utilizing feedback from internal divisions, the supply chain, and regional affiliates.
- The policy was approved by the Board of Directors.

Dissemination within the company

- In August 2022, Human Rights training content was developed, and during the month of August all current Toyota Motor Corporation employees completed the human rights training. To continuously educate the workforce and eliminate any gaps, the training content has been incorporated into the induction material for new recruits in the organization.
- The human rights policy was further rolled out to other regional Toyota affiliates.
- Through the Supplier Sustainability Guideline cascaded to 1st Tier Suppliers, we expect the suppliers to embed the policy in their own operation and disseminate it to their supply chain.
- This has so far led to the incorporation of specific Human Rights statements within the Dealer Basic Contracts, and into the new business planning guidelines.
Human Rights Due Diligence

Aim
- Continuously identify and assess risks related to Human Rights impacts on stakeholders, while at the same time ensuring mitigation and preventative measures are implemented.

Initiative

Identification and Assessment
- The methodology, process, and actions are developed in line with various international standards and norms.
- For issues related to the automotive industry, Toyota consults Human Rights experts and other relevant stakeholders to classify and analyze the risks from two viewpoints: the impact on stakeholders and relevance to Toyota’s business.
- For raw materials, we consider the sourcing region, quantity, and type of material.
- Reporting and risk assessment are conducted within the framework of the organization for sustainability management (Sustainability Subcommittee).

Prevention
- Continuous Risk Monitoring operations include:
  Business partner collaboration, interaction with Human Rights associations, affected stakeholder consultations, and Human Rights risk research.

Mitigation
- For each of the prioritized risks, Toyota develops a risk mitigation plan through an agreement with the affected stakeholders while also being guided by specialist external bodies.
- These plans are tracked and reviewed annually by the human-rights-related functions to evaluate their progress and effectiveness, while the need for improvement is also determined.

Remedy
- Development and implementation of a Grievance Mechanism
  - Internal: Speak Up Hotline
  - Consolidated subsidiaries: Toyota Helpline for Subsidiaries
  - Migrant workers: JP MIRAI Speak Up for Migrant Workers
  - Toyota Dealers: Helpline for Dealers

Engagement with Business Partners (Supply Chain Due Diligence)
- Supplier Sustainability Guidelines include a requirement for suppliers to ensure compliance with laws and regulations, and to respect Human Rights.
- Toyota works together with suppliers on risk monitoring, tracking, and remediation, which then also allows for guidance and support for potentially affected stakeholders.
- Methods for working with suppliers include:
  - Direct collaboration with Tier 1 suppliers and group companies.
  - Collaboration with Tier 1 suppliers and other stakeholders for Tier 2 suppliers and deeper.
  - In December 2022, Toyota’s approach to promote human rights due diligence and initiatives was introduced at the Human Rights Risk Management Committee of Kyohokai, a voluntary organization consisting of suppliers to Toyota.

Engagement with stakeholders
- Toyota partners with external stakeholders to fully understand and align with societal expectations, while also maintaining legal compliance in all operations including the supply chain.
- For raw materials, we consider the sourcing region, quantity, and type of material.

Stakeholders
<table>
<thead>
<tr>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSR</td>
</tr>
<tr>
<td>CHRB</td>
</tr>
<tr>
<td>WDi</td>
</tr>
<tr>
<td>GIRM</td>
</tr>
<tr>
<td>The Global Alliance for Sustainable Supply Chain</td>
</tr>
<tr>
<td>IOE</td>
</tr>
<tr>
<td>JP-MIRAI</td>
</tr>
</tbody>
</table>

2023 Priority Salient Risks
- As a result of identifying and assessing our salient risks, Toyota maintains due diligence with high priorities on the following risks for 2023: supply chain due diligence, forced labor, child labor, harassment, and discrimination (gender).
- If any other sudden or unforeseen salient risks emerge in our business, we may review our priorities and conduct ad hoc due diligence activities.
Initiatives for Migrant Labor (Forced Labor)

Aim
- Ensure decent and acceptable working conditions, which include freedom of movement, fair treatment, and proper employment contracts for migrant workers in our business operations and supply chain.

Initiative
- Recognize that migrant workers are vulnerable to exploitation and forced labor. We are also aware that potential risks of forced labor involving migrant workers may exist within our business, supply chain, and value chain due to the nature of our business.
  - Migrant labor has been identified as one of the salient issues since 2019.
  - As part of our due diligence activities, we have been working non-governmental organizations to ensure fair working conditions for migrant workers within our affiliates and suppliers, both inside and outside Japan.

Guidelines and declaration development
- Guidelines have been developed 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.
- Participation in the formulation of ASSC Tokyo Declaration 2020.1

Risk Assessment
- In light of the issues surrounding migrant labor, a task force was assembled to conduct surveys on matters that are considered particularly serious. The following surveys were carried out from 2022 to 2023 at Toyota subsidiaries both in Japan and overseas.

[Survey 1]

Survey scope
- Toyota’s domestic and overseas subsidiaries

Survey description
- The number of migrant workers*
- The countries the workers migrated from
- The percentage of indirect recruitment
- Possible issues in the recruitment and/or repatriation process

Example: charging of high recruitment fees, withholding of passports or identification documents, prohibiting return to the home country, etc.

Survey results
- No infringements are being placed upon migrant workers at local operations and at our subsidiaries

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

Migrant workers at Toyota Subsidiaries by region

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Migrant Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,021</td>
</tr>
<tr>
<td>North America</td>
<td>100</td>
</tr>
<tr>
<td>Latin America</td>
<td>108</td>
</tr>
<tr>
<td>Europe</td>
<td>3,089</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>14</td>
</tr>
<tr>
<td>Asia</td>
<td>234</td>
</tr>
<tr>
<td>Oceania</td>
<td>9</td>
</tr>
<tr>
<td>China</td>
<td>2</td>
</tr>
</tbody>
</table>

[Survey 2]

We recognized that a survey focusing on foreign technical internship trainees,2 who are generally at high risk of being subjected to forced labor due to serious debt, was needed.

* Foreign Technical Internship Trainees are foreign workers sent to Japan for the purpose of technical skills training. There are 158 operations in 86 job categories, and trainees are dispatched to various industries in the hopes of acquiring much needed technical skills to be used in operations in their home countries upon their return.

Survey scope
- Group companies and their major Tier-1 suppliers
- Toyota’s own major Tier-1 suppliers.

Survey description
- The numbers of foreign technical internship trainees and their dispatching countries

Survey results
- Vietnam, China, and Indonesia account for 80% of the dispatched technical internship trainees.
- Based on the survey results, detailed fee information is obtained from supervisory organizations and sending organizations, focused on technical intern trainees from Vietnam, China, and Indonesia.
- Fee details should be inquired of when they are significantly high.

Foreign Technical Internship Trainees Utilization (Japan)

<table>
<thead>
<tr>
<th>No. of Companies Surveyed</th>
<th>No. of Companies That Utilize Foreign Technical Internship Trainees</th>
<th>No. of Foreign Technical Internship Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Group Companies and their major Tier-1 Suppliers</td>
<td>295</td>
<td>121</td>
</tr>
<tr>
<td>Tier-1 Suppliers</td>
<td>280</td>
<td>75</td>
</tr>
<tr>
<td>Toyota Dealers</td>
<td>248</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>823</td>
<td>216</td>
</tr>
</tbody>
</table>
Collaboration with JP-MIRAI

In 2020, Toyota was part of the initial body that led to the establishment of the “Japan Platform for Migrant Workers toward a Responsible and Inclusive Society (JP-MIRAI),” which has now grown to be a multi-stakeholder framework for resolving issues faced by migrant workers in Japan.

In May 2023, JP-MIRAI officially started operation of a grievance mechanism for migrant workers after a one-year pilot program.

- This mechanism aims to resolve issues in an appropriate and timely manner, and has the support and cooperation of Toyota.
- Contents of the services provided:
  - a multilingual web portal and application that provide relevant information on living and working in Japan
  - a grievance mechanism for making complaints
  - Follow-up support for cases that are likely to develop into serious problems
  - an Alternative Dispute Resolution (ADR) mechanism

* Over 600 members, consisting of various stakeholders such as private companies, local governments, NPOs, academics, and lawyer

Information Disclosure

From 2021 “Toyota’s action taken for Forced Labor of Migrant Workers (Statement on the Modern Slavery Acts)” is disclosed

Initiatives for Wage

Aim

To pay an appropriate level of wages that ensures compliance with applicable laws and regulations and competitiveness in order to secure necessary human resources and build a sense of security among employees.

Initiative

- If the minimum wage increases, revise employee compensation as necessary.
- To improve the compensation for temporary workers, Toyota provides family allowance, subsidizes meal costs, grants special leave, and established channels allow for the conversion of temporary workforce employees to permanent employees, making their conditions equivalent to those of permanent employees.

Initiatives for Appropriate Working Hour Management and Flexible Work Styles

Aim

- Comply with laws and regulations related to working hours, breaks, and leave.
- Through thorough communication between labor and management, ensure the health and safety of employees.
- Promote flexible workstyles without restrictions of time and location, with a view to improving productivity and supporting employees in balancing work with childcare/family care.

Initiative

- Track and manage arrival/departure times and computer logging in and logging out times through the time management system, and have the supervisor confirm the record by approving it.
- Visualize workload and annual paid leave utilization statuses through thorough communication between supervisors and members to reduce long working hours and ensure the utilization of annual paid leave.
- Offer various systems such as the FTL (Flexible Time & Location) system, which enables teleworking, and a system for reduced working hours, to support both a flexible workstyle and balancing of work with childcare/family care.
- If an employee requests permission to conduct a side business, decide whether or not it is acceptable according to criteria including safety consideration, confidentiality, non-competition, duty of good faith, etc.
Initiatives for Anti-harassment

**Aim**
- Toyota does not tolerate any form of harassment, such as sexual harassment, power harassment, or any act that harms the dignity of any individual.
- Aim to create a workplace where all employees can work happily.

**Initiative**
- Employment rules clearly specify the prohibition of harassment and disciplinary provisions in the case of harassment.
- The Toyota Code of Conduct clearly states that Toyota will not tolerate any form of harassment.
- Annual online training programs deployed to all employees, from executives and managers to regular employees, to ensure comprehensive awareness
  - Training for executives and managers (approx. 8,800 employees)
  - Training for regular employees (approx. 33,000 employees)
- Toyota’s external and internal hotlines have been integrated into the “Speak up” Hotline as a system that enables early detection and resolution of employees’ problems and workplace issues.
- Conduct training by psychology experts to look deeply into the mental health of individuals, with the aim of not only preventing harassment but also helping the creation of workplaces where members can work happily.

Initiatives for Inclusion of Diverse Culture

**Aim**
- Respect various cultures and customs while supporting members to live and work under safe and secure conditions.

**Initiative**
- **Choice of meals**
  - Canteen: The canteen labels and displays a wide array of daily meals for improved inclusivity and visibility, considering the varying dietary requirements in our business.
  - Dormitory: Self-catering facilities, room arrangement that considers dietary habits, such as vegetarian meals, etc.
- **Worship facilities**
  - Prayer rooms and equipment available for rent and foot-washing facilities
- **Daily life support**
  - Language assistance (interpretation, language learning, lending translation tools, etc.), liability insurance, 24-hour medical assistance services, support for obtaining a driver’s license

Initiatives for Child Labor

**Aim**
- Toyota does not accept any forms of child labor, which deprives children of educational opportunities and inhibits their growth and development.
- In line with international norms, we adhere to the following conditions:
  - The minimum age for employment shall be 15 years of age, the legal minimum age for employment, or the age of completing compulsory education, whichever is the highest under the local applicable laws and regulations.
  - Do not use employees below 18 years of age for hazardous work.
  - Bona fide job training or apprenticeship programs permitted under applicable local laws and regulations.
- Aim to enhance due diligence activity in the high-risk sector of child labor in our supply chain.

**Initiative**
- **Enhance due diligence activity in the high-risk sector of child labor in our supply chain.**
Initiatives for Freedom of Association

**Aim**
- Toyota’s “Respect for People” philosophy aims to respect individual capabilities, ways of thinking, and creativity, and harness them fully.
- Based on the Universal Declaration of Human Rights, we respect our employees’ right to freely assemble 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.
- We take every opportunity to engage in thorough dialogue with employees and build healthy labor relations regardless of whether or not there is a union.

**Initiative**
- 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.
- Cooperation with subsidiaries:
  - In order to determine the level of communication with employees and other issues related to freedom of association, we periodically send out questionnaires from our subsidiaries and request that improvement be made to policies and activities based on the responses.
  - For subsidiaries required concentrated initiatives, associates from Toyota Motor Corporation are dispatched to review policies and activities, and work with the subsidiary in question to enhance communication with and training for employees regarding Toyota’s policies concerning freedom of association and legal compliance.
- Cooperation with suppliers:
  - As a part of its global due diligence activities, Toyota investigates possible infringement on Freedom of Association within the supply chain, and recommends corrective actions. (2020–2022: 3 cases)
- Unionization situation:
  - Countries with Unionized Operations (only countries/regions with manufacturing): 90% (19/21 countries)

Initiatives for Precarious Work

**Aim**
- Our businesses require personnel equipped with both advanced skills and a deep understanding of Toyota’s values. In order to achieve this, a long period of time is required to cultivate such personnel. Therefore, Toyota strives to provide stable employment even when the external environment is harsh.
- Due to demand fluctuations in the automotive industry, Toyota hires temporary personnel for fixed periods, based on the customs and labor laws of each region, while also ensuring fair working conditions.

**Initiative**
- Based on the customs and labor laws of each region, Toyota practices the following:
  - Confirms the composition of employees at affiliates in various countries, and for non-permanent employment relationships, we identify affiliates requiring prioritized examination.
  - Dispatches associates to identified affiliate sites, where they implement improvements such as reallocations and reviews of employment rules related to contract terms where necessary. (In 2019: 3 cases, 2020-2022: 0)
Responsible Mineral Procurement

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. Based on the policy, Toyota has been implementing measures to avoid human rights issues, such as child labor and forced labor.

Investigation and disclosure on the use of Conflict Minerals (Compliance with the U.S. Dodd-Frank Act)

- Since 2013 Toyota has been conducting a reasonable country-of-origin inquiry every year with due diligence throughout its global supply chain in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas.
- We request that the suppliers make corrections if there are any errors and/or omissions in their responses, in order to improve the effectiveness of our efforts.
- In cooperation with the Responsible Minerals Initiative (RMI), Toyota Motor North America (U.S.) has been engaging in the activities of the Conflict-free Sourcing Working Group and the working group of the Automotive Industry Action Group (AIAG) on conflict minerals originating from the Democratic Republic of the Congo.
- Example: Background surveys of smelters/refiners, prodding smelters/refiners to participate in the Responsible Minerals Assurance Process (RMAP).

Responsible Cobalt Procurement

- Toyota has been advancing activities to study the supply chain related to batteries, a major component using cobalt, using the Cobalt Reporting Template, or CRT, provided by RMI, and has identified several smelters (as of March 31, 2020). We will continue conducting investigation.
- If any risk is identified as a result of the survey, we will implement appropriate measures to mitigate the risk.
- By participating in activities of the RMI Cobalt Working Group, TMNA (U.S.) has been encouraging smelters/refiners to acquire certificates.

Education Related to Human Rights

Aim

- In order to promote understanding of Human-Rights-related matters and to encourage actions towards open and honest communication as well as to advance non-discrimination, Human Rights training is aimed at our executives, employees and business partners.

Policies and Approaches to Responsible Mineral Sourcing

Responsive Cobalt Procurement

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Fundamental Approach

Aim

- Toward the transformation from a car company into a mobility company and continuous innovations in existing areas, create an attractive workplace where employees with wide-ranging skills and values can demonstrate their abilities to the fullest.

Initiative

- Nurture opportunities where all employees can demonstrate their full potential.
- No tolerance of any form of discrimination at the workplace such as discrimination based on gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital status, or the presence of children, etc.
- Create a work environment with no harassment.

PRIDE Indicators

- Toyota Motor Corporation was awarded the Gold Prize in PRIDE INDEX, presented by "work with Pride", one of the volunteer associations supporting the facilitation and establishment of diversity management of sexual minorities.
- In addition, Toyota Motor Corporation also received the Best Practice Prize in PRIDE INDEX for Rainbow Match, one of the official games for our Softball team which was evaluated as an opportunity for realizing and considering LGBTQ+ through sport.

Top 50 Companies For Diversity 2023

- Toyota Motor North America won 4th place in the general division of the Top 50 Companies for Diversity 2023 ranking announced by U.S. Diversity Inc.

Updated in June 2023

Organizational Structure

Aim

- Formulation, consensus building, and implementation of policies for initiatives related to the promotion of diversity, equity, and inclusion.

Initiative

- Approaches, issues, and other matters are reported to and discussed at the Sustainability Subcommittee. Key issues are consulted to the Sustainability Meeting and brought up to the Board of Directors meeting for oversight and decision-making.

Promoting Sustainability

- The Human Resources Department plays a central role in developing global Toyota-wide measures tailored to each region.
  - We have set up dedicated diversity and inclusion promotion organizations in Toyota Motor Corporation (Japan), Toyota Motor North America (U.S.), Toyota South Africa Motors (Pty) Ltd. (South Africa).
  - In many regions we have established diversity and inclusion promotion organizations consisting mainly of concurrent appointments within the area of human resources.
**Women’s Activity**

**Aim**
- The promotion of gender diversity is a particularly important issue for Toyota Motor Corporation in Japan, and we are implementing initiatives involving both women and workplaces to create an environment where diversity is leveraged to boost competitiveness.

