

# Sustainability Data Book

The latest version

— Last update: January, 2022 —

# Sustainability Data Book Overview GRI 102-46, 48~54

The latest version

— Last update: January, 2022 —

## 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.

(The Environmental Report, which had been issued as a booklet dedicated to reporting Toyota's environmental initiatives, was incorporated into the Sustainability Data Book in fiscal 2022.)

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

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

## Reference Guidelines

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

## Integrated Report

Toyota Times website 

Securities Reports/SEC Filings

Sustainability Data Book

Financial Results/Operating Results

Corporate Governance Report

IR section of Toyota's website 

Sustainability section of Toyota's website 

Financial ←

→ Non-financial

## 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.

## Update History

January 2022	•P5	Promoting Sustainability	Fundamental Approach, Public policy
	•P10-51	Environment	Strategy and Management, Environmental Data
	•P53-57	Safety	
	•P63-66	Information Security and Privacy	(The content transferred from “Governance” to “Society” and expanded disclosure of more information about our contribution to the society.)
	•P76	Business Partners	Dealers
	•P83	Diversity and Inclusion	Social Recognition
November 2021	•P95	Intellectual Property	(Newly added)
	•P106-109	Risk Management	Fundamental Approach
October 2021		Environment	
September 2021		Quality and Customer	
		Social Contribution Activities	
		Respect for Human Rights	
		Business Partners	Supply Chain
		Diversity and Inclusion	
		Social Data	
		Risk Management	Business Continuity Management (BCM)
		Compliance	Bribery / Corruption Prevention Measures
		Overview of Toyota Motor Corporation	
		Promoting Sustainability	Organizational Structure
March 2021		Quality and Customer	Quality
		Respect for Human Rights	
		Health and Safety	
		Diversity and Inclusion	
		Human Resources	
		Social Data	
		Corporate Governance	
		Risk Management	Initiatives for Information Security
	Compliance		
	Respect for Human Rights	Prioritized Human Rights Themes, Migrant Workers	
	Health and Safety	Social Recognition	

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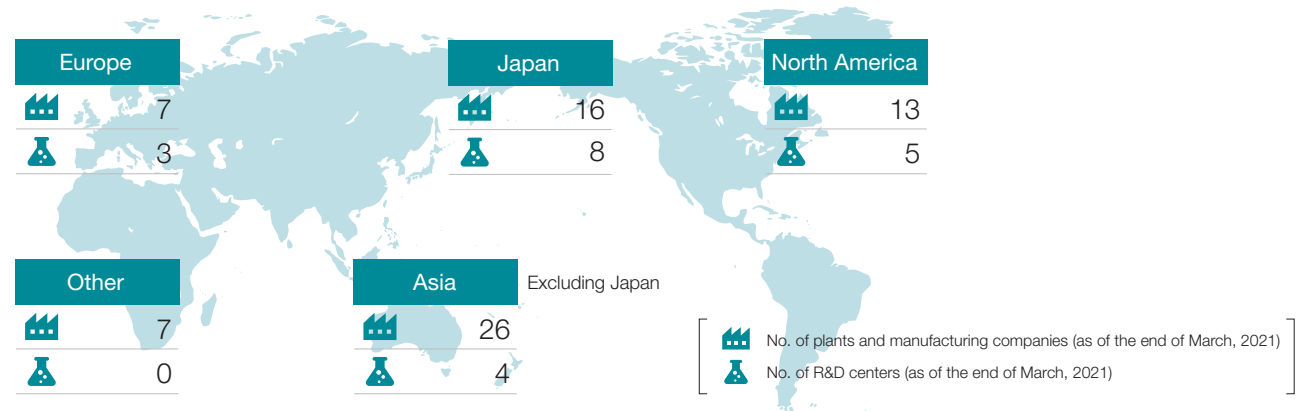
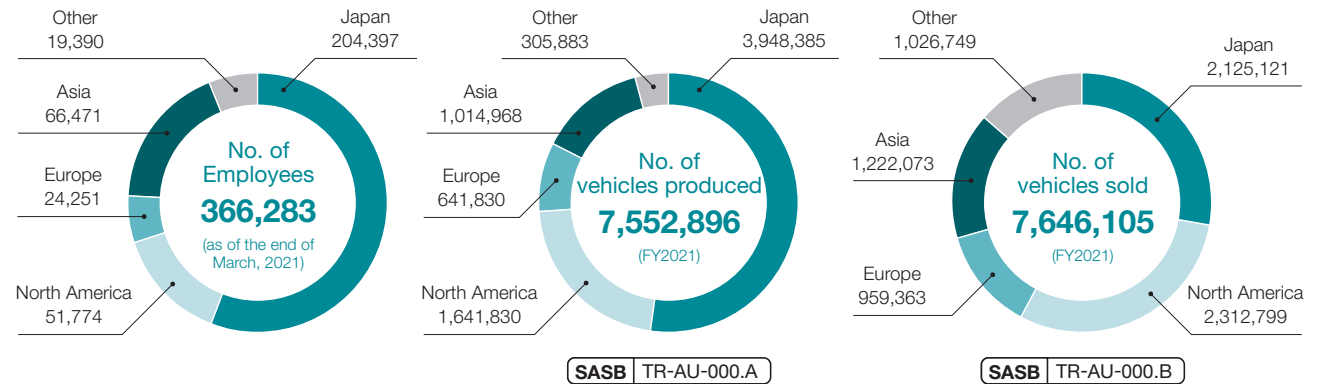


# Overview of Toyota Motor Corporation Updated in September 2021

## Company Profile

Company Name	Toyota Motor Corporation
President and Representative Director	Akio Toyoda
Company Address	1 Toyota-cho, Toyota City, Aichi Prefecture, Japan
Head Office	1-4-18 Koraku, Bunkyo-ku, Tokyo, Japan
Tokyo Head Office	4-7-1 Meieki, Nakamura-ku, Nagoya City, Aichi Prefecture, Japan
Nagoya Office	
Founded	August 28, 1937
Capital	635.4 billion yen (as of the end of March, 2021)
Major Business Activities	<ul style="list-style-type: none"> <li>Automotive business</li> <li>Financial services (Vehicle loans and leasing, etc.)</li> <li>Other businesses (telecommunications services, etc.)</li> </ul>
No. of Employees (consolidated)	366,283 (as of the end of March, 2021)
No. of Consolidated Subsidiaries	544 (as of the end of March, 2021)
No. of Affiliates Accounted for under the Equity Method	169 (as of the end of March, 2021)

## Global/Regional Data



## Vision & Philosophy

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

[Vision & Philosophy](#)

## Financial Data

For our major financial data, please see our official website.

[Financial Data](#)

# Promoting Sustainability


GRI 102-20, 21, 29, 31, 32, 47, 103-1, 2, 3

Updated in January 2022

## Fundamental Approach

We, Toyota Motor Corporation and our subsidiaries, have inherited the spirit of "Toyoda Principles" since our foundation, and have aimed to create a prosperous society through our business activities, based on "the Guiding Principles at Toyota." In 2020, based on these Principles, we compiled the "Toyota Philosophy" and set the mission of "Producing Happiness for All." We aim to be the "best company in town" that is both loved and trusted by the people. We will contribute to the sustainable development of our society/planet by promoting sustainability, as we have, under the "Toyota Philosophy," based on the Sustainability Fundamental Policy and individual policies.

### Main sustainability-related individual policies

Sustainability Fundamental Policy 	
<Related policies>	
Environment	Earth Charter Policy on Harmony with Nature
Information	Information Security Policy Toyota Privacy Notice
Human rights	Human Rights Policy
Supply chain	Basic Purchasing Policies Supplier CSR Guidelines Policies and Approaches to Responsible Mineral Sourcing Policy for Sustainable Natural Rubber Procurement Green Purchasing Guidelines
Health and safety	Declaration of Health Commitment Basic Philosophy for Safety and Health
Social contribution	Basic Principles and Policies of Social Contribution Activities
Compliance	Toyota Code of Conduct Anti-Bribery Guidelines
Taxation	Tax Policy

## Organizational Structure

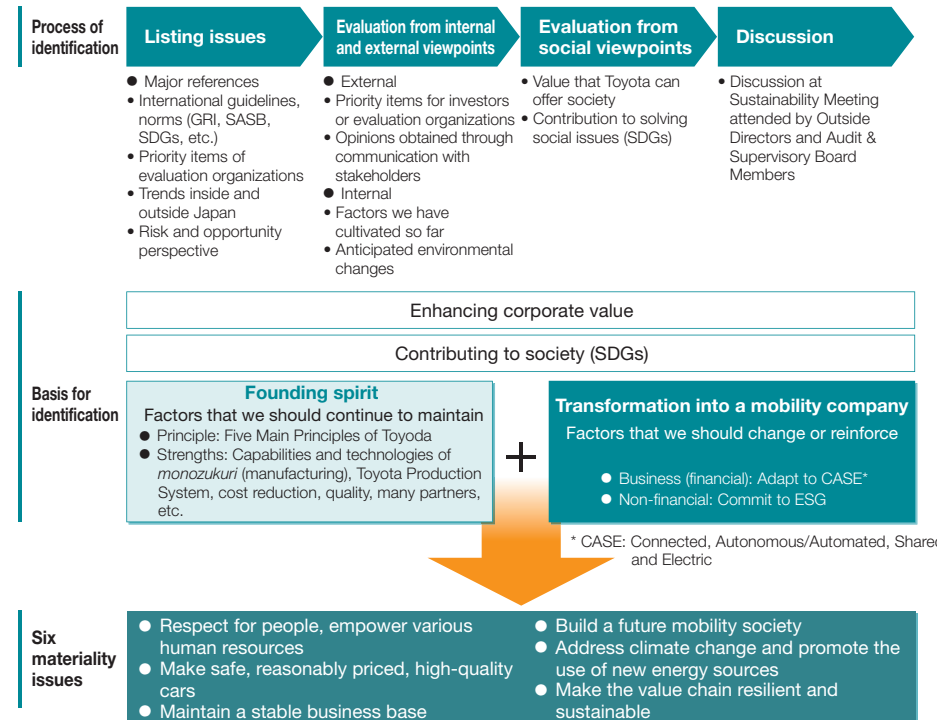
As the automobile industry is entering a once-in-a-century transformational period in which the need to solve social issues is becoming increasingly urgent, companies are required to enhance their commitment to promoting sustainability. Toyota set up the Sustainability Management Dept. in 2019 to enable the entire company to promote integrated sustainability initiatives by determining priorities. In 2020, Toyota appointed a Chief Sustainability Officer (CSO) as the leader of the promotion efforts. The Sustainability Meeting, chaired by the CSO and attended by members including Outside Directors and Outside Audit & Supervisory Board Members, discusses and reports on sustainability issues and directions for solutions. The results of the discussions are reported to the Board of Directors, a supervisory organ of the meeting. Through the establishment of a sustainability liaison system, operated by the Sustainability Management Dept. as the secretariat, we aim to improve the overall sustainability of the company while working in close liaison, on a daily basis, with the relevant departments (environment, human resources, secretarial, purchasing, accounting, public relations, corporate citizenship, etc.) that are engaged in the promotion of sustainability initiatives.

### Organization



## Materiality (key sustainability issues)

Toyota has been committed to resolving various social issues through its business activities. As the issues become increasingly diversified and complicated and in view of the ever-changing social trends and external voices, Toyota has identified six key issues that it needs to focus particular efforts on as materiality issues, with the aim of both contributing to society and sustainably enhancing its own corporate value. In the process of identifying the six issues, first we referred to and examined various international norms and guidelines and listed up various issues. Then we gathered external viewpoints, including the opinions of third parties and the priority items of evaluation organizations. We also examined internal viewpoints and organized them from two perspectives to enhance our corporate value: our "founding spirit," which represents our principles, strengths and other factors that we have cultivated and that will not change, and factors that we should change or reinforce in the process of our "transformation into a mobility company." At the same time, we discussed and evaluated the issues to determine whether they are critical issues that will enable Toyota to make further contributions toward building a sustainable society in line with the SDGs.



## Toyota's SDGs

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

Today, propelled by a series of technical innovations called CASE, the automobile industry is entering a once-in-a-century transformational period. Taking advantage of this opportunity, Toyota is transforming itself from an automobile manufacturing company into a mobility company. By making the best of our strengths cultivated through manufacturing while adapting ourselves to technological innovations centered on CASE, we will further expand the potential of automobiles and offer services that make freedom of mobility available to everyone. The development of automated driving and other advanced technologies, for example, is a solution to Toyota's ultimate challenge: zero deaths and injuries from traffic accidents. Through these initiatives, Toyota hopes to provide society with greatly improved value and contribute to the achievement of SDGs through its businesses. Toyota will also continue to proactively promote social contribution activities with a view to becoming a reliable corporate citizen.

Meanwhile, to realize a sustainable society, which the SDGs are aimed at, efforts in tackling ESG issues, such as human rights and diversity, are necessary. We will enhance our initiatives to address these social issues and promote diversity among our employees, who are our assets, to help them to survive the period of transformation, thereby creating changes in society while leveraging such changes for the further growth of Toyota itself. Toyota believes that it can also contribute to society through promoting motorsports, the purpose of which is to enjoy movement itself, and corporate sport activities, which Toyota has consistently supported since its founding. Seeing those who challenge their limits gives you a heart-pumping feeling excitement (*waku-doki*). This is one of the values that we should maintain for creating a more affluent society in the future.

 Toyota's SDGs



### Founding spirit and technologies cultivated through manufacturing

- Respect for people, empowering various human resources
- Making safe, reasonably priced, high-quality cars
- Maintaining a stable business base

Toyota as a car company



First Japan-made passenger car



Developing safety technologies



Making "ever-better cars"



Developing environmental technologies



### Transformation into a mobility company

- Building a future mobility society
- Addressing climate change and promoting the use of new energy sources
- Resilient and sustainable value chain



Evolution of cars



Information (connectivity)



Intelligence (automated driving, AI)



Collaboration across industries



Advanced mobile services



### Contributing to solving social issues

#### Through businesses

Improving value by adapting to CASE



- Zero deaths and injuries from traffic accidents
- Comfortable and congestion-free travels
- No one lacking access to means of transportation
- Spread of cars serving also as power sources
- Use of hydrogen to promote energy diversification



#### TOYOTA ENVIRONMENTAL CHALLENGE 2050

- Zero emissions (zero CO<sub>2</sub> emissions)
- Recycling/reuse of resources



#### By social contribution activities

Aiming to become a reliable corporate citizen



#### Enhancing ESG

- Tackling human rights issues
- Promoting diversity



#### Waku-doki (heart-pumping excitement)

Fun and pleasure of sports and movement

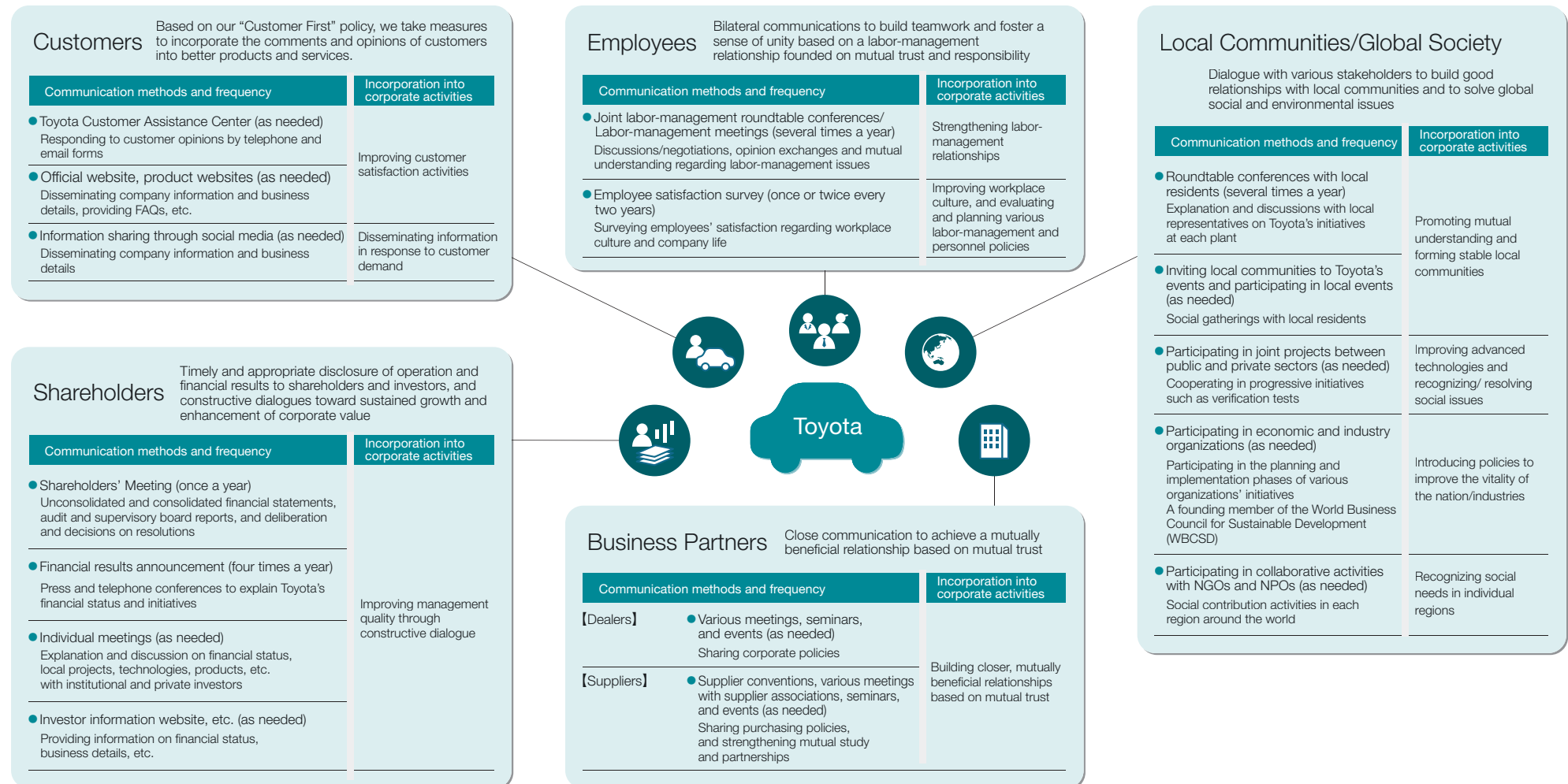


## Stakeholder Engagement

Toyota will engage in stakeholder-oriented management to contribute to sustainable development and strive to maintain and develop sound relationships with stakeholders through open and fair communication. Specifically, Toyota's relevant divisions and offices all over the world act as the main contacts to hold dialogues with major stakeholders. They communicate

Toyota's policy and also help deepen mutual understanding. Additionally, Toyota maintains communication with external experts to examine, for example, the direction of its sustainability-related initiatives.

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



## Public policy

Toyota's mission, as defined by the Toyota Philosophy, is “Producing Happiness for All”, and the vision is “Creating Mobility for All”. We have always been committed to contribute to the overall good, so our approach to business is in line with the vision of the 17 Sustainable Development Goals (SDGs). Our perspective on public policy flows from our desire to do good for society.

The role of government and public policy is critical to helping reduce the effects of climate change and promote expansion of advanced technology vehicles around the world. Toyota seeks to ensure that public policy, societal needs, technology development, and consumer needs are aligned to the greatest extent possible.

As a member of society in the countries and regions in which we operate, we believe it's a privilege and a responsibility to contribute to public policy by sharing our technical and consumer knowledge, our vision and our views. Toyota does this transparently and always in full accordance with the spirit and letter of the law. We have positive relationships with governments and their administrative agencies, regulators, mainstream major political parties, non-profit organizations, local communities, customers, dealers, suppliers, and employees. We show respect to all, consistent with a core company belief and therefore hope to become a company that is respected and welcomed by all.

Contributing to society and public policy means that Toyota places a high priority on participating and influencing activities through industry and other associations. For example, many Toyota executives and employees are currently participating in various associations across the globe and are involved in contributing to their public policy advocacy.

### Toyota's Views on Climate Public Policies

We have summarized our views on key climate related policies, our views on public policies, and the industry associations to which we belong. Toyota does so to be more transparent about our activities, to build and increase trust with the public, and to further strengthen cooperation between all stakeholders.



Strategy and Management

Life Cycle Zero CO<sub>2</sub>  
Emissions ChallengeNew Vehicle Zero CO<sub>2</sub>  
Emissions ChallengePlant Zero CO<sub>2</sub>  
Emissions ChallengeChallenge of Minimizing  
and Optimizing Water UsageChallenge of Establishing a  
Recycling-based Society and SystemsChallenge of Establishing a Future  
Society in Harmony with Nature

Environmental Data

Results of the Sixth Toyota  
Environmental Action Plan (Detail)

# Environment

Updated in January 2022

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## Fundamental Approach Toward the Environment GRI 102-16, 103-2

In order to contribute to the sustainable development of society and the world through its business activities while cooperating with global society, Toyota has been conducting continuous environmental initiatives since the 1960s. We aim to build a corporate group that is admired and trusted by society through ensuring that all employees, including those at consolidated subsidiaries, recognize our sustainable policies.

In the area of environment, we established the Toyota Earth Charter in 1992 (revised in 2000). Based on this, we formulated our long-term initiatives for the global environment by 2050 as the Toyota Environmental Challenge 2050, in 2015, when the Paris Agreement was adopted at COP 21\*. We are advancing various initiatives centered on this.

\* The 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change

 [Vision & Philosophy](#)  [Toyota Environmental Challenge 2050 p. 11](#)

### Toyota Earth Charter

#### I. Basic Policy

- 1. Contribution toward a prosperous 21st century society**  
Contribute toward a prosperous 21st century society. Aim for growth that is in harmony with the environment and set as a challenge the achievement of zero emissions throughout all areas of business activities.
- 2. Pursuit of environmental technologies**  
Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment and economy to coexist harmoniously.
- 3. Voluntary actions**  
Develop a voluntary improvement plan, based on thorough preventive measures and compliance with laws, which addresses environmental issues on the global, national and regional scales and undertake continuous implementation.
- 4. Working in cooperation with society**  
Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation, including governments, local municipalities, affiliated companies and industries.

#### II. Action Guidelines

- 1. Always be concerned about the environment**  
Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization and disposal.
  - (1) Develop and provide products with top-level environmental performance
  - (2) Pursue production activities that do not generate waste
  - (3) Implement thorough preventive measures
  - (4) Promote businesses that contribute toward environmental improvement
- 2. Business partners are partners in creating a better environment**  
Cooperate with affiliated companies.
- 3. As a member of society**  
Actively participate in social actions.
  - (1) Participate in the creation of a recycling-based society
  - (2) Support government environmental policies
  - (3) Contribute to non-profit activities
- 4. Toward better understanding**  
Actively disclose information and promote environmental awareness.

#### III. Organization in Charge

**Promotion by the Sustainability Meeting which consists of top management**



Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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<Toyota's Commitment>

# Toyota Environmental Challenge 2050

TOYOTA ENVIRONMENTAL CHALLENGE 2050

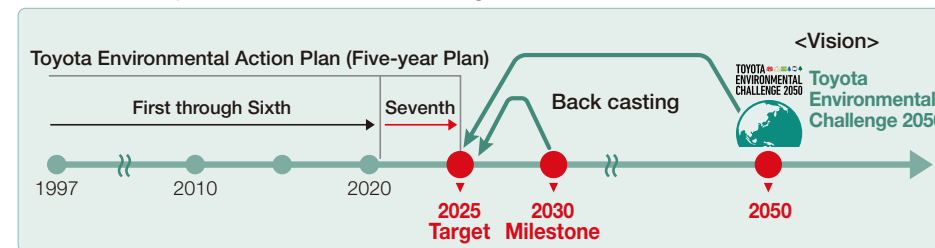
TCFD Strategies a GRI 102-11

Six Challenges

Toyota has been continuously following trends and customers' opinions and considering what issues should be focused, and working on environmental issues with new ideas and technologies in anticipation of future issues. However, global environmental issues such as climate change, water shortages, resource depletion and loss of biodiversity are continuing to grow and increase in seriousness every day.

We formulated the Toyota Environmental Challenge 2050 in October 2015 and the 2030 Milestone in 2018 so that each one of us can face these issues and continue to tackle challenges from a long-term perspective of the world 20 and 30 years ahead. Also, in 2020 we set the 2025 Target as the most recent target of the Toyota Environmental Action Plan, a five-year plan for achieving this. By establishing a medium- to long-term vision and implementing specific measures back cast from the vision in collaboration with global consolidated subsidiaries and business partners around the world, we are pursuing the development of a sustainable society.

## Structure of Toyota's Environmental Strategies



### Achieve Zero CO<sub>2</sub> Emissions

#### Life Cycle Zero CO<sub>2</sub> Emissions Challenge

**Challenge** **Completely eliminate all CO<sub>2</sub> emissions throughout the entire vehicle life cycle**

Contribution to SDGs: 12 (Responsible Consumption and Production), 13 (Climate Action)

#### New Vehicle Zero CO<sub>2</sub> Emissions Challenge

**Challenge** **Reduce global<sup>1</sup> average CO<sub>2</sub> emissions (TtW<sup>2</sup>) from new vehicles by 90 percent compared to Toyota's 2010 levels by 2050**

Contribution to SDGs: 7 (Affordable and Clean Energy), 13 (Climate Action)

#### Plant Zero CO<sub>2</sub> Emissions Challenge

**Challenge** **Achieve zero CO<sub>2</sub> emissions at global plants by 2050**

Contribution to SDGs: 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 13 (Climate Action)

<sup>1</sup> Countries & Regions: Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia  
<sup>2</sup> Tank to Wheel: CO<sub>2</sub> emissions during driving (CO<sub>2</sub> emissions during the production stage of the fuel and electricity are not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)

### Achieve a Net Positive Environmental Impact

#### Challenge of Minimizing and Optimizing Water Usage

**Challenge** **Minimize water usage and implement water discharge management according to individual local conditions**

Contribution to SDGs: 6 (Clean Water and Sanitation)

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

**Challenge** **Promote global deployment of End-of-life vehicle treatment and recycling technologies and systems developed in Japan**

Contribution to SDGs: 9 (Industry, Innovation and Infrastructure), 12 (Responsible Consumption and Production)

#### Challenge of Establishing a Future Society in Harmony with Nature

**Challenge** **Connect the reach of nature conservation activities among communities, with the world, to the future**

Contribution to SDGs: 12 (Responsible Consumption and Production), 15 (Life on Land)



## 2030 Milestone







TCFD Metrics and Targets a & c

GRI 103-2, 103-3



The 2030 Milestone formulated in 2018 indicates how the six challenges will be as of 2030.

Steady action is being taken while confirming progress each year along with the Toyota Environmental Action Plan that sets the specific targets for every five-year period.


Toyota Environmental Challenge 2050	2030 Milestone
<p><b>Challenge</b></p>  <p><b>Life Cycle Zero CO<sub>2</sub> Emissions Challenge</b></p>	<ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions by 25 percent or more throughout the entire vehicle life cycle compared to 2013 levels by promoting activities for the milestones of New Vehicle Zero CO<sub>2</sub> Emissions Challenge and Plant Zero CO<sub>2</sub> Emissions Challenge, and with support from stakeholders such as suppliers, energy providers, infrastructure developers, governments and customers</li> </ul>
<p><b>Challenge</b></p>  <p><b>New Vehicle Zero CO<sub>2</sub> Emissions Challenge</b></p>	<ul style="list-style-type: none"> <li>• The estimate of global<sup>1</sup> average CO<sub>2</sub> emissions reduction (TtW<sup>2</sup> g/km) from new vehicles will be 35 percent or more, which may vary depending on market conditions, compared to 2010 levels.</li> </ul> <p>1 Countries &amp; Regions: Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia                  2 Tank to Wheel: CO<sub>2</sub> emissions during driving (CO<sub>2</sub> emissions during the production stage of the fuel and electricity are not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)</p>
<p><b>Challenge</b></p>  <p><b>Plant Zero CO<sub>2</sub> Emissions Challenge</b></p>	<ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions from global plants by 35 percent compared to 2013 levels</li> </ul>
<p><b>Challenge</b></p>  <p><b>Challenge of Minimizing and Optimizing Water Usage</b></p>	<ul style="list-style-type: none"> <li>• Implement measures, on a priority basis, in the regions where the water environment is considered to have a large impact                      &lt;Water quantity&gt; Complete measures at the 4 Challenge-focused plants in North America, Asia and South Africa                      &lt;Water quality&gt; Complete impact assessments and measures at all of the 22 plants where used water is discharged directly to river in North America, Asia and Europe</li> <li>• Disclose information appropriately and communicate actively with local communities and suppliers</li> </ul>
<p><b>Challenge</b></p>  <p><b>Challenge of Establishing a Recycling-based Society and Systems</b></p>	<ul style="list-style-type: none"> <li>• Complete establishment of battery collection and recycling systems globally</li> <li>• Complete setup of 30 model facilities for appropriate treatment and recycling of End-of-life vehicles</li> </ul>
<p><b>Challenge</b></p>  <p><b>Challenge of Establishing a Future Society in Harmony with Nature</b></p>	<ul style="list-style-type: none"> <li>• 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 where Toyota is based in collaboration with local communities and companies</li> <li>• Contribute to biodiversity conservation activities in collaboration with NGOs and others</li> <li>• Expand initiatives both in-house and outside to foster environmentally conscious persons responsible for the future</li> </ul>


Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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## <Toyota's Commitment> Seventh Toyota Environmental Action Plan—2025 Target


TCFD Metrics and Targets a GRI 103-2  2025 Target-Seventh Toyota Environmental Action Plan


In 2020, Toyota formulated the Seventh Toyota Environmental Action Plan—2025 Target, a five-year action plan to achieve the Toyota Environmental Challenge 2050. Under this target, we are accelerating environmental initiatives and aiming to come together globally to realize a sustainable society.