**History of Initiatives**
- 2002: Launched “Initiatives centered on expansion and establishment of measures to support work-life balance”
- From 2012: Enhancement and active support of environment that can support women to gain motivation and support their participation (especially development of female managers)
- From 2021: Unconscious bias training for all management and supervisors in the company
- From 2022: Strengthen diversity training (basic courses and management courses)

**Overall Image of Initiatives to Promote Women’s Participation in the Workplace (Administrative and Engineering Employees)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Changes</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Expansion of Programs</td>
<td>Established programs on retention of and opportunities for women</td>
<td>Introduced reduced working hours and exemption from late-night work</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Established childcare centers</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Focus on Retention</td>
<td>Expanded programs to promote retention</td>
<td>Introduced daycare for sick children/overnight daycare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Introduced a system supporting women returning to work</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Retention + Increased Opportunity</td>
<td>Shifted focus on supporting childcare to generating motivation</td>
<td>Introduced teleworking at home</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prepared individualized career development plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Expanded teleworking at home</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Introduced Re-employment Program</td>
</tr>
</tbody>
</table>

**Overall Image of Initiatives to Promote Women’s Participation in the Workplace (Shop Floor Employees)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Changes</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Established childcare centers</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Focus on Retention</td>
<td>Expanded programs to promote retention</td>
<td>Introduced permanent day shift work system*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Introduced daycare for sick children/overnight daycare</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Retention + Increased Opportunity</td>
<td>Generalize motivation and create environments for good performance</td>
<td>Introduced permanent night shift work system</td>
</tr>
</tbody>
</table>

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

**1. Implementation Period**
- April 1, 2020 to March 31, 2025

**2. Provision of work-life opportunities for female employees**
- The ratio of females in managerial positions is low (continuation of our activity from 2016-2020 is necessary).
- The number of females in managerial positions in 2014 to be increased fourfold by 2025, and fivefold by 2030

**System Development**
- The creation of a system that reports on the progress of female training in each department to our board members (from 2023)

**Employee Training**
- The development and implementation of a plan for individual employee training (continuation from before 2020). The utilization of a mentoring system (from 2023)

**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**
- The teleworking system is not utilized enough yet.
- 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
- 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 2023)
Toyota Motor Corporation’s Action Plan Based on the Act on Advancement of Measures to Support Raising Next-generation Children

1. Period
April 1, 2023 – March 31, 2025

2. Details

<table>
<thead>
<tr>
<th>Period</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2023 – March 31, 2025</td>
<td>Enhancing diversity training for all employees</td>
</tr>
<tr>
<td></td>
<td>Promoting use of day-care facilities for sick children by informing local residents</td>
</tr>
<tr>
<td></td>
<td>Easing the applicable conditions for shorter working hours for childcare</td>
</tr>
<tr>
<td></td>
<td>Reinforcing resources to ensure diversity and reserve the capacity for taking on challenges</td>
</tr>
<tr>
<td></td>
<td>Introducing an evaluation system that places emphasis not on length of service or academic background but on current capabilities and challenges</td>
</tr>
<tr>
<td></td>
<td>Providing experience reports of employees who have taken childcare leave</td>
</tr>
<tr>
<td></td>
<td>Conducting seminars to encourage employees to take childcare leave regardless of gender</td>
</tr>
<tr>
<td></td>
<td>Together with 9 group companies, Toyota established the Toyota Female Engineer Development Foundation in 2014 to contribute to the promotion of women’s participation in manufacturing businesses in Japan.</td>
</tr>
<tr>
<td></td>
<td>Target for % of female new graduates: 40% for administrative development</td>
</tr>
<tr>
<td></td>
<td>Recruitment</td>
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<tr>
<td></td>
<td>Creating an environment where an employee can balance work and life, childcare, and nursing care regardless of gender</td>
</tr>
<tr>
<td></td>
<td>Promote active participation by all members, focusing on diversity, growth, and contribution as three main pillars</td>
</tr>
<tr>
<td></td>
<td>Promoting use of day-care facilities for sick children by informing local residents</td>
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</tr>
<tr>
<td></td>
<td>Enhancing diversity training for all employees</td>
</tr>
</tbody>
</table>

Support for Keidanren’s "Challenge to 30% by 2030"*

Toyota Motor Corporation expresses its support for the initiative and has been working toward the target in accordance with Toyota Motor Corporation Action Plan for the promotion of female employee participation and advancement in the workplace.

Initiatives at All Ranks

- Initiatives are promoted in all ranks, from development and expansion of next-generation human resources to securing diversity in top management.

Toyota Motor Corporation

Major Items

- Next-generation development and expansion
- Recruitment
- Career development support

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim 1</td>
<td>Promoting active participation by all members, focusing on diversity, growth, and contribution as three main pillars</td>
</tr>
<tr>
<td>Aim 2</td>
<td>Enhancing diversity training for all employees</td>
</tr>
<tr>
<td>Aim 3</td>
<td>Creating an environment where an employee can balance work and life, childcare, and nursing care regardless of gender</td>
</tr>
<tr>
<td>Aim 4</td>
<td>Expanding ushership of support facilities and infrastructure to external staff</td>
</tr>
</tbody>
</table>

Career development support

- Round-table meetings with in-house and external role models: Designed for female managerial candidates and young employees in management roles. Participants meet and talk with more experienced employees and executives to learn about the diverse range of choices available to them, providing a glimpse of their future career path.
- Participation in Japan Institute for Women’s Empowerment & Diversity Management programs: Participation in 21st century seminars for women’s empowerment and training seminars in women in management.

Promotion to managerial positions

- Achieve 2025 target (the number of females in managerial positions in 2014 to be increased fourfold by 2025). To accelerate company-wide initiatives, plans and measures of each division are gathered by the personnel function and reported to the Sustainability Meeting.
- The Human Resources Division works closely with each workplace to confirm the progress of candidates for promotion each year. Candidates are given challenging roles equivalent to a higher rank.

Developing candidates for upper management

- Development of candidates through succession plans. Results as of June 2023.
- Percentage of women in executive positions: 12.5%*2

Diversity among Members of the Board of Directors and the Audit & Supervisory Board

- Directors are appointed with comprehensive consideration and based on their past achievements and experience regardless of their gender, nationality or any other factors, with the aim of placing the right person in the right position. Results as of June 2023.
- Percentage of Female Directors and Audit & Supervisory Board Members: 12.5% (2 out of 16)
 Initiatives at Major Global Operations

**Toyota Motor Europe NV/SA (Belgium)**
- Held company-wide events during the week of International Women’s Day (Video message by top management, workshops, etc.)
- Working couple support: Home-working system, part-time working regime, support in finding employment for spouses of employees sent to TME
- Female career development: Mentorship system
- Women’s Activity networking to promote gender diversity
- Active hiring of promising candidates into career positions
- Conducted unconscious bias awareness training for all managers.
- Set targets in employment and management positions.
- *1 Figures cover 44 overseas locations, including Japan (excluding China)

**Toyota Motor (China) Investment Co., Ltd. (China)**
- Breastfeeding break of up to one hour each day for lactating female employees.
- Concluded dialogue between human resources division and management to promote diversity within the company.
- Introduced the mentor system to support female leaders.
- Introduced the Soft-Landing Program in support of employees returning to work after childbirth.

**Toyota Motor North America (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
- Executive D&I scorecards have KPIs on managers making improvements in their areas to promote initiatives
- Established the Outside Advisory Committee Focusing on Diversity, which is responsible for monitoring and reporting on the progress of diversity, including career development for women.
- Set childcare facilities at multiple operation sites to allow flexible workstyles for employees taking care of their children.

**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
- Set employment targets.

**Toyota Daihatsu Engineering & Manufacturing Co., Ltd. (Thailand)**
- Set up nursing rooms.
- Set up parking area for pregnant employees.

**Toyota do Brasil Ltda. (Brazil) + Toyota Argentina S.A. (Argentina)**
- Designed Women’s Day, which promotes an open conversation about the challenges women face in balancing their professional and personal lives.
- Healthy pregnancy program for pregnant employees: Guidance and advice related to health conditions, as well as orientation on breastfeeding and baby care.
- Conducted unconscious bias awareness training for all managers.
- Set employment targets.
- Field dialogue between human resources division and management to promote diversity within the company.

KPIs Related to Promotion of Women’s Participation in the Workplace

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.

<table>
<thead>
<tr>
<th>Percentage of Women Hired at Affiliates in Each Country/Region (FY2023)</th>
<th>Full-time Male</th>
<th>Full-time Female</th>
<th>Managerial Male</th>
<th>Managerial Female</th>
<th>Total Male</th>
<th>Total Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global*1</td>
<td>25.5</td>
<td>14.3</td>
<td>14.6</td>
<td>5.5</td>
<td>12.0</td>
<td>9.3</td>
</tr>
<tr>
<td>Japan</td>
<td>27.8</td>
<td>13.4</td>
<td>3.4</td>
<td>12.5</td>
<td>16.6</td>
<td>13.7</td>
</tr>
<tr>
<td>North America</td>
<td>25.0</td>
<td>24.0</td>
<td>34.0</td>
<td>0</td>
<td>11.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Europe</td>
<td>36.0</td>
<td>19.0</td>
<td>15.0</td>
<td>0</td>
<td>13.3</td>
<td>8.6</td>
</tr>
<tr>
<td>China*2</td>
<td>4.6</td>
<td>11.6</td>
<td>23.7</td>
<td>0</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>19.0</td>
<td>7.0</td>
<td>16.0</td>
<td>4.0</td>
<td>12.9</td>
<td>9.9</td>
</tr>
<tr>
<td>Latin America</td>
<td>32.0</td>
<td>9.0</td>
<td>9.0</td>
<td>0</td>
<td>9.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Africa</td>
<td>65.0</td>
<td>28.0</td>
<td>26.0</td>
<td>13.0</td>
<td>0</td>
<td>—</td>
</tr>
</tbody>
</table>

*1 Figures cover 44 overseas locations, including Japan (excluding China)
*2 Data for FY2022
Childcare / Nursing Care Support

Aim
- Support each individual to feel secure and realize a working style matching the needs based on his/her life stage. (e.g. breaking bias by promoting housework for male employees, reducing the concerns and burdens of employees with childcare, caring)
- Reflect male employees’ childcare leave schedule in the personnel planning for business continuity.

Initiative
Childcare Support

Support for balancing work and childcare:
- Intensity treatment system
  - Available holidays: 20 days/year
  - Leave system: Up to 2 years per child
  - Promote awareness-raising activities through training, etc., and create a workplace culture.
- Pre-Maternity Leave Seminar, Supervisor Career Interviews for employees who take maternity leave
  - Target: Employees taking maternity leave (regardless of gender)
  - Purpose:
    - Ease employee concerns about balancing work and childcare
    - Stimulate employees’ desire to continue to develop their careers after returning to work.
  - Content:
    - Employees examine their career plans and how best to achieve them.
    - Sharing examples from employees who successfully balanced work with family commitments and participation in roundtable discussions.
- Teleworking system
  - Removing time and location restrictions, to allow employees to continue working at home or nearby plants for children transport are offered.
- Onsite Childcare Facility (3 locations)
  - For workers at plants and nurses who work the night shift, childcare in the early morning hours as well as overnight stays, shuttle service from nearby plants for children transport are offered.
  - The facility also accepts new enrolments throughout the year to accommodate the needs of employees (including those who intend to return to work early after childbirth, mid-career employees and employees returning to Japan from overseas assignments.)
  - Installation of “PIPOLAND” (available to Toyota City residents and employees returning to Japan from overseas assignments.)

Male Child Care Participation
- At the 2023 labor-management meeting, Toyota declared its target of ensuring that 100% of eligible employees take partner childcare leave (if they choose to do so). This information will be disseminated throughout the company to promote the creation of a supportive workplace environment.
  - Strengthening Diversity Training.
  - Deploying system to flexibly support the absence of employees on childcare leave both inside and outside the workplace.
  - Confirm intention to take childcare leave and career life plans during career interviews with supervisors. (from 2022)
  - Efforts to resolve problems are also promoted through holding management discussion sessions to learn about problems at work, FY2023 Results
  - Ratio of male employees taking childcare leave: 38.0%

Nursing Care Support

Support for a Work-life Balance
- Nursing care leave and shortened working hours.
- Increase flexibility in working hour system.
- Change the units of time for shortened working hours, etc.
- Enhance the system for teleworking at home.
- Expand applicable periods for various work-life balance support.
- Apply the career return system. (Re-employment of employees who are forced to leave the company because of nursing care)

Providing Information
- Create a consultation hotline.
- Hold nursing care lectures.
- Publish a nursing care guidebook.
- Hold hands-on nursing care seminars.

Nursing Care Services
- Introduce a nursing care savings program.
- Expand nursing care service providers.
- Introduce home care worker services.

Financial Support
- Introduce nursing care insurance.
- Introduce a nursing care financing program.
- Create parent nursing care insurance.
Inclusion of Persons with Disabilities

**Aims**
- Realization of a “symbiotic society” in which people work together and live together regardless of the presence or absence of disabilities.
- Promote the development of a working environment in which anyone can make the most of their characteristics in various workplaces and have a sense of job satisfaction through demonstrating their abilities.

**Initiative**

**Toyota Motor Corporation (Japan)**
- To foster a corporate culture of understanding and empathy among employees throughout the workplace, various activities are implemented
  - Mental Barrier-Free Training (Wheelchair Experience Sessions, Mental Developmental Disabilities Sessions, etc.)
  - Sign language courses
  - Implementation of study sessions for assigned workplaces
- Support for assuring full skill application at work
  - Setting up a privacy-preserving consultation service
  - Introduction of special vacation system that can be used for outpatient visits, etc.
  - Dispatch of sign language interpreters
  - Distribution of various support tools
- Development of facilities
  - Installation of a parking lot exclusively for people with disabilities
  - Installation of universally accessible toilets
  - Confirmation of working conditions and the workplace environment is carried out with an industrial physician to place personnel in roles suited to the characteristics of their disability.
- Employment rate of people with disabilities (results)
  - 2.50%* (as of June 2022)
  * Including Special-purpose Subsidiaries

**Toyota South Africa Motors (Pty) Ltd. (TSAM, South Africa)**
- Setting KPIs related to employment of people with disabilities allows TSAM to promote initiatives to improve the working environment for them in terms of facilities and culture.
- Setting up a special program to provide additional financial support to persons with disabilities for vehicle costs (to cover the increased cost associated with owning a special vehicle).

**Toyota Loops (special-purpose subsidiary)**
- Started business in 2009
- As of June 2022: 357 people with disabilities employed

**Main duties at the office**
- Assisting vehicle manufacturing
- Assisting the distribution of service parts
- Converting documents to PDF format, annotation, and other computer-based tasks
- Printing
- Shredding documents
- Laundry and cleaning
- Assisting with nursing care in medical environments and sanitizing facilities
- Massage
- Planned training and management to deepen understanding of disabilities
- Collaboration in developing welfare vehicles and equipment

**On the manufacturing site**
- Support for automotive manufacturing
  - Implemented at the Shimpuyama, Kariage, Head Office, Kinuura, and Miyoshi factories
  - Assembly of engine parts and picking of automotive parts

**Development co-operation tasks**
- Evaluation of welfare vehicles
  - Employees with disabilities participate in evaluations of the usability of Toyota’s assisted-mobility vehicles from the users’ viewpoint.
  - Example: Evaluation of ease of getting in and out of the vehicle for wheelchair users, providing opinions on aspects of the development of automated driving vehicles
  - Based on this evaluation, the opinions of real users, including the small details that only users can notice, can be incorporated in the quality of the vehicles.

**Activities outside of work**
- Participation in the Abilympics (Skills Competition for the Disabled) as a representative of Aichi Prefecture
  - In 2020: gold award in the Photography division, silver in the Word Processor division and bronze in both the Office Assistant and Database divisions.
  - In 2021: gold award in the Database division, silver in Word Processor division and bronze in Product Packing Category
  - In 2022: Photography - outdoor division, English Word Processor division
  - In 2023: Two employees were chosen to be on the Japan national team at the International Abilympics

**Support system**
- Creating a support system built upon partnerships between specialist staff (physicians, psychologists, psychiatric social workers, etc.)
- Establishing a consultation service
- Active information exchange with governmental bodies, local communities, and social welfare organizations
Inclusion of LGBTQ+ Employees

**Aim**

Promoting an appropriate understanding, recognition, and acceptance with respect for personal identity and orientation.

**Initiative**

**Toyota Motor Corporation (Japan)**

- Recruiting and hiring process
  - Graduates are not required to fill in their gender on their job application sheets.
- Introducing measures at facilities
  - Establishing an internal harassment consultation hotline.
  - Set up gender-neutral restrooms. (To be set up at 66 locations within the company by 2028)
- Internal system
  - From July 2020 employees in same-sex marriages or common-law marriages have been eligible for the same internal benefit systems as those in legal marriages (holidays, employee benefits, etc.)
- In-house training
  - Basic training of LGBTQ+ for all employees and executives. (mandatory)
  - Training by outside instructors (LGBTQ+). (voluntary)
- ALLY registration system
  - Approximately 21,000 employees, as of June 2023, have registered as ALLYs.
  - Rainbow Match
  - Held an event in our official female softball match in conjunction with Toyota City (Exhibition of Toyota City and Toyota’s LGBTQ+ Initiatives)

**Toyota Motor North America (TMNA, US)**

- Recruiting and hiring process
  - We have a nondiscrimination statement that the company does not discriminate based on gender, ethnicity and many other categories, including LGBTQ+.
  - No photo or gender identification required on resumes
- Installation of facilities
  - Set up gender-neutral restrooms at key locations
- Education and Awareness
  - One of our business partner groups (organizations representing the interests of minorities) is an LGBTQ+ group conducting education and enlightenment activities.
- ALLY System
  - Implementation of activities focused on increasing the number of ALLY members

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* An ALLY is a person who aligns with those facing problems or difficulties and addresses these challenges on their own initiative while thinking of these issues as a personal matter. This term is derived from the word “alliance” that means a union or an association.
Employment for Over 60s

Aim

Support employees to have diverse lifestyles and assure them that they are respected for their willingness and ability to work in a rewarding manner also after the age of 60.

Initiative

(Toyota Motor Corporation)

<table>
<thead>
<tr>
<th>Year</th>
<th>Major Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>Introduction of an internal re-employment system for skilled retirees</td>
</tr>
<tr>
<td>2001</td>
<td>Optional Re-employment Application System was launched to outplace applicants to external affiliates and other sites.</td>
</tr>
<tr>
<td>2006 - 2013</td>
<td>Based on the revisions to the Law on Stabilization of Employment of Elderly Persons, the support was revised to expand re-employment by taking surveys and interviews based on the needs of the employees.</td>
</tr>
<tr>
<td>2016</td>
<td>Advanced Skilled Partner System was set up for shop floor employees to encourage and motivate employees to keep working after 60 by maintaining their job rank and salary at the time of their statutory retirement at 60.</td>
</tr>
</tbody>
</table>
Fundamental Approach

Aim

■ Enhancing further the Customer First policy by promoting collaborative activities with our business partners including suppliers and dealers.

Initiative

■ Toyota promotes open and fair business practices and is making constant progress with initiatives to promote sustainability. We are also working closely with suppliers and dealers to improve quality, as well as providing safety and peace-of-mind to our customers, to achieve a high level of customer satisfaction.

Safety and Peace-of-Mind

Enriching Lives of People

Customer

Providing good products at lower prices in a timely manner

Mutual trust and a mutually beneficial relationship

Initiative with Suppliers

Aim

■ Achieve mutual benefits based on mutual trust.
■ Pursue manufacturing in close partnership with our suppliers.

Initiative

Implementations Related to Our Basic Purchasing Policies

■ Toyota's Basic Purchasing Policies
  1. Fair Competition Based on an Open-door Policy
  2. Mutual Benefit Based on Mutual Trust
  3. Localization with Good Corporate Citizenship

Toyota's 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 their efforts in addressing social responsibilities, such as environmental issues.

2. Mutual Benefit Based on Mutual Trust
   We develop mutual benefits in long-term relationships. To foster trust, we engage in close communication with suppliers.

3. Localization with Good Corporate Citizenship
   We actively procure from local suppliers, including parts, materials, tools, equipment and other materials. In this way, we aim to contribute to the local society and be a good corporate citizen.
Organizational Structure

- Approaches, issues, and other matters are reported to and discussed at the Sustainability Subcommittee. Key issues are consulted to the Sustainability Meeting and brought up to the Board of Directors meeting for oversight and decision-making.
- Supervisor: Chief Officer and Deputy Chief Officer of the Purchasing Group
- The Purchasing Group takes a lead in promoting initiatives in cooperation with divisions related to the environment, human resources, and compliance as well as the Sustainability Management Department.

Sharing Toyota Supplier Sustainability Guidelines

- Importance of sustainability initiatives is communicated towards suppliers with a request that suppliers carry out their business activities in line with the Sustainability Guidelines (established in 2009, last revision in November 2021).
- Revisions in 2021: Sections related to the environment and human rights were expanded to reflect the increasing importance of environmental and human rights issues.
- Over 90% of Toyota’s suppliers in Japan have added their legal representative sign to the list of suppliers that support the purpose of the Guidelines (as of March 2023).
- The Guidelines clearly indicate that suppliers in Tier-1 must expand the implementation using a self-inspection sheet.
- Self-inspections based on the latest Guidelines (revised in November 2021) are scheduled for implementation in the near future.

Compliance and Implementation of the Guidelines

- Checks using self-inspection sheets
  - All Toyota suppliers are requested to periodically check the status of their implementation using a self-inspection sheet.
  - Major Tier-1 suppliers (approx. 350 companies as of October 2020), which account for over 90% of our purchasing volume in Japan, are asked to submit the results of their self-inspections so that Toyota can confirm the progress of their initiatives.
- Responses when problems are identified
  - The facts related to the issue are investigated, and, if an issue is identified, we will communicate with the suppliers concerned and ask them to make improvements.
  - If no improvements are made, business relationship may be reconsidered.
  - To prevent issue reoccurrence at other suppliers, notices explaining the issue are sent and suppliers are asked to implement preventative measures.
  - In 2020, our company asked suppliers to provide better assistance to foreign technical internship trainees who were unable to return to their home countries during the COVID-19 pandemic.

Preventing Bribery

- In order to eliminate all forms of bribery, Anti-Bribery Guidelines have been adopted and shared with suppliers.

Supplier Hotline

- An anonymous hotline has been established for suppliers to report any actions that could potentially violate laws, regulations, and/or business norms.

Awareness-Raising Activities

- Within Toyota Motor Corporation: Activities to educate and raise awareness among all employees, including buyers in purchasing division.
- For suppliers: Promoting initiatives that involve voluntary activities at suppliers.

Major Initiatives Led by Toyota
### Initiative with Dealers

#### Aim

Based on the “Customer First, Dealer Second, Manufacturer Third” concept, we will work with dealers to meet customer expectations and increase customer satisfaction.

#### Initiative

**Support for Toyota Dealers**

- Dealers implement activities related to priority topics every month in accordance with “The Legal Compliance Manual”:
  - Details: Overview and checklists related to the following laws:
    - Laws related to safety and the environment (Road Transport Vehicle Act, End-of-life Vehicle Recycling Law)
    - Laws related to labor and employment of employees (Labor Standards Law, Industrial Health and Safety Act, Act on Securing, etc. of Equal Opportunity and Treatment Between Men and Women, laws and ordinances related to harassment)
    - Laws related to transactions (Antimonopoly Law, Subcontracting Law)
  - Tools to support voluntary legal compliance activities by dealers
    - **TNDAC Helpline**
    - Repeated notices to dealers and employees to prevent and quickly detect any legal or regulatory violations

- Implemented the following initiatives in response to designated vehicle maintenance violations and improper handling of personal information by dealers. (From FY2021 onward)
  - Compliance seminars for dealer representatives and other personnel
  - Supporting improvement activities at dealers by disseminating TPS (Toyota Production System) know-how and holding training sessions
  - Supporting dealers’ initiatives through the distribution of a Privacy Governance Guideline reflecting amendments of the Act on the Protection of Personal Information made in April 2022
  - Disseminating Toyota Motor Corporation’s Human Rights Policy to dealers
  - The policy has a particular focus on appropriate management of foreign technical internship trainees and creating harassment-free workplaces

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**Other initiatives with suppliers**

- Round-table conference for corporate executives
  - A regular event intended to encourage corporate executives to take a leading role in promoting activities.
  - Participants from Toyota Motor Corporation also attended discussions about carbon neutrality (2021) and digital transformation (DX) (2022) which included information sharing, issue identification, and discussion of responses.
- Kyohokai Environmental Research Group and Eihokai SDGs Study Group
  - Suppliers share information with each other to boost mutual awareness. Participants can deepen their understanding of topics including examples of energy-saving initiatives and the adoption of renewable energy. This know-how is compiled into a document which is then distributed and shared with all participants.
- Volunteer activities
  - Carried out by Toyota’s supplier associations Kyohokai and Eihokai
**Fundamental Approach**

**Aim**
- Toyota’s ultimate goal – Zero Casualties from Traffic Accidents.

**Initiative**
- Promotion of our integrated three-part initiative for people, vehicles, and the traffic environment.
- Pursuing real-world safety by learning from actual accidents and incorporating that knowledge into vehicle development.
- Moving forward with the development of technologies for accident prevention, collisions, and emergency rescue based on our integrated safety management concept.

**Integrated Three Part Initiative**

**People**
- Raising awareness of traffic safety through education

**Vehicles**
- Development of technologies for accident avoidance and driver/passenger protection in collisions

**Traffic Environment**
- Information on traffic jams, and maintenance and management of traffic lights and roads

**Development and assessment**
- Evaluation of actual vehicles to work toward safe vehicles and incorporate preventive technologies into our vehicles

**Simulations**
- Accident simulations to develop preventive measures

**Accident investigation and analysis**
- Investigation and analysis of actual accidents

**Integrated Safety Management Concept**

**Aim**
- Toyota’s approach to pursue high levels of safety by reinforcing links between vehicle safety systems rather than thinking about each system as a separate component system.

**Initiative**
- Toyota provides optimum driver support for reasonable safety in each stage of driving, from parking to normal operation, the moment before a collision, during a collision, and post-collision emergency response.

**Integration of Individual Technologies and Systems**

**Optimal support in each stage of driving**

**Linked safety systems**

**Fundamental Approach**
- Integrated Safety Management Concept
- Active Safety
- Passive Safety
- Emergency Response
- Automated Driving Technology
- Initiatives to Improve Traffic Safety Awareness

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**Vehicle Safety**

**Overview**
- Respect for Human Rights
- Diversity, Equity, and Inclusion (DE&I)
- Value Chain Collaboration
- Vehicle Safety
- Quality and Service
- Information Security
- Privacy
- Intellectual Property
- Human Resource Development
- Health and Safety
- Social Contribution
- Social Data

**Content Index**
- Governance

**Updated in October 2022**
**Active Safety**

**Aim**
- Contributing to a reduction in serious traffic accidents causing death or injury by utilizing safety functions focusing on assistance to avoid collisions with cars and reduce damage, assistance to prevent accidents caused by leaving the lane, and support ensuring optimal forward visibility during nighttime driving.

**Initiative**
- **Toyota Safety Sense (Active Safety Package)**
  - A package of multiple active safety functions that help reduce serious traffic accidents causing death or injury.

<table>
<thead>
<tr>
<th>Function</th>
<th>Description</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Collision Safety (PCS)</td>
<td>Designed to assist in avoiding and mitigating damage from collisions with cars ahead or pedestrians</td>
<td></td>
</tr>
<tr>
<td>Lane Departure Alert (LDA)</td>
<td>Contributes to preventing accidents caused by the vehicle leaving the lane</td>
<td></td>
</tr>
<tr>
<td>Automatic High Beam (AHB)</td>
<td>Helps to ensure optimal forward visibility during nighttime driving</td>
<td></td>
</tr>
<tr>
<td>Radar Cruise Control (RCC)</td>
<td>Detects the vehicle in front to support adjusting distance and speed</td>
<td></td>
</tr>
<tr>
<td>Lane Tracing Assist (LTA)</td>
<td>Helps to keep the vehicle in the middle of the lane when using RCC</td>
<td></td>
</tr>
<tr>
<td>Road Sign Assist (RSA)</td>
<td>Detects road signs to help keeping the driver updated with the latest information</td>
<td></td>
</tr>
</tbody>
</table>

- Toyota Safety Sense (TSS) has been installed in more than 32.5 million vehicles globally since it was launched on to the market in 2015 (figure as of July 2022).
- TSS is now available on nearly all passenger car models (as standard or option) in the Japanese, United States, and European Markets. It has also been introduced in a total of 120 countries and regions in major markets including China and other selected Asian countries, the Near and Middle East, and Australia.

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**Toyota Teammate (Advanced driver support)**
- Toyota Teammate is an advanced driver support system developed based on Mobility Teammate Concept*. It is now available on models in the popular price range to further contribute to a safe society.

- **Advanced Drive (support during traffic congestion)**
  - Provides support to reduce driver fatigue caused by driving on congested highways

- **Advanced Park**
  - Assists smooth and easy parking in a range of situations

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*Mobility Teammate Concept*
### Passive Safety

**Aim**
- Minimizing collision damage by combining vehicle bodies that absorb the energy of collision with devices that provide support to protect drivers, passengers, and pedestrians.

**Initiative**
- **GOA (Global Outstanding Assessment)**
  - Toyota’s unique, stringent internal targets related to passive safety performance.
  - Toyota has continued to advance GOA, continuously pursuing the real-world safety performance of its vehicles in a wide variety of accidents.
- **THUMS (Total Human Model for Safety)**
  - A virtual model of the human body jointly developed by Toyota and Toyota Central R&D Labs, Inc. to analyze injuries to the human body caused by collision with devices that provide support to protect drivers, passengers, and pedestrians.
  - The model is used to research and develop various safety technologies including safety devices such as seatbelts and airbags, and vehicle structures that mitigate injuries in accidents involving pedestrians.
  - In January 2021, Toyota made the THUMS software available on its website free of charge in the hope that as many users as possible will benefit from it.

### Emergency Response

**Aim**
- Contributing to a reduction in traffic accident fatalities by facilitating the rapid response and the rapid rescue of people involved in traffic accidents.

**Initiative**
- **HELPNET® service – Toyota’s emergency reporting system (Japan)**
  - In the event of an accident or sudden illness, a dedicated operator contacts police, fire, or ambulance services to ensure the rapid dispatch of emergency vehicles.
  - When airbags deploy, vehicle data is automatically sent to the HELPNET center to assess the situation inside the vehicle. This system is compatible with the D-Call Net® system in Japan that sends data to hospitals or fire departments to facilitate rapid decisions to dispatch air ambulances or other support.

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

1. **Emergency**
   - Automatically notifies when airbags are deployed
   - Sends vehicle data such as position
2. **NOTIFY**
   - Notices with a touch in an accident or sudden illness
3. **Emergency services dispatched**
4. **Dispatches air ambulance if needed**
5. **Dispatches doctor to site**
6. **Estimates extent of injuries to patients based on vehicle data**

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**External Safety Evaluations (2021)**

| Five Star Award (the highest ranking) in the JNCAP** | Corolla/Corolla Touring, Aqua | (3/7) |
| Five Star Award (the highest ranking) in the NCAP** in the U.S. | Camry, Highlander, Sienna, Lexus ES, IS, NX | (6/6) |
| TSPP** (the highest ranking) in the Car Assessment Program of the Insurance Institute for Highway Safety (IIHS)** in the U.S. | C-HR, Corolla HB, Corolla SD, RAV4, RAV4 Prime, Versa, Lexus RX, UX | (6/8) |
| Five Star Award (the highest ranking) in the JNCAP** in China | Avanion, Camry, Corolla SD, Corolla HB, Highlander, Prius, Prius Prime, RAV4, Sienna, Venza, Lexus ES, IS, NX, UX | (14/16/15) |
| Five Star Award (the highest ranking) in the Euro NCAP** in Europe | Mirai, Yaris Cross | (5/5) |
| Five Star Award (the highest ranking) in the ANCAP** in Australia | Kluger/Highlander, MIRAI, Yaris Cross | (5/5) |
| Good (the highest ranking) in occupant protection, pedestrian protection, and prevention in the C-NCAP** in China | C-HR | (5/5) |
| Five Star Award (the highest ranking) in the CNCAP** in China | Allion, Corolla, Highlander | (5/5) |

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** NCAP (New Car Assessment Program): New car assessment programs carried out by different countries and regions

*1 TSP: A ranking given to the most outstanding TSP-ranked vehicles

*2 IHS: Insurance Institute for Highway Safety

*3 IIHS: Insurance Institute for Highway Safety

*4 CIASI: China Insurance Automotive Safety Index

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*5 Air ambulances may not be available due to location, time of day, weather, etc. D-Call Net® will not respond when the HELPNET® button is pressed.

*6 HelpNET® is a registered trademark of Japan Mayday Service Co., Ltd. D-Call Net® is a registered trademark of HEM-Net (Emergency Medical Network of Helicopter and Hospital)
Automated Driving Technology

Aim

- Achieving a society where everyone, including elderly people and people with disabilities, can enjoy mobility safely, smoothly, and freely using automated driving technology.

Development of Automated Driving Technology

- Began implementing research and development into automated driving technology in the 1990s.
- Toyota’s unique approach to automated driving, known as the “Mobility Teammate Concept”, seeks to create a friendly relationship between people and vehicles that allows them to communicate and assist each other.
- Automated driving technology is not intended to take driving away from humans or replace human drivers. Instead, it is designed to achieve true safety, peace-of-mind, and freedom of mobility by establishing people and cars as trusted partners that can share the joy of driving, and take over driving duties as necessary.
- Toyota is advancing R&D into automated driving technologies not only for personally owned vehicles (POVs), but also in the field of mobility as a service (MaaS).
- One of the first companies to launch advanced automated driving technology into the market for vehicles sold to corporate customers.
- Data collected from these vehicles will then be collected, analyzed, and fed back into development to further evolve automated driving technologies for POVs.

Models Equipped with Advanced Driver Support Technology

- Lexus LS and Mirai models launched in April 2021 are equipped with the new Advanced Drive function integrated into the Lexus Teammate or Toyota Teammate advanced driver support technologies.

Technology Details

- Advanced Drive for Driving Support on Highways
  - The on-board system will appropriately detect the vehicle’s surrounding, make decisions, and assist driving under the driver’s supervision according to actual traffic conditions. It can keep the vehicle in its lane, maintain the distance from other vehicles, navigate a lane split, change lanes, and overtake other vehicles until leaving the roadway for the destination
  - The system achieves high levels of safety and peace-of-mind, reducing driver fatigue and providing a pleasant journey to the driver’s destination

- Deep Learning-Focused AI Technologies
  - Supports driving by predicting and responding to a wide variety of situations that could occur when driving

- Software Updates
  - Even after the vehicle has been delivered to the customer, the system continues to add features and improve performance to enhance the driving experience and provide the latest safety technologies

Initiatives to Improve Traffic Safety Awareness

Aim

- Implementing educational initiatives to raise awareness among drivers and pedestrians and prevent traffic accidents.