 <p>Challenge CO<sub>2</sub> 0 Life Cycle Zero CO<sub>2</sub> Emissions Challenge</p>	Life cycle CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels</li> </ul>
	Logistics	<ul style="list-style-type: none"> <li>Japan: Reduce CO<sub>2</sub> emissions by 7 percent by improving transport efficiency compared to 2018 levels (average of 1 percent reduction per year)</li> <li>Japan⇄Other regions: Reduce CO<sub>2</sub> emissions by vessels for export (introduce 2 LNG-powered pure car carriers)</li> </ul>
	Suppliers	<ul style="list-style-type: none"> <li>Promote CO<sub>2</sub> emissions reduction activities among major suppliers</li> </ul>
	Dealers and distributors	<ul style="list-style-type: none"> <li>Achieve 100 percent introduction rate for CO<sub>2</sub> emissions reduction items at newly constructed and remodeled dealers</li> </ul>


 <p>Challenge CO<sub>2</sub> 0 New Vehicle Zero CO<sub>2</sub> Emissions Challenge</p>	Average CO <sub>2</sub> emissions from new vehicles	<ul style="list-style-type: none"> <li>Reduce global<sup>1</sup> average CO<sub>2</sub> emissions (TtW<sup>2</sup> g/km) from new vehicles by 30 percent or more compared to 2010 levels</li> </ul> <p>1 Countries &amp; Regions: Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia</p> <p>2 Tank to Wheel: CO<sub>2</sub> emissions during driving (CO<sub>2</sub> emissions during the production stage of the fuel and electricity are not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)</p>
	Electrified vehicles	<ul style="list-style-type: none"> <li>Make cumulative sales of 30 million electrified vehicles or more</li> </ul>

 <p>Challenge CO<sub>2</sub> 0 Plant Zero CO<sub>2</sub> Emissions Challenge</p>	Plant CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by implementing innovative technologies and daily <i>kaizen</i> and introducing renewable energy</li> <li>Reduce CO<sub>2</sub> emissions from global plants by 30 percent compared to 2013 levels</li> <li>Achieve a 25 percent introduction rate for renewable electricity</li> <li>Promote proactive technological development to utilize hydrogen</li> </ul>
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 <p>Challenge Challenge of Minimizing and Optimizing Water Usage</p>	Water quantity	<ul style="list-style-type: none"> <li>Reduce water usage taking the water environment in each country and region into consideration</li> <li>Promote wastewater recycling, rainwater use and various activities including daily <i>kaizen</i></li> <li>Reduce global water usage by 3 percent per vehicle produced compared to 2013 levels (reduce by 34 percent compared to 2001 levels)</li> <li>Complete measures at 2 Challenge-focused plants where the water environment is considered to have a large impact</li> </ul>
	Water quality	<ul style="list-style-type: none"> <li>Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards</li> <li>Continuously assess the impact of wastewater at all plants where it is discharged directly into the river</li> </ul>

 <p>Challenge Challenge of Establishing a Recycling-based Society and Systems</p>	Toyota Global 100 Dismantlers Project	<ul style="list-style-type: none"> <li>Complete setup of 15 model facilities for appropriate treatment and recycling of End-of-life vehicles</li> <li>Continuously accelerate easy-to-dismantle designs</li> <li>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)</li> </ul>
	Toyota Global Car-to-Car Recycle Project	<ul style="list-style-type: none"> <li>Establish a safe and efficient system for battery 3R (Rebuild, Reuse and Recycle), eyeing the widespread use of electrified vehicles</li> <li>Aim to maximize collection and detoxification of End-of-life batteries globally</li> <li>Start operating battery 3R throughout 5 regions—Japan, U.S., Europe, China and Asia</li> <li>Develop technologies to utilize recycled materials (especially plastics) in accordance with the conditions in each region</li> <li>Promote utilization by technological development to optimally exploit recycled materials in Europe and to increase the supply of recycled materials in Japan</li> </ul>

 <p>Challenge Challenge of Establishing a Future Society in Harmony with Nature</p>	Toyota Green Wave Project	<ul style="list-style-type: none"> <li>Realize “Plant in Harmony with Nature”—6 in Japan and 4 in other regions</li> <li>Promote activities to connect with local communities in collaboration with affiliated companies</li> <li>Start activities promoting harmony with nature in collaboration with local communities and companies toward biodiversity conservation</li> </ul>
	Toyota Today for Tomorrow Project	<ul style="list-style-type: none"> <li>Globally strengthen conservation of endangered species, which symbolize biodiversity in collaboration with NGOs and others</li> </ul>
	Toyota ESD <sup>3</sup> Project	<ul style="list-style-type: none"> <li>Implement globally unified initiatives to foster environmentally conscious persons responsible for the future</li> <li>Offer environmental education opportunities by utilizing biotopes and others in collaboration with the Plant in Harmony with Nature</li> <li>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</li> </ul> <p><sup>3</sup> Education for Sustainable Development</p>

 <p>Environmental Management</p>	Chemical substances	<ul style="list-style-type: none"> <li>Implement thorough management by carefully considering legal trends in each country and region</li> </ul>
	Air quality	<ul style="list-style-type: none"> <li>Product: Steadily introduce low-emission vehicles and boost further improvement by introducing and increasing ZEVs<sup>4</sup></li> <li>Production: Continue volatile organic compound (VOC) emissions reduction activities and maintain industry-leading level</li> </ul> <p><sup>4</sup> Zero Emission Vehicles: Vehicles that have the potential not to emit any CO<sub>2</sub> during driving such as battery electric vehicles and fuel cell electric vehicles</p>
	Waste	<ul style="list-style-type: none"> <li>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</li> </ul>
	Logistics packaging	<ul style="list-style-type: none"> <li>Implement initiatives to reduce and recycle plastics used in packaging and recycle them</li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region</li> </ul>

Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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## Highlights of Results of the Sixth Toyota Environmental Action Plan (FY2017–2021)

TCFD Metrics and Targets a & c GRI 103-2, 103-3

[Results of the Sixth Toyota Environmental Action Plan \(Detail\) Data pp. 46-51](#)

After implementing initiatives based on the Sixth Toyota Environmental Action Plan—FY2021 Target, which was carried out from FY2017 to FY2021, we achieved the following results. From 2021, under the Seventh Toyota Environmental Action Plan—2025 Target, we are accelerating measures to achieve the Toyota Environmental Challenge 2050.

Area	Challenge	Highlights of Results from FY2017 to FY2021
Low Carbon (Climate Change, CO <sub>2</sub> )	 <b>Life Cycle Zero CO<sub>2</sub> Emissions Challenge</b>	<ul style="list-style-type: none"> <li>Conducted Life Cycle Assessment on 46 of the total 62 (74 percent coverage) new and redesigned models in Japan and achieved CO<sub>2</sub> emissions levels equivalent to or lower than those of reference vehicles (previous models or vehicles of the same class); e.g., reduced CO<sub>2</sub> emissions of the Yaris Cross hybrid electric vehicle model by 16 percent compared to vehicles of the same class</li> <li>Reduced total CO<sub>2</sub> emissions by 40 percent and emissions per transportation volume by 16 percent in Japan, by making further improvements to transport efficiency (loading efficiency improvements, shortening of logistics routes, modal shifts, use of tandem trailers, etc.) in the area of logistics</li> <li>Used 100 percent renewable electricity at all R&amp;D centers in Japan as of April 2020</li> </ul>
	 <b>New Vehicle Zero CO<sub>2</sub> Emissions Challenge</b>	<ul style="list-style-type: none"> <li>Reduced global average CO<sub>2</sub> emissions from new vehicles by 23 percent compared to 2010 levels by improving environmental performance and expanding vehicle lineups</li> <li>Set 56 models with an electrified option; achieved cumulative global sales of 16.98 million electrified vehicles, exceeding the target by 2020 of 15 million units</li> </ul>
	 <b>Plant Zero CO<sub>2</sub> Emissions Challenge</b>	<ul style="list-style-type: none"> <li>Reduced global CO<sub>2</sub> emissions per vehicle produced by 39 percent compared to FY2002 levels by introducing low-CO<sub>2</sub> production technologies and promoting comprehensive energy savings</li> <li>Accelerated global introduction of renewable energy, and achieved an 11 percent introduction rate. Maintained 100 percent renewable electricity introduction rate at all plants in Europe and also achieved it at all plants in South America.</li> <li>Started various verification tests to support the utilization of hydrogen at the Toyota Motor Corporation Honsha Plant and Motomachi Plant</li> </ul>
Recycling (Resources, Water)	 <b>Challenge of Minimizing and Optimizing Water Usage</b>	<ul style="list-style-type: none"> <li>Comprehensively introduced reduction technologies and undertook daily water-saving efforts such as water recycling and reducing the amount of steam used in painting processes, decreasing Toyota Motor Corporation's water usage per vehicle produced (at vehicle production plants) by 31 percent compared to FY2002 levels</li> <li>Assessed the impact of plant wastewater that is discharged directly into rivers and managed water quality under internal standards that are stricter than regulatory standards</li> </ul>
	 <b>Challenge of Establishing a Recycling-based Society and Systems</b>	<ul style="list-style-type: none"> <li>Under the Toyota Global 100 Dismantlers Project, completed setup of model facilities for appropriate treatment and recycling of End-of-life vehicles in Japan, Belgium, Thailand, Vietnam, Malaysia, Brazil and Argentina and achieved the target (setup of 7 facilities)</li> <li>Under the Toyota Global Car-to-Car Recycle Project, established organizations for promoting the 3R (Rebuild, Reuse and Recycle) for onboard batteries in 4 regions (North America, Europe, China and Asia) and took other measures to continuously promote utilization of renewable resources and recycled materials</li> </ul>
Harmony with Nature	 <b>Challenge of Establishing a Future Society in Harmony with Nature</b>	<ul style="list-style-type: none"> <li>Under the Toyota Green Wave Project, implemented the PDCA process such as wildlife habitats maintenance and improvement measures as well as surveys to confirm the effects, at 3 plants in Japan and 3 plants in other regions. Conducted 971 Harmony with Nature activities with the participation of 170,000 people or more in the past 5 years in collaboration with the Toyota Group companies and other affiliated companies.</li> <li>Under the Toyota Today for Tomorrow Project, continuously supported the assessment of endangered species (cumulative total of 29,830 species in the past 5 years) by the International Union for Conservation of Nature (IUCN). Supported 136 projects in the past 5 years by NPOs under the Toyota Environmental Activities Grant Program.</li> <li>Under the Toyota ESD<sup>1</sup> Project, conducted environmental education programs at company-owned lands including hands-on nature programs for local elementary schools (a total of 48,338 students participated in the past 5 years) at the Forest of Toyota, and hands-on nature programs for children and adults (a total of 49,786 people participated) at the Toyota Shirakawa-Go Eco-Institute</li> </ul> <p><small>1 Education for Sustainable Development</small></p>
Environmental Management/ Value Chains Collaboration		<ul style="list-style-type: none"> <li>There were no significant violations of environmental laws and regulations and environmental non-compliance issues in the past 5 years</li> <li>Toyota revealed in the CDP<sup>2</sup> A List, the highest rank, in both the climate change and water security categories scored by CDP (2016–2017, 2019–2020). Continued the CDP Supply Chain Program from FY2016, and conducted measures based on programs for climate change and water security in cooperation with suppliers accounting for approximately 82 percent of the total purchasing value by Toyota Motor Corporation (127 companies).</li> </ul> <p><small>2 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</small></p>

Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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## Risks and Opportunities and Scenario Analysis Relating to Climate Change

**TCFD** Strategies a & b & c, Risk Management a

**SASB** TR-AU-410a.3

**GRI** 102-15, 103-1, 103-2, 201-2

### Risks and Opportunities Relating to Climate Change

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.

Among them, climate change requires measures in various areas including the adoption of new technology and tighter regulations by governments. As climate change progresses, higher temperatures, rising sea levels and severity of natural disasters such as typhoons and flooding are expected. These changes may have various impacts on Toyota's business fields. These impacts may also pose risks to Toyota's business, but it is our understanding that if we can respond appropriately, this will lead to







enhanced competitiveness and the acquisition of new business opportunities. In accordance with this 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 promoting electrification, the introduction of renewable energy in production processes, and adaptation measures for natural disasters. Toyota supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and appropriately discloses information concerning risks and opportunities related to climate change and their analyses. Disclosure is also being conducted through responses to CDP in accordance with the TCFD.

 [TCFD Content Index](#)

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

Transition Risks	Regulation	<b>(1) Tightening of regulations for fuel efficiency and ZEVs* (electrification responses);</b> (2) Tightening of regulations for life cycle CO <sub>2</sub> emissions; <b>(3) Expansion of carbon pricing</b> <small>* Zero Emission Vehicles: Vehicles that have the potential not to emit any CO<sub>2</sub> during driving such as battery electric vehicles and fuel cell electric vehicles</small>
	Market	(4) Increase in costs to reduce plant CO <sub>2</sub> emissions (by expansion of renewable energy and hydrogen use, and energy-saving technologies)
	Reputation	(5) Tightening of ESG assessment criteria and expansion of disclosure requirement fields; (6) Differences between catalog fuel efficiency and actual fuel efficiency
Physical Risks	Acute	<b>(7) Increase in frequency and severity of natural disasters</b>
	Chronic	(8) Increase in threat to water security

### Significant Risks and Opportunities and Toyota's Measures

Risks	Opportunities	Toyota's Measures	Relationship with Climate Scenario		
			Current Scenario	Enhanced Measures Scenario (below 2°C/1.5°C)	
<b>(1) Tightening of regulations for fuel efficiency and ZEVs (electrification responses)</b>	<ul style="list-style-type: none"> <li>• Fines for failure in achieving fuel efficiency regulations</li> <li>• Decrease in total vehicle sales due to delays in complying with ZEV regulations</li> <li>• Stranded assets of internal combustion engine manufacturing facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in sales of electrified vehicles</li> <li>• Increase in profits from external sales of electrification systems</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of the top-level fuel efficiency (currently the highest in Europe)</li> <li>• Increase in investment in batteries and shift of resources</li> <li>• Start of external sales of electrification systems</li> <li>• Expansion of electrified vehicle lineup</li> <li>• Reduction of CO<sub>2</sub> emissions from vehicles currently in use</li> </ul>	Impacts will be an extension of current status 	Impacts will increase 
<b>(3) Expansion of carbon pricing</b>	<ul style="list-style-type: none"> <li>• Increase in production and purchasing costs due to the introduction of carbon taxes, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in energy costs due to promoting the introduction of energy-saving technology</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of energy use through comprehensive energy conservation and promotion of renewable energy and hydrogen use</li> <li>• Promotion of emission reductions in collaboration with suppliers</li> </ul>	Impacts will be an extension of current status 	Impacts will increase 
<b>(7) Increase in frequency and severity of natural disasters</b>	<ul style="list-style-type: none"> <li>• Production suspension due to damage to production sites and supply chain disruptions caused by natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in demand for electrified vehicles due to increased need for supply of power from automobiles during emergency situations</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous improvement of a BCP in light of disaster experiences in an effort for adaptation</li> <li>• Reinforcement of information gathering in collaboration with suppliers to avoid purchasing delays</li> </ul>	Impacts will increase 	Impacts will be an extension of current status 

Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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## Scenario Analysis Assuming Risks and Opportunities

### STEP 1

#### Set Future Images Assuming Climate Change Effects

Climate change and the policies of various countries may expose the automobile industry and the entire mobility society to substantial changes. These changes will present both risks and opportunities to Toyota. We used scenarios such as those of the IEA\* to examine future images of society based on the current policy scenario, below 2°C scenario and 1.5°C scenario at around 2030 for Toyota's external environment, in light of risk and opportunity analysis.

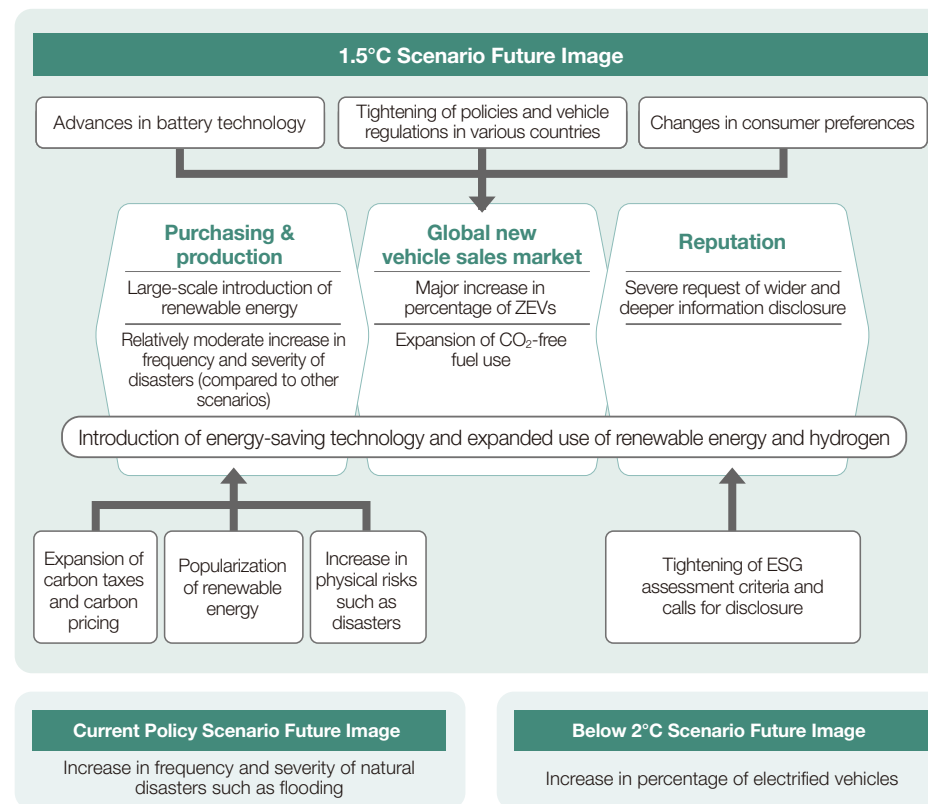
\* Set using scenarios such as the IEA's Stated Policies Scenario (STEPS), Sustainable Development Scenario (SDS) and Net Zero Emissions by 2050 Scenario (NZE) as reference

### STEP 2

#### Consider the Impacts on Toyota

In a society based on the below 2°C scenario or 1.5°C scenario in which climate change measures proceed, the percentage of electrified vehicles (ZEVs in particular) will increase. In case of a society based on the 1.5°C scenario in particular, it is said that the percentage of ZEVs among new vehicle sales will increase greatly and the use of CO<sub>2</sub>-free fuels such as biofuels will also expand, mainly for large cargo and marine/air transport. With regard to effects on production and purchasing, the introduction of carbon taxes and increased tax rates may lead to higher costs, while expanding the use of energy-saving technology, renewable energy and hydrogen will mitigate risks. On the other hand, if adequate climate change measures are not implemented throughout society, production suspensions due to increased frequency and severity of natural disasters such as flooding as well as decreased production and production suspensions due to supply chain disruptions are likely to increase.

### Three Different Images of Society as Toyota's External Environment



**STEP 3****Toyota's Strategies**

In April 2021, Toyota proclaimed that it would address global-scale challenges to achieve carbon neutrality by 2050. It is vital that energy policies (renewable energy, charging infrastructure, etc.) and industrial policies (purchasing grants, supplier support, battery recycling systems, etc.) are operated in a unified manner to enable the automobile industry to achieve carbon neutrality. Initiatives must be implemented in coordination with various stakeholders such as national governments and industry organizations. When undertaking its business activities globally, Toyota will coordinate with national governments to establish environmental infrastructure for promoting electrification while implementing electrified vehicle strategies that contribute to reducing CO<sub>2</sub> throughout the entire life cycle. Based on this electrified vehicle strategy, Toyota has sold a cumulative total of over 18 million electrified vehicles worldwide. As one of the first companies to respond to climate change risks, it has achieved a CO<sub>2</sub> reduction of over 140 million tons. Going forward, with regards to battery electric vehicles (BEVs), we will successively introduce models with dedicated platforms starting in 2022 and seek to achieve practical vehicle supply through battery development and production strategies. In addition to BEVs, we are promoting electrification from all directions including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs) and fuel cell electric vehicles (FCEVs). We will respond flexibly and strategically to each demand for varying powertrains depending on the scenario. Sales of electrified vehicles will be optimized for each region by introducing BEVs in regions where the emission factors from electricity are low and promoting emissions reductions through HEVs in regions where the emission factors are high.

In December 2021, we announced our aim of developing 30 types of BEVs and achieving a full lineup in the passenger and commercial segments globally by 2030 to reach 3.5 million annual global vehicle sales by 2030. In light of changes in the market, we will continue to flexibly increase total vehicle sales while leveraging the strengths that we have gained through our experience so far to increase the number of options for electrified vehicles. This will encourage customers in each region to choose us and accelerate the increased use of electrified vehicles. Even if battery demand increases in accordance with altered customer needs under the below 2°C scenario and 1.5°C scenario, we will work toward achieving carbon neutrality through flexible response such as enhancing collaboration with partners, considering a collaboration structure with new partners, and swiftly establishing production structures at suppliers that have capital ties with Toyota.

In addition to increasing the number of electrified vehicles, it is important to expand technology options to reduce CO<sub>2</sub> emissions of vehicles currently in use as well. This may include the adoption of CO<sub>2</sub>-reducing off-cycle technology\* (although not reflected in mode fuel efficiency) and the development of engines that can use CO<sub>2</sub>-free fuel such as hydrogen engine vehicle. In order to achieve carbon neutrality, we will work together not only with the automobile industry, but with all industries while continuing to engage in challenges to respond to a society based on the 1.5°C scenario through initiatives that are practical as well as sustainable.

In the production field, we announced that we aim to achieve carbon neutrality at global plants by 2035. We are promoting the reduction of CO<sub>2</sub> emissions through comprehensive energy-saving technology and the introduction of renewable energy and hydrogen at plants, and have already achieved 100 percent renewable electricity introduction rate at all plants in Europe and South America. Furthermore, we will prepare to face risks such as carbon taxes through initiatives such as these. In addition, we will prepare adaptation measures to respond to natural disasters such as formulating a business continuity plan (BCP), strengthening the supply chain by enhancing information gathering and improving communication.

To confirm the suitability and progress of Toyota's strategies, we will conduct appropriate information disclosures regarding various ESG assessment indicators and enhance dialogue with stakeholders including institutional investors. We believe that this will enable stable fund procurement and lasting corporate value enhancement.

\* Off-cycle technology: Technologies such as high efficiency lightings, waste heat recovery, active aerodynamic improvement and solar radiation/temperature management that improve actual fuel consumption. The U.S. has a system offering credits equivalent to the amount of improvement achieved.

 [Media briefing on batteries and carbon neutrality \(September 7, 2021\)](#)



Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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# Environmental Management GRI 102-29, 103-2, 103-3

Contribution to SDGs



## Fundamental Approach

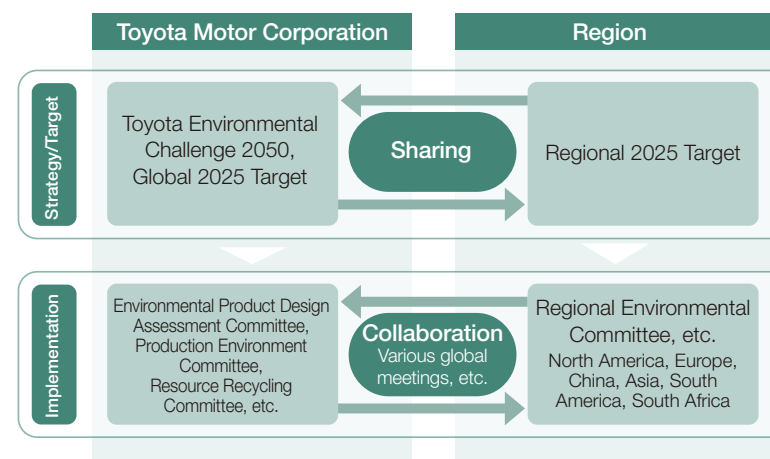
Together with consolidated subsidiaries, we are steadily promoting environmental management globally, including legal compliance measures and comprehensive risk management, to build a structure that enable sustainable development together with society. Also, we are constantly improving our management methods to be able to quickly respond to increasingly serious climate change and environmental issues, and to society's changing needs.

2025 Target		2020 Initiatives
Chemical substances	Implement thorough management by carefully considering legal trends in each country and region	Complied with Toyota internal rules in the global deployment of chemical substance management structures, and evaluated and improved chemical substance management structures by auditing and investigating suppliers' processes
Air quality	Product: Steadily introduce low-emission vehicles and boost further improvement by introducing and increasing ZEVs* Production: Continue volatile organic compound (VOC) emissions reduction activities and maintain industry-leading level * Zero Emission Vehicles: Vehicles that have the potential not to emit any CO <sub>2</sub> during driving such as battery electric vehicles and fuel cell electric vehicles	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. <span>GRI 305-6</span> <a href="#">Environmental Data p. 38-A</a>
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 waste reduction and efficient use of resources through measures aimed at the sources of waste <a href="#">Environmental Data p. 38-B</a>
Logistics packaging	Implement initiatives to reduce and recycle plastics used in packaging and recycle them	Promoted <i>kaizen</i> with a focus on increasing use of returnable containers and reducing the weight of packaging <a href="#">Environmental Data p. 38-C</a>
Risk management	Thoroughly comply with environmental laws and regulations and strengthen proactive prevention activities for environmental risks in each country and region	There were 3 minor non-compliance issues (2 concerning abnormal water quality and 1 concerning exhaust gas) in the production area, for which measures were completed. There were no abnormalities or complaints in the non-production area.

## Environmental Management Structure TCFD Governance a & b, Risk Management a & b & c GRI 102-30, 102-32, 102-33

At Toyota, operating officers and executives make timely decisions and carry out environmental initiatives from positions that are closer to customers and worksites under the supervision of the Board of Directors. Strategies and response policies in each area in light of risks and opportunities are set by three committees—the Environmental Product Design Assessment Committee, the Production Environment Committee and the Resource Recycling Committee—and all relevant organizations work together to carry out initiatives. Environmental secretariats have been established in six regions (North America, Europe, China, Asia, South America and South Africa). In addition, Toyota Motor Corporation and each region shared the Toyota Environmental Challenge 2050 and 2025 Target, and are cooperating with one another through various global meetings in order to undertake globally integrated environmental initiatives while taking local conditions into consideration. Moreover, the Sustainability Meeting, which is chaired by the Chief Sustainability Officer (CSO), timely deliberates on long-term enhancement of competitiveness and responses to risks in light of internal and external changes with a focus on environment, social and governance issues, and reports the results to the Board of Directors. The progress regarding measures to reduce CO<sub>2</sub> in the area of product and production are regularly reported as key management indicator at meetings attended by all of those on and above chief officer and company president levels at Toyota Motor Corporation.

## Global Environmental Management Structure



## Environmental Management System: Organizational Boundary and Promotions

We built an environmental management system that covers all consolidated subsidiaries (486 companies) on a financial accounting basis and are carrying out the following three steps.

We will maintain and improve this system in the future so that we can undertake even further environmental initiatives.

### Environmental Management Promotions

1. Organize internal structures (governance system)
2. Ensure thorough risk management and compliance (including voluntary actions)
3. Maximize environmental performance

### ISO 14001/ISO 50001

As of 2020, all plants of Toyota Motor Corporation and consolidated subsidiaries (124 companies) have obtained ISO 14001 certification, of which 8 companies also obtained ISO 50001 certification.

### Awards Received

#### Revealed in the CDP\* A List

In December 2020, Toyota has been selected for inclusion in the A List which is the highest evaluation for climate change and water security by CDP.

\* 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



### Risk Management TCFD Governance a & b, Risk Management a & b & c GRI 102-32, 102-33

#### Risk Management Through the Toyota Global Risk Management Standard (TGRS)

Under supervision of the Chief Risk Officer (CRO), we promote management focused on proactive preventive measures by gathering and analyzing all risks related to Toyota's corporate activities and behavior, including the area of environment, and developing a system (TGRS) that takes countermeasures.

#### Risk Management Relating to Climate Change

We strive to understand the various risks and opportunities arising due to climate change and always check the suitability of our strategies using scenario analysis to minimize risks and boost our competitiveness.

[Risks and Opportunities and Scenario Analysis Relating to Climate Change pp. 15-17](#)

### Compliance GRI 306-2, 307-1

At all plants of Toyota Motor Corporation and consolidated subsidiaries, comprehensive risk management are undertaken based on prevention in accordance with criteria that meet or exceed laws and regulations. If a violation occurs or a complaint is made, we have systems in place to respond in a timely manner, and we work to prevent reoccurrence through identification of root causes. Furthermore, we also collaborate with unconsolidated subsidiaries to improve the environmental performance in the production area through discussion at the All-Toyota Production Environment Conference or All-Toyota Production Environment Liaison Committee.

In 2020, we were not involved in any major environmental incidents causing air or water pollution, nor were we subjected to any fines or penalties. However, there were three minor non-compliance issues (two concerning abnormal water quality and one concerning exhaust gas) in the production area, for which measures were completed. There were no abnormalities or complaints in the non-production area.

#### Air Pollution Measures (California, U.S.)

Toyota Motor Corporation is working with various partners, conducting research and taking action to improve the atmospheric environment. One such measure that we have been implementing since 2017 is a verification project that seeks to achieve zero emissions from the transport of cargo to verify the potential of deploying fuel cell electric vehicle (FCEV) technology on commercial trucks at the Port of Long Beach and the Port of Los Angeles, where air pollution from freight trucks is severe.

We are working to improve the atmospheric environment around the world by expanding the use of hydrogen including introduction of new heavy-duty commercial fuel cell (FC) electric trucks equipped with the second-generation FCEV system used on the new Mirai and conducting verification projects in freight transport operations.

### Reduction of Waste and Efficient Use of Resources in Production Activities GRI 306-2

At all plants of Toyota Motor Corporation and consolidated subsidiaries, we are continuously taking measures aimed at the sources of waste (design and production method innovations), developing and deploying production technologies and implementing daily reduction activities, aiming to minimize the volume of resource input and waste.

And, in hazardous waste management, we ensure that End-of-life vehicle treatment is in compliance with the laws and regulations of each country at every plant. In addition, we do not import or export any hazardous waste listed in Annexes I, II, III or VII of the Basel Convention.

Target: Maintain the volume of waste per vehicle produced at each plant at or below FY2019 levels

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

[Environmental Data p. 38-B](#)



Strategy and Management	Life Cycle Zero CO <sub>2</sub> Emissions Challenge	New Vehicle Zero CO <sub>2</sub> Emissions Challenge	Plant Zero CO <sub>2</sub> Emissions Challenge	Challenge of Minimizing and Optimizing Water Usage	Challenge of Establishing a Recycling-based Society and Systems	Challenge of Establishing a Future Society in Harmony with Nature	Environmental Data	Results of the Sixth Toyota Environmental Action Plan (Detail)
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Contribution to SDGs



# Value Chains Collaboration

GRI 102-9, 103-2, 308-1, 308-2

## Fundamental Approach

To reduce environmental footprint throughout the entire vehicle life cycle, Toyota is taking measures not limited to scope of consolidation, but also in broad collaboration with partners, including suppliers and dealers, in the upstream and downstream value chains.