Initiative

- (Toyota Motor Corporation)

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers</td>
<td>Toyota Driver Communication (safe driving technique seminar): • Regular seminars at the Toyota Safety Education Center Mobilitas at the Fuji Speedway • Happy Driving Seminar and Nerve Stimulation Exercises – a traffic safety program for elderly drivers and pedestrians: Hosted in collaboration with local governments and dealers to improve safe driving skills, boost safety awareness, and improve the brain function of elderly drivers • Sappo-Car (Safety Support Car) Program: Toyota implements activities in collaboration with dealers nationwide to ensure safety and assurance for all road users in conjunction with the roll-out of the Safety Support Car program endorsed by the Japanese government</td>
</tr>
<tr>
<td>Pedestrians</td>
<td>Since 1969, Toyota has provided traffic safety teaching materials to children at kindergartens and daycare centers all over Japan in collaboration with Toyota dealers nationwide • Providing information to children and their parents/guardians using digital content on the Toyota Traffic Safety for Kids website • Elderly attendees at events can receive pamphlets to raise their traffic safety awareness as well as a variety of reflective items for safety at night</td>
</tr>
</tbody>
</table>
Fundamental Approach

Aim

The quality of the work performed by each employee provides the foundation for the quality of our products and the quality of our sales and service. The combination of these three elements allows Toyota to provide products and services that our customers can use with confidence.

Initiative

Individual employees involved in each process including development, purchasing, production, sales, and after-sales service, integrate quality into their work. Each process is linked with other processes to maintain the momentum of the quality assurance cycle.

Quality Assurance Cycle

Initiatives Based on the Quality Policy

- Toyota formulates the code of conduct for globally common quality to maintain and enhance the confidence of the customers and discusses a proper response globally and in each region, with the aim of promoting solutions to quality issues and ensuring quality for new businesses and technologies.
- The policy is also shared with affiliated group companies and suppliers to promote collaborative actions for ensuring quality.
- Information about initiatives implemented under the policy is reported to senior management, including board of directors.

Quality Assurance Based on Toyota Quality Control Standards

- Toyota establishes the rules, methods, and criteria necessary for controlling its manufacturing and business processes to enable Toyota to continuously provide the product performance and functions, as well as services, that Toyota aims to achieve.
- Based on the global regulations, Toyota establishes its quality control standards at each production base that are suitable for the customers and environment of each region, and periodically checks and reviews the standards.
Organizational Structure

**Aim**

- Promote regionally-led quality improvement activities so that decisions and taking actions are made as close as possible to local customers.
- Be attentive to the increasingly mobility needs of our customers and guarantee the quality of customers’ experiences obtained through mobility services.

**Initiative**

- Appointment of a Global Chief Quality Officer (G-CQO) in charge of global quality assurance and Chief Quality Officers (CQO) in charge of quality in each region of the world.
- Audit and Improvement Meeting: Discussion and decision-making on quality-related policies and important issues
  - Participants: Company presidents, chief officers, regional CQOs, and full-time Audit & Supervisory Board members
  - Several times a year, CQOs from all regions gather together to discuss responses to global issues, evaluate the results of the responses, and further discuss and make decisions on new policies and targets based on these evaluations.
  - Each region has a variety of quality-related conferences. Meetings chaired by regional CQOs are attended by the Global CQO or a member of the administration at Toyota Motor Corporation to facilitate further communication and collaboration.

Global Policy Implementation Structure and the Quality Conference

- A review of our quality assurance regulations is being implemented and making changes to global issues, evaluate the results of the responses, and further discuss and make decisions on new policies and targets based on these evaluations.
- Each region has a variety of quality-related conferences. Meetings chaired by regional CQOs are attended by the Global CQO or a member of the administration at Toyota Motor Corporation to facilitate further communication and collaboration.

Product Safety Initiatives

**Aim**

- Engaging in car manufacturing while giving due consideration to safety and security throughout the entire process from design to production. In addition to achieving regulatory conformity in each country, we listen to the voices of customers around the world and utilize their opinions to make ever-better cars.

**Initiative**

- Development phase:
  - Maintaining our constant pursuit of world-class reliability and durability.
  - Compiling the quality-related targets and priority items in the form of a written quality plan during the product development phase, and sharing the plan with all parties involved in the development.
  - Setting targets geared to vehicle longevity through, for example, surveying the environments where our vehicles are used and analyzing recovered parts.
  - Carrying out durability tests based on Toyota standards.
  - Incorporating fail-safes to ensure that customers can stop and evacuate from a vehicle safely in the event of a failure. Development to ensure customer peace-of-mind by defining quantitative indices of vehicle behavior that might make our customers feel uneasy.

- Production phase
  - With regard to equipment, operations and inspections at plants associated with product safety, including our supply chain, we visualize how the equipment is managed and how the operations and inspections are conducted. Through particularly focused management, we make sure to prevent problems.

Quality Risk Management

**Aim**

- Sharing information about quality risks worldwide, implementing proper actions from the standpoint of local customers, and ensuring streamlined responses to emergencies on a global scale.

**Initiative**

- Appointment of a Regional-Product Safety Executive (RPSE).
- Develop quality risk management structure that represent the voices of local customers.

Auditing

- Conducting internal audits at each plant at least once a year to further enhance proper quality assurance activities in accordance with the laws and regulations of each country as well as our internal rules.
  - Our auditing teams are comprised of internal auditors with comprehensive knowledge of ISO 9001, Toyota’s quality assurance rules and systems, and various auditing methods. These teams conduct audits focusing on audit points that have been determined based on internal and external changes to the business environment, quality indicators, and other factors.
  - Audit results are shared with relevant parties so that improvement measures can be implemented promptly.
  - Toyota listens sincerely to the opinions of third parties, including the certification organizations of each country, and reflects them in the enhancement of our quality assurance activities.

Initiatives with Suppliers

- Working in close cooperation with suppliers to ensure the level of quality that Toyota aims to achieve.
  - New suppliers:
    - Before doing business with a new supplier, we confirm the technical capabilities of the supplier (including their design development and quality management capabilities) to create a firm foundation for ensuring quality.
  - Existing suppliers:
    - Toyota provides suppliers with manuals compiling the necessary actions to be taken by the suppliers and Toyota as well as checklists for self-inspection of the quality management structure and production processes, for every stage from production preparation to mass production, specifying the actions that need to be carried out by both Toyota and the supplier.
    - Inspection results and improvement plans are also confirmed by Toyota on a regular basis.
Fostering Quality-oriented Awareness and Culture

**Aim**

- Developing human resources and improving work quality
- Annual initiatives to boost quality awareness among all employees, and quality-related training designed for employees at each job level.

**Customer Quality Learning Centers**

- Established in 2014, the Customer Quality Learning Centers are educational facilities for conveying the experiences and lessons Toyota learned from the series of recall issues to future generations of employees.
- The Center is updated every year to reflect recent issues to ensure that the lessons learned are not forgotten.
- Customer Quality Learning Centers unique to individual plants and overseas sites have also been established, and they are working to ensure employees in each region and each plant thoroughly understand the importance of quality.
- As of FY2023, 14,900 employees have participated in activities at our Centers (within Toyota Motor Corporation).

**All-Toyota TQM Convention**

- Toyota holds online exchange meetings with suppliers and dealers, and exhibits kaizen practices on its website.
- Participants (FY2023): approx. 700 people for the online exchange meetings; approx. 15,000 people for the website exhibition
- These events provide opportunities for people to access information to be able to work together beyond their companies and organizations for further quality improvement
- Toyota’s Roundtable on Quality (held in 2021) to communicate Akio Toyoda’s (President at the time) commitment to quality and the values he promotes

**Toyota Restart Day**

- February 24 was designated as Toyota Restart Day after Akio Toyoda (President at the time) attended a US Congressional hearing on that date in relation to a series of recalls in 2010. Toyota is committed to creating better mechanisms and carrying out awareness-raising activities to ensure that the lessons learned from this experience are never allowed to fade away.

**Recall decision-making process**

- Clarifying response procedures and persons in charge based on the Toyota Quality Control Standards.
- A study meeting participated by the heads of relevant departments and the Regional Product Safety Executives (RPSEs) is held to discuss based on the quality information, and a recall is made by mutual consent and subject to G-CQO's approval.
- Feedback from customers in the region is always reflected in responses, and regional representatives located closest to the customer are also involved.

**Responses when a recall has been made**

- The customer’s safety and security will be our the highest priority and the following steps will be taken to ensure rapid repairs and encourage customers to bring their vehicles in for repairs:
  - Notification will be sent in a prompt and fair manner by postal mail to customers who own vehicles covered by the recall. Dealers will also contact customers, if necessary.
  - Recall information will be posted on the company’s website on the same day as the recall notification.
  - We also make the required reports, including notifications to the authorities in accordance with the laws and regulations of each country, and report the ratio of the number of repaired vehicles to the number of recalled vehicles.

Coping with Quality Problems

**Aim**

- Early detection and rapid resolution of quality-related issues to ensure that our customers can use their vehicles safely.
- Ensuring constant legal compliance and making recall decisions from the customer's perspective, putting safety and assurance first and making it possible to implement rapid responses and minimize inconvenience to the customer.

**FY2023 Recalls**

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Number of Recalls</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>16</td>
<td>810,000</td>
</tr>
<tr>
<td>North America</td>
<td>17</td>
<td>970,000</td>
</tr>
<tr>
<td>Europe</td>
<td>26</td>
<td>820,000</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
<td>430,000</td>
</tr>
<tr>
<td><strong>Global</strong></td>
<td><strong>47</strong></td>
<td><strong>3,030,000</strong></td>
</tr>
</tbody>
</table>

*1 The figures above include recalls that cover multiple countries and regions, therefore totals for recalls and units in each country/region may differ from global figures.
*2 Scope of recalls listed above: Toyota or Lexus branded vehicles for which Toyota Motor Corporation has issued a recall notice (Including OEM by Toyota Motor Corporation)
After-sales Service

Aim

■ Providing continuous safety, peace of mind, and comfort to customers through regular servicing, legally mandated vehicle inspections, and repairs following breakdowns or accidents, enabling customers use their vehicles for many more years than they did before.

Initiative

■ Providing more precise, more rapid, and more reasonably priced services through Toyota’s 3S Spirit (Seikaku + Shinsetsu = Shirai: precise and courteous service creates trust).

Better Service and Supporting Factors

<table>
<thead>
<tr>
<th>Better Service (Maintenance and Repairs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy</td>
</tr>
</tbody>
</table>

Cars (serviceability) Parts supply

- Incorporating ease of maintenance and repair into our vehicle development based on market feedback and past repairs to ensure that our customers can use our vehicles safely for many years to come.
- Based on the Toyota Production System concepts, we have established a system to deliver vehicle parts when and where they are needed worldwide to ensure more efficient parts inventory management and distribution.

Service engineers

- Training facilities have been established in each region and the Tajimi Service Center in Gifu Prefecture, Japan also plays a central role in enhancing the knowledge and technical skills of our approximately 180,000 service staff worldwide.

Tools and equipment

- The speed of repairs has been accelerated by expanding the number of diagnostic codes used by on-board computer diagnostics to detect faults and identify the parts and causes responsible.

Repair techniques (information)

- Servicing, technical, and sales divisions work in close cooperation on initiatives to create vehicles that are easier to repair and establish a system to ensure that accurate information is available when needed to make repairs quick and easy.

■ Helping Customers Use Their Vehicles Safely

- User manuals and information about the latest models are available on our website.
- Promote utilization of the product information provision tools for distributors and dealers as well as the company website to accurately communicate the risks resulting from operational errors.
Customer Feedback System

**Aim**

Prompt, accurate, and courteous responses are provided based on our Customer First principle. Customer feedback and information from dealers are reflected in creating Ever-Better Cars, Sales, and Service.

**Initiative**

- **Dealers in many global markets set up their Customer Access Centers** to respond to customer inquiries.
- **Toyota Customer Assistance Center (Japan)**
  - The Customer First Promotion Group of Toyota, the Lexus Information Desk, and the Lexus Owners Desk are available to respond to customer inquiries. (The Center’s sign language interpreter service began in February 2022)
- **Inquiry Line for Dealers (Japan)**
  - The Salesperson Support Desk, an inquiry line especially for sales staff at Toyota dealers, has been established within Toyota Motor Corporation and provides support for staff to implement Customer First responses.
- **Customer feedback received through our Customer Assistance Center and Salesperson Support Desk is used in activities to create Ever-Better Cars, Sales, and Service.**

*Customer Feedback Flowchart (Japan)*

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Number of inquiries received by the Toyota Customer Assistance Center in FY2023

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle-related</td>
<td>38%</td>
</tr>
<tr>
<td>Navigation/audio-related</td>
<td>16%</td>
</tr>
<tr>
<td>Safety devices/Driving support-related</td>
<td>2%</td>
</tr>
<tr>
<td>Sales - related</td>
<td>28%</td>
</tr>
<tr>
<td>Connected service - related</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
</tbody>
</table>

FY2023 Customer Satisfaction Survey: Customer Feedbacks to our Customer Assistance Center

- **Number of questionnaires sent:** 6,550
- **Number of replies:** 766

**Rate of customer recommendation (Customer Assistance Center)**

- **Recommendable:** 54.4%
- **Neutral:** 33.8%
- **Not recommendable:** 22.7%

* Percentages are rounded to the nearest whole number and thus totals may not add to exactly 100%.

**Internal Awareness-Raising Activities (Toyota Motor Corporation)**

**Initiatives related to Customer’s Month**

- A range of activities are carried out within the company to establish the Customer First approach
- Training materials focusing on how to provide sincere and considerate customer service are compiled based on the experience and know-how of employees working at the Customer Assistance Center and other related staff. These materials were distributed throughout the company.
- Employees at each workplace discuss the importance of maintaining constant awareness of caring about customers, as well as the importance of engaging with customers.

**Experience and learn from customer feedback**

- Employees visit our Customer Assistance Center to learn about how it functions
- A Customer Feedback Board has been made available on the company’s intranet to inform employees about recent feedback from customers

**Consumer Affairs Advisor qualification**

- Our company actively encourages employees to obtain the Consumer Affairs Advisor qualification, which is certified by the Japanese Prime Minister and the Minister of Economy, Trade and Industry.
- The Toyota Consumer Affairs Advisor Group made up of the qualified employees carries out evaluations of facilities and vehicles from the customer’s perspective, examines catalogs, and conducts mystery calls to enhance the response ability of our Customer Assistance Center.
Fundamental Approach

Aim

- Protect information assets and ensure the safety and security of our customers from the threats and risks of cyber attacks, which target confidential corporate information and information systems, the networks of systems that control plant facilities and vehicles (such as on-board device systems), and even supply chains.

Initiative

- Based on the Information Security Policy, Toyota Motor Corporation and its consolidated subsidiaries work together to prevent information leaks.

Information Security Policy

Organizational Structure

Aim

- Share and discuss details of activities in each security field and overall common issues.
- Assure readiness for potential cases of serious incidents.

Initiative

- Hold Information Security Management Meetings under the Chief Information & Security Officer (CISO) and security officers are assigned to individual security fields.
- If a serious incident occurs:
  - Promptly confirm the facts of the incident → Report to management, including Board of Directors → Analyze the causes and take countermeasures

Security Area

- Application of measures
- Operation and support

Internal departments
Subsidiaries, suppliers, dealers
Initiative at Consolidated Subsidiaries, Dealers, and Car Rental Companies

Promoting level-up activities based on the ATSG like at Toyota Motor Corporation.

Toyota Motor Corporation's specialized team carries out on-site audits of consolidated subsidiaries, dealers (Japan), and car rental companies (Japan) to check responses to ATSG and the status of implementation of physical security measures.

Process of ATSG inspection and audit

1. Request for ATSG introduction/inspection
2. Self-inspection
3. Report of inspection results
4. Improvement advice and support
5. Improvement initiatives
6. On-site inspection of subsidiaries

Initiative for Supply Chains

In recent years, cyber-attacks targeting supply chains have been increasing. (Hacking and ransomware attacks actually happened to suppliers.)

Establish a structure for security measures of supply chains and implement initiatives to reinforce security of the entire automotive industry.

⇒ Promote initiatives using JAMA/JAPIA Cybersecurity Guidelines, the standards of the industry, for suppliers.
Security for Automobiles

**Aim**
- Ensure safety of customers with the world’s top-level countermeasures.

**Initiative**
- **Compliance with international regulations and standards**
  In addition to compliance with the international rules and standards below, implement initiatives for the entire vehicle life cycle, such as development in consideration of security by design\(^1\) and layered defense\(^2\) and gathering and monitoring of information on threats and vulnerabilities.
  - United Nations regulations concerning automobile cyber security (UN R155\(^3\)).
  - International standards concerning cyber security of electrical/electronic systems of automobiles (ISO/SAE 21434).
- **Be a member of the Automotive Information Sharing & Analysis Center (Auto-ISAC) in Japan and the U.S.**
  - Learn promptly about cases that occur within the industry and put them to use in responding to serious incidents.
  - Implement measures to enhance capabilities of the entire industry to tackle security issues.
- **Collaboration with external specialists**
  - By proactively collaborating with external specialists, utilize external know-how to enhance cyber security of automobiles.
  - Introduce a vulnerability reporting system (clarification of the contact point for reporting security problems from outside).