## Initiatives with Suppliers

### Green Purchasing<sup>1</sup> Guidelines

Toyota purchases various materials, parts and equipment from many different suppliers. We ask all tier 1 suppliers, including new suppliers, to implement initiatives based on the TOYOTA Green Purchasing Guidelines (the "guidelines"), and also deploy and enlighten the guidelines to all tier 2 and subsequent suppliers.

Under the guidelines, we request that suppliers reduce environmental footprint throughout the product life cycle, and we are promoting risk management and activities by using a self-assessment sheet to confirm the status of initiatives by each company. In FY2021, we received responses from approximately 140 main companies in Japan and provided feedback on the scoring results. Each year, Toyota presents its CO<sub>2</sub> reduction program to each company, and in addition to monitoring their results, deepens communication by discussing reduction measures.

There is an assumption that if we do not observe improvement after a violation of the guidelines, such as non-compliance with laws and regulations, occurs, the transactional relationship may be subject to review.

Purchasing sites in each region have released the guidelines tailored to local conditions. We will continue to request that suppliers undertake initiatives in accordance with the guidelines. In April 2021, Toyota Motor North America (TMNA), our regional headquarters in North America, updated the existing guidelines and issued the Green Supplier Requirements. TMNA is reinforcing environmental management by including in the terms and conditions on compliance with requirements such as CO<sub>2</sub> reductions.

<sup>1</sup> Green Purchasing: Prioritizing the purchase of parts, materials, equipment and services with a low environmental footprint when manufacturing products



### Training for Purchasing Group Personnel (Japan)

Toyota Motor Corporation conducts group training when new employees are assigned to the Purchasing Group to deepen their understanding of sustainability including the environment. We also hold periodic study groups for buyers that communicate directly with suppliers.

## Initiatives Utilizing the CDP<sup>2</sup> Supply Chain Program GRI 103-3

We introduced the CDP Supply Chain Program in FY2016 to support continuous environmental initiatives conducted with suppliers. The program enables us to determine supplier's risks, opportunities and their initiatives on climate change and water security.

Each year we create opportunities for environmental communication by holding briefing sessions and response guidance where we share information on social trends and Toyota's environmental policies and provide feedback on response results. The scope of subject suppliers has been increasing every year, and in FY2021, suppliers accounting for approximately 82 percent of the total purchasing value by Toyota Motor Corporation were covered by the program. Based on the self-assessment results, we confirmed that approximately two-thirds of suppliers had reduced CO<sub>2</sub> intensity (per net revenue) compared to the previous year.

<sup>2</sup> 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

## Main Results of the CDP Supply Chain Program (2020)

		Climate Change	Water Security
Number of responding companies		127 (up 20 from the previous year)	115 (up 13 from the previous year)
Response rate		96%	88%
Percentage responding "Yes"	Governance (board-level oversight, corporate policy)	93%	73%
	Identifying risks	87%	65%
	Integrating issues into business strategy	92%	66%
	Setting quantitative targets	96%	65%

## Recognition of Supplier's Environmental Initiatives (Japan)

We established the Environmental Activity Awards in 2017 to commend suppliers that conduct exceptional environmental initiatives and has presented the awards every year.

## Training Sessions with Suppliers (Japan)

Toyota and its suppliers have established a variety of opportunities for joint training on environmental issues. Since 2019, Kyohokai, which consists of 200 parts suppliers or more, established research groups that consider environmental topics. Working groups exist for four themes, actively exchanging information and holding discussions for mutual learning, such as by inviting speakers from leading companies and holding on-site review meetings. In addition, Toyota holds periodic supplier briefings where we proactively share information on environmental trends and Toyota's environmental policies.



Members of the Kyohokai research groups toured the solar power generation verification site at the Motomachi Plant


## Supplier Hotline

In accordance with the Toyota Code of Conduct and Basic Policies at Toyota Purchasing, Toyota strives to act in a fair and just manner in compliance with laws and regulations. We have established hotlines that guarantee anonymity so that information can be gathered from suppliers if there is an instance of conduct relating to the environment in violation of laws, regulations or good practice within the supply chain.

## Participation in Initiatives (U.S., Europe)

In the United States, we participate in the Suppliers Partnership for the Environment<sup>1</sup> and promote environmental initiatives where suppliers, governments, NGOs and other stakeholders collaborate. In Europe, as a member company of Drive Sustainability<sup>2</sup>, in automobile industry partnership program established by CSR Europe<sup>3</sup>, we collaborate to address key sustainability issues in the supply chain. We also participate in the WBCSD<sup>4</sup> 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.

1 Suppliers Partnership for the Environment: A U.S.-based public-private partnership program for automobile manufacturers and suppliers to promote sustainability  [Suppliers Partnership for the Environment](#)

2 Drive Sustainability: A European partnership NPO that promotes sustainability in the automobile industry  [Drive Sustainability](#)

3 CSR Europe: A European NPO that operates a European business network to promote corporate sustainability

4 World Business Council for Sustainable Development: An NGO that conducts advocacy and verification projects to realize a sustainable society with participation of major corporations worldwide  [World Business Council for Sustainable Development](#)

## Ensuring Compliance with Regulation Concerning the REACH<sup>5</sup> and Other Global Regulations on Chemical Substances

Against a backdrop of rising interests in the Sustainable Development Goals (SDGs) and Environment, Social and Governance (ESG), countries and regions around the world are strengthening regulations related to chemical substances. Such regulations include the Chemical Substances Control Law<sup>6</sup> in Japan, and the Directive on ELV<sup>7</sup> and Regulation concerning the REACH of a European Union.

Moreover, companies are expected to raise levels of corporate attitudes, such as chemical substance management structures and information disclosure, even further.

In addition to complying with laws and regulations, Toyota is improving structures and undertaking operational management in cooperation with all parties involved in conveying chemical substance information in order to disseminate and share the ideals of the SDGs and ESG.

In FY2021, we continued to enhance business management regulations, revise 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.), conduct supplier awareness activities (366 companies) using self-assessment check lists to ensure thorough management of chemical substances, and expand activities to other regions. In the future, we will continue industry collaboration and global deployment and comprehensive implementation of action standards tailored to the cultures and industrial structures of each region.

5 Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals regulation: A regulation for managing chemical substances to protect human health and the environment

6 Chemical Substances Control Law (The 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

7 Directive on End-of Life Vehicles: A directive designed to reduce the load of End-of-life vehicles on the environment

## Initiatives with Dealers and Distributors

Toyota has strong bonds of trust with its dealers and distributors built on shared values for products and services. In the area of environment, we set a new target of a 100 percent introduction rate for CO<sub>2</sub> reduction items at newly constructed and remodeled dealers, and completed formulation of action plans in all eight regions advancing the Seventh Toyota Environmental Action Plan. Additionally, based on the Environmental Global Policy in the Sales and Service Area established in 2016, we are implementing four initiatives (establishment of an environmental system structure, minimization of environmental risks, improvement of environmental performance and activities to make environment better with customers and society), as a strategy to reduce environmental footprint in store operations. We take measures according to the conditions in each region. For example, we launched the Eco-Dealership program in Asia in 2018 and use an original certification system to conduct evaluations and implement an awards program.

We set quantitative targets for CO<sub>2</sub> reduction in this carbon reduction program and provide support for energy-saving activities at model dealers in each country and have achieved significant results. These results are shared in the Energy Reduction Innovation Guidelines with all dealers that participated the program, and we promote measures for achieving the targets.

## Incubating Start-up Companies Striving to Accelerate Carbon Neutrality

### Established the Toyota Ventures Climate Fund, a Global Investment Fund to Accelerate Carbon Neutrality

To achieve carbon neutrality, in addition to making our own efforts, we believe that we need to collaborate with like-minded partners. The Toyota Ventures Climate Fund, which was established in June 2021, will invest in promising early-stage companies around the world, that are eagerly working on solutions to drive innovation in carbon neutrality. It will be managed by the team at Toyota AI Ventures, a Silicon Valley-based venture capital fund, which company name was recently changed to Toyota Ventures. Toyota Ventures will serve as the fund manager (GP) on behalf of Toyota, with a total investment of 150 million U.S. dollars.

### Invested in the Mirai Creation Fund III to Accelerate Carbon Neutrality

The Mirai Creation Fund III, established in October 2021 by SPARX Group Co., Ltd., aims for a total scale of 100 billion yen to invest in six core technology areas including carbon neutrality. The fund aims to help accelerate innovation by investing in companies and projects that possess technologies capable of leading growth for future generations. Through this fund, Toyota invested 10 billion yen to support growth and commercialization of companies with innovative technologies, and to obtain a wide range of information on new technologies and market trends in a timely manner to incorporate in business strategies.

# Challenge CO<sub>2</sub>0

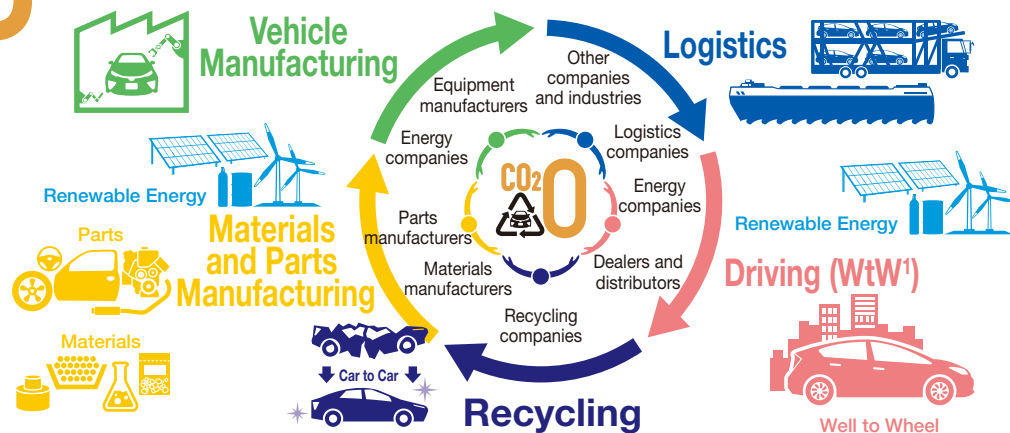
## Life Cycle Zero CO<sub>2</sub> Emissions Challenge

### Completely Eliminate All CO<sub>2</sub> Emissions Throughout the Entire Vehicle Life Cycle

TCFD Strategy b | GRI 102-15, 103-1, 201-2, 305-3

Six Challenges

Contribution to SDGs



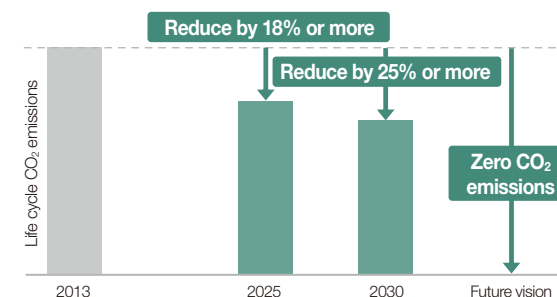
### Fundamental Approach

Since momentum for reducing CO<sub>2</sub> emissions is rising recently, the international movement for achieving carbon neutrality by 2050, such as the ambitious increase of CO<sub>2</sub> reduction targets in each country, is spreading with remarkable speed. Toyota has been promoting Life Cycle Zero CO<sub>2</sub> Emissions Challenge activities for years to completely eliminate CO<sub>2</sub> emissions not only during driving (TtW<sup>2</sup>), but throughout the entire vehicle life cycle including materials, parts and vehicle manufacturing, logistics, energy production, disposal and recycling. Our specific measures to reduce CO<sub>2</sub> emissions include adopting low-CO<sub>2</sub> emitting materials during manufacturing, reducing size and weight of parts and introducing renewable energy. We are also reducing CO<sub>2</sub> emissions in the disposal and recycling stages by expanding use of recycled materials and creating designs that make it easier to dismantle vehicles. In the future, we will accelerate our measures for the development of technologies that contribute to CO<sub>2</sub> emissions reduction and create eco-friendly designs as we pursue "ever-better cars." We will also step up our efforts to reduce CO<sub>2</sub> emissions throughout the entire vehicle life cycle while engaging in even closer communication with parties in each stage of the value chain including suppliers and dealers as well as other stakeholders including partners, governments and industry organizations.

<sup>2</sup> Tank to Wheel: CO<sub>2</sub> emissions during driving (CO<sub>2</sub> emissions during the production stage of the fuel and electricity are not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)

Value Chains Collaboration pp. 20-21

### Zero CO<sub>2</sub> Emissions Throughout the Entire Vehicle Life Cycle in the Future



	2025 Target	2020 Initiatives
<b>Life cycle CO<sub>2</sub> emissions</b> TCFD Metrics and Targets c	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 18 percent or more throughout the entire vehicle life cycle compared to 2013 levels</li> </ul>	<ul style="list-style-type: none"> <li>Steadily promoted life cycle CO<sub>2</sub> emissions reduction by environmental management for product development (since 2005)</li> <li>Conducted assessments using the Eco Vehicle Assessment System (Eco-VAS) on 46 of the total 62 (74 percent coverage) new and redesigned models (models currently available for sale) in Japan. Achieved life cycle CO<sub>2</sub> emission levels in all subject models equivalent to or lower than those of reference vehicles (previous models or vehicles of the same class); e.g., reduced CO<sub>2</sub> emissions of the Yaris Cross hybrid electric vehicle model by 16 percent compared to vehicles of the same class.</li> </ul>
<b>Logistics</b>	<ul style="list-style-type: none"> <li>Japan: Reduce CO<sub>2</sub> emissions by 7 percent by improving transport efficiency compared to 2018 levels (average of 1 percent reduction per year)</li> <li>Japan⇔Other regions: Reduce CO<sub>2</sub> emissions by vessels for export (introduce 2 LNG-powered pure car carriers)</li> </ul>	<ul style="list-style-type: none"> <li>Promoted continual <i>kaizen</i> activities including loading efficiency improvement, shortening of logistic routes and modal shifts</li> <li>CO<sub>2</sub> emissions in Japan: 266,000 tons (down 8.9 percent compared to 2019 levels)</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Promote CO<sub>2</sub> emissions reduction activities among major suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Completed formulation of action plans for CO<sub>2</sub> data collection in each country and region globally. Commenced trials of data collection in some regions.</li> </ul>
<b>Dealers and distributors</b>	<ul style="list-style-type: none"> <li>Achieve 100 percent introduction rate for CO<sub>2</sub> emissions reduction items at newly constructed and remodeled dealers</li> </ul>	<ul style="list-style-type: none"> <li>Completed selection of CO<sub>2</sub> reduction items and formulation of introduction plans in each country and region globally</li> </ul>

Environmental Data p. 39-E

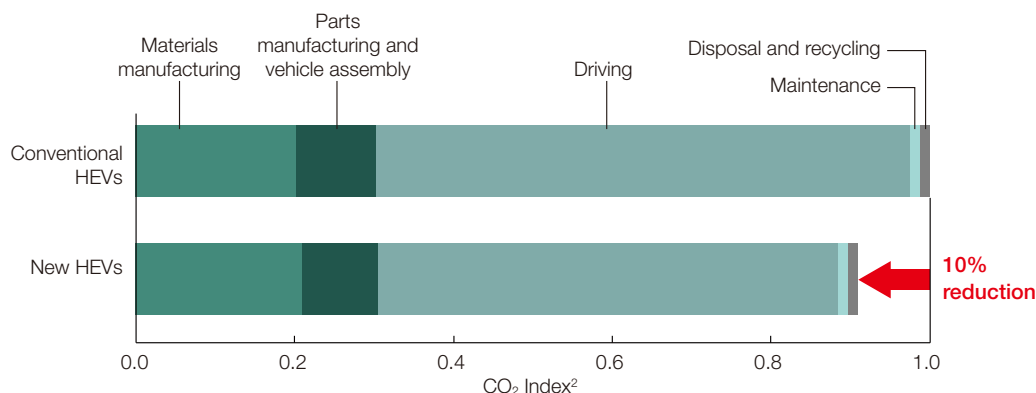
<sup>1</sup> Well to Wheel: Includes CO<sub>2</sub> emissions during driving as well as CO<sub>2</sub> emissions during the production stage of fuel and electricity (CO<sub>2</sub> emissions vary depending on the power supply configuration and hydrogen production method, in the case of battery electric vehicles and fuel cell electric vehicles)

### Promoting Environmental Management in the Vehicle Life Cycle

Toyota has been working to reduce CO<sub>2</sub> emissions throughout the vehicle life cycle with the aim of a totally clean car manufacturing that adopts LCA<sup>1</sup> methods. One such effort is the Eco Vehicle Assessment System (Eco-VAS), which was introduced in 2005. Eco-VAS is a management system that sets environmental targets during the vehicle development stage under the guidance of the chief engineer and takes steady measures to achieve those targets in order to reduce environmental impact through the life span of a vehicle. By performing comprehensive environmental assessments, we are contributing to enhancing the environmental performance of each vehicle and promoting environmental management throughout the entire vehicle life cycle.

<sup>1</sup> 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

#### Eco-VAS Activity Examples: LCA Results of CO<sub>2</sub> Reduction in the Vehicle Life Cycle for New HEVs Launched in 2020



<sup>2</sup> Calculated based on vehicle lifetime mileage of 100,000 km (10 years)

### Promoting Environmental Management in Cooperation with Suppliers

CO<sub>2</sub> emissions from products and services purchased from suppliers account for a significant proportion of CO<sub>2</sub> emissions throughout the vehicle life cycle. Because of this, Toyota is strengthening its cooperation with suppliers and conducting environmental management that takes the entire life cycle into consideration. We are jointly undertaking CO<sub>2</sub> emissions reduction activities in all areas of the supply chain including introduction of energy-saving production equipment and production technologies, selecting development, design and raw materials that contribute to lower CO<sub>2</sub> emissions and reducing CO<sub>2</sub> emissions in logistics and at sales sites.

We are visualizing CO<sub>2</sub> emissions volumes of parts that are subject to Eco-VAS by investigating emissions volumes in each process and have started considerations of specific measures to reduce emissions. In the future, we will conduct investigations that extend to the upstream segments of the supply chain and expand the scope of subject parts in stages.

#### Green Purchasing Guidelines<sup>3</sup>

<sup>3</sup> Green Purchasing Guidelines: Guidelines that Toyota requires all of its tier 1 suppliers to follow to promote environmental management in the supply chain

### Supplying Vehicles According to Energy Situation

In order to reduce CO<sub>2</sub> emissions from vehicles during driving, it is important to select optimal vehicles according to local energy situations and the status of infrastructure development. Battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs) do not emit CO<sub>2</sub> during driving (TtW), but CO<sub>2</sub> emissions during the production stage of electricity used for charging and hydrogen used as fuel, varies depending on the production methods. The potential for reducing CO<sub>2</sub> emissions can be expanded even for vehicles equipped with internal combustion engines by developing clean fuels, such as biofuel and e-fuel, and hydrogen engines that generates power through the combustion of hydrogen. Toyota will supply vehicles that customers need by expanding and enhancing low-CO<sub>2</sub> technologies and establishing a full lineup of electrified vehicles.



### Use of the World's Largest Class LNG-powered Pure Car Carriers for Completed Vehicles Starts

The proportion of emissions from marine transport in the logistics segment is particularly large, we therefore began using two pure car carriers that run on LNG as the primary fuel introduced by two Japanese shipping companies (NYK Line and "K" Line) to transport completed vehicles from Japan to North America. These pure car carriers are the world's largest class ships of their type and can transport 7,000 vehicles each (standard vehicle conversion). By adopting LNG fuel and improving ship configuration, CO<sub>2</sub> emissions per transport unit are reduced by 25 percent to 40 percent, sulfur oxides (SO<sub>x</sub>) are almost entirely eliminated, and nitrogen oxides (NO<sub>x</sub>) are reduced by 80 percent to 90 percent compared to earlier diesel ships. The ships have extremely long life spans, so Toyota will continue working with shipping companies to consider means of reducing the environmental impact of marine transport, using the opportunity of ship renewal.

### Pursuing Transport Efficiency and Reducing CO<sub>2</sub> Emissions in Logistics Activities

To reduce CO<sub>2</sub> emissions in logistics, Toyota is taking measures to improve transport efficiency by expanding the use of joint transport across suppliers through in-house logistics arrangements for production parts and using mixed transport with other companies for completed vehicles. In 2020, CO<sub>2</sub> emissions in Japan were 266,000 tons (down 8.9 percent year on year) and substantially below the target value because of effects from COVID-19. In the future, we will continue and expand improvements in transport efficiency by cooperating with other companies such as joint transport while working to reduce CO<sub>2</sub> emissions even further by taking on new initiatives for the practical use of new technologies including 25-meter tandem trailers and hydrogen fuel cell electric trucks.

[Environmental Data p. 39-E](#)

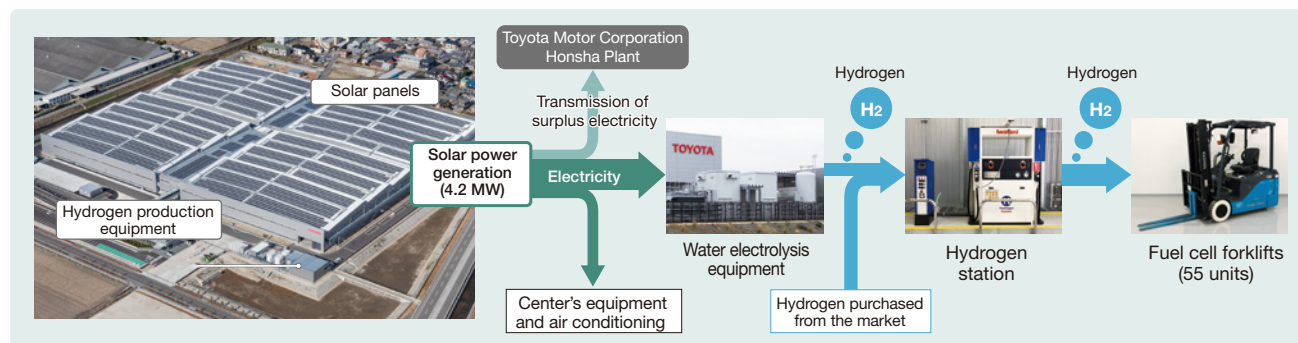


A 25-meter tandem trailer being considered for introduction

### Achieving Carbon Neutrality at the Oguchi Parts Center No. 2

The Oguchi Parts Center No. 2, which began operation in March 2021, is a cutting-edge logistics center that gives maximum consideration to energy savings including streamlining of equipment. Furthermore, a 4.2 MW solar power generating facility, Toyota Motor Corporation's largest such facility, was installed at the center, meeting electricity produced from renewable energy without any waste by delivering the surplus electricity to the Honsha Plant. In addition, this electricity is used to produce hydrogen from the electrolysis of water, which is then supplied to fuel cell forklifts at the facility. Electricity during nighttime and on rainy days and some hydrogen are purchased, but as a result of offsetting this against the surplus electricity that is delivered offsite, the center has achieved carbon neutrality with virtually zero CO<sub>2</sub> emissions.

#### Use of Electricity and Hydrogen Produced from Renewable Energy (Oguchi Parts Center No. 2)



# Challenge CO<sub>2</sub> 0

## New Vehicle Zero CO<sub>2</sub> Emissions Challenge TCFD Strategy b SASB TR-AU-410a.3 GRI 102-15, 103-1, 201-2

### Reduce Global<sup>1</sup> Average CO<sub>2</sub> Emissions (TtW<sup>2</sup>) from New Vehicles by 90 Percent Compared to Toyota's 2010 Levels by 2050 Six Challenges

Contribution to SDGs



### Fundamental Approach

As the world moves to curtail temperature increase, Toyota sees this situation as both a risk and an opportunity and strives to reduce average CO<sub>2</sub> emissions per vehicle during driving by 90 percent compared to 2010 levels by 2050 under the New Vehicle Zero CO<sub>2</sub> Emissions Challenge.

Since the launch of the world's first mass-produced Prius HEV in 1997, based on the idea that "eco-friendly vehicles are only meaningful if they achieve widespread use and contribute to CO<sub>2</sub> reductions," we have worked to establish a full lineup of electrified vehicles including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs), thereby offering a variety of options to customers suited to the circumstances of the region. Following up on this, in addition to enhancing the fuel efficiency improving technologies, engine technologies and technologies that integrate these that we have accumulated, we are also working to develop and promote further electrification technologies.

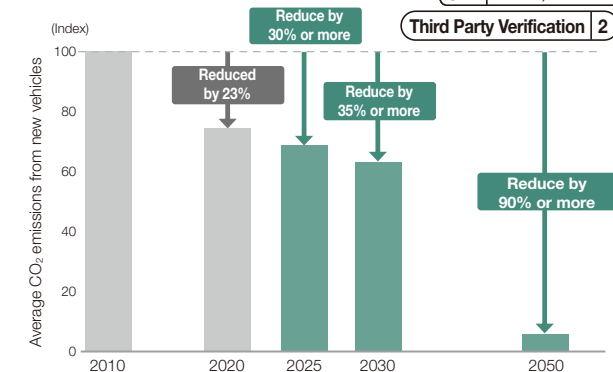
In response to different operating environments and cruising ranges desired by customers as well as differences in the status of development of recharging infrastructure among countries and regions, we seek to provide powertrains that inspire customers to think, "this is easy to use" and "I want to drive this" based on a sustainable and practical approach, and we hope that this will lead to reductions in CO<sub>2</sub> emissions.



The Toyota bZ4X Concept, unveiled at Auto Shanghai in April 2021

2025 Target		2020 Initiatives	
<b>Average CO<sub>2</sub> emissions from new vehicles</b> <span>TCFD Metrics and Targets c</span>	<ul style="list-style-type: none"> <li>Reduce global<sup>1</sup> average CO<sub>2</sub> emissions (TtW<sup>2</sup> g/km) from new vehicles by 30 percent or more compared to 2010 levels</li> </ul>	<ul style="list-style-type: none"> <li>Reduced global<sup>1</sup> average CO<sub>2</sub> emissions from new vehicles by 23 percent compared to 2010 levels by improving environmental performance and expanding vehicle lineups <span>Third Party Verification 2</span></li> </ul>	
<b>Sales of electrified vehicles</b> <span>SASB TR-AU-410a.2</span>	<ul style="list-style-type: none"> <li>Make cumulative sales of 30 million electrified vehicles or more</li> </ul>	<ul style="list-style-type: none"> <li>Achieved cumulative global sales of 16.98 million electrified vehicles, exceeding the target by 2020 of 15 million units <span>Third Party Verification 3</span></li> </ul>	<span>Environmental Data p. 40-I</span>

### Average CO<sub>2</sub> Emissions from New Vehicles: Global<sup>1</sup> TCFD Metrics and Targets c GRI 302-5, 305-5



<sup>1</sup> Countries & Regions: Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia

<sup>2</sup> Tank to Wheel: CO<sub>2</sub> emissions during driving (CO<sub>2</sub> emissions during the production stage of the fuel and electricity are not included; TtW emissions are zero in the case of battery electric vehicles and fuel cell electric vehicles)

## Eco-friendly Vehicles Contribute to the Environment Only When They Come into Widespread Use—Sales Results of Electrified Vehicles

Development of stricter environmental regulations relating to the sale of new vehicles has been accelerating in each country in recent years, but in Europe, a key market for Toyota, average CO<sub>2</sub> emissions from Toyota's new vehicles were better than the regulatory standards and the best level in the industry. We believe that this was the result of electrified vehicles—mainly hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs)—reaching 60 percent of all sales thanks to the improved fuel efficiency and enhanced marketability.

Also, global annual electrified vehicles sales reached a record high of 1.95 million units in 2020, and we achieved the Sixth Toyota Environmental Action Plan of global annual electrified vehicle sales of 1.5 million units and cumulative sales of 15 million units by 2020. Cumulative sales have reached 17.62 million units (as of March 31, 2021), and the cumulative CO<sub>2</sub> emissions reduction effect from the widespread use of electrified vehicles is approximately 143 million tons.

This result is due to Toyota providing a lineup of 58 diverse electrified models (as of March 31, 2021) of passenger cars and commercial vehicles comprising 46 HEVs, 4 PHEVs, 6 battery electric vehicles (BEVs) and 2 fuel cell electric vehicles (FCEVs).

Going forward, we will continuously make technological innovations and will expand the lineup of electrified models to around 70 models by 2025 while enhancing mass production technologies.

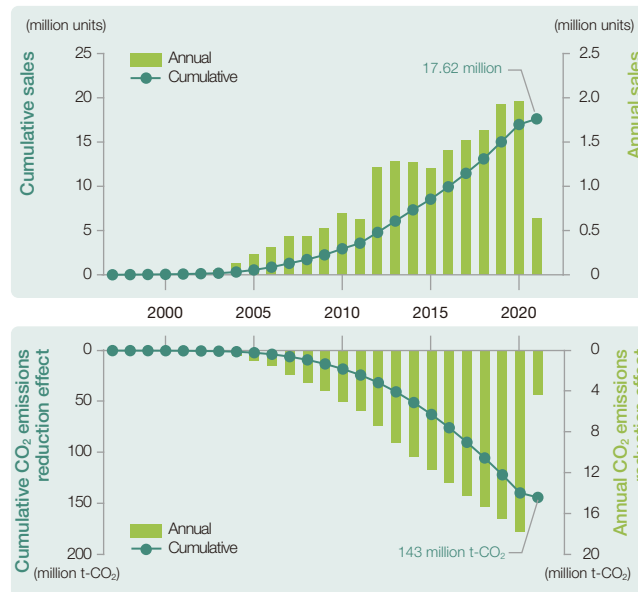
[Environmental Data p. 40-1](#)

**SASB** TR-AU-410a.2 **GRI** 302-5, 305-5

### CO<sub>2</sub> Emissions Reduction Effects from Electrified Vehicles

(as of March 31, 2021)

Third Party Verification 3, 4



## Toyota bZ Series of New BEVs Announced as Part of Full Electrified Vehicle Lineup

Toyota is advancing its plan to introduce 15 BEV models by 2025 and seeks to gain the acceptance of numerous customers in regions where demand for BEVs and supplies of electricity from renewable energy are high. Of the 15 models, we plan to introduce 7 models in the new Toyota bZ series. We announced the introduction plan and unveiled a concept version of the Toyota bZ4X, which will be the first model in the bZ series, at Auto Shanghai in China in April 2021. Toyota is developing this model in collaboration with Subaru Corporation and plans to begin phased global sales of the new SUV that takes advantage of the strengths of both companies by mid-2022. By coordinating with policies that encourage the use of renewable energies, Toyota hopes to expand the range of choice for customers, and contribute to the further reduction of CO<sub>2</sub> emissions.

## Collaborative Efforts to Electrify Commercial Vehicles

In March 2021, Toyota, Isuzu Motors Limited (Isuzu) and Hino Motors, Ltd. (Hino) announced the formation of a new partnership in the commercial vehicle business. By integrating Isuzu's and Hino's commercial vehicle business foundations with Toyota's electrification technologies, the three companies will develop small battery electric and FC electric trucks. While working to reduce vehicle costs, we will accelerate initiatives to promote widespread use by advancing infrastructure-coordinated societal implementation, such as by introducing FC electric trucks to hydrogen-based society demonstrations in Fukushima Prefecture, Japan. By joining forces in the commercial vehicle segment as well, the automobile industry seeks to contribute to solutions to issues facing the transport industry and reduction of CO<sub>2</sub> emissions.



Joint press conference by Toyota, Isuzu and Hino

## Measures to Reduce CO<sub>2</sub> for Vehicles Currently in Use —Development and Supply of Genuine Engine Oil That Improves Fuel Efficiency

**GRI** 302-5, 305-5

Toyota developed low-viscosity, high-performance genuine oil that improves fuel efficiency and has actively supplied it not only for new vehicles, but also for vehicles currently in use around the world, contributing to the achievement of carbon neutrality. We developed GLV-1 0W-8<sup>1</sup> genuine Toyota engine oil in 2020. The viscosity is approximately 25 percent lower compared to earlier products, improving fuel efficiency by approximately 0.7 percent. Supply started with the Yaris HEV and is being expanded to other models in stages.

Our low-viscosity technologies are also used in oil standards<sup>2</sup> that are becoming increasingly popular, and we are supplying genuine oil that improves fuel efficiency to many vehicles.

1 The JASO GLV-1 standard was obtained for SAE 0W-8 viscosity grade oil (the lowest viscosity oil standard)

2 ILSAC GF-6A 0W-20 and ILSAC GF-6B 0W-16 standards were obtained

1, 2 2020 JSME Medal for New Technology was awarded by The Japan Society of Mechanical Engineers



The newly developed low-viscosity engine oil



# Challenge CO<sub>2</sub> 0

## Plant Zero CO<sub>2</sub> Emissions Challenge TCFD Strategy b GRI 102-15, 103-1, 201-2, 302-4

### Achieve Zero CO<sub>2</sub> Emissions at Global Plants by 2050

Six Challenges

Contribution to SDGs



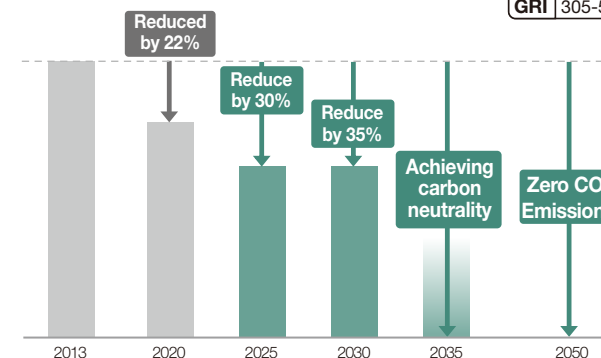
Blades for the wind power generators (22 MW) under construction at the Tahara Plant (left) and solar panels (23 MW) at the new Tianjin FAW Toyota Motor Plant in China (right)

### Fundamental Approach

Under the Plant Zero CO<sub>2</sub> Emissions Challenge, we are seeking zero CO<sub>2</sub> emissions in the vehicle manufacturing operations through 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. Through daily *kaizen* and the introduction of innovative technologies, while the number of parts that emit CO<sub>2</sub> during manufacturing is increasing due to the popularization of electrified vehicles, we are 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. With regard to the introduction of renewable energy and utilization of hydrogen, we are working hand in hand widely with stakeholders not just internally, but also outside the company to build the necessary social infrastructure to support the widespread use of these energy sources. We are striving to achieve carbon neutrality at all global plants by 2035 and zero CO<sub>2</sub> emissions by 2050 by accelerating these initiatives.

CO<sub>2</sub> Emissions at Global Plants TCFD Metrics and Targets b

GRI 305-5



Environment Data p. 41-J

	2025 Target	2020 Initiatives
<b>Plant CO<sub>2</sub> emissions</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by implementing innovative technologies and daily <i>kaizen</i> and introducing renewable energy</li> <li>Reduce CO<sub>2</sub> emissions from global plants by 30 percent compared to 2013 levels</li> </ul>	<ul style="list-style-type: none"> <li>Introduced innovative technologies including a new type of paint atomizer (airless paint atomizer) that uses static electricity and promoted energy-saving through daily <i>kaizen</i></li> <li>CO<sub>2</sub> emissions was 4.9 million tons (down 22 percent compared to 2013 levels)</li> </ul>
<b>Renewable electricity</b>	<ul style="list-style-type: none"> <li>Achieve a 25 percent introduction rate for renewable electricity</li> </ul>	<ul style="list-style-type: none"> <li>Achieved an 11 percent introduction rate for renewable electricity. Maintained 100 percent renewable electricity introduction rate at all plants in Europe and also achieved it at all plants in South America. Installed solar panels at the new plant in China (23 MW).</li> </ul>
<b>Hydrogen</b>	<ul style="list-style-type: none"> <li>Promote proactive technological development to utilize hydrogen</li> </ul>	<ul style="list-style-type: none"> <li>Continuously conduct various verification tests to support the utilization of hydrogen. Developed stationary FC generator diverting on-board FC, water electrolysis-based machine for hydrogen generation and filling, etc. Established the Hydrogen Power Generation Park, a verification site of an in-house power generation facility.</li> </ul>

<Organizational Boundary and Coverage> All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)



## Reducing CO<sub>2</sub> Emissions in Production Activities

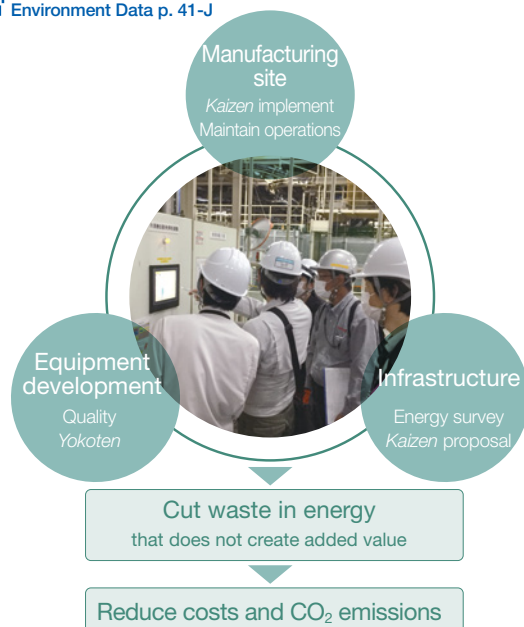
**TCFD Metrics and Targets b**  
**GRI 305-5**

Toyota's plant manufacturing departments worked with production engineering and drive force departments to conduct energy diagnoses at production sites, propose improvements and implement measures. We continuously undertook energy-saving activities (internal ESCO<sup>1</sup> activities) and *yokoten*<sup>2</sup> of best practices. Also, the introduction of innovative technologies was expanded with a focus on painting processes and energy-saving was promoted by adopting steamless and airless processes and shifting to LED lighting. As a result, we reduced global CO<sub>2</sub> emissions (total) in 2020 to 4.9 million tons (down 22 percent compared to 2013 levels). We also conducted study sessions with Toyota Group companies and suppliers to share know-how on energy-saving measures, and that information has been reflected in *kaizen* implemented by those companies. We also observed other industries and are continuously seeking to discover new ideas for *kaizen*.

<sup>1</sup> Energy reduction Support & Cooperation

<sup>2</sup> *Yokoten*: Refers to sharing of best practices with other organizations

[Environment Data p. 41-J](#)

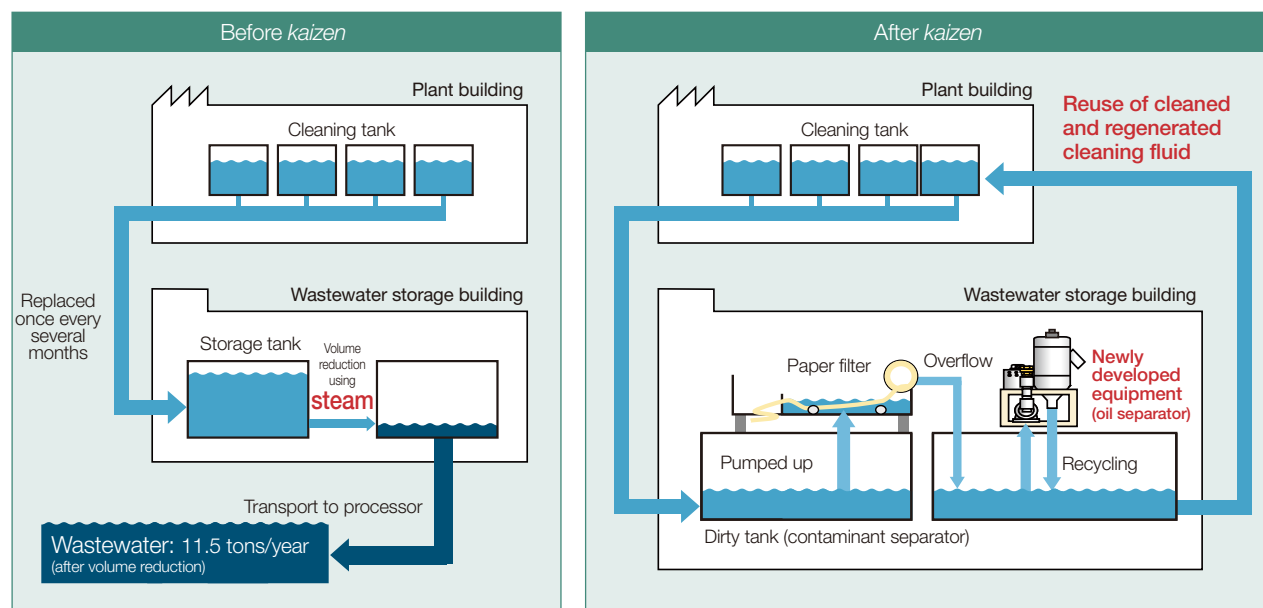


Concept of internal ESCO activities: Trinity of energy-saving improvements

## Zero Steam and Zero Wastewater Achieved in Parts Cleaning Process

During the parts cleaning process at the Miyoshi Plant, wastewater from the cleaning process was reduced in volume by using steam at a rate of 12 kl per year of crude oil equivalent, and processing of 11.5 tons per year of wastewater was outsourced to processors. To address this, we developed a ultra-fast fine-bubble flotation separator that generates fine-bubbles to separate oil from contaminants and cleans and regenerates wastewater. This makes it possible to reuse all cleaning fluid<sup>3</sup>. This technology is highly applicable for other uses; the potential is expected to increase by about 60 times at other Toyota Motor Corporation plants. Deployment by suppliers and in other industries is also possible. This technology won the ECCJ Chairman's Prize of the 2020 Energy Conservation Grand Prize awarded by the Energy Conservation Center, Japan.

<sup>3</sup> The result of joint development with Chubu Electric Power Miraiz Co., Inc. and Kansai Automation Equipment Co., Ltd.



## Introduction of Renewable Energy and Utilization of Hydrogen

Toyota is promoting the introduction of renewable energy, taking into consideration the characteristics of each region. We are currently actively introducing renewable energy power generation facilities at Toyota plant sites. In Japan, we installed wind power generators (22 MW, operation to begin in 2022) at the Tahara Plant, and in other regions, we installed solar panels at the new plant in China (23 MW, currently in operation). In addition, we maintained 100 percent renewable electricity introduction rate at all plants in Europe and also achieved it at all plants in South America.

In conjunction with the increased use of renewable electricity in recent years, hydrogen holds great promise as a means of suppressing supply and demand variation in energy and for energy storage and transport. Toyota is leading the Hydrogen Utilization Study Group in the Chubu to create mechanisms for the use of hydrogen energy throughout society in collaboration with companies in other industries, contributing to the realization of a decarbonized society. With respect to the utilization of hydrogen at plants, we are developing hydrogen burners that can decarbonize the combustion process, expanding the use of fuel cell (FC) forklifts and promoting production and use of renewable energy-derived hydrogen at plants by introducing water electrolysis-based machine for hydrogen generation and filling (Motomachi Plant). Furthermore, we are installing hydrogen-fueled power generators and conducting verification testing. (Below: Shimoyama Plant; Right: Honsha Plant). Going forward, we will develop technologies for carbon capture and reuse and other technologies with the aim of achieving carbon neutrality at all global plants by 2035.

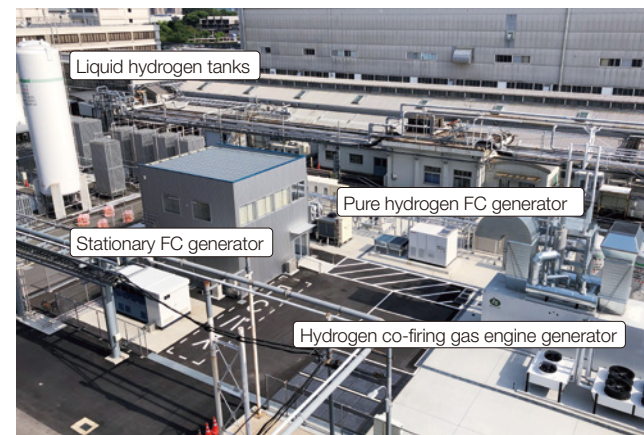


Self-supporting stationary FC generator diverting on-board FC (Shimoyama Plant)  
Power generation using hydrogen is possible even in power outages

## Operation of Hydrogen Power Generation Facility Starts at Honsha Plant to Expand Hydrogen Utilization

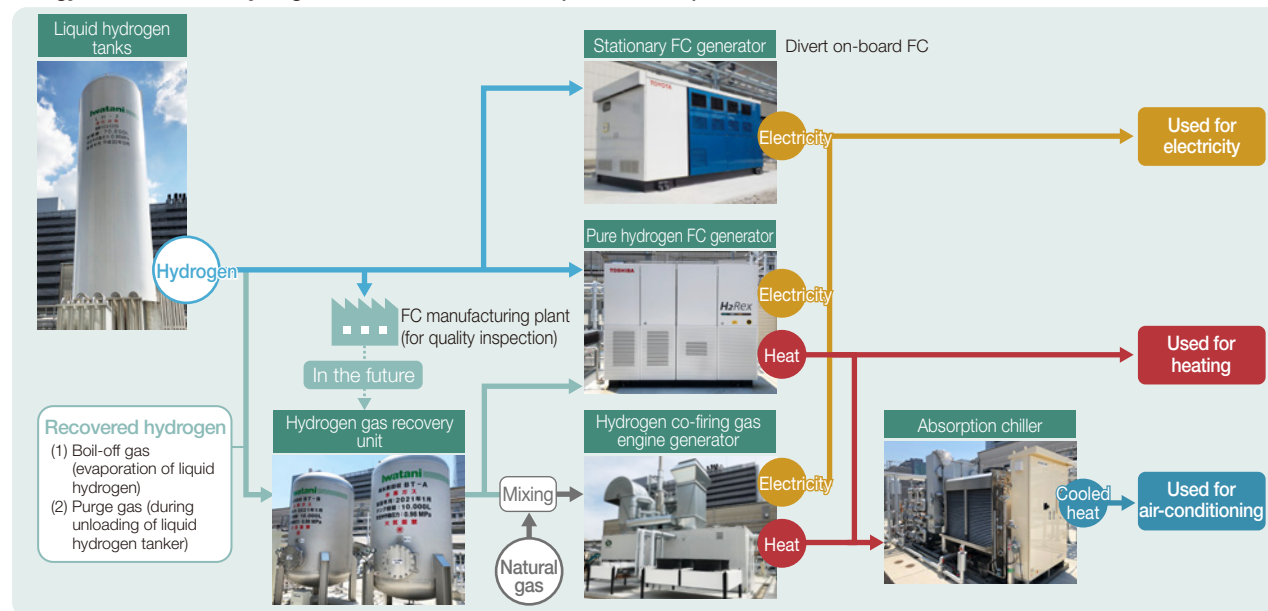
With the aim of achieving zero CO<sub>2</sub> emissions from in-house power generation facilities at our plants, we introduced three different types of power generating facilities at the Honsha Plant: a stationary FC generator diverting the Mirai's on-board FC, a pure hydrogen FC generator with high power generating efficiency that enables the use of waste heat, and a co-firing gas engine generator of natural gas and hydrogen. The combined generating capacity is 600 kW, and a portion of the hydrogen fuel used is recovered hydrogen that in the past was released. Verification tests are underway to achieve highly efficient power generation systems. The technologies gained from this hydrogen power generation facility will be rolled out to other plants with the aim for an early achievement of plant zero CO<sub>2</sub> emissions.

We also created a structure to use the hydrogen stored for power generation and automobile FCs for supply to the adjacent hydrogen station in the event of a disaster. By making it possible for company and other fuel cell electric vehicles (FCEVs) to refuel with hydrogen, their electric supply function can be used to support operations at evacuation centers in the region and for other purposes. Through this and other initiatives, we are tackling the challenges of creating a hydrogen-based society.



Hydrogen Power Generation Park, a verification site of an in-house power generation facility at the Honsha Plant

### Energy Flow within the Hydrogen Power Generation Park (Honsha Plant)

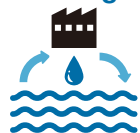




Contribution to SDGs



Challenge



Challenge of Minimizing and Optimizing Water Usage GRI 102-15, 103-1, 303-1, 303-2

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



A rainwater reservoir (left) and rainwater treatment equipment (right) at Toyota Kirloskar Motor in India

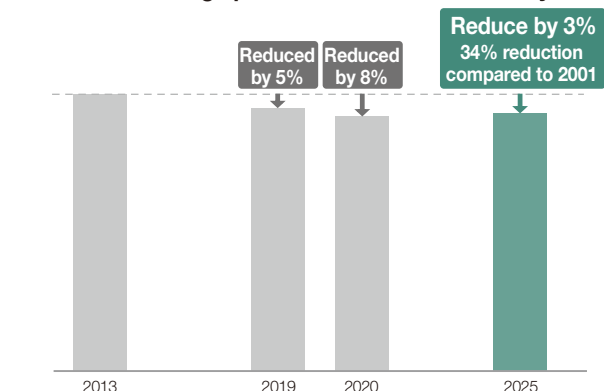
Fundamental Approach

It is said that the world's population will grow to 9.7 billion by 2050, water demand will increase 55 percent from current levels and 40 percent of the world's population is therefore expected to suffer water shortages\*. Water problems such as increases in water stress in conjunction with rising populations and climate change as well as stricter regulations in response to deterioration of water quality in rivers and other water sources are important issues from the perspective of risk management in corporate activities. Water is essential in painting and other car manufacturing processes. This makes it imperative to reduce the impact on the water environment, to whatever degree possible. While there are significant differences in the characteristics of the water environment depending on the region, we have two main common strategies to be tackled regardless of the region: thoroughly reduce the amount of water usage and purify wastewater thoroughly and return. Toyota has been using rainwater, cutting water usage in production processes, recycling wastewater to reduce amounts withdrawn from water sources and returning high-quality water to local environments, prioritizing areas where we believe the impact on the water environment is significant.

In the future, we will continue to undertake measures that have a positive impact on local water environments, taking into consideration the local requests and water issues, through appropriate information disclosure and active dialogue with local communities and suppliers.

\* According to Toyota data

Water Usage per Vehicle Produced Globally



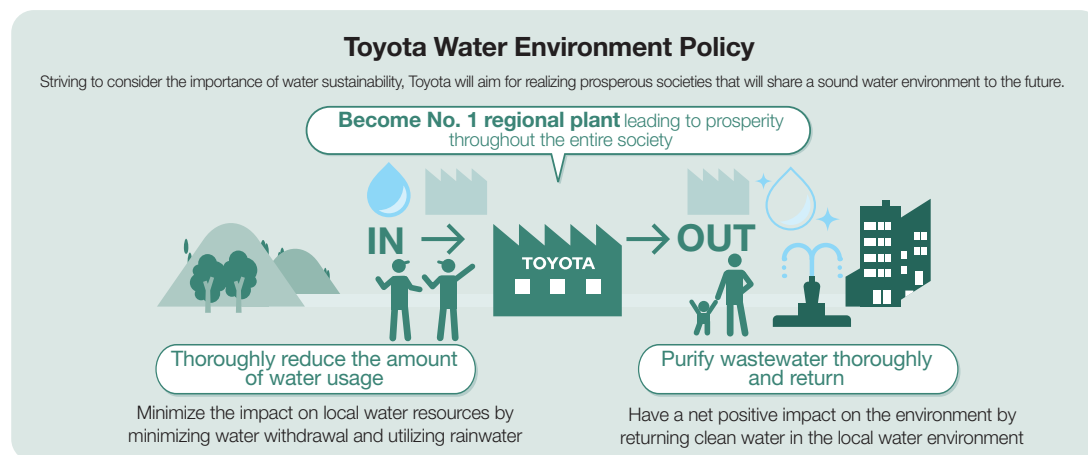
Environmental Data p. 42-O

	2025 Target	2020 Initiatives
<b>Water quantity</b>	<ul style="list-style-type: none"> <li>Reduce water usage taking the water environment in each country and region into consideration</li> <li>Promote wastewater recycling, rainwater use and various activities including daily <i>kaizen</i></li> <li>Reduce global water usage by 3 percent per vehicle produced compared to 2013 levels (reduce by 34 percent compared to 2001 levels)</li> <li>Complete measures at 2 Challenge-focused plants where the water environment is considered to have a large impact</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensively introduced reduction technologies and undertook daily water-saving efforts, such as water recycling and reducing the amount of steam used in painting processes</li> <li>In progress to reducing at a pace above target (down 8 percent compared to 2013 levels)</li> </ul> <p>Environmental Data p. 42-O</p>
<b>Water quality</b>	<ul style="list-style-type: none"> <li>Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards</li> <li>Continuously assess the impact of wastewater at all plants where it is discharged directly into the river</li> </ul>	<ul style="list-style-type: none"> <li>Continuously manage water quality under internal standards that are stricter than regulatory standards</li> <li>Assessed the impact of wastewater at all plants</li> </ul>

<Organizational Boundary and Coverage> All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

## Measures Undertaken in Accordance with the Toyota Water Environment Policy

Although water-related issues and measures differ depending on the region, Toyota established the Toyota Water Environment Policy and takes action in order to achieve the Challenge of Minimizing and Optimizing Water Usage on a global level. Under the Toyota Water Environment Policy, we are assessing our impact on water environments and working 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. We take action from three directions—the pursuit of environmental technologies, community-rooted operations and cooperation with society—and strive to become the No. 1 regional plant leading to prosperity throughout the entire society.



## Reduction of Water Usage According to the Actual Water Environment in Each Region and Water Quality Management

Toyota introduced innovative technologies in conjunction with planned upgrades to production lines, reduced the use of steam in manufacturing processes and implemented other measures, and as a result, in 2020, water usage was 36.8 million m<sup>3</sup> (down 16 percent year on year) and water usage per vehicle produced was 4.0 m<sup>3</sup> (down 2.5 percent year on year). We also assessed the impact of water environments at global plants, identified four Challenge-focused plants in North America, Asia and South Africa, and are now implementing comprehensive water management. With regard to the water quality discharged from plants, we assessed the impact on wastewater at each global plant where it is discharged directly into the river, set water discharge quality under internal standards that are stricter than regulatory standards and is continuously conducting water management. Moving ahead, we will continue striving to minimize our impacts on the water environment through water-saving and water recycling, and engage in activities that have positive effects on local water environments.

[Environmental Data p. 42-O](#)

## Substantial Reduction in Water Usage Through Expanded Use of Recycled Water (China)

At Tianjin FAW Toyota Motor Co., Ltd. (TFTM), particular efforts are being put into raising the water discharge recycling rate and increasing the use of recycled water during vehicle production to reduce water withdrawal throughout its plants. In 2020, measures were taken to increase the use of recycled water including wastewater from its new plant, and a total of 484,000 tons of recycled water was used including 308,000 tons used on production lines (up 28,000 tons) and 176,000 tons used to irrigate green areas (up 32,000 tons). As a result, water withdrawal was substantially reduced, and water usage per vehicle was down 5 percent compared to 2014.



Wastewater recycling production facility

Recycled water is used to irrigate green areas on the plant site

## Water Usage Reduced Through Repeated *Kaizen* Activities (South Africa)

At Toyota South Africa Motors (Pty) Ltd. (TSAM), since 2018, efforts have been focused on reducing water used in the chassis electrodeposition painting process. In 2020, the conductivity of cleaning water used in the cleaning process was controlled and the timing of water supply and discharge was optimized through automation. By reusing cleaning water to the maximum degree possible, the amount of water used in the process has been significantly reduced. In addition, steady improvements are being made such as reducing water used for cleaning by preventing liquid leakage from valves and splashing in all production processes to keep the plant clean. In conjunction with these measures, rainwater collection tanks have been installed to reduce water usage by using rainwater in production processes and by other means. As a result of these improvements, total water usage reduction effects were 49,000 tons, a 43 percent reduction throughout all processes compared to before *kaizen*. Despite an increase in vehicle production volume, water usage throughout the plant was reduced by 2 percent compared to 2013 levels. These measures have been commended for the extensive analysis of each process and the repeated implementation of numerous *kaizen* activities, and TSAM was presented the Bronze Award of the 2020 Global ECO. Awards, which is given in recognition of the environmental initiatives inside Toyota.



Water usage reduction *kaizen* team members standing in front of rainwater collection tanks

Challenge



# 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

GRI 102-15, 103-1, 306-2

Contribution to SDGs



Six Challenges

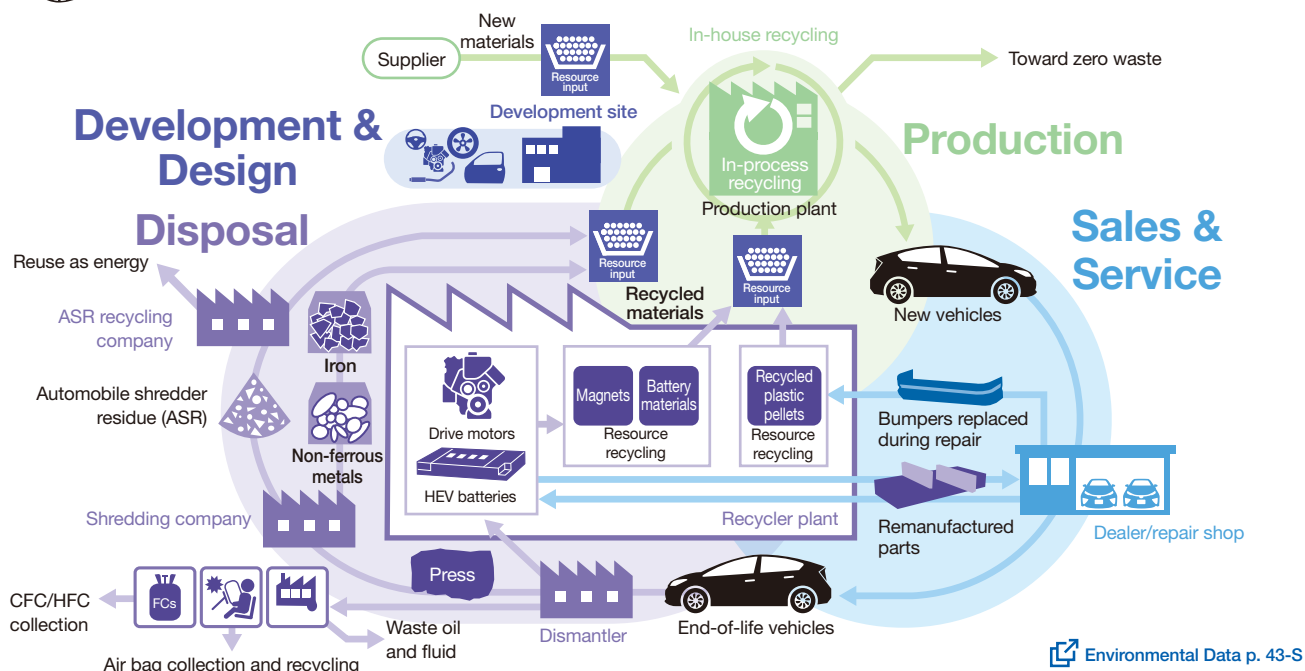
### Fundamental Approach

Due to global population growth along with the pursuit of economic growth and convenient lifestyles, the pace of resource consumption is accelerating. If large-scale exploitation continues without change, natural resources will be depleted, and if waste increases due to mass consumption, appropriate treatment and recycling will be unable to keep pace, resulting in risks of environmental pollution.

To prepare for such circumstances, we launched and have been promoting the Toyota Global 100 Dismantlers\* Project to establish social systems for appropriate treatment and recycling of End-of-life vehicles to prevent the environmental load caused by End-of-life vehicles. On the other hand, to create a resource recycling-based society, it is necessary to address the risk of resource depletion and to reduce substances of concern, as well as to address recycling throughout the entire vehicle life cycle through the business opportunities we create.

We aim to realize the ultimate recycling-based society, and is promoting the Toyota Global Car-to-Car Recycle Project so that we can utilize resources from End-of-life vehicles for manufacturing new vehicles.