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\(^1\) Security by design: Design approach that defines the security requirements needed for safe system operations, beginning from the planning and design phases of an information system, and which seeks to reliably incorporate these requirements into the information system through the development processes, 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” to enhance security so that an attack is not successful even if one layer is penetrated.

\(^3\) UN R155: Regulations concerning cybersecurity, which were adopted at the World Forum for the Harmonization of Vehicle Regulations (WP29) in June 2020.
Fundamental Approach

Aim
- In line with Toyota’s Customer First philosophy, respect privacy as a member of the international community, through compliance with the laws and regulations of each country and region.
-Assure appropriate management and correct utilization of information to contribute to creating Ever-Better Cars and enriching the lives of communities.

Initiative
- Establishment and Operation of a Privacy Governance System
  - Appropriate management and protection of personal information based on the Basic Policy on the Protection of Personal Information and the Privacy Code of Conduct.
  - Compliance with the Act on the Protection of Personal Information and other related laws and ordinances.
  - Utilization of information to solve social issues and provide ever-better products and services.

Privacy
- Basic Policy on the Protection of Personal Information
- Data Utilization Initiatives

Organizational Structure

Aim
- Building a privacy governance structure applied throughout the company while integrating the perspectives of those outside the company.

Initiative
- Decision-making regarding important matters, policies, and specific measures at Privacy Governance Management Meetings under the supervision of the Chief Privacy Officer (CPO).
- Establishment of an Advisory Board
  - Reflecting advice based on the perspectives of external third parties, such as experts outside the company, into in-house initiatives.
  - If a serious incident occurs, the nature of the incident will be promptly identified and reported to the CPO and members in management positions. The incident will then be analyzed to facilitate the implementation of responses.
Respect for Privacy and Protection of Personal Information

Aim

- Carrying out duties and developing human resources with awareness of the need to respect privacy and protect personal information.

Initiative

Compliance with Laws, Ordinances, and Internal Regulations

- The Privacy Code of Conduct, based on the Toyota Philosophy and Toyota Way 2020, clarifies Toyota's aims for the handling of information that includes personal information, as well as the direction that should be taken by the company and each employee.
- Necessary procedures including the gathering, utilization, and management of personal information are stipulated and operated in accordance with company regulations, while also complying with the laws and regulations of each country and region such as GDPR*1 (Europe) and CPRA*2 (California, USA).
- Information that requires more secure handling will undergo a risk assessment in advance to facilitate the implementation of appropriate measures.

Examples: Toyota Motor Corporation (Japan)

- Training for all employees (including secondees and dispatched employees)
  - Training to suit each job type and job description.
  - In-house awareness-raising activities for all company employees during Privacy Month (once a year).
  - Special training sessions will be carried out when a new law comes into force or existing law is revised to ensure that relevant information is disseminated throughout the company in a timely manner.

- Training for targeted employees
  - Training for new employees and on-demand training.

Examples: Toyota Motor Europe NV/SA (Belgium)

- Training for all employees (including secondees and dispatched employees)
  - e-learning training about privacy and data protection (every two years).
  - Activities involving all employees such as awareness-raising using the company intranet (once a year).

- Training for targeted employees
  - Training for new employees and on-demand training.

Examples: Toyota Motor North America (U.S.)

- Training for targeted employees
  - General privacy training for employees who are in an administrative function (once a year).
  - Training sessions about privacy-related laws (once a year).
  - Providing specialized training to members of specific departments.

Training Code of Conduct ( Except)

- What Toyota employees should strive for

Privacy Code of Conduct (Excerpt)

We will comply with laws and regulations when handling personal information. We will respect privacy. In addition, in order to provide products and services that delight our customers through the appropriate handling of information, we will establish a sustainable and superior information management system and aim to be a company that sets a global standard.

Rules for the Handling of Personal Information

- Customer first
  - Listen to customers’ voice carefully and sincerely.

- Quality first
  - Respect customers' privacy in the development and operation of products and services. (Privacy by design)

- Product and Experience
  - When using customer-related information, create services and products that suit each individual customer to achieve customer happiness.

- Compliance
  - Information management based on complying with laws and regulations

- Stakeholder
  - Cooperation with our stakeholders to respect our customers privacy and comply with laws and regulations

- TNDAC and Dealer Compliance Activity Support (Initiatives to ensure appropriate management of customers' personal information by dealers)
### Fundamental Approach

**Aim**
- Protect and utilize intellectual property such as invention, know-how, and brands, which are Toyota’s important management resources, in an appropriate manner. Endeavor to conduct research and development that is one step ahead, thereby enhancing product appeal and technological prowess, which are the source of Toyota’s competitiveness.

**Initiative**
- Carry out intellectual property activities in line with Toyota’s focus areas, toward the realization of a future mobility society.
- Distribute resources mainly to such areas as carbon neutrality, including the development of electrified vehicles and batteries, and Software & Connected Initiatives. Enhance the obtainment and use of intellectual property rights.

#### 2012 Percentage of Registered Patents by Technological Field

- **Electrified vehicles**: 14%
- **Batteries**: 7%
- **Automated driving**: 3%
- **Connected**: 1%
- **Other vehicle technologies (e.g., body, chassis, etc.)**: 75%

#### 2022 Percentage of Patents* by Technological Field

- **Batteries**: 19%
- **Electrified vehicles**: 18%
- **Connected**: 9%
- **Automated driving**: 5%
- **Other vehicle technologies (e.g., body, chassis, etc.)**: 49%

*Total of patents under application and registered patents in Japan and overseas

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### Organizational Structure

**Aim**
- Promote activities that incorporate management, R&D, and intellectual property in one.

**Initiative**
- Support technology development globally by securing organic, systematic coordination between R&D activities and intellectual property activities.
  - Established intellectual property functions at the R&D centers in Japan, the United States, Europe, and China.
  - Discuss and make decisions at the Intellectual Property Management Committee on policies for obtaining and utilizing important intellectual property conducive to management and for responding to management risks related to intellectual property.
  - Work in collaboration with approximately 110 law firms around the world to collect intellectual property information and take measures suitable for each country/region.

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### Intellectual Property Activities

**Aim**
- Protect and utilize Toyota’s intellectual property, including invention, know-how, and brands, in an appropriate manner.

**Initiative**
- Number of patent applications and number of registered patents
  - **2022 Results**:
    - Number of patent applications: approx. 14,000; Number of registered patents: approx. 11,000. (In Japan and outside of Japan)
    - Japan: Toyota was the overall leader in patent applications and registered patents.
    - United States: Toyota ranked in tenth place for the number of registered patents in all industries and ranked in first place for the most patents registered by a car manufacturer.

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*Toyota Promotes Global Vehicle Electrification by Providing Nearly 24,000 Licenses Royalty-Free*
Human Resource Development

Fundamental Approach

Aim

- Develop human resources based on the belief that “monozukuri (manufacturing) depends on human resource development.”
  - Develop human resources with the ability to continuously think and act for the benefit of others and to win supporters.
  - Focus on allowing Toyota's most important asset – its employees – to work in a style that suits them so they can take on new challenges. We aim to become a company where anyone can take on new challenges at any time, as many times as possible, without fear of mistakes. These efforts will facilitate our transformation into a mobility company and fulfill our corporate mission of “Producing Happiness for All” as we face this once-in-a-century period of change.

Initiative

- Develop companywide human resources with compassion* and expertise that have a positive impact on others and are capable of winning trust and confidence along with the “ability to act” to move things forward.
- Implementing initiatives based upon three main pillars designed to transform the company into a place where anyone can take on new challenges at any time, as many times as possible, without fear of mistakes.

A company where anyone can take on new challenges at any time, as many times as possible, without fear of mistakes.

Three main pillars of our initiatives

<table>
<thead>
<tr>
<th>Diversity</th>
<th>Growth</th>
<th>Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>: living the life you choose</td>
<td>: seeing challenges and mistakes as fuel for growth</td>
<td>: for the future of the industry</td>
</tr>
</tbody>
</table>

Three main pillars with initiatives

- Enhancing resources
- Management support

<table>
<thead>
<tr>
<th>Strengthening the foundation of the three main pillars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing resources</td>
</tr>
</tbody>
</table>

* Ability to make the best efforts for others, such as customers and colleagues, and to improve oneself from respectfully learning from others

Diversity: living the life you choose
- Enhancing the system to support employees balancing work and family commitments and creating a work environment where 100% of eligible employees can take partner childcare leave without hesitation (if they choose to do so). The system will be in place before the end of 2023.

GRI 3-3, 404-2, 3

Growth: seeing challenges and mistakes as fuel for growth
- Ensuring the best personnel are chosen for each position by taking a close look at individual roles and skills, regardless of nationality, sex, years of service, initial employment type, academic background, or job type while promoting skill development for all employees.

- Initiatives to change processes and the evaluation system to see challenges and failures as valuable experiences.

Contributions: for the future of the industry
- Matching human resources and assets, and utilizing both effectively for the benefit of the 5.5 million people working in the automotive industry.
- Enhance resources and management support to add capacity to promote diversity and to take on new challenges – the foundation of the three main pillars stated above.

- Initiatives to create workplace environments where each individual can achieve growth in their own way to reach their full potential. Boosting recruitment of diverse human resources needed to transform Toyota into a mobility company (mid-career recruitment will be expanded to 50%).
- Review of management duties and implementation of management support and training by specialists to assist subordinates in achieving their diverse career goals.
Recruitment

Aim
■ Recruitment of diverse human resources with a greater emphasis on compassion and enthusiasm for realizing dreams at Toyota.
■ Reinforcement of recruitment of personnel who are attractive for others to work with.
■ Review of work processes and workstyles, incorporating external knowledge.

Initiative
Enhancing mid-career recruitment
■ Before: 90% new graduates and 10% mid-career hires
  ■ Increase mid-career hiring to 47% (FY2023: Toyota Motor Corporation, administrative and engineering positions)
  ■ Continue to expand mid-career hiring to target 50%.
  ■ Introduced recruitment methods such as referrals.

Hiring new graduates with diverse backgrounds
■ Promote recruitment of diverse people from universities from which no graduates have been hired by Toyota, technical colleges, vocational schools and high schools.

Course specific recruitment of new graduates
■ Hire students who have a concrete vision of what they want to do at Toyota (termination of school recommendation program).
■ Promoting the recruitment of diverse human resources suited to the characteristics of specific workplaces, such as with IT related personnel.

Education and Career Development

Aim
■ Develop human resources who can act in line with the Toyota Philosophy with the aim of transforming into a mobility company while inheriting the precept of the Toyota Principles.

Initiative
Global Executive Human Resource Development: “GLOBAL 21” Program
■ The program enables talented global employees to acquire the skills and insights necessary for global Toyota executives and enables them to leverage their strengths in their respective area of responsibility.

1. Teaching of management philosophy and what is expected of executives
   ■ Disseminating Toyota Philosophy and incorporating it into global human resource system and training.
2. Human resource management
   ■ Applying appropriate personnel evaluation standards and processes in each region based on Toyota’s common values.
3. Training deployment and training programs
   ■ Global assignments and executive training.
   ■ Holding regional succession committees to accelerate identification and training of next-generation leaders.

TMC Human Resource Development
Management-level development
■ Toyota’s values and management approach are based on philosophy, skills, and behavior*. We utilize these values to create leaders who can navigate the company through this transition with passion and empathy and can provide a vision to follow in a world full of uncertainty where there are no right answers.
   • Newly appointed division general managers participate in group training sessions, seminars looking back on the history of the company, and fieldwork throughout the year. This allows general managers to clearly identify their ideals, boosting their empathy with others and creating a mindset to reach their full potential both inside and outside the company, and to lead specific behavioral changes in the workplace.
   • Employees who are promoted to senior professional/senior management and professional/management have group training sessions and small-group seminar activities throughout the year to instill the awareness needed for their role and help them clearly identify their ideals.
   • Seminar activity instructors are appointed as advisors for participants in training sessions for newly appointed division general managers. This allows instructors and participants to learn from each other and enhance their skills and knowledge.

* Philosophy: Toyota Philosophy; Skills: TPS (Toyota Production System); Behavior: Toyota Way 2020

Our company aims to create a workplace where everyone can work happily among a diverse range of values and working styles to reach their full potential under the goal of “active participation by all members.” To achieve this, we have enhanced training for employees in management positions (the key to workplace management) to boost their understanding and skills regarding open and fair evaluation (assessment) practices and feedback methods that are acceptable and effective.
• Performance reviewer training (division general managers/department general managers) and evaluator training (group managers) are carried out to improve workplace assessment and feedback skills (including mandatory training and some optional training).
Shop Floor Employee Human Resource Development

- **OJT** is conducted by supervisors and experienced employees at the worksite through daily operations in the field. Deployment cycle: formulation of development plans, assignment for development, and evaluation/feedback.
  - While focusing on OJT, human resource development is accelerated by conducting OFF-JT at career milestones.
  - OFF-JT gives participants an opportunity to enhance awareness of their roles and acquire the knowledge and skills they need. Newly-appointed EX, SX, and CX* undergo pre-promotion training in the form of practical training at other workplaces and training at other companies to broaden their perspectives and boost their compassion.

- Employees are becoming more diverse with employees rehired after retirement age (60 years old), female shop floor workers, and people with disabilities. Training now includes a diversity-related curriculum to promote understanding among employees. Training materials have also been changed to include the perspectives of people with disabilities as part of efforts to actively maintain and improve the workplace environment.

- Specialized technical training is provided in accordance with job type to enhance technical skills toward a workplace culture with focus on technical skills.

- Start-up seminars are held as part of career support for employees to be transferred to another plant.

- Supporting aspiring employees through, for example, practical training at workplaces and improving web learning programs for those wishing to grow through self-learning.

### Timing of Major Items

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<tr>
<td>After entry</td>
<td>• Acquire basic knowledge of various areas required after assignment (OFF-JT)</td>
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<td>• OJT human resource development programs based on genchi-genbutsu</td>
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<td>2nd year</td>
<td>• Thoroughly learn the basics skills required as Toyota employees in training at dealers and plants (administrative and engineering personnel)</td>
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<tr>
<td>3rd year</td>
<td>• Group OFF-JT training (administrative and engineering personnel)</td>
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<td>4th year &amp; beyond</td>
<td>• Training Dispatch Program: Increase the number of employees dispatched abroad to quickly develop and further enhance their capabilities. Dispatch for one to two years training to overseas subsidiaries, overseas graduate schools including MBA, domestic affiliates, etc. Providing deeper understanding of practices and culture as well as improving language skills.</td>
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<td>6th to 8th year</td>
<td>• Specialized group OFF-JT training (administrative and engineering personnel)</td>
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Overseas Affiliate Human Resource Development

- Temporarily transfer employees from overseas affiliates to Toyota Motor Corporation for OJT to promote self-sufficiency in overseas affiliates.
  - Learn skills, know-how and Toyota’s way of thinking and work processes for 6 months to 3 years
  - General Manager level:
    - Also, learn decision-making processes and form networks with other employees as general managers or department managers at Toyota Motor Corporation
Evaluation of and Feedback to Employees

**Aim**
- Independent career building is encouraged for each employee to develop a diverse workplace where everyone can reach their full potential. Employees in each workplace are placed and trained in accordance with their motivation and abilities.
- The abilities of each employee are also carefully assessed. Effectively delivered assessment and feedback are encouraged between managers and employees to give employees balanced workplace treatment and provide them with duties that will help to further develop their abilities.

**Initiative**
- Determine roles and themes at the beginning of each fiscal year and

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  - This makes it possible to refer to previous evaluations, personal information and employees’ career goals
  - Enhance the development and allocation of human resources with consistency through job assignment based on a better understanding of employees’ aptitude and career goals |
| 2021 | • Started providing feedback to senior professional/senior management and professional management on the results of their evaluations |
| 2022 | • Started providing feedback to assistant managers and those in ranks below (administrative, engineering, gyomushoku) on the results of their evaluations |

Employee Engagement Survey

**Aim**
- Each employee can think and act to create a work environment where they can work actively and reach their full potential.

**Initiative**
- Use Employee Engagement Survey analysis for planning and implementing measures for employees to work lively.
- Share feedback results in the workplace to promote dialogue and improve activities in each organization.
- Promote changes to workplace culture from both a bottom-up perspective through dialog and a top-down perspective focusing on company management.

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Initiative to Promote Psychological Well-being

**Aim**
- To feel the joy and happiness of being a key part of automotive industry. 
- Well-being
  - Motivation and satisfaction at Toyota (in the workplace and in work performance)
  - Education and Career Development, Evaluation of and Feedback to Employees, Employee Engagement Survey
- Happiness in each individual’s life
  - Education and Career Development

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Fundamental Initiatives

Create an environment in which all employees can freely access and apply for consultation services and a variety of trainings at any time.

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<th>Initiatives</th>
<th>Target audience</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice from dedicated staff</td>
<td>All officers</td>
<td>Regularly provide information on mental health care and employees’ true feelings from dedicated staff, leading to the development and implementation of better company measures</td>
</tr>
<tr>
<td>Distribution of e-mail newsletters</td>
<td>All employees</td>
<td>Regular monthly distribution of information by email that serves as a boost to mental health and provides nourishment in daily life (like a Psychological Vitamin)</td>
</tr>
<tr>
<td>Online consultation hotline</td>
<td>Occupational health staff • Human resources • Supervisors</td>
<td>Set up a consultation hotline with part-time staff who are active in their fields and can provide appropriate information on medications and medical facilities, guidance on medical cooperation, and other useful tips</td>
</tr>
</tbody>
</table>

Monitoring well-being

The following new initiatives will be implemented from fiscal 2024.