\* Dismantlers: Operators of vehicle dismantling businesses



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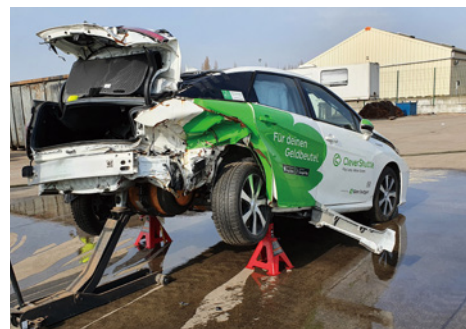
	2025 Target	CY2020/FY2021 Initiatives
<b>Toyota Global 100 Dismantlers Project</b>	<ul style="list-style-type: none"> <li>Complete setup of 15 model facilities for appropriate treatment and recycling of End-of-life vehicles</li> <li>Continuously accelerate easy-to-dismantle designs                             <ul style="list-style-type: none"> <li>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)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Completed setup of model facilities in Malaysia, Brazil, Argentina, Belgium and Japan (Belgium and Japan are sites for appropriate treatment and recycling of End-of-life FCEVs)</li> <li>Continued to integrate easy-to-dismantle designs in new vehicles and increased provision of information to the dismantling industry operators through mass advertisements (trade papers) in Japan</li> </ul>
<b>Toyota Global Car-to-Car Recycle Project</b>	<ul style="list-style-type: none"> <li>Establish a safe and efficient system for battery 3R (Rebuild, Reuse and Recycle), eyeing the widespread use of electrified vehicles                             <ul style="list-style-type: none"> <li>Aim to maximize collection and detoxification of End-of-life batteries globally</li> <li>Start operating battery 3R throughout 5 regions—Japan, U.S., Europe, China and Asia</li> </ul> </li> <li>Develop technologies to utilize recycled materials (especially plastics) in accordance with the conditions in each region                             <ul style="list-style-type: none"> <li>Promote utilization by technological development to optimally exploit recycled materials in Europe and to increase the supply of recycled materials in Japan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continuously promoted utilization of renewable resources and recycled materials (HEV batteries, motor magnets, plastic bumpers, etc.)</li> </ul>



## Toyota Global 100 Dismantlers Project to Establish Social Systems for Appropriate Treatment and Recycling of End-of-life Vehicles

GRI 203-1

When End-of-life vehicles are not properly disposed or dismantled, it may not only affect local environments, but also causes risks to the health and safety of local residents. To prevent these problems, we promote the establishment of social systems for appropriate treatment and recycling of End-of-life vehicles, using our long-established technologies and know-how to not impose environmental load. In the process, we also contribute to the prevention of global warming by collecting and properly treating of waste oil and CFCs/HFCs. In FY2021, we set up model facilities for appropriate treatment and recycling of End-of-life vehicles in Japan (Toyota Metal Co., Ltd.), Malaysia (Car Medic Sdn Bhd), Belgium (Comet), Argentina (Toyota plants) and Brazil (GWA). When Comet conducted a demonstration of appropriate fuel cell electric vehicle (FCEV) dismantling in accordance with a video manual on appropriate treatment and recycling, we checked via webcam to remotely confirm the effectiveness of the manual. In this way, we worked with local affiliates to clarify requirements for facilities, operations and waste treatment and recycling at the site, and established a system that enables remote confirmation of appropriate End-of-life vehicle treatment even remotely, using photos and videos.



Demonstration of hydrogen gas removal process for FCEVs (Belgium)



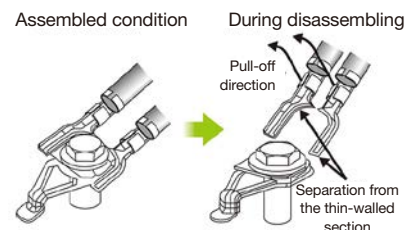
Treatment of waste oil and fluid from End-of-life vehicles (Malaysia)

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

In order to promote resource recycling of End-of-life vehicles, we continue to use easy-to-recycle materials, and have confirmed that vehicles introduced in Europe achieved a recyclability rate of 85 percent or more and a recoverability rate of 95 percent or more, including energy recovery. Since launch of the Raum passenger car in 2003, we have been directly visiting dismantling companies around the world to investigate actual conditions. Based on this, we are actively adopting vehicle structures that makes it easy to dismantle and separate parts for new vehicles. With the new RAV4 PHEV, Harrier, Yaris Cross and Mirai launched in FY2021, we continue to integrate easy-to-dismantle designs to ensure safe and speedy dismantling operations. In light of recent circumstances, we placed advertisements in trade papers in Japan focusing on the ease of removing wiring harness, a representative example, in order to gain the understanding of more dismantlers concerning Toyota's eco-friendly designs.

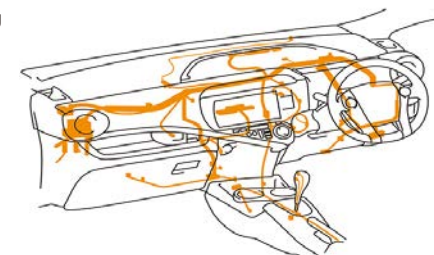
 Easy-to-dismantle design

### Examples of Easy-to-dismantle Design



#### Wiring Harness: Use of Pull-tab Type Ground Terminal

It is designed to be easily dismantled by simply pulling it like the lid of a can.



#### Wiring Harness Layout Innovation

Wiring harness can be separated with minimal interference to other parts.

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

SASB TR-AU-440b.2

GRI 203-1, 301-3

Toyota strives to reduce the generation of waste, and repeatedly uses reusable materials to improve resource efficiency in four stages of the vehicle life cycle: development and design, production, sales and disposal. We are also working to make waste recyclable.

### 1. Resource Recycling of Plastics

In the lead up to 2050, Toyota aims to build a society that maximizes plastic recycling on a global scale. In addition to existing initiatives for collection and recycling of bumpers replaced during repairs at dealers, in order to reuse automobile shredder residue (ASR) from End-of-life vehicles as a material, which until now had 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.

#### 2030 Target

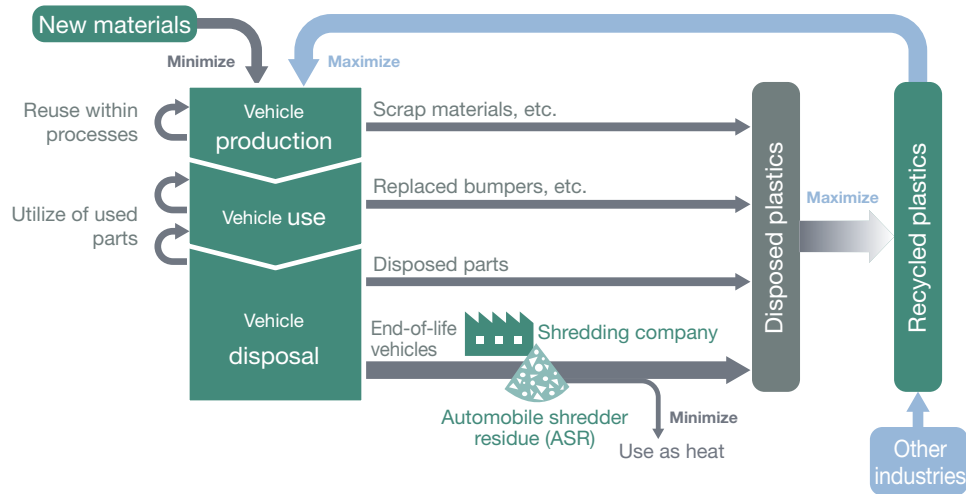
Increase the use of recycled plastics by more than three times compared to current levels by 2030, with the aim of building a society in 2050 that maximizes plastic recycling on a global scale (Scope: Vehicles produced in Japan and Europe)

### 2. Resource Recycling of Rare Metals and Rare Earth Elements

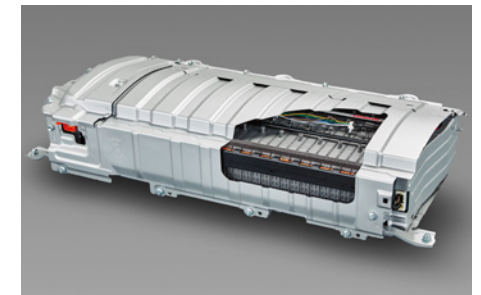
With a view to curbing the use of natural resources, we promote the collection of rare resources used in electrified vehicles such as hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs) and fuel cell electric vehicles (FCEVs), and the reuse of recycled materials. We are collaborating with partner companies to establish a system for collecting and recycling HEV batteries and motor magnets, along with tungsten carbide tools and other materials used in production, aiming to achieve the ultimate goal of closed-loop recycling.

In order to make more effective use of limited resources, and to increase resource input efficiency, we are striving for car manufacturing that takes recycling into consideration, by feeding back results of these activities into the development and design stages.

#### Maximization of Utilization of Recycled Plastics in Toyota Vehicles



Recovered End-of-life HEV batteries



New HEV battery

Challenge



Challenge of Establishing a Future Society in Harmony with Nature GRI 102-15, 103-1

Connect the Reach of Nature Conservation Activities Among Communities, with the World, to the Future Six Challenges

Contribution to SDGs



Fundamental Approach

It is critical for humans to conserve forests and other natural environments in all regions for coexistence in harmony with nature. However, deforestation, fragmentation of habitats for various wildlife and loss of biodiversity are increasing across the world. These developments entail a range of issues including depletion of biological resources that are essential to society, causing natural disasters and driving global warming, and we believe that they pose risks to the sustainability of the entire society. Toyota launched programs promoting harmony with nature around the world and is taking action to expand “Connecting Communities” activities under the Toyota Green Wave Project, and is “Connecting with the World” by promoting activities for achieving harmony with nature and conserving biodiversity globally under the Toyota Today for Tomorrow Project in cooperation with international organizations and NGOs. In addition, we conduct environmental educational programs for employees, future generations and others, and carry out “Connecting to the Future” activities under the Toyota ESD\* Project.

\* Education for Sustainable Development




Scenes from activities promoting agroforestry at primary and middle schools in Kenya

	2025 Target	2020 Initiatives
<b>Toyota Green Wave Project</b>	<ul style="list-style-type: none"> <li>Realize “Plant in Harmony with Nature”—6 in Japan and 4 in other regions</li> <li>Promote activities to connect with local communities in collaboration with affiliated companies</li> <li>Start activities promoting harmony with nature in collaboration with local communities and companies toward biodiversity conservation</li> </ul>	<ul style="list-style-type: none"> <li>Implemented wildlife habitat maintenance and improvement measures at global plants and conducted indicator species surveys to confirm the effects</li> <li>Implemented activities promoting harmony with nature such as creating forests at plant sites and conserving biodiversity in collaboration with Toyota Group companies and other affiliated companies</li> </ul>
<b>Toyota Today for Tomorrow Project</b>	<ul style="list-style-type: none"> <li>Globally strengthen conservation of endangered species, which symbolize biodiversity in collaboration with NGOs and others</li> </ul>	<ul style="list-style-type: none"> <li>Completed assessment of 29,830 species for the International Union for Conservation of Nature (IUCN) Red List and donated vehicles to conduct surveys and conservation activities of species listed as threatened on the IUCN Red List in Nepal, Argentina, Madagascar and other countries</li> <li>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)</li> </ul>
<b>Toyota ESD Project</b>	<ul style="list-style-type: none"> <li>Implement globally unified initiatives to foster environmentally conscious persons responsible for the future                             <ul style="list-style-type: none"> <li>Offer environmental education opportunities by utilizing biotopes and others in collaboration with the Plant in Harmony with Nature</li> <li>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</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Conducted tree-planting activities participated by employees. Also, carried out multiple environmental education programs to the public and children at the Forest of Toyota and the Toyota Shirakawa-Go Eco-Institute.</li> </ul>



## Toyota Policy on Harmony with Nature

Toyota renewed the Biodiversity Guidelines formulated in 2008 as the Toyota Policy on Harmony with Nature in January 2021. This policy sets forth our approaches on activities that promote 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.

 [Toyota Policy on Harmony with Nature](#)

## Toyota Policy on Harmony with Nature

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.

## Toyota Today for Tomorrow Project

### Collaboration with IUCN, WWF and Other Organizations to Conserve Biodiversity

After entering into a five-year partnership agreement with the International Union for Conservation of Nature (IUCN) in 2016, we provided annual grants of approximately 1.2 million U.S. dollars, which is the largest scale grant provided by a private-sector company. This enabled the IUCN to enhance the IUCN Red List<sup>1</sup>, a global indicator of wildlife species, and they conducted assessments of extinction risk of species. This comprehensive inventory of the global conservation status of animals, fungi and plants is effectively used, and plays an important role supporting implementation of the United Nations 2030 Agenda.

In 2016, Toyota became the first car company and Japanese company to sign a five-year Global Corporate Partnership agreement with the World Wide Fund for Nature (WWF). We have made 1 million U.S. dollar annual grants to support the Living Asian Forest Project, to conserve tropical forests and wildlife in Southeast Asia and helped improve the sustainability of natural rubber production.

<sup>1</sup> The IUCN Red List of Threatened Species™: A list of threatened species throughout the world managed by the IUCN

### Toyota Environmental Activities Grant Program: Agroforestry Activities at Primary and Middle Schools in Kenya

In 1999, Toyota was honored with the Global 500 Award from the United Nations Environment Programme (UNEP). To commemorate this, in FY2001, we launched a grant program to support the environmental activities of NPOs and other non-profit organizations and groups. Over the 20 years since the program was established, we have supported 440 projects in 57 countries and regions worldwide. One project promotes agroforestry<sup>2</sup>, primarily at primary and middle schools, in semi-arid regions of Kenya where forest destruction is progressing with the aim of creating model agricultural villages in harmony with nature. The participating educators and students have increased the varieties of crops and trees growing at their schools and homes to start sustainable agriculture.

<sup>2</sup> Agroforestry: Agricultural and forestry business whereby trees are planted, and livestock and crops are raised and cultivated between the trees

 [Environmental Data p. 43-X](#)  [Toyota Environmental Activities Grant Program](#)

## Toyota Green Wave Project

### Initiatives of Toyota Technical Center Shimoyama Promoting Harmony with Nature and Local Communities GRI 304-3, 304-4

At the Toyota Technical Center Shimoyama, construction of which is proceeding, we are undertaking satoyama conservation and other measures based on the concept of a “technical center in harmony with nature and local communities.” In 2020, we invited experts to serve as the instructor of an environmental education program for local high school students (21 students participated) on the Japanese eight-barbel loach, which inhabits satoyama environments. Going forward, we will actively foster persons responsible for the future.



Conservation of Japanese eight-barbel loaches  
Designated as an endangered species in the Red Data Book published by the Ministry of the Environment of Japan

### Development of the Plant in Harmony with Nature (China)

As a part of the Plant in Harmony with Nature project, GAC Toyota Motor Co., Ltd. (GTMC) is communicating the importance of biodiversity conservation using a biotope to build good relationships with local ecosystems and promote harmony and coexistence between human and nature. In 2020, GTMC employees created a biotope as a site for experiencing nature and relaxing. Currently, the company is surveying and working to preserve the ecosystem for more than 90 designated species. The company established the China All-Toyota Harmony with Nature Working Group in November 2020 and is working to expand activities while sharing their know-how by conducting tours with other Toyota Group companies in China and other measures.

#### Overview of the Plant in Harmony with Nature



## Toyota ESD\* Project

### Global Implementation of Environmental Education for the Next Generation

Toyota believes that good relationships with local communities has a positive impact on business. We see environmental education as an opportunity to engage in communication with local communities, and based on this, we implement the Toyota ESD Project in each region. This project emphasizes learning and action by members of the local community and employees. In Japan, we hold study sessions and other events for children, who will be responsible for the future, from a medium- to long-term perspective. For example, we distributed a booklet on endangered animals and held a coloring contest in collaboration with the Japan Environment Association. Toyota Argentina S.A. (TASA) built a 1-hectare lagoon on its 21-hectare Toyota-Zárate Natural Reserve. The Reserve was set up originally in an attempt to realize Plant in Harmony with Nature, but it is now also utilized as a place for carrying out the ESD Project. To raise environmental awareness and teach about biodiversity, TASA holds educational workshops and other activities.

\* Education for Sustainable Development



Toyota Argentina S.A. (TASA), Zárate Plant site  
(bottom: Toyota-Zárate Natural Reserve)



Toyota-Zárate Natural Reserve's lagoon

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## Environmental Data

### Environmental Management

A VOC* Emissions: Global <span>GRI 305-7</span>			
(thousand tons)			
	2018	2019	2020
	28.5	24.7	<b>21.3</b>

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

\* Volatile organic compound

B Waste: Global <span>SASB TR-AU-440b.1</span> <span>GRI 306-3</span> <span>Third Party Verification 12</span>			
(thousand tons)			
	2018	2019	2020
By region			
Japan (Toyota Motor Corporation)	29	29	<b>26</b>
Japan (consolidated subsidiaries)	145	134	<b>112</b>
North America	34	32	<b>31</b>
Europe	11	11	<b>20</b>
China	16	18	<b>18</b>
Others (Asia (excluding Japan), Latin America, South Africa)	39	37	<b>26</b>
Total	275	261	<b>234</b>
By disposal operations			
Recycling for a fee	216	193	<b>175</b>
Incineration	40	45	<b>42</b>
Landfilling	18	23	<b>17</b>
Total	275	261	<b>234</b>
By type			
Non-hazardous waste	245	235	<b>219</b>
Hazardous waste	30	26	<b>15</b>
Total	275	261	<b>234</b>
Per vehicle produced			
	26.0	24.4	<b>25.4</b>

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

C Packaging Materials Used: Toyota Motor Corporation			
(thousand tons)			
	FY2019	2019	2020
	46.4	47.1	<b>38.1</b>

<Organizational Boundary>

Toyota Motor Corporation

D NOx & SOx Emissions: Global <span>GRI 305-7</span>			
(tons)			
	2018	2019	2020
By region			
NOx	262	252	<b>184</b>
SOx	556	511	<b>406</b>

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Calculation Method>

NOx emissions volume =  $\Sigma$  (Fuel consumption  $\times$  Emissions factor for each fuel)

SOx emissions volume =  $\Sigma$  (Fuel consumption  $\times$  Density  $\times$  Sulfur content)

<Emission Factors>

Ministry of the Environment of Japan, Environmental Activity Evaluation Program

Strategy and Management

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## Life Cycle Zero CO<sub>2</sub> Emissions Challenge

### E Logistics CO<sub>2</sub> Emissions: Global

	(million tons)		
	FY2019	2019	2020
Global	2.20	2.45	<b>1.94</b>
Toyota Motor Corporation	0.289	0.292	<b>0.266</b>

#### <Organizational Boundary>

##### Global:

- Logistics activities managed by head regional affiliates that handle logistics in the 7 regions (Japan, North America, Europe, China, Asia, South America and South Africa)
- Total CO<sub>2</sub> emissions from transportation of production parts, service parts and completed vehicles
  - Transportation excluded from the scope of calculations—
    - Transportation between regions (e.g., Japan to North America)
    - Transportation other than that directly arranged by head regional affiliates that handle logistics (production and sales affiliates in North America, China and Southeast Asia)

#### <Emission Factors>

##### Global:

Emission factors have been calculated according to the calculation methods of each affiliate in each region

##### Toyota Motor Corporation:

Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism of Japan, "Guidelines on Disclosure of CO<sub>2</sub> Emissions from Transportation & Distribution" and others

Railway	22.0 g-CO <sub>2</sub> /t-km
Vessel	39.0 g-CO <sub>2</sub> /t-km
Gasoline	2.32 kg-CO <sub>2</sub> /L
Diesel oil	2.62 kg-CO <sub>2</sub> /L
Heavy oil C	2.98 kg-CO <sub>2</sub> /L

### F CO<sub>2</sub> Emissions: Scope 3 (Other Indirect Emissions); Global

TCFD Metrics and Targets b GRI 305-3 Third Party Verification 5

	(million t-CO <sub>2</sub> )		
	2018	2019	2020
1 Purchased goods and services	63.29	65.10	<b>54.40</b>
2 Capital goods	4.54	4.23	<b>3.93</b>
3 Fuel- and energy-related activities (not included in Scope 1 or 2)	0.93	0.96	<b>0.84</b>
4 Upstream transportation and distribution	0.89	0.91	<b>0.79</b>
5 Waste generated in operations	0.12	0.09	<b>0.08</b>
6 Business travel	0.15	0.17	<b>0.05</b>
7 Employee commuting	0.64	0.68	<b>0.74</b>
8 Upstream leased assets <sup>1</sup>	—	—	—
9 Downstream transportation and distribution	0.01	0.01	<b>0.01</b>
10 Processing of sold products	1.17	1.24	<b>0.77</b>
11 Use of sold products	339.25	320.50	<b>276.21</b>
12 End-of-life treatment of sold products	3.84	3.96	<b>3.46</b>
13 Downstream leased assets <sup>1</sup>	—	—	—
14 Franchises <sup>2</sup>	—	—	—
15 Investments	0.08	0.09	<b>0.07</b>
Total	414.91	397.94	<b>341.35</b>

#### <Organizational Boundary>

Mainly covers automotive business of Toyota Motor Corporation and consolidated subsidiaries

#### <Scope of Calculations>

Category 11 is calculated from the average fuel efficiency and estimated lifetime mileage of vehicles in each country and region—Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia; the consolidated number of vehicles sold in 2020; and the following emission factors

#### <Emission Factors>

Categories 1, 2, 3, 5, 7	Ministry of the Environment of Japan, "Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain"
Categories 3, 9, 11	Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"
Categories 3, 7, 9, 11	Japan Environmental Management Association for Industry, "Carbon Footprint of Products Communication Program, Basic Database"
Category 11	Ministry of Land, Infrastructure, Transport and Tourism of Japan, automobile fuel efficiency list
Category 6	IDEA v2.3

1 Calculated in other categories in accordance with the GHG Protocol

2 Excluded in accordance with the GHG Protocol

### G CO<sub>2</sub> Emissions: Scope 1 Through 3; Global

TCFD Metrics and Targets b GRI 305-1, 305-2, 305-3 Third Party Verification 5, 6

	(million t-CO <sub>2</sub> )		
	2018	2019	2020
Scope 1 (Direct emissions)	1.92	1.90*	<b>1.64</b>
Scope 2 (Energy indirect emissions)	4.08	3.78*	<b>3.26</b>
Scope 3 (Other indirect emissions)	414.91	397.94	<b>341.35</b>
Total	420.91	403.62*	<b>346.25</b>

\* Revised in January 2022 1.92→1.90, 4.54→3.78, 404.40→403.62

- Calculated in accordance with the GHG Protocol

#### <Organizational Boundary and Coverage>

##### Scope 1 & 2:

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

##### Scope 3:

Mainly covers automotive business of Toyota Motor Corporation and consolidated subsidiaries (for details, refer to the Verification Statement)

[Verification Statement pp. 44-45](#)

#### <Emission Factors>

##### Scope 1 & 2 (Electricity):

Emission factor method by electric companies (used 2018 emission factors from the "IEA Emissions Factors 2020")

##### Scope 1 & 2 (Other than electricity):

"2006 IPCC Guidelines for National Greenhouse Gas Inventories" and Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"

##### Scope 3:

Refer to the notes for data F

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



Strategy and Management

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## New Vehicle Zero CO<sub>2</sub> Emissions Challenge

Average CO <sub>2</sub> Emissions from New Vehicles: Global		Third Party Verification 1
TCFD Metrics and Targets b		SASB TR-AU-410a.1
		GRI 302-5, 305-5
	(g/km)	
By country & region	2020	
U.S.	150.2	
Canada	142.6	
Brazil	100.4	
Europe	96.1	
Russia	188.0	
Japan	131.2	
China	127.9	
Taiwan	147.7	
India	148.5	
Thailand	165.4	
Indonesia	161.5	
Saudi Arabia	162.8	
Australia	177.1	
South Africa	194.0	

Electrified Vehicles Sales: Global		Third Party Verification 3		
SASB TR-AU-410a.2				
	(thousand vehicles)			
By type	2018	2019	2020	
Hybrid electric vehicles (HEVs)	1,584	1,864	1,905	
Plug-in hybrid electric vehicles (PHEVs)	46	56	48	
Battery electric vehicles (BEVs)	0	0	3	
Fuel cell electric vehicles (FCEVs)	2	2	1	
Total	1,632	1,922	1,957	
			(%)	
Ratio of electrified vehicles sold	2018	2019	2020	
	17.1	19.8	22.5	

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

## Plant Zero CO<sub>2</sub> Emissions Challenge

### J CO<sub>2</sub> Emissions: Scope 1 (Direct Emissions) & Scope 2 (Energy Indirect Emissions); Global TCFD Metrics and Targets b GRI 305-1, 305-2

By region	(million t-CO <sub>2</sub> )		
	2018	2019	2020
Japan (Toyota Motor Corporation)	1.10	0.97	<b>0.83</b>
Japan (consolidated subsidiaries)	1.94	1.89	<b>1.56</b>
North America	1.03	0.97	<b>0.89</b>
Europe	0.16	0.09	<b>0.08</b>
China	0.66	0.71	<b>0.75</b>
Others (Asia (excluding Japan), Latin America, South Africa)	1.11	1.05	<b>0.79</b>
<b>Total</b>	<b>6.00</b>	<b>5.68</b>	<b>4.90</b>

• Calculated in accordance with the GHG Protocol

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Emission Factors>

Electricity: Emission factor method by electric companies

(used some 2018 emission factors from the "IEA Emissions Factors 2020")

Other Than Electricity: "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"

### K CO<sub>2</sub> Emissions Intensity: Scope 1 (Direct Emissions) & Scope 2 (Energy Indirect Emissions); Global TCFD Metrics and Targets b GRI 305-4

Per vehicle produced	(t-CO <sub>2</sub> )		
	2018	2019	2020
<b>0.53</b>	0.57	0.53	<b>0.53</b>

• Calculated in accordance with the GHG Protocol

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Emission Factors>

Electricity: Emission factor method by electric companies

(used some 2018 emission factors from the "IEA Emissions Factors 2020")

Other Than Electricity: "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"

### L Greenhouse Gas (GHG) Emission: Scope 1 (Direct Emissions); Global TCFD Metrics and Targets b GRI 305-1

By type	(million t-CO <sub>2</sub> e)		
	2018	2019	2020
CO <sub>2</sub>	1.922	1.903	<b>1.642</b>
CH <sub>4</sub>	0.013	0.013	<b>0.014</b>
N <sub>2</sub> O	0.007	0.006	<b>0.007</b>
HFCs	0.009	0.009	<b>0.010</b>
PFCs	0.013	0.000	<b>0.000</b>
SF <sub>6</sub>	0.003	0.001	<b>0.004</b>
<b>Total</b>	<b>1.967</b>	<b>1.932</b>	<b>1.676</b>

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

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Global Warming Potential>

IPCC Fourth Assessment Report

### M Energy Used: Global GRI 302-1, 302-4 Third Party Verification 8

By region	(PJ <sup>1</sup> )		
	2018	2019	2020
Japan (Toyota Motor Corporation)	12.1	12.6	<b>10.9</b>
Japan (consolidated subsidiaries)	22.8	22.9	<b>20.5</b>
North America	14.6	13.8	<b>12.1</b>
Europe	3.4	3.5	<b>3.1</b>
China	6.2	6.7	<b>7.1</b>
Others (Asia (excluding Japan), Latin America, South Africa)	11.1	10.6	<b>7.8</b>
<b>Total</b>	<b>70.3</b>	<b>70.0</b>	<b>61.5</b>

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Conversion Factors>

Electricity: 3.6 GJ/MWh

Other Than Electricity: "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"

1 Peta joule: Peta represents 10<sup>15</sup> and a joule is a unit of energy

By type	(PJ)		
	2018	2019	2020
Electricity	28.1	26.2	<b>23.3</b>
City gas	18.5	19.0	<b>17.5</b>
Natural gas	15.4	14.9	<b>12.5</b>
LPG	1.8	1.6	<b>1.3</b>
LNG	1.2	1.2	<b>0.4</b>
Coke	0.3	0.3	<b>0.3</b>
Coal	0.1	0.1	<b>0.0</b>
Heavy oil A	0.7	0.6	<b>0.5</b>
Diesel oil	0.4	0.3	<b>0.3</b>
Kerosene	0.1	0.1	<b>0.1</b>
Steam	1.2	1.0	<b>1.0</b>
Hot water	0.6	0.7	<b>0.8</b>
Renewable energy	1.4	3.5	<b>3.2</b>
Others	0.6	0.5	<b>0.5</b>
<b>Total</b>	<b>70.3</b>	<b>70.0</b>	<b>61.5</b>

### N Energy Intensity: Global GRI 302-3, 302-4

Per vehicle produced	(GJ <sup>2</sup> /unit)		
	2018	2019	2020
<b>6.68</b>	6.65	6.53	<b>6.68</b>

<Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

<Conversion Factors>

Electricity: 3.6 GJ/MWh

Other Than Electricity: "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and Japanese Act on Promotion of Global Warming Countermeasures, "Greenhouse Gas Emissions Accounting and Reporting Manual"

2 Giga joule: Giga represents 10<sup>9</sup> and a joule is a unit of energy

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

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## Challenge of Minimizing and Optimizing Water Usage

### O Water Usage: Global GRI 303-3

By region	(million m <sup>3</sup> )		
	2018	2019	2020
Japan (Toyota Motor Corporation)	7.9	7.7	<b>6.2</b>
Japan (consolidated subsidiaries)	16.2	16.6	<b>14.0</b>
North America	6.5	6.6	<b>5.7</b>
Europe	1.5	1.5	<b>1.3</b>
China	3.8	3.4	<b>3.4</b>
Others (Asia (excluding Japan), Latin America, South Africa)	8.5	8.1	<b>6.3</b>
<b>Total</b>	<b>44.4</b>	<b>44.0</b>	<b>36.8</b>

By water source	(million m <sup>3</sup> )		
	2018	2019	2020
Surface water	35.6	35.4	<b>30.0</b>
Groundwater	8.8	8.6	<b>6.8</b>
Seawater	0.0	0.0	<b>0.0</b>
Produced water	0.0	0.0	<b>0.0</b>
Third-party water	0.0	0.0	<b>0.0</b>
<b>Total</b>	<b>44.4</b>	<b>44.0</b>	<b>36.8</b>

Per vehicle produced	(m <sup>3</sup> /unit)		
	2018	2019	2020
<b>Total</b>	<b>4.20</b>	<b>4.10</b>	<b>4.00</b>

#### <Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

### P Water Discharge: Global GRI 303-4

By water discharge destination	(million m <sup>3</sup> )		
	2018	2019	2020
Surface water	33.5	33.1	<b>27.7</b>
Groundwater	0.7	0.7	<b>0.2</b>
Seawater	2.3	2.1	<b>2.0</b>
Third-party water	2.5	2.4	<b>1.3</b>
<b>Total</b>	<b>39.0</b>	<b>38.4</b>	<b>31.2</b>

#### <Quality Management of Water Discharge>

Indicators specified in the regulations of each country (BOD, COD, nitrogen, phosphorous, pH, etc.) are strictly managed by each plant by setting its own control standards that are stricter than the standard values specified by the regulations of each country

#### <Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

### Q Water Consumption: Global GRI 305-5

	(million m <sup>3</sup> )		
	2018	2019	2020
<b>Total</b>	<b>5.4</b>	<b>5.6</b>	<b>5.6</b>

#### <Calculation Method>

Calculated using the formula below in accordance with GRI 303

water consumption = water usage – water discharge

\* The term "water usage" corresponds to "water withdrawal" in GRI

#### <Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

### R Recycled Water: Global

	(million m <sup>3</sup> )		
	2018	2019	2020
<b>Total</b>	<b>3.1</b>	<b>3.3</b>	<b>1.1</b>

#### <Organizational Boundary and Coverage>

All plants of Toyota Motor Corporation and consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries (100% coverage)

Strategy and Management

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

### S Raw Materials Used and Recycled Materials Use

Rate: Global **GRI** 301-1, 301-2, 306-4

	(million tons)		
	2018	2019	2020
Amount of raw materials used	14.03	14.54	12.32
All materials	14.03	14.54	12.32
Iron	9.07	9.40	7.97
Aluminum	1.27	1.33	1.12
Others	3.69	3.81	3.24
	Ratio of recycled materials used (%)		
	2018	2019	2020
Ratio of recycled materials used in raw materials	24	24	24

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

**GRI** 301-3  
**SASB** TR-AU-410b.3

	(thousand vehicles)		
	FY2021		
Amount of appropriate End-of-life vehicle treatment and recycling processed	623		
	Recycling rate (%)		
	FY2019	FY2020	FY2021
Vehicle recovery rate <sup>1</sup> (converted into a per-vehicle value)	99	99	99
ASR <sup>2</sup> recycling rate <sup>3</sup>	97	96	96
	ASR processing volume (thousand tons)		
	FY2021		
ASR processing volume	143		

1 Calculated by combining the percentage recycled through the dismantling and shredding processes, approximately 83% (quoted from the report by the council of the End-of-Life Vehicle Recycling Law), with the remaining ASR rate of 17% and the ASR recycling rate of 96%

2 Automobile Shredder Residue: Residue after End-of-life vehicles are shredded

3 Recycling volume/amount collected

### U Remanufactured and Used Parts Supplied (for Repair and Replacement): Toyota Motor Corporation

**SASB** TR-AU-440b.2 **GRI** 301-1, 301-2, 301-3, 306-4

	(units)					
	FY2019		FY2020		FY2021	
	Remanufactured/ used parts	Reference: Replacement with new parts	Remanufactured/ used parts	Reference: Replacement with new parts	Remanufactured/ used parts	Reference: Replacement with new parts
Automatic transmission	1,077	78	855	52	714	49
Remanufactured parts	3,613	1,609	3,391	1,673	3,102	1,654
Power steering gear						
Torque converter	1,015	6,266	794	2,569	750	2,230
Used parts	30,264	—	26,716	—	24,100	—

### V Parts Recycled: Toyota Motor Corporation

**SASB** TR-AU-440b.2 **GRI** 301-3

	(units)		
	FY2019	FY2020	FY2021
Drive battery	33,390	39,184	40,694
	FC stack (units)		
	FY2019	FY2020	FY2021
FC stack	19	4	3
	Magnet <sup>4</sup> (tons)		
	FY2019	FY2020	FY2021
Magnet <sup>4</sup>	6.0	6.0	10.0
Lead wheel balance weight <sup>5</sup>	63.8	69.7	59.7
	Bumper (million units)		
	FY2019	FY2020	FY2021
Bumper	0.765	0.658	0.535

4 Magnets used in drive motors

5 Weights used to adjust rotation balance when joining a wheel and tire

### W Bulk Supply System<sup>6</sup> Oil Supply Rate<sup>7</sup>: Toyota Motor Corporation

**GRI** 306-2

	FY2021 (%)		
	FY2019	FY2020	FY2021
Bulk supply system <sup>6</sup> oil supply rate <sup>7</sup>	64.8	64.0	63.7

6 A system of directly filling tanks at dealers or supplying oil using tanker trucks rather than oil cans and so on to reduce container usage

7 Percentage of oil (by bulk supply system) in volume sold by parts distributors

## Challenge of Establishing a Future Society in Harmony with Nature

### X Granted Programs Under the Toyota Environmental Activities Grant Program: Toyota Motor Corporation

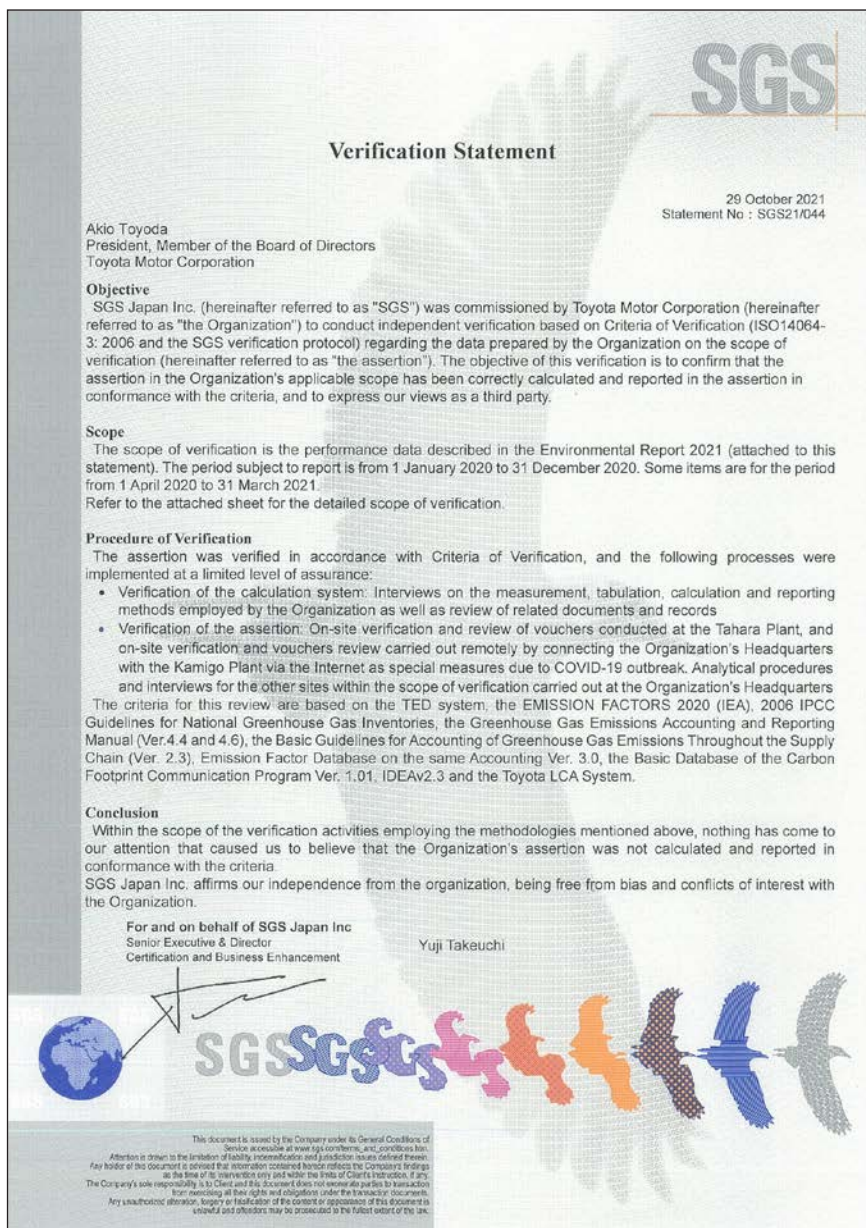
	(granted programs)			
By region	2018	2019	2020	Cumulative total <sup>8</sup>
Japan	17	15	17	233
North America, Latin America	2	1	1	24
Europe	1	0	1	16
Asia-Pacific	6	8	6	130
Africa	1	2	2	37
Total	27	26	27	440

8 Cumulative total number of granted programs since 2000

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



# Verification Statement



**SGS**

## Verification Statement

29 October 2021  
Statement No : SGS21/044

Akio Toyoda  
President, Member of the Board of Directors  
Toyota Motor Corporation

**Objective**  
SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by Toyota Motor Corporation (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2006 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the assertion"). The objective of this verification is to confirm that the assertion in the Organization's applicable scope has been correctly calculated and reported in the assertion in conformance with the criteria, and to express our views as a third party.

**Scope**  
The scope of verification is the performance data described in the Environmental Report 2021 (attached to this statement). The period subject to report is from 1 January 2020 to 31 December 2020. Some items are for the period from 1 April 2020 to 31 March 2021.  
Refer to the attached sheet for the detailed scope of verification.

**Procedure of Verification**  
The assertion 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, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the assertion: On-site verification and review of vouchers conducted at the Tahara Plant, and on-site verification and vouchers review carried out remotely by connecting the Organization's Headquarters with the Kamigo Plant via the Internet as special measures due to COVID-19 outbreak. Analytical procedures and interviews for the other sites within the scope of verification carried out at the Organization's Headquarters

The criteria for this review are based on the TED system, the EMISSION FACTORS 2020 (IEA), 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Greenhouse Gas Emissions Accounting and Reporting Manual (Ver.4.4 and 4.6), the Basic Guidelines for Accounting of Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.3), Emission Factor Database on the same Accounting Ver. 3.0, the Basic Database of the Carbon Footprint Communication Program Ver. 1.01, IDEAv2.3 and the Toyota LCA System.

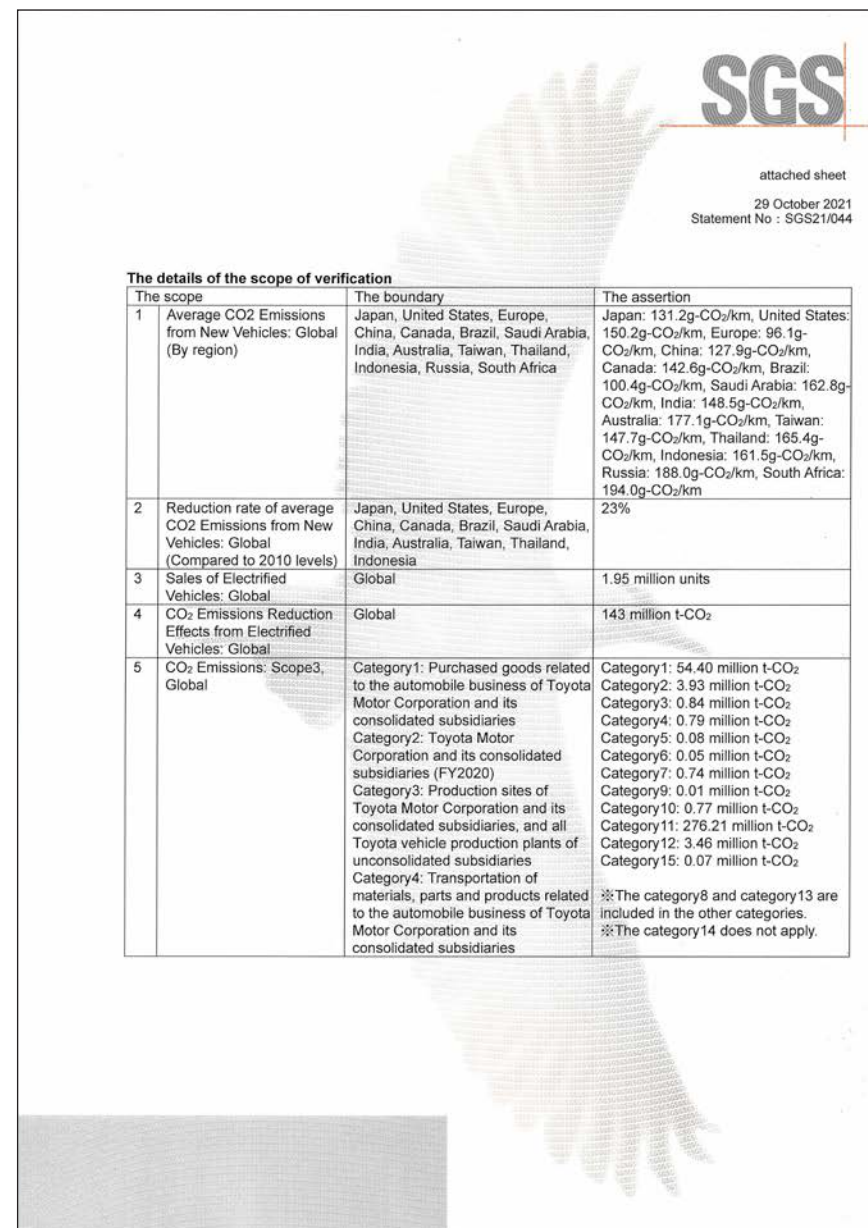
**Conclusion**  
Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion was not calculated and reported in conformance with the criteria.  
SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc.  
Senior Executive & Director  
Certification and Business Enhancement

Yuji Takeuchi



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**SGS**

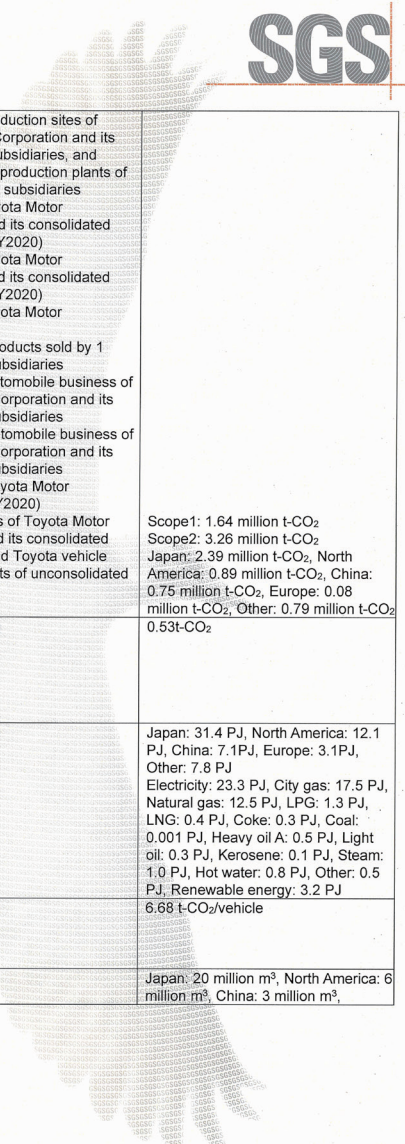
attached sheet  
29 October 2021  
Statement No : SGS21/044

**The details of the scope of verification**

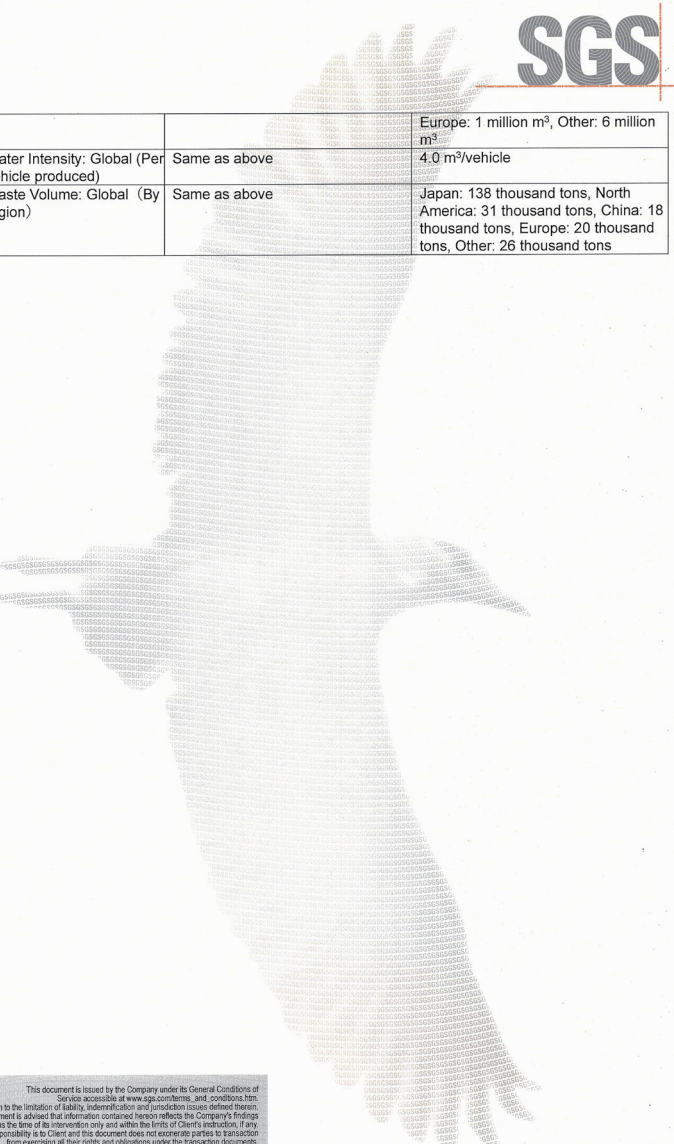
The scope	The boundary	The assertion
1 Average CO2 Emissions from New Vehicles: Global (By region)	Japan, United States, Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand, Indonesia, Russia, South Africa	Japan: 131.2g-CO <sub>2</sub> /km, United States: 150.2g-CO <sub>2</sub> /km, Europe: 96.1g-CO <sub>2</sub> /km, China: 127.9g-CO <sub>2</sub> /km, Canada: 142.6g-CO <sub>2</sub> /km, Brazil: 100.4g-CO <sub>2</sub> /km, Saudi Arabia: 162.8g-CO <sub>2</sub> /km, India: 148.5g-CO <sub>2</sub> /km, Australia: 177.1g-CO <sub>2</sub> /km, Taiwan: 147.7g-CO <sub>2</sub> /km, Thailand: 165.4g-CO <sub>2</sub> /km, Indonesia: 161.5g-CO <sub>2</sub> /km, Russia: 188.0g-CO <sub>2</sub> /km, South Africa: 194.0g-CO <sub>2</sub> /km
2 Reduction rate of average CO2 Emissions from New Vehicles: Global (Compared to 2010 levels)	Japan, United States, Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand, Indonesia	23%
3 Sales of Electrified Vehicles: Global	Global	1.95 million units
4 CO <sub>2</sub> Emissions Reduction Effects from Electrified Vehicles: Global	Global	143 million t-CO <sub>2</sub>
5 CO <sub>2</sub> Emissions: Scope3, Global	Category1: Purchased goods related to the automobile business of Toyota Motor Corporation and its consolidated subsidiaries Category2: Toyota Motor Corporation and its consolidated subsidiaries (FY2020) Category3: Production sites of Toyota Motor Corporation and its consolidated subsidiaries, and all Toyota vehicle production plants of unconsolidated subsidiaries Category4: Transportation of materials, parts and products related to the automobile business of Toyota Motor Corporation and its consolidated subsidiaries	Category1: 54.40 million t-CO <sub>2</sub> Category2: 3.93 million t-CO <sub>2</sub> Category3: 0.84 million t-CO <sub>2</sub> Category4: 0.79 million t-CO <sub>2</sub> Category5: 0.08 million t-CO <sub>2</sub> Category6: 0.05 million t-CO <sub>2</sub> Category7: 0.74 million t-CO <sub>2</sub> Category9: 0.01 million t-CO <sub>2</sub> Category10: 0.77 million t-CO <sub>2</sub> Category11: 276.21 million t-CO <sub>2</sub> Category12: 3.46 million t-CO <sub>2</sub> Category15: 0.07 million t-CO <sub>2</sub>  ※The category8 and category13 are included in the other categories. ※The category14 does not apply.



# Verification Statement



		<p>Category5: Production sites of Toyota Motor Corporation and its consolidated subsidiaries, and Toyota vehicle production plants of unconsolidated subsidiaries</p> <p>Category6: Toyota Motor Corporation and its consolidated subsidiaries (FY2020)</p> <p>Category7: Toyota Motor Corporation and its consolidated subsidiaries (FY2020)</p> <p>Category9: Toyota Motor Corporation</p> <p>Category10: Products sold by 1 consolidated subsidiaries</p> <p>Category11: Automobile business of Toyota Motor Corporation and its consolidated subsidiaries</p> <p>Category12: Automobile business of Toyota Motor Corporation and its consolidated subsidiaries</p> <p>Category15: Toyota Motor Corporation (FY2020)</p> <p>Production sites of Toyota Motor Corporation and its consolidated subsidiaries, and Toyota vehicle production plants of unconsolidated subsidiaries</p>	
6	CO <sub>2</sub> Emissions: Scope 1&2 (Energy-related CO <sub>2</sub> emissions), Global (By region) ※Excluded fuel for vehicles at plants	Same as above	<p>Scope1: 1.64 million t-CO<sub>2</sub></p> <p>Scope2: 3.26 million t-CO<sub>2</sub></p> <p>Japan: 2.39 million t-CO<sub>2</sub>, North America: 0.89 million t-CO<sub>2</sub>, China: 0.75 million t-CO<sub>2</sub>, Europe: 0.08 million t-CO<sub>2</sub>, Other: 0.79 million t-CO<sub>2</sub></p>
7	CO <sub>2</sub> Emissions Intensity: Scope 1&2 (Energy-related CO <sub>2</sub> emissions), Global (Per vehicle produced) ※Excluded fuel for vehicles at plants	Same as above	0.53t-CO <sub>2</sub>
8	Energy Consumption: Global (By region, By type) ※Excluded fuel for vehicles at plants	Same as above	<p>Japan: 31.4 PJ, North America: 12.1 PJ, China: 7.1PJ, Europe: 3.1PJ, Other: 7.8 PJ</p> <p>Electricity: 23.3 PJ, City gas: 17.5 PJ, Natural gas: 12.5 PJ, LPG: 1.3 PJ, LNG: 0.4 PJ, Coke: 0.3 PJ, Coal: 0.001 PJ, Heavy oil A: 0.5 PJ, Light oil: 0.3 PJ, Kerosene: 0.1 PJ, Steam: 1.0 PJ, Hot water: 0.8 PJ, Other: 0.5 PJ, Renewable energy: 3.2 PJ</p>
9	Energy Intensity: Global (Per vehicle produced) ※Excluded fuel for vehicles at plants	Same as above	6.68 t-CO <sub>2</sub> /vehicle
10	Water Usage: Global (By region)	Same as above	Japan: 20 million m <sup>3</sup> , North America: 6 million m <sup>3</sup> , China: 3 million m <sup>3</sup> ,



			Europe: 1 million m <sup>3</sup> , Other: 6 million m <sup>3</sup>
11	Water Intensity: Global (Per vehicle produced)	Same as above	4.0 m <sup>3</sup> /vehicle
12	Waste Volume: Global (By region)	Same as above	Japan: 138 thousand tons, North America: 31 thousand tons, China: 18 thousand tons, Europe: 20 thousand tons, Other: 26 thousand tons

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Strategy and Management

Life Cycle Zero CO<sub>2</sub> Emissions Challenge

New Vehicle Zero CO<sub>2</sub> Emissions Challenge

Plant Zero CO<sub>2</sub> Emissions Challenge

Challenge of Minimizing and Optimizing Water Usage

Challenge of Establishing a Recycling-based Society and Systems

Challenge of Establishing a Future Society in Harmony with Nature

Environmental Data

Results of the Sixth Toyota Environmental Action Plan (Detail)

# Results of the Sixth Toyota Environmental Action Plan (Detail) (FY2017–FY2021)

TCFD Metrics and Targets a & c  
GRI 103-2, 103-3, 413-1

Evaluation Legend  
○ : Achieved  
× : Not achieved

		Action Items	Specific Actions and Targets	Results from FY2017–FY2021	Evaluation																														
Low Carbon (Climate Change, CO <sub>2</sub> )	(1) New Vehicle Zero CO <sub>2</sub> Emissions Challenge	1. Develop technologies to achieve the best fuel efficiency performance	<ul style="list-style-type: none"> <li>Achieve reduction rate in global average CO<sub>2</sub> emissions from new vehicles by 22% or more compared to 2010 global levels, by 2020                             <ul style="list-style-type: none"> <li>Develop high-performance powertrain through Toyota New Global Architecture (TNGA) and introduce it in steps</li> <li>Enhance hybrid electric vehicle (HEV) performance further and expand deployment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduced global average CO<sub>2</sub> emissions from new vehicles in 2020 by 23% compared to 2010 levels (Countries and regions: Japan, U.S., Europe, China, Canada, Brazil, Saudi Arabia, India, Australia, Taiwan, Thailand and Indonesia) &lt;Coverage&gt; 83% of global total vehicle sales</li> <li>Introduced models with powertrains and chassis based on the TNGA concept in stages starting with the fourth-generation Prius in 2015 and announced at a total of 29 models as of February 2021 (approximately 60% of global vehicle sales have been switched to the new models). Also, jointly developed e-TNGA with Subaru as a battery electric vehicle (BEV)-exclusive platform and adopted it on the Toyota bZ series.</li> </ul>	○																														
		2. Promote development of next-generation vehicles using electric power and widespread adoption by making use of their features	<ul style="list-style-type: none"> <li>HEV: Promote higher performance and expand the lineup to broaden consumer adoption of HEVs, aim to reach annual HEV sales of 1.5 million units and cumulative sales of 15 million units by 2020</li> <li>Plug-in hybrid electric vehicle (PHEV): Establish PHEV as core electrified vehicle in support of fuel diversification and develop higher-performance PHEVs and promote widespread adoption</li> <li>BEV: Promote technological development for short-distance purposes in combination with low-carbon traffic systems</li> <li>Fuel cell electric vehicle (FCEV): Promote activities to further reduce cost, achieve greater compactness and durability and strengthen product appeal toward effective use of hydrogen as an important future energy source</li> </ul>	<ul style="list-style-type: none"> <li>As a result of developing electrification technologies in order to establish a full lineup of electrified vehicles tailored to the energy conditions of each country and region around the world, achieved total electrified vehicle sales of 1.95 million units in 2020, and cumulative sales of 16.98 million units. The lineup of electrified vehicles comprises a total of 56 models (as of December 2020).                             <ul style="list-style-type: none"> <li>HEV: 46 models</li> <li>PHEV: 4 models (Prius PHEV, RAV4 PHEV, Corolla PHEV and Levin PHEV)</li> <li>BEV: 4 models (C-HR BEV, IZOA BEV, UX BEV and Proace BEV)</li> <li>FCEV: 2 models (New Mirai and Sora)</li> </ul> </li> </ul>	○																														
	(2) Life Cycle Zero CO <sub>2</sub> Emissions Challenge	3. Promote environmental management for product development (Eco-VAS)	<ul style="list-style-type: none"> <li>Steadily promote environmental target management using Eco-Vehicle Assessment System (Eco-VAS) at the development stage                             <ul style="list-style-type: none"> <li>Reduce life cycle environmental footprint or both redesigned models and new models compared with previous models or vehicles of the same class</li> <li>Disclose assessment results on websites, in product catalogs and so on to properly disclose information to customers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Conducted assessments using the Eco-VAS on 46 of the total 62 (74% coverage) new and redesigned models (models currently available for sale) in Japan. Achieved life cycle CO<sub>2</sub> emission levels in all subject models equivalent to or lower than those of reference vehicles (e.g., reduced CO<sub>2</sub> emissions of the Yaris Cross HEV model by 16% compared to vehicles of the same class). Used 100% renewable electricity at all R&amp;D centers in Japan as of April 2020.</li> </ul>	○																														
		4. Study practical use development of catalyst technology-based CO <sub>2</sub> absorption and new material creation (artificial photosynthesis and others)	<ul style="list-style-type: none"> <li>Develop artificial photosynthesis technologies from CO<sub>2</sub>, water and solar power                             <ul style="list-style-type: none"> <li>Complete basic verification tests for creation of primary CO<sub>2</sub>-absorbing material (material or fuel) using the world's most efficient photosynthetic unit in 2020</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Achieved artificial photosynthesis that synthesizes organic compounds (formic acid) at room temperature and normal pressure using only CO<sub>2</sub>, water and sunlight with a practical solar cell sized (36 × 36 cm), attaining the world's highest solar conversion rate in its class (7.2%)</li> <li>Created a resource recycling system that captures CO<sub>2</sub> generated by plants and other facilities</li> </ul>	○																														
		5. Pursue transport efficiency and reduce CO <sub>2</sub> emissions in logistics activities	<ul style="list-style-type: none"> <li>Promote CO<sub>2</sub> emissions reduction activities by further improving transport efficiency (take comprehensive measures to reduce total distance traveled and promote further modal shift)</li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>Target (FY2021)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Japan</td> <td>Emissions</td> <td>FY1991</td> <td>25% reduction</td> </tr> <tr> <td>Emissions per transportation volume</td> <td>FY2007</td> <td>14% reduction (1% reduction per year)</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Measure performance</td> </tr> </tbody> </table>	Region	Item	Base year	Target (FY2021)	Japan	Emissions	FY1991	25% reduction	Emissions per transportation volume	FY2007	14% reduction (1% reduction per year)	Other regions	Measure performance			<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions as indicated below, by making further improvements to transport efficiency including loading efficiency improvements, shortening of logistics routes, modal shifts and use of tandem trailers</li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>FY2021 results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Japan</td> <td>Emissions</td> <td>FY1991</td> <td>40% reduction</td> </tr> <tr> <td>Emissions per transportation volume</td> <td>FY2007</td> <td>16% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Measured performance</td> </tr> </tbody> </table>	Region	Item	Base year	FY2021 results	Japan	Emissions	FY1991	40% reduction	Emissions per transportation volume	FY2007	16% reduction	Other regions	Measured performance			○
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6. Contribute to local communities through the expansion of local grid energy management technologies	<ul style="list-style-type: none"> <li>Establish technology for micro-grids (F-grids) centered on plants and energy management for regional optimization and promote global deployment                             <ul style="list-style-type: none"> <li>Verify the tests in Chira-mura project in Tohoku and Motomachi Plant project in Toyota City</li> <li>Deploy technologies at other plants in Japan and other countries including Asia</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Chira-mura project in Tohoku (F-grid): Achieved energy savings of 22% (compared to 2013 levels) and reduced environmental impact by 29% (compared to 2013 levels)</li> <li>Energy management verification in the Tahara and Akemi regions: Commenced demand response verification with 5 local companies in May 2021. Business verification of a hypothetical surplus renewable energy supply model is underway based on the assumption that solar panels will be installed on the roofs of the plants of verification partner companies.</li> <li>Global deployment: Shared results of initiatives in Japan with affiliates in each region</li> </ul>	○																																

Strategy and Management

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Evaluation Legend  
 ○ : Achieved  
 × : Not achieved