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</thead>
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<tr>
<td>Well-being Survey (Conducted every year)</td>
<td>All employees</td>
<td>Conduct satisfaction surveys and other questionnaires on company measures that can serve as key drivers, in addition to the goal of having a subjective feeling of well-being and events of happiness</td>
</tr>
<tr>
<td>Well-being check (Conducted every month)</td>
<td>Employees in administrative and technical positions up to the third year of employment</td>
<td>Conduct surveys on PERMA-V • Provide opportunities to focus on well-being and self-monitoring • Conduct triage and case work with the involvement of dedicated staff when a reduced sense of well-being is observed</td>
</tr>
</tbody>
</table>

Training to improve well-being

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<th>Target audience</th>
<th>Overview</th>
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</thead>
<tbody>
<tr>
<td>OMOYARI Interpersonal Skills and Communication Training (live/online)</td>
<td>All supervisors and officers (mandatory)</td>
<td>Implement ongoing group psychoeducation in a constant and ruminative manner with the aim of preventing harassment and promoting well-being</td>
</tr>
<tr>
<td>Well-being Dojo (live/online)</td>
<td>All employees (optional)</td>
<td>Provide psychoeducation by dedicated staff to bring about mutually enhanced changes in awareness and behavior that help both individuals and others experience a valued sense of well-being</td>
</tr>
<tr>
<td>Cognitive behavior modification skill-up training</td>
<td></td>
<td>Training on understanding cognitive behavioral models for use in stress management</td>
</tr>
<tr>
<td>Communication skill-up training</td>
<td></td>
<td>Provide training that utilizes cognitive behavior models and can improve relationships through listening, accepting others, assertions, and comprehension, expression, and relationship adjustment skills</td>
</tr>
<tr>
<td>PERMA-V Training</td>
<td></td>
<td>Training in which participants can experience and learn about the elements of PERMA-V to improve their own and others’ well-being</td>
</tr>
<tr>
<td>Cognitive Behavior Modification Approach and PERMA-V Psychological Education (online)</td>
<td></td>
<td>Training from a neutral perspective by dedicated staff who are familiar with circumstances inside the company (individual case work, etc.)</td>
</tr>
</tbody>
</table>

* Positive Emotion, Engagement, Relationship, Meaning, Accomplishment, Vitality
Aim

Create workplaces that ensure the physical and mental well-being of all people working at each Toyota location, providing a safe environment where everyone can work to their full potential.

Initiative

Promoting health and safety initiatives for all on-site personnel including employees and contractors based on the following philosophy and policy:

- **Philosophy for health and safety**: Toyota Motor Corporation’s Declaration of Health Commitment and the Basic Philosophy for Safety and Health.
- **Health and safety policy**: Health through mutual awareness-raising and the establishment and enhancement of a safety-focused work culture. This policy is expanded globally.

Social Recognition

<table>
<thead>
<tr>
<th>Details</th>
<th>Years Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledged and certified as a Health and Productivity Company for encouraging employees to improve their health-related practices and promoting initiatives focusing on prevention by promoting flexible workstyles and providing support for a better work/life balance</td>
<td>2021, 2023</td>
</tr>
<tr>
<td>Certified by the Ministry of Economy, Trade and Industry of Japan (METI) and the Tokyo Stock Exchange</td>
<td></td>
</tr>
<tr>
<td>Certified as a White 500 Health &amp; Productivity Management Outstanding Organization</td>
<td>2018 to 2023</td>
</tr>
<tr>
<td>Certified by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council</td>
<td></td>
</tr>
<tr>
<td>Certified as a Safety and Health Outstanding Company for maintaining a high level of health and safety and implementing improvements</td>
<td>2015 to 2024</td>
</tr>
<tr>
<td>Certified by the Ministry of Health, Labour and Welfare (MHLW) (renewed every 3 years)</td>
<td></td>
</tr>
</tbody>
</table>

Basic Philosophy for Safety and Health

Safe work
Relied work
Skilled work
Safe work is “the gate” to all work. Let us pass through this gate.
Health and Safety Education

Aim

■ Educate all employees, from new recruits to executives, to establish awareness of their individual roles in maintaining health and safety (every year).

Initiative

Education Programs for Managers

■ Discussions about workplace management tips and examples
■ Reinforcement of the importance of daily communication
■ Early identification of any health problems of their subordinates by managers, provide proposals to predict accidents before they happen, etc.

Rank-specific Education Programs (Staff starting in new positions)

<table>
<thead>
<tr>
<th>Trainees</th>
<th>No. of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division general managers</td>
<td>6 hours</td>
</tr>
<tr>
<td>Section general managers</td>
<td>6 hours</td>
</tr>
<tr>
<td>CX</td>
<td>4 hours</td>
</tr>
<tr>
<td>Workplace leaders</td>
<td>12 hours</td>
</tr>
<tr>
<td>General and new employees</td>
<td>1 hour</td>
</tr>
</tbody>
</table>

Education for Improvement of Hazardous Operations/Skills

■ Skills training based on the requirements of the Industrial Safety and Health Act
■ Experienced instructors provide training on actual equipment in addition to legally-required skills training

2022 Results

Trainees No. of Participants

■ Production division members involved in hazardous operations | 3,284 |

Enhancing awareness of health and safety

Safety Inheritance Month

■ Lessons learned from serious incidents and accidents occurring within the company are used to communicate the importance of safety to all employees. Managers speak about their commitment to safety and meetings are held to encourage the prevention of accidents in all workplaces.

Review of past health and safety

■ All company officers send out messages about safety and managers express their commitment to safety, making an opportunity for all workplace personnel to review their daily operations.

Education Programs for Advancement

2022 Results

Details Trainees Seminars

On-site health education

Export instructors provide support for health and safety-related activities. Seminars are held to boost health literacy and provide accident simulation training.

Online health-related learning

Various online learning materials are provided to raise awareness and knowledge about mental health and the prevention of lifestyle-related diseases.
Initiative for Health

Aim
Further promotion of lifestyle disease prevention, mental health, improvements to create better, more fulfilling work environments. By prioritizing health as our policy, we ensure that our employees can grow along with the company, and each employee can contribute to boosting the company’s overall productivity.

Initiative

Strategic initiatives for health-focused management

Main company initiatives

Promotion of better working/fulfilling environment where each employee can grow, feel happy, to ensure active participation by all members

- Well-being enhancing measures from dedicated staff with a high level of expertise for psychological
  Advice, consultation, training, monitoring, and the-like measures that open up opportunities to live a more fulfilling life with both well-being and productivity.

- Helping employees grow
  Promotion of training based on job type and level, interactive interviews with managers, self-reporting system, performance evaluation feedback, sharing of work improvements, specialized skill training, and promotion of DX/ICT.

- Improving work styles (work rules, etc.)
  Promotion of better work-life balance by improving rules for shorter working hours/working from home/allowing work in any location, the use of various types of leave and diversity.

- Enhanced and more accessible employee benefits
  Enhanced support for both facilities and systems/services inside and outside the company, and support for asset building.

- Sending out company-related information
  Disclosure of management perspectives on labor-management meetings, etc., and support for asset building.

- Providing opportunities for communication
  Company-wide or workplace sports events and informal activities, cheering on employees as they continue to work together.

Producing Happiness for All

Well-being

- Fulfilling work, Support to grow

Creating better workplaces

- Reducing the absence rate

Preventive measures

- Health promotion

Early detection and treatment

Compliance with laws and regulations

Main health-related initiatives

Health and Fitness Program

- Young employees are taught to be aware of maintaining and improving their physical strength to prevent a drop in physical functioning due to aging.
- Annual health check-ups: body fat, bone and muscle mass, basal metabolic rate measurement (scope is to be expanded)
- 36-years-old or older employees are measured for grip strength, seated toe touch, foot grip strength, and shoulder function every four years.

Healthy Lifestyle Challenge 8

- Promoting eight "Healthy lifestyle habits" to prevent mental and physical diseases. This initiative encourages employees to adopt as many of these good habits as they can and prompts them to take a closer look at their current habits and lifestyles.

- Example of activity results: Percentage of all employees who exercise regularly 2019: 20% ~ 2022: 28%

- Expanding the smoke-free environment with an indoor smoking ban, a ban on smoking during working hours, and regular non-smoking days.
- A total ban on smoking in all company premises is scheduled to take effect in April 2025 (the ban is already being implemented at some locations).
- Smoking rates: 23.7% (2020); 22.1% (2021); 20.9% (2022)

- A total ban on smoking in all company premises is scheduled to take effect in April 2025 (the ban is already being implemented at some locations).
- Smoking rates: 23.7% (2020); 22.1% (2021); 20.9% (2022)

- Food and nutritional education through the company cafeteria
- Healthy menu items (low salt/well-balanced/well-balanced dishes) are provided. Calories and nutritional information are also displayed.
- Visualization of food intake and nutritional value using an app on the employee’s smartphone.

- Prevention of mental health issues, prevention of recurrence, and support when returning to work

Health support for employees stationed overseas

- Detailed departures, the employees and their family members undergo health check-ups and receive health guidance related to everyday life including vaccinations and the risk of malaria and HIV/AIDS.
- When posted overseas, the employee and their family receive local physical examinations and guidance as well as follow-ups for results. Consultations about various problems are also available for the employee and their family members and information is provided to help them feel at ease with local life environment.

- Industrial physicians and nurses are sent personally to the local area to observe the standard of medical care and the local lifestyle in each region

Health-check-ups and health guidance

- Appropriate job placement based on work restrictions, improving work environments/methods
- Follow-ups for employees working long hours
- More detailed health checks and consultations with an industrial physician are provided (above law requirements) during temporary busy periods or when responding to issues, work adjustments and detailed follow-ups.

Stress checks
Health KPI

2022 Results
2023 Targets

<table>
<thead>
<tr>
<th>Overall absence</th>
<th>Manpower of 1,180 employees</th>
<th>Manpower of 801 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical (lifestyle-related diseases)</td>
<td>5% drop compared to 2021</td>
<td>5% drop compared to 2022</td>
</tr>
<tr>
<td>Mental (new issue)</td>
<td>13% drop compared to 2021</td>
<td>2% drop compared to 2022</td>
</tr>
<tr>
<td>Mental (recurring issue)</td>
<td>15% increase compared to 2021</td>
<td>5% drop compared to 2022</td>
</tr>
</tbody>
</table>

Healthy Lifestyle Challenge 8 (average results from adopting 8 healthy lifestyle habits)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3/8</td>
<td>6.4/8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Lost Workdays Due to Absences

<table>
<thead>
<tr>
<th>[Manpower]**1</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022**2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infectious diseases, etc.</td>
<td>1.10</td>
<td>1.14</td>
<td>1.10</td>
<td>1.15</td>
<td>1.51</td>
</tr>
<tr>
<td>Mental or physical injury/illness</td>
<td>0.95</td>
<td>0.98</td>
<td>0.80</td>
<td>0.87</td>
<td>1.18</td>
</tr>
<tr>
<td>Total</td>
<td>2.05</td>
<td>2.12</td>
<td>1.90</td>
<td>2.02</td>
<td>2.69</td>
</tr>
</tbody>
</table>

Initiatives for Mental Health Care

- Employees, workplace managers, industrial healthcare staff, including psychology experts, and staff in charge of personnel and labor affairs respectively engage in various activities to prevent mental issues from either occurring or recurring.

  - Mindfulness and meditation training
  - Staff care
  - Encouraging better lifestyles and habits (Healthy Lifestyle Challenge 8)
  - Providing Stress checks (2022 participation rate: 91.7%) to raise awareness
  - Workforce management (support and communication from supervisors and co-workers)
  - Workplace-specific and individual support provided by workplace counselors
  - Workplace-specific education (for managers)
  - Care by experts
  - Training by psychology expert staff

- Total prevention of issues and/or first-stage prevention

  - Second-stage prevention (rapid identification and response to issues)
    - Screening at physical examination
    - Setting up a permanent in-house health counselling service
  - Third-stage prevention (preventing reoccurrence and re-absence)
    - Follow-ups for return to work in accordance with the guidelines
    - Care by experts
    - Advice for relevant employees and industrial health staff at a counselling center where a psychiatric specialist is permanently stationed

Physical Examination and Health Guidance

- Carrying out physical examinations provided by full-time medical staff in accordance with each employee's age and risk factors. Encouraging voluntary screening tests (neurological or gynecological tests, etc.) and providing specific health guidance.
  - From the age of 36 to 60 (retirement), employees and their (dependent) spouse undergo a health screening equivalent to a thorough physical examination once every four years. They also receive an oral health assessment, including a check for pyorrhoea alveolaris, and attend health briefings about their individual health status (approximately 20,000 persons undergo the screening per year at Toyota Motor Corporation).
  - Individual guidance will be provided if the employee's health does not improve after follow-ups within the company and/or outpatient treatment at a medical facility.

- Responses to Infectious Diseases

  - From the age of 36 to 60 (retirement), employees and their (dependent) spouse undergo a health screening equivalent to a thorough physical examination once every four years. They also receive an oral health assessment, including a check for pyorrhoea alveolaris, and attend health briefings about their individual health status (approximately 20,000 persons undergo the screening per year at Toyota Motor Corporation).

- Individual guidance will be provided if the employee's health does not improve after follow-ups within the company and/or outpatient treatment at a medical facility.

- Figure increased compared to 2021 due to an increase in absences caused by COVID-19 infections.
Initiative for Safety

Aim
Promoting safety and health activities rooted in each worksite toward achieving the target of “ultimately achieving zero accidents and the continuation of zero accidents at all worksites”

Scope: Employees, seconded employees, dispatched employees, employees of in-house contract companies, and employees of suppliers related to plant construction work, under the Occupational Safety and Health Rules.

Initiative for The Three Pillars of Safety

The Three Pillars of Safety

Safe People
Promoting the development of human resources who are capable of predicting risks and thinking and acting in compliance with rules
Workplace leaders demonstrate a safety-first attitude on a daily basis. Safety education focuses on the experiences and past actions of former employees, and is designed to encourage current employees to look at their awareness and behavior on a daily basis to ensure that all employees are “safe people”.

Safe Work (Risk Management)
Reducing and managing high-risk tasks to eliminate all serious accidents
Employees implement the 4S methodology: seri (sorting), seton (straightening), seiso (cleaning), and seiketsu (clean). They also evaluate safety risks in the workplace before implementing standardization based on the workability of each task.

Safe Place/Environments
Aiming to build positive and worker-friendly processes, find troubles and take quick decisions and actions
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.

Examples of Three Pillars Initiatives

Safe Work: Employee movement zones and industrial vehicle movement zones are separated to prevent collisions between workers and industrial vehicles.

Safe Place/Environments: Heat mitigation is carried out by creating cool air flows throughout the worksite to improve the work environment.

Safety Risk Assessment

Global Roll-out of Occupational Safety and Health Management System (OSHMS)
• Using OSHMS, weaknesses are identified by genchi genbutsu (going to the source to get the facts) inspections.
• Confiming whether measures are being implemented to avoid accidents that have occurred at other affiliates, and that a system has been created to ensure efforts are active and continuing.
• Acquisition of ISO 45001* Certification
• Eight global plants have acquired ISO 45001 certification (as of December 31, 2022). Further acquisition of certification by affiliates will be considered depending on the needs of the region and the plant concerned.

Global Safety Meeting
• Managers in charge of health and safety in each region attend a meeting (six times a year).
• Attendees discuss responses to common issues and share examples of effective responses.

When a new office is established, the company works together with suppliers to advance safety measures in terms of premises, buildings, and equipment installation while ensuring compliance with both legal requirements in the relevant country and construction work safety rules and equipment safety standards, both of which are common to global Toyota.

* WBGT (Wet Bulb Globe Temperature): Environmental assessment indicator to prevent heatstroke that considers both temperature and humidity

*1 ISO 45001: The international standard for occupational safety and health management systems established by the ISO (International Organization for Standardization)
**Initiatives to Create a More Worker-friendly Workplace Environment (Preventing Musculoskeletal Disorders)**

- Enhancing initiatives to create workplace environments that are more friendly to workers in every region with consideration for all those involved in production activities, regardless of age, gender, or physical characteristics.
- Measures to prevent lower back and hand pain from repetitive tasks include easy-to-assemble components and worker-friendly production equipment and work methods. We also visualize the condition of employees by offering physical care to employees on-site and a system to provide support when pain occurs.

**Safety KPI**

- Example of improvement: A power assist device to reduce arm fatigue (North America)

**Work-related Accidents and Injuries**

### 2022 Results

<table>
<thead>
<tr>
<th>Scope</th>
<th>2022 Target [cases]</th>
<th>Result [cases]</th>
</tr>
</thead>
<tbody>
<tr>
<td>All accidents</td>
<td>Global*3</td>
<td>254 (down 50% compared to 2021)</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>24</td>
<td>46</td>
</tr>
<tr>
<td>Fatal accidents on company premises</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Serious accidents (accidents that may result in death)</td>
<td>Global*3</td>
<td>10</td>
</tr>
<tr>
<td>Serious injuries (musculoskeletal diseases that require employees to take a leave of absence for two weeks or longer, or impose work limitations)</td>
<td>Global*3</td>
<td>478</td>
</tr>
</tbody>
</table>

*3 Global: Toyota Motor Corporation and 53 overseas locations

**All accidents by year (Global*4)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>665</td>
</tr>
<tr>
<td>2019</td>
<td>567</td>
</tr>
<tr>
<td>2020</td>
<td>543</td>
</tr>
<tr>
<td>2021</td>
<td>506</td>
</tr>
<tr>
<td>2022</td>
<td>588</td>
</tr>
</tbody>
</table>

*4 Global: Toyota Motor Corporation and 53 overseas locations

**In 2022, there was one fatal accident and the total number of accidents increased.**

- Toyota takes this situation very seriously and is implementing the following to ensure workplaces and employees can respond to changes.
  - Focusing on each individual employee.
  - Continuing activities related to the Three Pillars of Safety and further awareness-raising.
  - Continuous improvement of the health and safety management system.
Social Contribution Activities

Aim

■ Toyota works together with members of the community to create a more prosperous society and ensure its continued development in the future. We use the resources we have effectively while promoting activities such as support the human capital development of the next generation of human resources.