	Action Items		Specific Actions and Targets		Results from FY2017–FY2021				Evaluation																																	
Low Carbon (Climate Change, CO <sub>2</sub> )	(2) Life Cycle Zero CO <sub>2</sub> Emissions Challenge	7. Promote an integrated approach to reduce CO <sub>2</sub> emissions in road traffic sectors	<ul style="list-style-type: none"> <li>Contribute to realization of smart mobility society through IT and ITS technologies                             <ul style="list-style-type: none"> <li>Based on the verification test results of the next-generation transportation system Ha:mo, which uses ultra-compact battery electric vehicles (BEVs), in Japan and France, aim to deploy technologies in other regions and establish business models, considering the Olympic and Paralympic Games Tokyo 2020</li> </ul> </li> <li>Actively participate in integrated traffic flow improvement project for establishment of a low-carbon mobility society                             <ul style="list-style-type: none"> <li>Establish the WBCSD-SMP 2.0 Sathorn Model and formulate roadmap for rollout in Bangkok</li> </ul> </li> <li>Promote adoption of eco driving globally                             <ul style="list-style-type: none"> <li>Promote eco driving globally among customers and employees</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>With regard to the continuous Ha:mo business operation model development project, discussed collaborative relationships with local governments, industry and academic organizations as well as cooperating partners and conducted operations in Tokyo; Toyota City, Aichi Prefecture; Okinawa Prefecture; Okayama City, Okayama Prefecture; Grenoble, France; and Bangkok, Thailand</li> <li>Established the WBCSD-SMP 2.0 Sathorn Model                             <ul style="list-style-type: none"> <li>In November 2019, the Toyota Mobility Foundation launched a project in cooperation with the Thai Ministry of Transport, Bangkok Metropolitan Administration, Metropolitan Police Bureau, Chulalongkorn University and a private company to utilize big data and AI in order to ease traffic congestion in Bangkok. A deployment roadmap was also formulated.</li> </ul> </li> <li>Customer-oriented initiatives                             <ul style="list-style-type: none"> <li>On vehicles equipped with T-Connect, provided a service that performs automatic diagnostic services of eco driving by drivers</li> <li>Supported continuous educational activities for customers including eco-driving advice provided through dealers and eco-driving support provided through rental and leasing agencies</li> <li>Toyota Daihatsu Engineering &amp; Manufacturing (TDEM), a head regional affiliate in Asia, produced a brochure on eco driving and distributed it to distributors and their regional affiliates</li> </ul> </li> <li>Employee-oriented initiatives                             <ul style="list-style-type: none"> <li>In conjunction with Eco-Driving Month designated by the Japanese government, encouraged eco driving in the company.</li> <li>Encouraged eco driving through "10 Recommendations for Eco Driving," a description of recommended eco-driving techniques, using the company intranet and posters.</li> <li>Shared information on employees' practical eco-driving techniques by posting it on the intranet.</li> <li>Introduced the "Eco-driving e-Learning Content: The Quiz and the Game" created by the Japan Automobile Manufacturers Association, Inc. (JAMA), as a tool to enable employees to learn in a fun manner about eco driving and the environment in general</li> </ul> </li> </ul>	○																																					
		(3) Plant Zero CO <sub>2</sub> Emissions Challenge	8. Reduce CO <sub>2</sub> emissions in production activities	<ul style="list-style-type: none"> <li>Promote activities to reduce CO<sub>2</sub> emissions through the development and deployment of low-CO<sub>2</sub> production technologies and daily <i>kaizen</i> activities                             <ul style="list-style-type: none"> <li>Pursue further productivity and include offices and other sites in rollout of activities</li> </ul> </li> <li>Utilize clean energies in accordance with the particular conditions in each country and region                             <ul style="list-style-type: none"> <li>Promote introduction in stages toward 2020</li> </ul> </li> <li>Manage greenhouse gases from sources other than energy sources</li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>Target (FY2021)</th> </tr> </thead> <tbody> <tr> <td>Global*</td> <td>Emissions per vehicle</td> <td>FY2002</td> <td>39% reduction</td> </tr> <tr> <td rowspan="2">TMC</td> <td>Emissions per vehicle</td> <td>FY2002</td> <td>48% reduction</td> </tr> <tr> <td>Total emissions</td> <td>1990</td> <td>28% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Promote regional No. 1 reduction activities</td> </tr> </tbody> </table> <p>* TMC and consolidated subsidiaries (plants)</p>	Region	Item	Base year	Target (FY2021)	Global*	Emissions per vehicle	FY2002	39% reduction	TMC	Emissions per vehicle	FY2002	48% reduction	Total emissions	1990	28% reduction	Other regions	Promote regional No. 1 reduction activities			<ul style="list-style-type: none"> <li>Developed and introduced low-CO<sub>2</sub> production technologies, globally conducted <i>yokoten</i> of daily <i>kaizen</i> practices through shop-oriented environmental activities, accelerated CO<sub>2</sub> emissions reduction activities and achieved the target</li> <li>Purchased renewable energy, taking into consideration the characteristics of each country and region. Maintained 100% renewable electricity introduction rate at all plants in Europe and also achieved it at all plants in South America.</li> <li>Achieved an 11% global introduction rate for renewable electricity in 2020.</li> <li>Started various verification tests to support the utilization of hydrogen at the Honsha Plant and Motomachi Plant</li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>FY2021 results</th> </tr> </thead> <tbody> <tr> <td>Global</td> <td>Emissions per vehicle</td> <td>FY2002</td> <td>39% reduction</td> </tr> <tr> <td rowspan="2">TMC</td> <td>Emissions per vehicle</td> <td>FY2002</td> <td>55% reduction</td> </tr> <tr> <td>Total emissions</td> <td>1990</td> <td>50% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Implemented reduction scenarios that match local situations</td> </tr> </tbody> </table>	Region	Item	Base year	FY2021 results	Global	Emissions per vehicle	FY2002	39% reduction	TMC	Emissions per vehicle	FY2002	55% reduction	Total emissions	1990	50% reduction	Other regions	Implemented reduction scenarios that match local situations	
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Recycling (Resources, Water)	(4) Challenge of Minimizing and Optimizing Water Usage	9. Reduce water usage in production activities	<ul style="list-style-type: none"> <li>Promote continual activities to reduce water usage in consideration of the water environment in each country and region                             <ul style="list-style-type: none"> <li>Introduce innovative initiatives linked with planning of new plants and production line reforms</li> <li>Reduce water usage through daily <i>kaizen</i> and other activities</li> </ul> </li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>Target (FY2021)</th> </tr> </thead> <tbody> <tr> <td>TMC (vehicle plants)</td> <td>Usage per vehicle produced</td> <td>FY2002</td> <td>12% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Promote regional No. 1 reduction activities</td> </tr> </tbody> </table>	Region	Item	Base year	Target (FY2021)	TMC (vehicle plants)	Usage per vehicle produced	FY2002	12% reduction	Other regions	Promote regional No. 1 reduction activities			<ul style="list-style-type: none"> <li>Introduced innovative initiatives linked with planning of new plants and production line reforms (made painting processes water-free and introduced water recycling technology) and reduced water usage through daily <i>kaizen</i> and other measures</li> </ul> <table border="1"> <thead> <tr> <th>Region</th> <th>Item</th> <th>Base year</th> <th>FY2021 results</th> </tr> </thead> <tbody> <tr> <td>TMC (vehicle plants)</td> <td>Usage per vehicle produced</td> <td>FY2002</td> <td>31% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="3">Promoted reduction activities according to local water conditions</td> </tr> </tbody> </table>	Region	Item	Base year	FY2021 results	TMC (vehicle plants)	Usage per vehicle produced	FY2002	31% reduction	Other regions	Promoted reduction activities according to local water conditions			○													
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	(5) Challenge of Establishing a Recycling-based Society and Systems	10. Reduce consumption of dwindling natural resources through use of renewable resources and recycled materials	<ul style="list-style-type: none"> <li>Reduce the use of petroleum-based plastics                             <ul style="list-style-type: none"> <li>Develop technology for recycled plastics and eco-plastics meeting quality and performance requirements</li> <li>Establish collection systems for used plastics</li> </ul> </li> <li>Promote reuse of rare resources and use of recycled materials                             <ul style="list-style-type: none"> <li>Develop carbon fiber reinforced plastics (CFRP) recycling technologies</li> <li>Develop technologies for recycling and reducing use of rare earth elements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce the use of petroleum-based plastics                             <ul style="list-style-type: none"> <li>Continued expanding the utilization of recycled plastic, first in Europe, where the recycled plastic market is large. In conjunction with this, began formulating an action plan for increased use over the medium term (through 2025).</li> <li>Continued to collect and recycle End-of-life bumpers generated through repair work at Toyota dealers; started operation of a new scheme in some regions to reduce costs and began investigation of expanded application</li> </ul> </li> <li>Promoted reuse of rare resources and use of recycled materials                             <ul style="list-style-type: none"> <li>Projected an outlook on carbon fiber separation and recovery technology using a thermal separation technique and CFRP recycling technology for recycling waste CFRP materials and commenced development of applications</li> <li>Continued development of technologies that can reduce the amount of rare earth elements used in HEV motor magnets and other components</li> <li>Utilized fabric portions of End-of-life airbags and recycled them to produce reusable bags</li> <li>With the aim of reusing End-of-life materials, cooperated with local governments to provide materials to craft workshops for reuse</li> </ul> </li> </ul>	○																																					



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Recycling (Resources, Water)	(5) Challenge of Establishing a Recycling-based Society and Systems	11. Achieve industry-leading levels in easy-to-dismantle design for effective resource collection	<ul style="list-style-type: none"> <li>Maintain and improve industry-leading levels for easy-to-dismantle design                             <ul style="list-style-type: none"> <li>Apply reliable easy-to-dismantle designs to all models including next-generation vehicles (battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs)) and smart mobility vehicles</li> <li>Develop and apply easy-to-dismantle designs to new technologies and new materials parts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continued to create easy-to-dismantle designs to newly developed vehicles each year (wiring harnesses, hybrid electric vehicle (HEV) batteries, door trim, etc.) Main models: FY2021: RAV4 PHEV, Harrier, Yaris Cross, Mirai FY2020: RAV4, Corolla, Raize, Granace, Yaris FY2019: Century, Crown, Corolla Sport, Lexus ES, Lexus UX FY2018: JPN Taxi, Prius PHEV, Camry, Lexus LS FY2017: Prius PHEV, Lexus LC</li> <li>In light of the recent situation in which many early (starting in 2003) model vehicles with easy-to-dismantle designs are being discarded, placed advertisements in trade papers and periodicals in Japan to emphasize the ease of removing wiring harness, a representative example, in order to gain the understanding of more dismantlers concerning our eco-friendly designs (ongoing since December 2019)</li> <li>Developed techniques for the efficient extraction of hydrogen gas from FCEVs and developed and launched low-cost gas extraction tools</li> </ul>	○																																																				
		12. Contribute worldwide through End-of-life vehicle treatment and recycling technology developed in Japan	<ul style="list-style-type: none"> <li>Deploy proper End-of-life vehicle treatment technology in accordance with conditions in each country and region                             <ul style="list-style-type: none"> <li>Conduct proper End-of-life vehicle treatment in accordance with local End-of-life vehicle recycling laws and regulations, while enhancing initiatives in countries and regions where laws and regulations are expected to be introduced, based on the guidance prepared by Toyota</li> <li>Set up 100 model facilities for appropriate treatment and recycling of End-of-life vehicles (7 facilities as of 2020)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Rolled out guidelines on requirements for setup and maintenance of facilities for appropriate treatment and recycling of End-of-life vehicles to Toyota's affiliates in each region. In the future, we use these guidelines in communications between affiliates and facilities for maintenance and continuation of appropriate treatment and recycling.</li> <li>Completed setup of model facilities in Thailand (FY2018) and Vietnam (FY2019) as well as Japan, Belgium, Malaysia, Brazil and Argentina (FY2021), achieving the target to establish facilities in 7 locations (of these, the facilities in Japan and Belgium are facilities for appropriate treatment and recycling of End-of-life FCEVs)</li> </ul>	○																																																				
		13. Expand original recycling systems for End-of-life vehicle materials to each region	<ul style="list-style-type: none"> <li>Promote advanced development of Toyota's original recycling technologies and provide support in each region                             <ul style="list-style-type: none"> <li>Enhance technologies for remanufacturing and recycling nickel-metal-hydride batteries (lowering cost) and provide support</li> <li>Establish technologies for remanufacturing and recycling lithium-ion batteries and provide support</li> <li>Achieve practical use of recycled wiring harnesses in Japan (expand scale of operations)</li> <li>Achieve practical use of recycled magnets in Japan (expand scale of operations)</li> <li>Develop power generation and storage systems using HEV units</li> <li>Study and project an outlook on bumper collection and recycling technologies in key regions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Since the launch of the first-generation Prius in FY1998, collected a cumulative total of 212,000 batteries from End-of-life vehicles for reuse and recycling</li> <li>Continued 3R (Rebuild, Reuse and Recycle) activities for batteries in Japan, North America, Europe, China and Thailand</li> <li>Continued investigation of storage battery systems in cooperation with electric power companies and others in Japan and China</li> <li>In anticipation of an increase in batteries in Japan, updated collection and receiving systems for nickel batteries and began trial operations at multiple collection and consolidation sites to increase collection efficiency</li> <li>Launched and began operating a joint scheme with JAMA to collect and properly treat lithium-ion batteries in Japan</li> <li>Continued to extract rare earth elements from collected magnets for recycling and reuse as magnetic materials and so on; since FY2013, have collected and recycled a cumulative 57 tons of magnets</li> </ul>	○																																																				
		14. Reduce waste and use resources efficiently in production activities	<ul style="list-style-type: none"> <li>Promote activities to reduce waste through development and deployment of waste reduction-oriented production technologies and daily <i>kaizen</i> activities                             <ul style="list-style-type: none"> <li>Promote waste reductions and efficient use of resources through improving yields and other measures aimed at the sources of waste</li> <li>Promote activities to reduce resources loss by reducing amounts of valuables and waste generated</li> </ul> </li> <li>Promote activities to reduce metal scrap generation and implement All-Toyota campaigns to effectively use resources internally</li> </ul> <table border="1"> <thead> <tr> <th>Scope</th> <th>Region</th> <th>Item</th> <th>Base year</th> <th>Target (FY2021)</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Waste</td> <td>Valuables</td> <td>Total volume generated</td> <td colspan="2">Promote activities to reduce metal scrap generation and implement All-Toyota campaigns to effectively use resources internally</td> </tr> <tr> <td rowspan="3">Waste<sup>1</sup></td> <td>Japan<sup>2</sup></td> <td>Waste volume generated per vehicle</td> <td>FY2002 35% reduction</td> </tr> <tr> <td colspan="4">Zero landfill waste<sup>3</sup></td> </tr> <tr> <td>TMC</td> <td>Waste volume generated per vehicle</td> <td>FY2002 63% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="4">Promote regional No. 1 reduction activities</td> </tr> </tbody> </table>	Scope	Region	Item	Base year	Target (FY2021)	Waste	Valuables	Total volume generated	Promote activities to reduce metal scrap generation and implement All-Toyota campaigns to effectively use resources internally		Waste <sup>1</sup>	Japan <sup>2</sup>	Waste volume generated per vehicle	FY2002 35% reduction	Zero landfill waste <sup>3</sup>				TMC	Waste volume generated per vehicle	FY2002 63% reduction	Other regions	Promote regional No. 1 reduction activities				<ul style="list-style-type: none"> <li>Promoted waste reductions and efficient use of resources through measures aimed at the sources of waste</li> </ul> <table border="1"> <thead> <tr> <th>Scope</th> <th>Region</th> <th>Item</th> <th>Base year</th> <th>FY2021 results</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Waste</td> <td>Valuables</td> <td>Total volume generated</td> <td colspan="2">Promoted yield improvement and reliably collected scrap materials</td> </tr> <tr> <td rowspan="3">Waste</td> <td>Japan</td> <td>Waste volume generated per vehicle</td> <td>FY2002 37% reduction</td> </tr> <tr> <td colspan="4">Zero landfill waste</td> </tr> <tr> <td>TMC</td> <td>Waste volume generated per vehicle</td> <td>FY2002 65% reduction</td> </tr> <tr> <td>Other regions</td> <td colspan="4">Promoted various activities, such as reuse</td> </tr> </tbody> </table>	Scope	Region	Item	Base year	FY2021 results	Waste	Valuables	Total volume generated	Promoted yield improvement and reliably collected scrap materials		Waste	Japan	Waste volume generated per vehicle	FY2002 37% reduction	Zero landfill waste				TMC	Waste volume generated per vehicle	FY2002 65% reduction	Other regions	Promoted various activities, such as reuse				○
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15. Reduce packaging and wrapping materials and use resources efficiently in logistics activities	<ul style="list-style-type: none"> <li>Promote <i>kaizen</i> with a focus on increasing use of returnable containers and reducing the weight of wrapping material Japan: Continue <i>kaizen</i> at conventional level (14% reduction compared to FY2007 levels) Other regions: Assess best practices</li> </ul>	<ul style="list-style-type: none"> <li>As a result of the following measures, achieved the target of a 14% reduction compared to FY2007 levels in Japan                             <ul style="list-style-type: none"> <li>Promoted activities to reduce waste through development and deployment of waste reduction-oriented production technologies and daily <i>kaizen</i> activities</li> <li>Promoted waste reductions and efficient use of resources through improving yields and other measures aimed at the sources of waste</li> <li>Promoted activities to reduce metal scrap generation and implemented All-Toyota campaigns to effectively use resources internally</li> </ul> </li> <li>Shared information on initiatives by each affiliate in each region</li> </ul>	○																																																						

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Harmony with Nature	(6) Challenge of Establishing a Future Society in Harmony with Nature	16. Promote expansion of nature conservation activities "Connecting Communities" <ul style="list-style-type: none"> <li>● Toyota Green Wave Project—an initiative to connect with local communities through the various activities undertaken by each All-Toyota company and its global affiliates to conserve the natural environment                             <ul style="list-style-type: none"> <li>— Continue the currently sustainable plant activities and simultaneously expand the various activities of All-Toyota Group companies to subsidiaries in each region, affiliates and local communities and expand the reach of activities in partnership with stakeholders</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Continued activities promoting harmony with nature in collaboration with Toyota Group companies and other affiliated companies (22 companies)                              Results of 5 years of Activities:                              Number of participants in activities promoting harmony with nature: 176,908                              Number of activities conducted: 971                              Number of trees planted: 206,772 (cumulative total: 12,306,351)                              Tree thinning and forest conservation area: 8,887 ha                              Number of participants in environmental education: 99,869                              Main species targeted for conservation: Green turtle, <i>medaka</i>, little tern, Japanese firefly and honeybee                              Main non-native species eliminated to protect ecosystems: Lanceleaf tickseed and red swamp crayfish</li> <li>● Realized Plant in Harmony with Nature                              Implemented PDCA, such as wildlife habitats maintenance and improvement measures and surveys to confirm the effects at 3 plants in Japan and 3 plants in other regions                              TMC:                              Tsutsumi Plant (FY2019), Teiho Plant (FY2020), Kinuura Plant (FY2021)                              Other regions:                              Ban Pho Plant (Thailand), Burnaston Plant (U.K.), Cambridge Plant and Woodstock Plant (Canada) (all in FY2021)</li> </ul>	○
	17. Boost grant for environmental activities "Connecting with the World"	<ul style="list-style-type: none"> <li>● Toyota Today for Tomorrow Project—an initiative to connect environmental and biodiversity conservation activities to the world through grants for those activities                             <ul style="list-style-type: none"> <li>— Strengthen grants for projects helping to solve environmental issues as a means to prioritize the area of environment among social contribution activities. Collaborate with global organizations and stakeholders to provide new value and extend the circle of activities globally.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Built cooperative relationships with international organizations and NGOs as described below, and contributed to the conservation of global biodiversity                             <ul style="list-style-type: none"> <li>— Conducted the following activities in collaboration with the International Union for Conservation of Nature (IUCN):                                     <ul style="list-style-type: none"> <li>· Conducted assessments of extinction risks for 29,830 species to enhance the IUCN Red List, a global indicator of ecosystems</li> <li>· Jointly organized a side event at the Conference of the Parties to the Convention on the Conservation of Migratory Species of Wild Animals (February 2020)</li> <li>· Issued updated releases concerning the Red List and released information on a database website</li> </ul> </li> <li>— Donated vehicles to BirdLife International and Conservation International in Myanmar, Tahiti and Guyana to conduct surveys and conservation activities of species listed on the IUCN Red List</li> <li>— Continued measures to protect endangered wildlife and conducted patrols to prevent illegal logging as a part of the World Wide Fund for Nature (WWF) Living Asian Forest Project.                                      TMC conducted joint publicity activities on the social media and websites with TDEM and TMMIN, affiliates in Asia.</li> </ul> </li> <li>● Continuously implemented the Toyota Environmental Activities Grant Program to support the biodiversity and climate change related activities of small- and medium-size NGOs and NPOs.                              In the past 5 years, provided grants to 136 projects in Japan, North America, Latin America, Europe, the Asia-Pacific region and Africa.</li> </ul>	○
	18. Boost contribution to environmental education activities "Connecting to the Future"	<ul style="list-style-type: none"> <li>● Toyota ESD* Project—an initiative to strengthen environmental education using plant sites and company-owned lands in each region and thereby connect environmental conservation activities to the future                             <ul style="list-style-type: none"> <li>— Globally expand education of local residents and children utilizing forests and green biotopes at plants and others</li> <li>— Promote development of educational programs taking advantage of the special characteristics of company-owned land (the Toyota Shirakawa-Go Eco-Institute, Forest of Toyota, Toyota Mie Miyagawa Mountain Forest and others) and promote human resources development to connect to the future</li> </ul> </li> </ul> <p>* Education for Sustainable Development</p>	<ul style="list-style-type: none"> <li>● Conducted environmental education around the world using land and other sites owned by affiliates in each region                              Forest of Toyota:                             <ul style="list-style-type: none"> <li>— Held hands-on nature programs for local elementary school children and began acceptance from after-school care centers in FY2021 (a total of 48,338 children participated from FY2017 to FY2021; a cumulative total of approximately 198,974 children have participated since 1997)</li> <li>— Focusing on biodiversity and the living creatures of <i>satoyama</i>, held a basic course, presented case studies, held hands-on workshops, conducted field tours and hosted various other events.                                      Starting in FY2021, began distributing original videos for fun and easy learning about wildlife habitats and forest mechanisms on YouTube.</li> </ul>                             Toyota Shirakawa-Go Eco-Institute:                             <ul style="list-style-type: none"> <li>— Provided hands-on nature programs for children and adults; the cumulative total number of participants from FY2017 to FY2021 reached 49,786 (a total of 68,254 participants visited from FY2017 to FY2021; a cumulative total of approximately 249,045 participants have visited since 2005 (as of March 2021))</li> <li>— Held the SDGs Education Forum in Toyota Shirakawa-Go Eco-Institute as an activity to enhance the value of the institute</li> </ul> </li> <li>— Held a hands-on nature program for wheelchair users</li> </ul>	○

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Harmony with Nature	(6) Challenge of Establishing a Future Society in Harmony with Nature 19. Promote environmental contributions through biotechnology and afforestation business, automotive peripheral technologies and forest conservation activities	<ul style="list-style-type: none"> <li>Respond to environmental issues with biotechnology                             <ul style="list-style-type: none"> <li>Promote cellulose ethanol research and development by further improving yeast ferment capacity</li> <li>Contribute natural capital creation by applying to the area of agriculture and farming biomass business</li> </ul> </li> <li>Contribute to “Adaptation” in climate change through urban greening business and Group-owned technology                             <ul style="list-style-type: none"> <li>Respond to heat island</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Responded to environmental issues with biotechnology                             <ul style="list-style-type: none"> <li>Developed yeast with ethanol productivity at the world's highest level to contribute to the widespread use of low-carbon fuels</li> <li>Developed technology for ethanol production from biomass that does not compete with food and feed</li> </ul> </li> <li>Promoted initiatives in the area of urban greening                             <ul style="list-style-type: none"> <li>Promoted the use of green building materials (smart green walls), primarily at Toyota Motor Corporation's business sites</li> <li>* Business was transferred to Oshima Landscape Construction Co., Ltd. in July 2019 and these activities were ended</li> </ul> </li> </ul>	○																																											
		<ul style="list-style-type: none"> <li>Establish a model to utilize resources effectively at the Toyota Mie Miyagawa Mountain Forest</li> <li>Realize a sustainable technical center in harmony with nature and local communities at the Toyota Technical Center Shimoyama, which is currently in the planning stage</li> </ul>	<ul style="list-style-type: none"> <li>Toyota Mie Miyagawa Mountain Forest                             <ul style="list-style-type: none"> <li>Implemented the Forest Challenge and Development Project, which seeks to create new utilization of trees and forests.</li> <li>Began sales of household goods and furniture made from wood materials.</li> <li>Used local wood materials for company facilities</li> <li>Held workshops and hands-on educational programs to learn about forest cycles</li> </ul> </li> <li>Toyota Technical Center Shimoyama                             <ul style="list-style-type: none"> <li>Set aside approximately 60% of the total project site as areas for environmental conservation and conducted forest and paddy restoration and management with local residents.</li> <li>Started operation as the Toyota Technical Center Shimoyama in April 2019.</li> </ul> </li> </ul>	○																																											
Environmental Management / Value Chains Collaboration	20. Strengthen consolidated environmental management	<ul style="list-style-type: none"> <li>Enhance activities globally of various environmental committees to improve environmental management activities and ensure superior environmental performance (CO<sub>2</sub>, water and others) across all business activities in each country and region</li> </ul>	<ul style="list-style-type: none"> <li>Japan                             <ul style="list-style-type: none"> <li>Held the All-Toyota Production Environment Conference and Liaison Committee (Executives' Meeting) each year to share information, discuss and promote in an integrated manner All-Toyota initiatives in the production and logistics areas</li> </ul> </li> <li>Global                             <ul style="list-style-type: none"> <li>Held the Global Environment Meeting by general manager levels from 7 regions including Japan each year and discussed dissemination of information by Toyota Motor Corporation and issues on initiatives of each region</li> <li>Starting in 2018, periodically held the Environmental Strategy Meeting by executives from 5 key regions (Japan, U.S., Europe, China and Asia) to discuss global environmental strategies from a medium- to long-term perspective</li> <li>Held the Global ECO. Awards each year. Promoted environmental <i>kaizen</i> activities in the area of production and logistics and conducted <i>yokoten</i> of best <i>kaizen</i> practices.</li> </ul> </li> </ul>	○																																											
		<ul style="list-style-type: none"> <li>Thoroughly comply with environmental laws and regulations and strengthen proactive prevention measures for environmental risks in each country and region</li> </ul>	<ul style="list-style-type: none"> <li>From FY2017 to FY2021, there were no significant violations of environmental laws and regulations and environmental non-compliance issues. Continuously held on-site mutual confirmation meetings targeting those responsible for environmental initiatives at Toyota Group companies in Japan.</li> <li>In FY2021, there were 3 environmental non-compliance issues (3 in Japan and 0 in other regions), but all were minor incidents, for which measures and <i>yokoten</i> were completed</li> </ul>	○																																											
		<ul style="list-style-type: none"> <li>Improve chemical substance management by carefully monitoring trends of laws and regulations in each country and region</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced business management regulations (e.g., established conforming business regulations, reviewed management regulations)</li> <li>Steadily revised internal rules based on the Global Automotive Declarable Substance List (GADSL) to reflect the latest laws and regulations in each country</li> <li>Evaluated and improved chemical substance management structures by auditing and investigating suppliers' processes</li> </ul>	○																																											
	21. Reduce vehicle exhaust emissions to improve urban air quality in each country and region	<ul style="list-style-type: none"> <li>Steadily introduce low-emissions vehicles to improve urban air quality in each country and region</li> <li>Contribute to air quality improvement through air quality research in collaboration with research organizations in each country</li> </ul>	<ul style="list-style-type: none"> <li>In response to stricter emissions regulations in each country and region, steadily introduced vehicles that satisfy those regulations</li> <li>Conducted activities that contribute to improved urban environments with various partners such as cooperative air quality research conducted with research organizations in each country</li> </ul>	○																																											
22. Reduce volatile organic compound (VOC) emissions in production activities	<ul style="list-style-type: none"> <li>Develop and deploy VOC emissions reduction technologies through reducing the use of paint and thinners in painting processes                             <ul style="list-style-type: none"> <li>Promote continual reduction in VOC emissions through initiatives linked to painting equipment upgrade plans as well as daily <i>kaizen</i> activities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Achieved targets for emissions per area painted for bodies and bumpers in Japan by promoting a switch to water-based paint in the bumper painting process and continuously promoting VOC reduction through daily <i>kaizen</i></li> </ul>	○																																												
		<table border="1"> <thead> <tr> <th>Scope</th> <th>Region</th> <th>Item</th> <th>Target (FY2021)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Vehicle body painting</td> <td>Japan*</td> <td>Emissions volume per area painted</td> <td>26 g/m<sup>2</sup> or less (average for all lines)</td> </tr> <tr> <td>TMC</td> <td>Emissions volume per area painted</td> <td>19 g/m<sup>2</sup> or less (average for all lines)</td> </tr> <tr> <td>Other regions</td> <td colspan="2">Promote regional No. 1 reduction activities</td> </tr> <tr> <td>Bumper painting</td> <td>TMC</td> <td>Emissions volume per area painted</td> <td>310 g/m<sup>2</sup> or less (average for all lines)</td> </tr> <tr> <td>Other painting</td> <td>Japan/Other regions</td> <td colspan="2">Promote VOC emissions reduction activities</td> </tr> </tbody> </table>	Scope	Region	Item	Target (FY2021)	Vehicle body painting	Japan*	Emissions volume per area painted	26 g/m <sup>2</sup> or less (average for all lines)	TMC	Emissions volume per area painted	19 g/m <sup>2</sup> or less (average for all lines)	Other regions	Promote regional No. 1 reduction activities		Bumper painting	TMC	Emissions volume per area painted	310 g/m <sup>2</sup> or less (average for all lines)	Other painting	Japan/Other regions	Promote VOC emissions reduction activities		<table border="1"> <thead> <tr> <th>Scope</th> <th>Region</th> <th>Item</th> <th>FY2021 results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Vehicle body painting</td> <td>Japan</td> <td>Emissions volume per area painted</td> <td>21.5 g/m<sup>2</sup></td> </tr> <tr> <td>TMC</td> <td>Emissions volume per area painted</td> <td>13.9 g/m<sup>2</sup></td> </tr> <tr> <td>Other regions</td> <td colspan="2">Implemented measures to improve coating efficiency and others</td> </tr> <tr> <td>Bumper painting</td> <td>TMC</td> <td>Emissions volume per area painted</td> <td>148 g/m<sup>2</sup></td> </tr> <tr> <td>Other painting</td> <td>Japan/Other regions</td> <td colspan="2">Implemented measures to improve coating efficiency and others</td> </tr> </tbody> </table>	Scope	Region	Item	FY2021 results	Vehicle body painting	Japan	Emissions volume per area painted	21.5 g/m <sup>2</sup>	TMC	Emissions volume per area painted	13.9 g/m <sup>2</sup>	Other regions	Implemented measures to improve coating efficiency and others		Bumper painting	TMC	Emissions volume per area painted	148 g/m <sup>2</sup>	Other painting	Japan/Other regions	Implemented measures to improve coating efficiency and others	
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\* TMC and consolidated subsidiaries (plants) in Japan