Initiative

■ 4 areas in which Toyota will focus its efforts
  • Contribution to a harmonious society
  • Human capital development
  • Community co-creation
  • Mobility for All (offer free and safe mobility for all people, through its business)

Example

• Social contribution programs (e.g. contribution to a harmonious society, human capital development, community co-creation)
• Support of activities by NPOs, NGOs, etc. (donations and sponsorship)
• Activities to promote understanding of automobiles, mobility culture, and Toyota’s corporate culture (Toyota Kaikan Museum, Toyota Automobile Museum etc.)

Expenditure for Social Contribution Activities (FY2023)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>7%</td>
</tr>
<tr>
<td>Traffic safety</td>
<td>4%</td>
</tr>
<tr>
<td>Human capital development</td>
<td>32%</td>
</tr>
<tr>
<td>Society and culture</td>
<td>16%</td>
</tr>
<tr>
<td>Other</td>
<td>41%</td>
</tr>
</tbody>
</table>

* Toyota Motor Corporation and major subsidiaries (81 companies)
Major subsidiaries’ results have been converted to yen based on the average exchange rate for FY2023.
### Employees

**TMC: Toyota Motor Corporation**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees (Consolidated)</strong></td>
<td>366,283</td>
<td>372,817</td>
<td>375,235</td>
</tr>
<tr>
<td><strong>Employees (TMC)</strong></td>
<td>71,373</td>
<td>70,710</td>
<td>70,056</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>62,335</td>
<td>61,571</td>
<td>60,780</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>9,038</td>
<td>9,139</td>
<td>9,276</td>
</tr>
<tr>
<td><strong>Newly-hired employees (TMC)</strong></td>
<td>1,028</td>
<td>1,122</td>
<td>1,401</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>750</td>
<td>840</td>
<td>1,138</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>278</td>
<td>262</td>
<td>263</td>
</tr>
<tr>
<td><strong>Average age (TMC)</strong></td>
<td>39.2</td>
<td>40.5</td>
<td>40.6</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>39.8</td>
<td>41.4</td>
<td>41.2</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>35.1</td>
<td>36.4</td>
<td>36.8</td>
</tr>
<tr>
<td><strong>Average period of employment (TMC)</strong></td>
<td>16.2</td>
<td>16.4</td>
<td>16.2</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>16.6</td>
<td>16.8</td>
<td>16.6</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>13.2</td>
<td>13.4</td>
<td>13.7</td>
</tr>
<tr>
<td><strong>Turnover rate (TMC, voluntary resignation due to personal reasons)</strong></td>
<td>%</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Re-employed retirees (TMC)</strong></td>
<td>Persons</td>
<td>1,000</td>
<td>1,288</td>
</tr>
<tr>
<td><strong>Non-Japanese CEOs/COOs in major overseas subsidiaries</strong></td>
<td>%</td>
<td>72.0</td>
<td>78.4</td>
</tr>
<tr>
<td><strong>Number of managers (TMC)</strong></td>
<td>Persons</td>
<td>10,504</td>
<td>10,534</td>
</tr>
<tr>
<td><strong>Percentage of managerial positions held by women</strong></td>
<td>Global</td>
<td>%</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>TMC</strong></td>
<td></td>
<td></td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Number of female assistant managers (TMC)</strong></td>
<td>Persons</td>
<td>733</td>
<td>762</td>
</tr>
<tr>
<td><strong>Number of female managers (TMC)</strong></td>
<td>Persons</td>
<td>283</td>
<td>315</td>
</tr>
<tr>
<td><strong>Percentage of female new recruits (TMC)</strong></td>
<td>Administrative employees</td>
<td>%</td>
<td>38.3</td>
</tr>
<tr>
<td><strong>Engineering employees</strong></td>
<td>15.2</td>
<td>12.7</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Shop floor employees</strong></td>
<td>32.8</td>
<td>31.5</td>
<td>20.8</td>
</tr>
<tr>
<td><strong>Female turnover rate (TMC, voluntary resignation due to personal reasons)</strong></td>
<td>Administrative and Engineering employees</td>
<td>%</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Shop floor employees</strong></td>
<td>2.3</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Number of employees using the childcare and nursing care leave program (TMC)</strong></td>
<td>Persons</td>
<td>767</td>
<td>923</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>296</td>
<td>495</td>
<td>932</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>471</td>
<td>428</td>
<td>437</td>
</tr>
<tr>
<td><strong>Average period of childcare leave (TMC)</strong></td>
<td>Months</td>
<td>2.3</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>17.0</td>
<td>16.5</td>
<td>16.4</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 Number of re-employed administrative and engineering retirees
*2 Scope of calculation: 13 overseas companies
*3 Scope of calculation: 32 overseas companies
*4 TMC and 44 overseas companies (excluding China)
<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>96.7</td>
<td>99.0</td>
<td>99.0</td>
</tr>
<tr>
<td>Female</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Average number of days leave taken by male employees of the birth of their child (TMC)</td>
<td>98.1</td>
<td>98.1</td>
<td>97.8</td>
</tr>
<tr>
<td>Time</td>
<td>10.6</td>
<td>19.4</td>
<td>38.0</td>
</tr>
<tr>
<td>Ratio of male employees taking childcare leave (TMC) (%)</td>
<td>90.6</td>
<td>91.0</td>
<td>90.7</td>
</tr>
<tr>
<td>Average number of days male employees who took more than a half-day or full day of leave within</td>
<td>5.4</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Gender gap pay (TMC) (%)</td>
<td>—</td>
<td>—</td>
<td>66.7</td>
</tr>
<tr>
<td>Employment rate of people with disabilities (TMC, including special-purpose subsidiaries)</td>
<td>2.46</td>
<td>2.50</td>
<td>—</td>
</tr>
<tr>
<td>Total training hours (TMC)</td>
<td>30.984</td>
<td>35.654</td>
<td>36.392</td>
</tr>
<tr>
<td>Number of employees using the flexible working hours system (TMC) (%)</td>
<td>98.5</td>
<td>93.4</td>
<td>101</td>
</tr>
<tr>
<td>Annual average overtime per employee (TMC) (%</td>
<td>1.405</td>
<td>1.431</td>
<td>—</td>
</tr>
<tr>
<td>Total training hours (TMC) (%)</td>
<td>453,103</td>
<td>507,485</td>
<td>412,236</td>
</tr>
<tr>
<td>Total training hours per employee (TMC) (%)</td>
<td>6.3</td>
<td>7.2</td>
<td>5.9</td>
</tr>
<tr>
<td>Total training cost (TMC)</td>
<td>287</td>
<td>378</td>
<td>343</td>
</tr>
<tr>
<td>Employees who feel personal growth (TMC) (%)</td>
<td>82.1</td>
<td>85.1</td>
<td>82.3</td>
</tr>
<tr>
<td>Employees who are satisfied with company life (TMC) (%)</td>
<td>78.7</td>
<td>78.2</td>
<td>77.2</td>
</tr>
<tr>
<td>Administrative and engineering employees who are satisfied with company life (25 overseas companies) (%)</td>
<td>—</td>
<td>70.0</td>
<td>67.9</td>
</tr>
<tr>
<td>Shop floor employees who are satisfied with company life (17 overseas companies) (%)</td>
<td>—</td>
<td>72.1</td>
<td>73.5</td>
</tr>
<tr>
<td>Rate of non-permanent employment (TMC) (%)</td>
<td>12.9</td>
<td>14.9</td>
<td>17.5</td>
</tr>
<tr>
<td>Rate of employees covered by collective bargaining agreements (%)</td>
<td>91</td>
<td>91</td>
<td>90</td>
</tr>
<tr>
<td>Number of work stops and total days idled (days)</td>
<td>1,394</td>
<td>0</td>
<td>1,155</td>
</tr>
<tr>
<td>Lost-time injury frequency rate (cases/person-years)</td>
<td>0.24</td>
<td>0.23</td>
<td>0.28</td>
</tr>
<tr>
<td>Global</td>
<td>0.10</td>
<td>0.09</td>
<td>0.07</td>
</tr>
<tr>
<td>TMC</td>
<td>1.10</td>
<td>1.15</td>
<td>1.51</td>
</tr>
<tr>
<td>Stress check implementation rate (TMC) (%)</td>
<td>96.5</td>
<td>96.2</td>
<td>91.7</td>
</tr>
</tbody>
</table>
Corporate Governance

Fundamental Approach

Aim
- Establishment of a corporate governance structure that supports sustainable growth and the stable, long-term enhancement of corporate value.

Initiative
- Establishment and improvement of corporate governance structure and proper operation of the Board of Directors and the Audit & Supervisory Board, etc. to enhance corporate governance.

Corporate Governance Structure

Aim
- Put in place a structure that enables customer opinions and on-site information to be swiftly communicated to management in order to realize timely and accurate management decision-making, and to review whether such management decisions are accepted by the customers and society.

Initiative
- Together with the business units (in-house companies and Business Planning & Operation Units), the president, executive vice presidents and operating officers, to whom authority is delegated by the Board of Directors, realize prompt decision-making and promote initiatives.
- The Board of Directors, which includes Outside Directors, and the Audit & Supervisory Board, which includes outside Audit & Supervisory Board Members, supervise and audit the execution of business operations.
Launch of the New Management Team (April 2023)

Koji Sato took office as the President of Toyota Motor Corporation in April 2023.

Being committed to team management, the new management team, under the theme of “inheritance and evolution,” will work to further advance product-centered and region-centered management and accelerate the Company’s transformation into a mobility company, based on the foundation laid by Chairman Toyoda.

We will continue to create ever-better cars that are safe, reliable, and fun to drive.

We will change the future of cars based on the two pillars of carbon neutrality and expanding the value of mobility.

Under the slogan “Let’s change the future of cars,” we will work to accelerate our initiatives for the future, in cooperation with our 370,000 Toyota colleagues around the world, our suppliers, and our dealers, who share this passion, as well as with our shareholders.

Process for Appointing the President

To ensure a thorough selection process, Akio Toyoda, who was the President and Chief Executive Officer at the time, took it upon himself to create opportunities to develop talent that can pass on the philosophy, skills, and behavior of Toyota Motor Corporation. Outside members of the Board of Directors, who comprise a majority of the Executive Appointment Meeting, also participated in the evaluation process, by creating opportunities to meet directly with potential candidates and other means.

Toyota Motor Corporation’s Board of Directors decided whom to appoint as President after several individual interviews with candidates and extensive deliberation by the Executive Appointment Meeting.

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Goverance Data

Sustainability Data Book
Board of Directors

**Aim**

- Carry out acceleration of decision-making and appropriate supervision to realize sustainable growth through transformation into a “mobility company”.

**Initiative**

- Internal executives who have been long engaged in and have deep knowledge of manufacturing and outside executives who are capable of providing advice for the creation of new value from a broad perspective participate in well-balanced decision making at the Board of Directors’ meetings.

- Establishment of “Executive Appointment Meeting” and “Executive Compensation Meeting,” of which a majority of the members are Outside Members of the Board of Directors, in order to enhance the governance system.

**Composition**

- 10 members (Independent Outside Directors: 4, Female: 1, Non-Japanese: 2)
- Chairman: Vice Chairperson of Toyota Motor Corporation
- Average tenure: 4.1 years (5-4 years: 6 persons, 5-8 years: 3 person, over 10 years: 1 person)
- The Executive Appointment Meeting discusses and makes recommendations to the Board of Directors.

**Independence of Outside Directors**

- Considered in accordance with the requirements for Outside Members of the Board of Directors set out in the Companies Act and the independence standards established by the relevant financial instruments exchanges.

**Diversity of the Board of Directors**

- Members of the Board of Directors are to consist of members with abundant knowledge, deep insight and the highly professional expertise needed by Toyota, and members are appointed in consideration of Board diversity.

**Meetings**

<table>
<thead>
<tr>
<th>Name</th>
<th>Composition (as of June 2023)</th>
<th>Frequency/Attendance Rate</th>
<th>Prior Meeting</th>
<th>Main Discussion Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Appointment Meeting</td>
<td>Chairperson: Vice Chairperson of the Board of Directors, 6 members (Independent Outside Directors: 4, Female: 1, Non-Japanese: 1)</td>
<td>8 times*1 / 100%</td>
<td>5 times</td>
<td>Recommendations regarding appointment/dismissal of Members of the Board of Directors and Audit &amp; Supervisory Board Members</td>
</tr>
<tr>
<td>Executive Compensation Meeting</td>
<td>Chairperson: Vice Chairperson of the Board of Directors, 6 members (Independent Outside Directors: 4, Female: 1, Non-Japanese: 1)</td>
<td>2 times*1 / 100%</td>
<td>5 times</td>
<td>Remuneration level for each position and job responsibility</td>
</tr>
</tbody>
</table>

*1 Held in April, May, June, July, and November 2022, and January, February, and March 2023
*2 Held in April 2022 and March 2023
*3 Composed solely of outside directors

**Analysis of evaluation of the effectiveness of the Board of Directors**

- Frequency: Once a year
- Subject of evaluation: Members of the Board of Directors and Audit & Supervisory Board Members
- Matters to be evaluated: Matters including: composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk management, communication with stakeholders such as shareholders
- Method: Self-evaluation through survey
- Summary of the findings: In FY2023, an issue identified last year, has been improved, while it has been confirmed that further improvements need to be made regarding time allocation, discussion on business strategies, and management with sustainability in mind. In the future, it is necessary to secure more opportunities to discuss important topics on management strategy and enhance opportunities for interaction with the executive side.
### Audit & Supervisory Board

#### Aim
- Appropriately conduct audits of Toyota, which aims to achieve global sustainable growth by transforming itself into a “mobility company”.

#### Initiative
- The Audit & Supervisory Board is composed of full-time Audit & Supervisory Board Members, who are well-informed of Toyota’s internal matters, and Outside Audit & Supervisory Board Members who have a high level of expertise and knowledge.
- Each Audit & Supervisory Board Member can exercise his/her audit & supervisory authority independently.

#### Composition
| Members | 6 members (Outside Audit & Supervisory Board Members: 3, Female: 1, Non-Japanese: 2) |

#### Appointment/dismissal of Audit & Supervisory Board Members
- The Executive Appointment Meeting discusses and makes recommendations to the Audit & Supervisory Board.

#### Independence of Outside Audit & Supervisory Board Members
- Considered in accordance with the requirements for Outside Members of the Board of Directors set out in the Companies Act and the independence standards established by the relevant financial instruments exchanges.

#### Members’ career summary
- Executives

#### Attendance at Board of Directors’ meetings
- Notice of Convocation “Attendance at the Board of Directors’ Meetings [No. of meetings attended]”

#### Skills matrix
- Notice of Convocation “Skills Matrix of Members of the Board of Directors and Audit & Supervisory Board Members”

### Executive Compensation

#### Aim
- Executive compensation system is an important means to encourage executives to practice "product-centered and region-centered management" and contribute to decision-making aimed at sustainable growth into the future, as well as to play a significant role in transforming Toyota Motor Corporation into a mobility company through responding to electrification, intelligence, and diversification based on partnerships, while working towards the resolution of climate change and other social challenges.

#### Initiative
- Toyota’s executive compensation system is determined based on the following policy.
  - It should be a system that encourages Members of the Board of Directors to work to improve the medium- to long-term corporate value of Toyota.
  - It should be a system that can maintain compensation levels that will allow Toyota to secure and retain talented personnel.
  - It should be a system that motivates Members of the Board of Directors to promote management from the same viewpoint as our shareholders with a stronger sense of responsibility as corporate managers.

#### Remuneration system
- Policies for determining remuneration for each member of the Board of Directors are determined on a case-by-case basis and structures that allow Toyota to secure and retain talented personnel.
- Appropriate remuneration levels and payment methods are set.

#### Method of determining remuneration
- The total amount of remuneration (total amount of fixed remuneration and performance-based remuneration) received by each member of the board of directors in a year is determined based on consolidated operating income, the fluctuation of the market capitalization of Toyota, and individual performance evaluation.

#### Remuneration for Members of the Board of Directors
- Maximum cash compensation: 3.0 billion yen per year (of which, the maximum amount payable to Outside Members of the Board of Directors is 0.3 billion yen per year)
- Maximum share compensation: 4.0 billion yen per year

#### Remuneration for Audit & Supervisory Board Members
- 30 million yen or less per month

#### Form 20-F “COMPENSATION”

### Internal Control

#### Aim
- Establish a system for ensuring the appropriateness of business operations as a corporate group and the proper implementation of that system in accordance with the “Basic Policies on Establishing Internal Controls.”

#### Initiative
- Integrate the principles of problem identification and continuous improvement into the business operation process and train employees who will put these principles into practice.
- Inspect the establishment and implementation of internal controls, each business year.
- Confirm that the organizational units responsible for implementing internal controls are functioning autonomously and are enhancing internal controls as necessary.
**Fundamental Approach**

**Aim**

- Reinforcing our risk management to handle the increasing uncertainty while responding to expectations to take on new challenges amid a period of tremendous change in the conditions and values of the automotive industry, including the push toward carbon neutrality and CASE*.

* CASE: Connected, Autonomous/Automated, Shared, and Electric

**Initiative**

- Protecting the interests of our stakeholders, including customers and employees, even in the event of a risk occurrence, through the improvement of the organizational structure and the operation of the risk management system.

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**Organizational Structure**

**Aim**

- Preventing, mitigating, and reducing risks that could arise in Toyota’s business activities from a global perspective through collaboration and mutual support among regions, functions, and in-house companies.

**Initiative**

- Persons responsible for risk management: Chief Risk Officer (CRO), Deputy CRO (DCRO)
  - Person supervising risk management in each region: Regional CRO
  - Person responsible/in charge of risk management by function: Chief officer/risk manager of each division within the head office
  - Person responsible/in charge of risk management by product: Company president/risk manager of each division in each in-house company
- Significant risks requiring quick response are reported by CRO and DCRO and discussed in the board meeting and/or other needed management meetings.

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**Risk Management**

- Shareholders’ Meeting
- Board of Directors
- CRO/DCRO

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| 110 | Fundamental Approach |
| 110 | Organizational Structure |
| 111 | Risk Management System |
| 111 | Business Continuity Management (BCM) |
Risk Management System

Aim

- Identifying, assessing, and handling significant risks through the development of Toyota's globally common risk management policy, structure, and operating procedures.

Initiative

- Estimating, identifying, and assessing risks in accordance with the Toyota Global Risk Management Standard (TGRS), a company-wide risk management framework based on the ISO and COSO (Committee of Sponsoring Organizations of the Treadway Commission).
  
  ⇒ Significant risks
  
  • Advancing company-wide initiatives in terms of the following matters: climate change, natural disasters, and geopolitical conflicts to supply chains, business continuity management (BCM) at the head office, Toyota Group companies, and business partners to respond to a wide range of risks, cybersecurity risks, privacy protection, and internal control risks.

Business Continuity Management (BCM)

Aim

- Assure quick recovery in business operations despite limitations on resources in preparation for large-scale disasters such as earthquakes and floods.

Initiative

Preparation for major disasters

- Strong focus on preparedness for a Nankai Trough earthquake by developing the systems and processes needed from first responses to the resumption of operations.
  
  • Nankai Trough earthquake: A natural disaster predicted to cause extensive damage to the Tokai region, an area where Toyota has its headquarters, R&D and production facilities, as well as a high concentration of supply chain factories. A comprehensive response will be required from global Toyota.

Formulation of the Business Continuity Plan (BCP)

- Developing risk-resilient organizations and workplaces
  
  • Improving the effectiveness of the BCP by implementing PDDA through training and other means in coordination among employees and their families, Toyota Group companies and suppliers, and Toyota.
  
  • Developing risk-resilient individuals.

Toyota’s Basic Guidelines (priorities during a disaster)

- In the event of a disaster, we support the recovery of local communities and then steadily resume in-house production while making the protection of employees’ safety the highest priority.

- Disaster risk reduction system and implementation of emergency drills
  
  • Establishment of an initial response system divided into three levels: company-wide, office, and workplace levels.
  
  ⇒ Through company-wide emergency drills (once a year), in which these three levels are linked together, and emergency drills held by each disaster risk reduction block organized at the office level, we work toward improving the accuracy and effectiveness of our initial responses.

Formulation and Review of BCP

- Action Plan in an Emergency
  
  1. Organization Chart
  
  2. Operational Flowchart
  
  3. Operational Procedure Manual

Toyota’s Basic Guidelines (priorities during a disaster)

1. Humanitarian aid (rescuing first, relief)

2. Early recovery of the affected areas (communities)

3. Restoration of Toyota’s operations and production

Organizational Structure

- Company-wide
  
  Overseeing the company-wide disaster risk reduction system, gathering internal and external information in the event of an emergency, and determining response policies

- Disaster risk reduction block headquarters
  
  Overseeing the block, gathering information about damage, supporting stranded commuters, operating a first-aid station, etc.

- Workplace disaster risk reduction team
  
  Controlling the evacuation of the members of the workplace, giving first aid to the sick and wounded, first-aid firefighting, etc.
Utilization of the Safety Confirmation System
- In case that a large-scale disaster or incident occurs in Japan, the system enables employees working, living or staying in the affected area to report to the company if they and their family members are safe using their computers or smartphones.
- Conducting a safety confirmation drill for all employees every year in tandem with the company-wide emergency drill.

FY2023 Results
- Safety reporting rate at company-wide drill: 99% (Toyota Motor Corporation)

Enhancing awareness of disasters
- Discussions on simulations for disasters
- Discussions at each workplace

Initiates to Mitigate the Impact of Disasters on Buildings and Equipment
- We work to mitigate the impact of disasters on buildings and equipment in order to reduce any human injury and property damage in the event of a disaster and resume production immediately after shifting to the business restoration phase.
- Buildings:
  - Our new buildings in Japan sufficiently meet the latest earthquake-resistance standards. Furthermore, each of our buildings built according to former earthquake-resistance standards has received earthquake-resistance testing and been retrofitted as needed.
- Production equipment:
  - We constantly identify hazards, such as collapse, fire and a loss of power in the event of a disaster, and risks that may affect manufacturing quality while taking work processes and the characteristics of the machinery into consideration. To eliminate the identified hazards and risks, we make continuous efforts to incorporate reasonable measures into equipment specifications and operational procedures.

Humanitarian Aid and Early Recovery for Disaster-affected Regions
- Toyota has concluded comprehensive disaster support agreements with local governments (Toyota City, Miyoshi City, Tahara City, Hekinan City, and Susono City).
  - 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 BCP and conducting joint training with the local governments.
  - Details of the major support items
    - Rescue and relief in a disaster
    - Provide temporary evacuation facilities to local residents
    - Provide food, drinking water, and daily necessities for distribution through local governments (local residents)
    - Support cargo handling at municipal relief supply facilities
    - Provide space necessary for restoration of local infrastructure (water supply and drainage, roads, etc.)
    - Employee participation in local recovery activities
Response to Infectious Diseases

- Infection prevention and support for frontline medical workers
  - We work to prevent infection and support frontline medical workers while placing the highest priority on the safety and security of our employees and their families, customers, suppliers, and other stakeholders.
  - The internal emergency headquarters takes various measures in line with the instructions of national and local governments in Japan and other countries/regions.
  - In preparation for any employee or anyone working with us being infected, a manual that indicates where to report the infection and the method of disinfection is distributed to all workplaces.
  - We examine and implement various measures that make effective use of our manufacturing and logistics know-how and the global supply chains of the automobile industry.

COVID-19 vaccination

<table>
<thead>
<tr>
<th>Community support</th>
<th>Workplace vaccination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of our facilities as vaccination sites</td>
<td>Administration of vaccines to our suppliers in the neighborhood and our employees</td>
</tr>
<tr>
<td>Dispatch of our staff members to support doctors, other medical workers, and vaccination site operators</td>
<td>Use of 17 internal facilities as vaccination sites</td>
</tr>
<tr>
<td>The total number of vaccine doses administered: 122,400 (from the end of May to the end of October 2021)</td>
<td>1st and 2nd doses: 164,471 doses administered (June to October 2021)</td>
</tr>
<tr>
<td></td>
<td>3rd doses: 53,372 doses administered (March to June 2022)</td>
</tr>
</tbody>
</table>
**Fundamental Approach**

**Aim**

- Carry out the Guiding Principles at Toyota* and fulfill the corporate social responsibility expected of Toyota.

* 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.

**Guiding Principles at Toyota**

- Formulation of the Toyota Code of Conduct that outlines the basic mindset to be held by all members of Toyota and that shows concrete guidelines for the Guiding Principles at Toyota.
- Post the content on the intranet and distribute the booklet to ensure that all employees, including secondees and dispatched employees are thoroughly familiar with the Toyota Code of Conduct.
- Provision of various training and education programs, operation of the Speak up Hotline, and strengthening of compliance through checks.
- Promotion of compliance activities to ensure that all people working at Toyota act responsibly in compliance with the Guiding Principles at Toyota, the Toyota Code of Conduct, etc. under the leadership of Chief Compliance Officer and Deputy Chief Compliance Officer.

**Toyota Code of Conduct**

**Compliance Education**

**Aim**

- Ensure that awareness of compliance extends throughout the company from top management to each employee.

**Initiative**

- For employees:
  - Familiarize employees with various laws and regulations that they must understand when carrying out their tasks.
  - The Business Compliance Seminar, in which lectures are given by the responsible division (held every year).
  - E-learning-based training.
  - Individual training courses tailored to specific needs of in-house divisions and subsidiaries in Japan.
  - Training at career milestones, such as at the time of joining the company, promotion and overseas assignment.

**Major Training Themes**

- Contracts
- Antimonopoly Law
- Subcontracting Law
- Insider Trading Regulations
- Act on the Protection of Personal Information
- Intellectual Property (copyrights, trademarks)
- Product Liability
- Taxation
- Conflicts of Interest
- Bribery/Corruption Prevention
- Safety and Health
- Confidentiality Management
- Labor
- Security Export Control
- etc.

- For officers: Thoroughly inform officers, including members of the Board of Directors, with basic matters that they must abide by.

**Legal Handbook for Corporate Officers**

- The Handbook explains the various laws, regulations and points that officers must observe while performing their duties. It provides a comprehensive explanation of how to prevent corruption, including regulations with regard to bribery/corruption, insider trading, conflict-of-interest transactions and competitive transactions.
- The Handbook is posted on the company intranet for officers, and relevant explanations are provided for newly-appointed officers.
- The Handbook is revised annually to reflect amendments to the relevant laws.

**Code of Ethics for Directors and Operating Officers**

- It is a code of ethics that defines the basic matters that officers must comply with while performing their duties, together with internal regulations such as the Guiding Principles at Toyota and the Toyota Code of Conduct.
- It has been formulated by the Board of Directors and is thoroughly informed to officers.
Bribery / Corruption Prevention Measures

Aim

■ Promote the eradication of bribery/corruption.

Initiative

■ Formulation of Anti-bribery Guidelines (2012)
  ▪ Formulated the guidelines for internal divisions and for business partners.
  ▪ Anti-bribery Guidelines (For Business Partners)

<table>
<thead>
<tr>
<th>Guidelines for internal divisions</th>
<th>Guidelines for business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major items stipulated</td>
<td></td>
</tr>
<tr>
<td>• Prohibition of bribing public officials, etc.</td>
<td></td>
</tr>
<tr>
<td>• Prohibition of bribery of those who are not public officials</td>
<td></td>
</tr>
<tr>
<td>• Preparation and retention of accurate accounting records</td>
<td></td>
</tr>
<tr>
<td>• Reporting of improprieties when they are found</td>
<td></td>
</tr>
<tr>
<td>• Cooperation when investigations are carried out</td>
<td></td>
</tr>
<tr>
<td>• Points to follow when entering business partnerships (detailed audits, execution of contracts)</td>
<td></td>
</tr>
<tr>
<td>• Points to follow related to the payment of various expenses (gifts, donations, remunerations, etc.)</td>
<td></td>
</tr>
<tr>
<td>• Reporting impropriety when found/who to consult</td>
<td></td>
</tr>
<tr>
<td>• Penalties for violation and internal disciplinary measures</td>
<td></td>
</tr>
<tr>
<td>• Prohibition of bribing public officials, etc.</td>
<td></td>
</tr>
<tr>
<td>• Prohibition of bribery of those who are not public officials</td>
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<tr>
<td>• Preparation and retention of accurate accounting records</td>
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<td>• Reporting of improprieties when they are found</td>
<td></td>
</tr>
<tr>
<td>• Cooperation when investigations are carried out</td>
<td></td>
</tr>
</tbody>
</table>

Posted on: The company intranet, The company’s official website

■ Raise and enhance awareness through various training programs and activities.
  ■ In the payment process, ensure that an authorizer (manager) confirms that the act is not considered bribery.
  ■ Incorporate bribery/corruption prevention into inspection activities (from 2013), and promote improvement activities aimed at strengthening antibribery systems of Toyota and its subsidiaries in and outside Japan.

FY2023 Results
  • No cases involving bribery/corruption-related penalties or dismissal. (Toyota Motor Corporation)

Initiatives for Taxation

Aim

■ Conduct tax-related duties of high quality by maintaining compliance on taxation.

Initiative

■ Formulation of the Toyota Tax Policy
  ▪ Communicate Toyota’s stance on tax payment and taxation policy in an easily understandable manner and promote stakeholders’ understanding of it.
  ▪ Disseminate the Tax Policy to all subsidiaries.

Tax Policy

Speak-up

Aim

■ Quickly and appropriately respond to workplace- and duty-related concerns, complaints or questions that employees and other relevant parties may have.

Initiative

Speak-up Hotline
  ■ In the past: Several hotlines were used depending on the type of issue, including a Compliance Hotline, which allowed employees to report compliance-related issues, and hotlines for harassment.
  ■ At present: These hotlines have been integrated into the “Speak up” Hotline (since April 2020).

<table>
<thead>
<tr>
<th>Persons eligible to use the hotline</th>
<th>Methods for disseminating information on the hotline</th>
</tr>
</thead>
<tbody>
<tr>
<td>• As long as the topics of the consultation are matters related to employees or workplaces of Toyota Motor Corporation, the hotline is open to not only its employees but also any other third parties, including employees’ family members and business partners</td>
<td></td>
</tr>
<tr>
<td>• The hotline can also be used anonymously</td>
<td></td>
</tr>
<tr>
<td>• Applications for consultation can be made through a law firm, the website and by email or telephone. (Applications through the website and by email can be made on a 24-hour basis.)</td>
<td></td>
</tr>
<tr>
<td>• The content of a consultation is passed to the division responsible either anonymously or openly upon request and the details are investigated carefully to ensure that the person who voiced the concern is not identified if they wish to remain anonymous</td>
<td></td>
</tr>
<tr>
<td>• It is stipulated in relevant company regulations that unless the purpose is malicious, seeking a consultation through the hotline and taking other related actions will not disadvantage the person who voiced the concern</td>
<td></td>
</tr>
<tr>
<td>• For cases where an issue is actually identified, appropriate measures will be taken in accordance with company regulations such as the Work Regulations</td>
<td></td>
</tr>
</tbody>
</table>

Handling

<table>
<thead>
<tr>
<th>Number of consultations received (FY2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 707 (approx. down 3% compared to the previous year)</td>
</tr>
<tr>
<td>• Violation of laws, regulations and rules: 90</td>
</tr>
<tr>
<td>• Financial wrongdoing: 4</td>
</tr>
<tr>
<td>• Harassment: 128</td>
</tr>
<tr>
<td>• Workplace environment/personnel matters: 203</td>
</tr>
<tr>
<td>• Opinions/inquiries: 176</td>
</tr>
<tr>
<td>• Other issues: 106</td>
</tr>
</tbody>
</table>
Checks to Enhance Compliance

**Aim**

- Assess the compliance status of Toyota Motor Corporation and its subsidiaries in and outside Japan, and make improvements.

**Initiative**

- Select fields to be checked by making assessments of risk levels and importance for Toyota, and conduct checks. (Conducted every year)
  - For issues identified through checks and points that need to be improved, incorporate them into the next fiscal year’s action plans to ensure continuous attention and improvement.
  - Conduct interviews with subsidiaries to understand their compliance efforts and provide support when needed.

**Checks carried out in FY2023**

- Checks in terms of compliance with the Antimonopoly Law, bribery/corruption prevention, etc.

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**Toyota Consolidated Helpline**

- Employees of Toyota’s subsidiaries in Japan and their family members may use this hotline as an option other than the hotline of their own companies when they have compliance-related questions regarding their companies. (The Helpline is run by an outside law firm as a subcontractor.)

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**Our Response to the Misconduct of Consolidated Subsidiaries**

- In March 2022, Toyota Motor Corporation’s consolidated subsidiary Hino Motors, Ltd. announced that it had identified past misconduct in relation to its applications for certification concerning emissions and the fuel economy performance of its vehicle engines for the Japanese market.
- In April 2023, Toyota Motor Corporation’s consolidated subsidiary, Daihatsu Motor Co., Ltd., announced that it had committed procedural irregularities in approval applications for side collision tests for vehicles developed by Daihatsu destined for overseas markets.
- In the wake of the large-scale recalls that occurred in 2009, Toyota promised its customers around the world that it would not “run away, hide, or lie.” Given this, we take very seriously the fact that these problems nevertheless occurred in our Group.
  - For these matters, as the chief executive officer, Toyota Motor Corporation’s President will take responsibility for improving the car manufacturing operations of Toyota and the group companies.
  - The Chairman of the Board of Toyota Motor Corporation will lead initiatives to strengthen governance and compliance.
  - We will ensure that all the Group companies return once again to the Toyota philosophy that has been cherished since the company’s founding, and that each Group company’s top management confront the problems at their respective workplaces, uncover them, and make improvements one by one, and continue this steady effort.
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<tr>
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<td>Outside Directors (independent officers)</td>
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TOYOTA MOTORT CORPORATION has reported the information cited in this GRI content index for the period from April 1, 2022 to March 31, 2023 with reference to the GRI Standards.

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|      |                           | Quality and Service |

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- [Recycled input materials used](#)
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- [Environmental Data (L) Water Disclosure: Global](#)
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