Strategy and Management

Life Cycle Zero CO<sub>2</sub> Emissions Challenge

New Vehicle Zero CO<sub>2</sub> Emissions Challenge

Plant Zero CO<sub>2</sub> Emissions Challenge

Challenge of Minimizing and Optimizing Water Usage

Challenge of Establishing a Recycling-based Society and Systems

Challenge of Establishing a Future Society in Harmony with Nature

Environmental Data

Results of the Sixth Toyota Environmental Action Plan (Detail)

Evaluation Legend  
 ○ : Achieved  
 × : Not achieved

	Action Items		Specific Actions and Targets	Results from FY2017–FY2021	Evaluation
Environmental Management / Value Chains Collaboration	Environmental Management	23. Bolster global employee education and awareness activities	<ul style="list-style-type: none"> <li>● Raise awareness of environmental conservation through global environmental education among employees                             <ul style="list-style-type: none"> <li>– Systemize environmental education programs conducted in cooperation with consolidated affiliates</li> <li>– Conduct environmental education in accordance with situations in each country and region</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Set June of each year as the Toyota Global Environment Month and promoted it globally in an integrated manner                             <ul style="list-style-type: none"> <li>– Distributed a message from the head of the company and conducted environmental education on the "Know, Learn, Act" cycle</li> </ul> </li> <li>● In Japan, used the company intranet and internal e-Learning system to conduct education on the Toyota Environmental Challenge 2050                             <ul style="list-style-type: none"> <li>– Conducted activities to reduce single-use plastics, tree-planting, offered dishes using sustainable seafood in company cafeterias and reimbursed test fees for the Eco Test</li> <li>– Conducted education throughout the year by holding environmental quizzes and introducing the World Water Day, the International Day for Biological Diversity, the Toyota Water Week, etc. Continued environmental lectures conducted by outside speakers, environmental seminars for employees and environmental education for new employees.</li> </ul> </li> <li>● At other regional affiliates, displayed posters, issued environmental declarations, conducted workshops, etc.</li> </ul>	○
		24. Enhance active disclosure of environmental information and communication	<ul style="list-style-type: none"> <li>● Enhance environmental information disclosures                             <ul style="list-style-type: none"> <li>– Expand affiliates subject to collection of environmental information, and creation of the system</li> <li>– Further enhance the Environmental Report content</li> </ul> </li> <li>● Further enhance environmental communications activities in each country and region</li> </ul>	<ul style="list-style-type: none"> <li>● Revealed in the CDP A List, the highest rank, in both the climate change and water security categories scored by CDP (2016–2017, 2019–2020)</li> <li>● Enhanced information disclosures in the Environmental Report (information on the relationships between the Toyota Environmental Challenge 2050 and SDGs, responses to recommendations of the TCFD and disclosure standards of the SASB, etc.)</li> <li>● Engaged in environmental communication activities with stakeholders including investors in each region. In 2019, engaged in a dialogue with the United Nations Environment Programme (UNEP) Asia and the Pacific Office.</li> </ul>	○
	Value Chains Collaboration	25. Promote environmental activities in cooperation with business partners: suppliers	<ul style="list-style-type: none"> <li>● Reinforce cooperation with suppliers to further promote environmental activities globally                             <ul style="list-style-type: none"> <li>– Ensure compliance with each country's laws and regulations while steadily promoting chemical substance management</li> <li>– Pursue cooperative environmental activities in a broad range of areas, including CO<sub>2</sub> emissions reduction, resource recycling, water impact reductions and the establishment of societies in harmony with nature</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Periodically revised the Toyota Green Purchasing Guidelines (GPG) and shared information and engaged in dialogue with suppliers (responded to the Toyota Environmental Challenge 2050 in FY2017; revised chemical substance management methods and added Harmony with Nature in FY2020)</li> <li>● In Japan, starting in FY2021, requested self-assessments in accordance with the GPG and provided feedback on the scoring results</li> <li>● Conducted awareness activities using self-assessment sheet at 366 companies in FY2021 to ensure thorough management of chemical substances, continuously implemented measures for use in future activities, and rolled out these activities in the U.S., Europe, China and Thailand</li> <li>● Continuously implemented the CDP Supply Chain Program, held briefing sessions and provided guidance to participating suppliers each year and engaged in communication regarding risks, opportunities, etc.</li> <li>● Summarized the results of activities at study sessions on environmental topics at the Kyohokai (a supplier organization) and completed the first phase activities (until FY2020). Increased the number of participating companies and started the second phase of the study session in FY2021. Established the Environmental Activity Awards targeting the members of Kyohokai and continued presenting awards to suppliers that have made significant contributions to environmental initiatives.</li> </ul>	○
		26. Promote environmental activities in cooperation with business partners: dealers and distributors	<ul style="list-style-type: none"> <li>● Promote environmental management in cooperation with dealers and distributors                             <ul style="list-style-type: none"> <li>Japan:                                     <ul style="list-style-type: none"> <li>– Promote environmental activities by adhering closely to the Toyota Dealer CSR Checklist and promote CO<sub>2</sub> emissions reduction and others, by improving environmental management</li> </ul> </li> <li>Other regions:                                     <ul style="list-style-type: none"> <li>– Promote and strengthen the environmental activities led by each regional headquarters and distributors in each country (CO<sub>2</sub> emissions reduction and others)</li> <li>– Promote and strengthen the Dealer Environmental Risk Audit Program (DERAP)</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Japan                             <ul style="list-style-type: none"> <li>– Updated the check items of the Toyota Dealer's Legal Compliance Manual (formerly the CSR Checklist) each year and encouraged enhanced environmental management of dealers. In 2020, added items concerning the Containers and Packaging Recycling Law in Japan (responded to the provision of plastic shopping bags for a fee) and distributed the updated manual.</li> <li>– Prepared the environmental guidebook in May 2019 to expand the policy for environmental activities to dealers</li> </ul> </li> <li>● Other regions                             <ul style="list-style-type: none"> <li>– Prepared environmental guidelines for each region and reinforced environmental initiatives including CO<sub>2</sub> emissions reduction</li> <li>– In the past 5 years, dealers participating in the DERAP increased from 4,233 in 81 countries to 4,647 in 97 countries. The percentage of participating dealers that satisfied all 5 audit requirements increased from 91% to 95%.</li> </ul> </li> </ul>	○

Safety

Quality and  
Customer FirstInformation Security  
and Privacy

Human Rights

Business Partners

Health and Safety

Diversity and Inclusion

Human Resources

Intellectual Property

Social Contribution

Social Data

# Society

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Safety	Quality and Customer First	Information Security and Privacy	Human Rights	Business Partners	Health and Safety	Diversity and Inclusion	Human Resources	Intellectual Property	Social Contribution	Social Data
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# Safety GRI 203-2, 416-1

Updated in January 2022

### Contribution to SDGs



## Fundamental Approach

According to a World Health Organization (WHO) survey\*, 1.35 million people worldwide died in traffic accidents. While the number of deaths due to traffic accidents has been decreasing slightly in Japan, the United States and Europe, it has been constantly increasing in emerging nations and regions where traffic safety education and transportation infrastructure have not kept up with increases in the number of cars on the road. Unless countermeasures are implemented, traffic fatalities are predicted to become the seventh leading cause of accidental death by 2030. If Toyota is to achieve its ultimate goal of Zero Casualties from Traffic Accidents, the development of safe vehicles is of course important, but it is also essential to educate people, including drivers and pedestrians, and to ensure a safe traffic infrastructure including traffic signals and roads. Toward achieving a safe mobility society, Toyota believes it is important to promote an integrated three-part initiative, involving people, vehicles and the traffic environment, as well as to pursue real-world safety by learning from actual accidents and incorporating that knowledge into vehicle development. Toyota has also defined its Integrated Safety Management Concept as the basic philosophy behind technologies toward achieving the elimination of traffic casualties and is moving forward with developing these technologies.

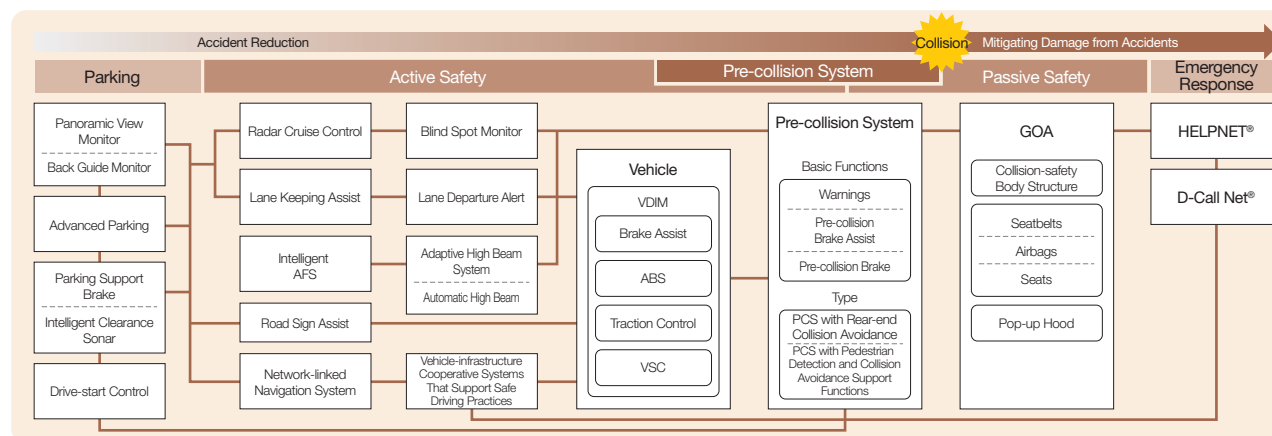
\* Source: Global Status Report on Road Safety 2018, WHO



## Integrated Safety Management Concept

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

### Integration of Individual Technologies and Systems



## Safety Technologies

### Active Safety

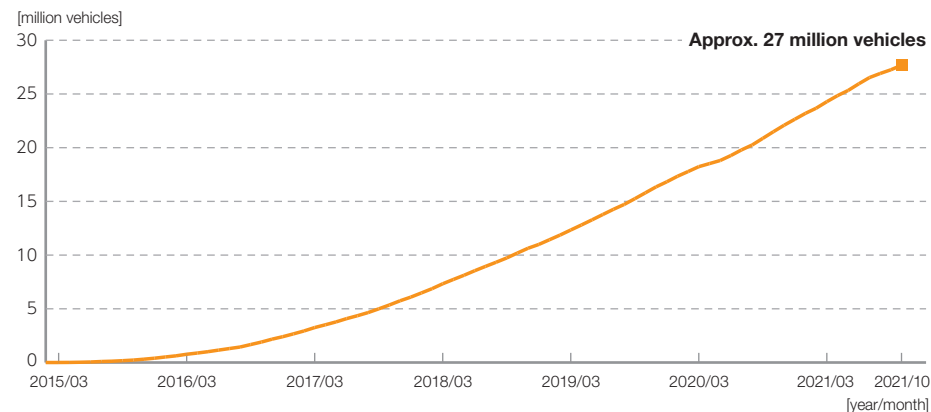
#### Toyota Safety Sense (Active Safety Package)

The Toyota Safety Sense system incorporates three major functions considered effective in reducing serious traffic accidents causing death or injury. It packages multiple active safety functions based around Pre-Collision Safety (PCS), which works to either help avoid collisions with cars ahead or pedestrians, Lane Departure Alert (LDA), which contributes to preventing accidents caused by leaving the lane, and Automatic High Beam (AHB), which helps ensure clear sight in front at night. In 2018, we enhanced functions to support driving, such as detecting nighttime pedestrians and daytime crossing cyclists, and Lane Tracing Assist (LTA).

The third generation of the Toyota Safety Sense (TSS) package launched in autumn 2021 has extended the range of detection by using newly-developed millimeter-wave radar and a monocular camera. In addition to vehicle, pedestrian and cyclist detection, it has become possible to detect motorcycles. Moreover, the TSS package incorporates PCS, which supports to prevent intersection collisions, and Proactive Driving Assist (PDA), which assists steering and deceleration by using AI to help avoid collisions with pedestrians and driving/parked vehicles. By anticipating risks according to driving situations on ordinary roads, PDA supports the driver in avoiding getting too close to danger, leading to peace of mind for the driver.

Since its market launch in 2015, Toyota Safety Sense has been installed in more than 27 million vehicles globally (as of October 2021). Toyota Safety Sense 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, including China, other select Asian countries, the Middle East and Australia.

#### Cumulative Number of Globally Produced Vehicles Equipped with Toyota Safety Sense (Mar. 2015 to Oct. 2021) \*Including Lexus Safety System+



#### Pedal Misapplication Prevention System

In Japan, about 30 percent of all traffic accidents are said to occur in parking lots.<sup>1</sup> Furthermore, drivers who are 75 years old or older tend to be involved in a large percentage of accidents caused by pedal misapplication in parking lots and other areas.<sup>2</sup> To help remedy this situation, Toyota has installed Intelligent Clearance Sonars (ICS) since 2012. For vehicles that are already owned by customers, Toyota introduced a pedal misapplication acceleration control system that can be retrofitted in 2018.

These systems activate when the sensor detects an obstacle, such as a car or a wall. However, some of the accidents caused by pedal misapplication occurred when there were no obstacles on the road. To reduce such accidents, Toyota developed the sudden acceleration suppression function to help prevent accidents caused by sudden acceleration in a road condition with no obstacles, and began installing it from the Prius and the Prius PHV launched in July 2020.

This function has also been incorporated in the retrofit Pedal Misapplication Acceleration Control System II. As of July 2021, the Pedal Misapplication Acceleration Control System and the Pedal Misapplication Acceleration Control System II are available for 12 and 15 models, respectively (Japan).

Based on the principle that safety lies in the domain of cooperation, Toyota has disclosed the concept of the sudden acceleration suppression function and its specific operating conditions to other car manufacturers from the development stage, thereby promoting industry-wide efforts to reduce accidents caused by pedal misapplication.

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

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



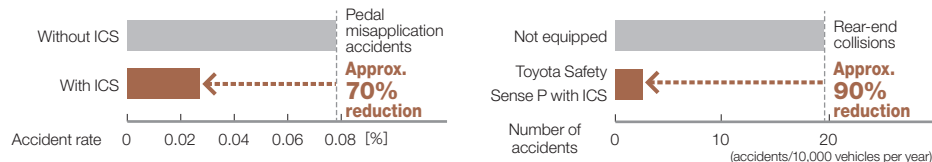
Display of the retrofit Pedal Misapplication Acceleration Control System II

Safety	Quality and Customer First	Information Security and Privacy	Human Rights	Business Partners	Health and Safety	Diversity and Inclusion	Human Resources	Intellectual Property	Social Contribution	Social Data
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### Accident Reduction Effects

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

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



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

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

### Passive Safety

Passive safety aims to minimize collision damage by combining a body structure that absorbs collision energy with devices that support to protect the vehicle occupants. In 1995, Toyota set up unique, stringent internal targets related to passive safety performance called “Global Outstanding Assessment (GOA)” in the pursuit of world-leading safety levels and decided to develop a collision-safety body and passenger protection devices. Since then, to maintain leadership in this field, Toyota has continued to advance GOA, continuously pursuing the real safety performance of its vehicles in a wide variety of accidents.

To analyze human body injuries in traffic accidents, Toyota developed its Total Human Model for Safety (THUMS), a virtual body model, jointly with Toyota Central R&D Labs., Inc. THUMS is being utilized effectively in research and development of various safety technologies, including safety equipment such as seat belts and airbags and vehicle structures that mitigate injuries in accidents involving pedestrians. Toyota has made THUMS software freely available on its website since January 2021, in the hope of having THUMS utilized broadly by more users.

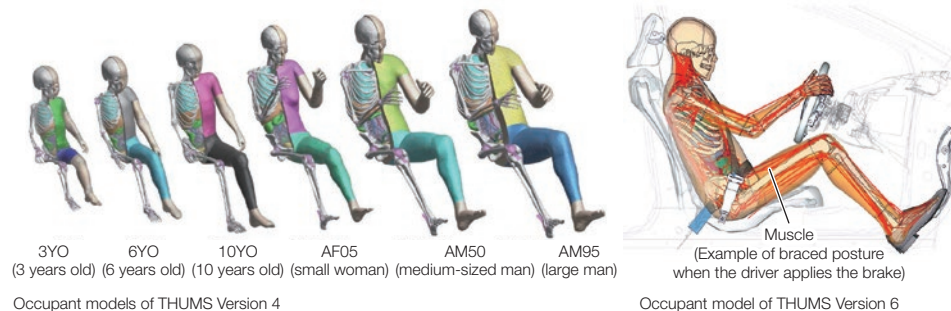
Meanwhile, Toyota promotes its Integrated Safety Management Concept. We are working on technology development for preventive link functions that operate protective devices in a collision by linking with the Pre-collision Safety (PCS) system. We have developed functions that prepare to deploy the seatbelt system or SRS\* side & curtain shield airbags to help protect the occupants when the PCS determines that a collision with another vehicle is likely, or prepare to deploy the pop-up hood to help protect the pedestrian or cyclist when the PCS determines that a collision with a pedestrian or cyclist is likely.

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



### THUMS, a Virtual Body Model

THUMS has been used by over 100 car manufacturers and parts manufacturers, universities and research institutions both inside and outside Japan mainly for studies on vehicle safety. Models of a variety of bodies in terms of gender, age and size are available. The use of these models enables comparison of injuries to various types of occupants and pedestrians, allowing researchers to conduct safety research on themes focusing on diversity. Furthermore, the latest Version 6 can simulate a variety of pre-collision conditions of occupant muscles in, for example, braced and relaxed postures. THUMS Version 6 also enables studies of the influence exerted by changes in occupant posture at the time of hard braking.



Safety	Quality and Customer First	Information Security and Privacy	Human Rights	Business Partners	Health and Safety	Diversity and Inclusion	Human Resources	Intellectual Property	Social Contribution	Social Data
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### Outside Evaluations of Safety (Autumn 2021)

( ): Number of vehicles receiving highest ranking / Number of vehicles evaluated

Five Star Award (the highest ranking) in the JNCAP <sup>1</sup>	Harrier, Yaris, Yaris Cross	(3/3)
TSP+ <sup>2</sup> (the highest ranking) in the Car Assessment Program of the Insurance Institute for Highway Safety (IIHS) in the U.S.	Camry, Lexus: ES, NX	(3/3)
TSP (the highest ranking) in the Car Assessment Program of the Insurance Institute for Highway Safety (IIHS) in the U.S.	C-HR, Corolla, Corolla HB, Highlander, RAV4, Lexus: RX, UX	(7/7)
Five Star Award (the highest ranking) in the NCAP <sup>1</sup> in the U.S.	Avalon, Camry, C-HR, Corolla, Corolla HB, Highlander, Prius, RAV4, Sienna, Lexus: ES, IS, NX, RX, UX	(14/18)
Five Star Award (the highest ranking) in the Euro NCAP <sup>1</sup> in Europe	Yaris	(1/1)
Five Star Award (the highest ranking) in the ANCAP <sup>1</sup> in Australia	Yaris	(1/1)
Five Star Award (the highest ranking) in the CNCAP <sup>1</sup> in China	RAV4	(1/1)
Good (the highest ranking) in occupant protection, pedestrian protection, and prevention in the C-IASI <sup>3</sup> in China	RAV4, Wildlander	(2/2)
Five Star Award (the highest ranking) in the ASEAN NCAP <sup>1</sup>	Corolla Cross, Fortuner, Hilux, Innova	(4/4)

\* Period: Japan: April 2020–March 2021; U.S. IIHS: December 2019–November 2020 (2020 TSP+/TSP winners); U.S. NCAP: 2020 model year; Other: January–December 2020

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

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

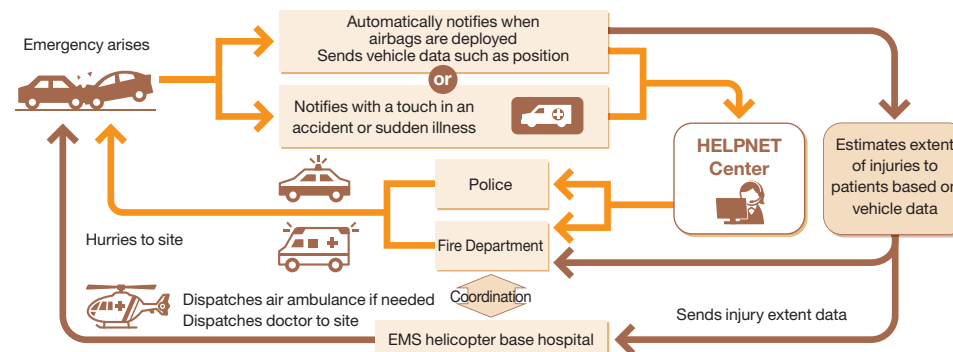
<sup>3</sup> China Insurance Automotive Safety Index

SASB TR-AU-250a.1

### Emergency Response

Every minute counts in an emergency response to an accident or sudden illness. In 2000, Toyota rolled out its HELPNET<sup>®</sup> service, an emergency reporting system utilizing the G-Book information network (the current T-Connect) and G-Link in Japan. In the event of an accident or sudden illness, HELPNET<sup>®</sup> contacts a dedicated operator who will arrange for the rapid dispatch of an emergency vehicle with police or fire department responders. The service automatically contacts an operator when the airbag deploys and supports D-Call Net<sup>®</sup> which makes quick deployment decisions for air ambulances, etc. now available nationwide. This service is provided by sending vehicle data to the HELPNET center from an on-board data communication module (DCM). DCM has been installed as a standard feature in the Crown and Corolla Sports, launched in June 2018, and in all subsequent new passenger vehicles in Japan.

#### HELPNET<sup>®</sup> (Airbag-linked Type) Illustration



→ HELPNET<sup>®</sup> Steps  
→ D-Call Net<sup>®</sup> Steps

\* Air ambulances may not be available depending on the location, time of day, weather, etc.  
D-Call Net<sup>®</sup> will not respond when the HELPNET<sup>®</sup> button is pressed.  
\* HELPNET<sup>®</sup> is a registered trademark of Japan Mayday Service Co., Ltd. D-Call Net<sup>®</sup> is a registered trademark of HEM-Net (Emergency Medical Network of Helicopter and Hospital).

## Automated Driving

To help achieve zero casualties from traffic accidents, Toyota has been conducting research and development on automated driving technologies since the 1990s. Toyota's unique approach to automated driving, called the "Mobility Teammate Concept," seeks out a relationship between people and vehicles so that they can communicate and mutually improve one another as companions would. Based on this philosophy, Toyota is aiming to help build a world in which every person, including the elderly and the physically challenged, can enjoy mobility safely, easily and freely.

The Lexus Teammate and Toyota Teammate are advanced drive support technologies developed based on the Mobility Teammate Concept. With the functions of Advanced Drive for driving support on highways and Advanced Park for parking support in parking lots, these technologies enable the driver and the car to collaborate in ensuring high levels of safety and drive with the sense of a high level of security while providing tireless, comfortable travel to the destination.

In April 2021, Toyota launched Lexus LS and MIRAI equipped with Advanced Drive in Japan. AI technology centered on deep learning is incorporated to forecast various situations that may be encountered while driving and provide assistance for driver responses. In addition, Advanced Drive uses software updates so that functions can be added and updated after the vehicle is delivered to the customer, enhancing convenience and providing the latest safety technologies.

To grasp vehicle behavior under constantly changing conditions, collected exterior image data and other driving data are transmitted to Toyota's data server.\* These data are utilized as reference for future research and development of automated driving, advanced safety and mapping technologies.

\* The privacy and security of the drivers and individuals captured on camera are taken into consideration when this data is collected and processed.

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

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

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

In 2017, Toyota started a new second-phase project called "CSRC Next." This reflects Toyota's position that it is important to understand how humans will cope with advancing vehicle technologies. Toyota will invest 35 million dollars over five years in research focusing on issues related to and the possibilities of autonomous driving and connected vehicle technologies, and publish the research results publicly, thereby contributing to safer vehicles industry-wide.

## Initiatives Targeting People

Believing that educating people is also important in preventing traffic accidents, Toyota has been carrying out various activities.

To keep children safe on roads, in collaboration with Toyota dealers nationwide, Toyota has been donating traffic safety teaching materials for small children to kindergarten and nursery school children all over Japan since 1969. In 2020, we renewed our traffic safety education website for children and their guardians. Using our website and SNS, we are raising awareness of traffic safety in various situations, including while walking and riding a bicycle on the road.

For drivers, Toyota holds Toyota Driver Communication, a safe driving technique seminar, on a regular basis at the Toyota Safety Education Center Mobilitas at the Fuji Speedway.

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



## Quality and Customer

GRI 416-1, 417-1

Updated in October 2021

### Fundamental Approach

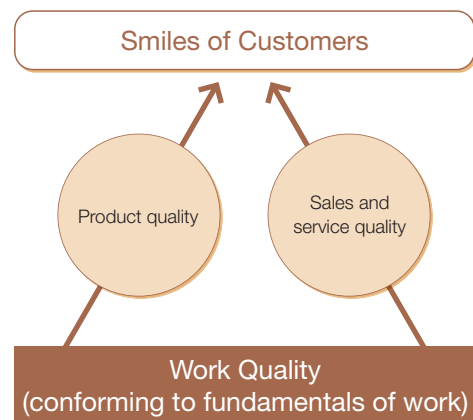
The origins of Toyota’s “Customer First” and “Quality First” principles lie in the Five Main Principles of Toyoda, which embody the thinking of Sakichi Toyoda, and the spirit of audit and improvement of Kiichiro Toyoda. Since its foundation, Toyota has established a corporate culture that focuses particular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

### Quality

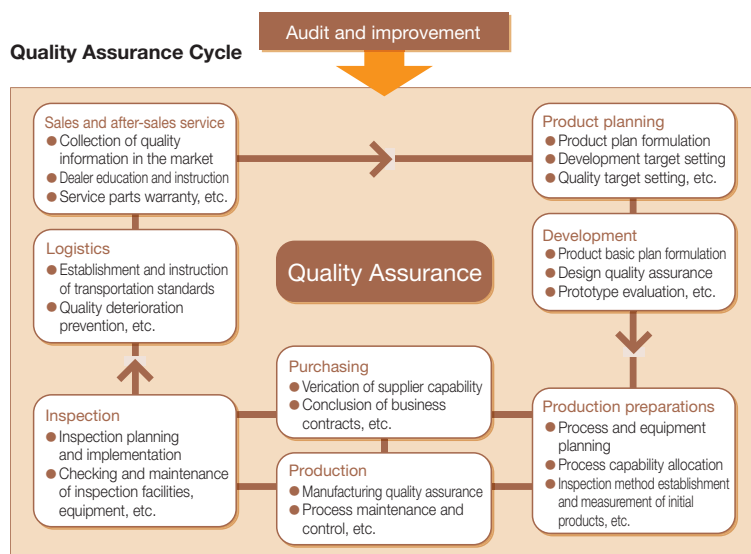
Toyota sees quality as a combination of product quality, sales and service quality, and the quality of work performed by each employee that serves, as the foundation supporting the other aspects of quality.

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

#### Toyota’s Concept of Quality



#### Quality Assurance Cycle



### Organizational Structure

The fundamentals of the initiatives are function management and policy management. Function management refers to setting company-wide policies based on functional parameters such as quality and safety, with each group and company taking action in collaboration with other divisions.

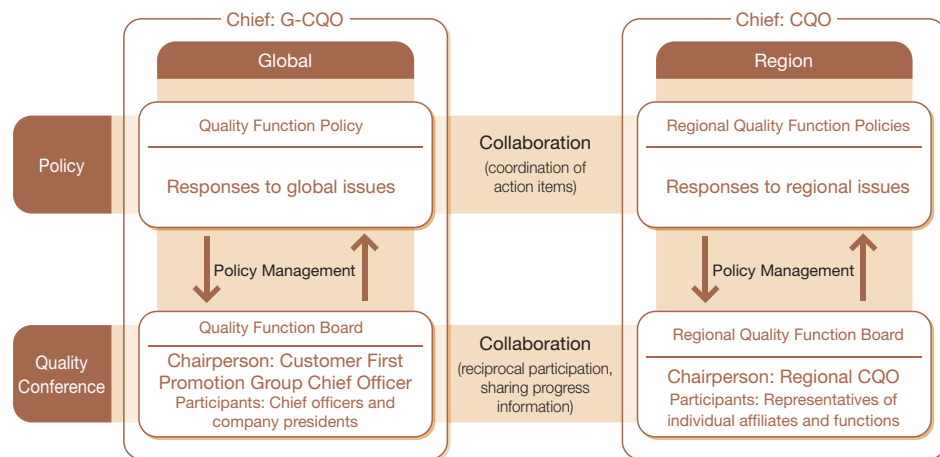
Policy management refers to the formulation and implementation of plans for achieving targets in each group and company, based on the company-wide policy.

In terms of policy management for quality functions, policies and important issues related to quality are discussed and decided at meetings of the Quality Function Board, the highest-order conferences of Toyota related to quality, attended by presidents of companies and officers of relevant groups, thereby promoting company-wide quality improvement.

Each year, Toyota formulates a plan for addressing company-wide quality issues and ensuring quality corresponding to new businesses and technologies, and deploys it as our quality function policy throughout the company. In order to strengthen regionally led quality improvement activities capable of making decisions and taking actions as close as possible to local customers, Toyota has appointed a Global Chief Quality Officer (Global CQO) in Japan as the person responsible for global quality assurance, and Chief Quality Officers (CQOs) in other regions around the world. For the meeting of the Quality Function Board held in January, the CQOs are gathered from all regions to evaluate the achievement of the targets stipulated in quality function policies. Based on the evaluation, the CQOs also discuss and decide new policies and targets.

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

**Global Policy Implementation Structure and the Quality Conference**



**Efforts to Ensure Product Safety**

Toyota is engaged 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.

Development phase:

To pursue world-class reliability and durability, we take the following measures: setting targets geared to vehicle longevity through, for example, investigations of the environment in which vehicles are used and analyses of collected parts, and performing durability tests based on Toyota standards. Meanwhile, we develop vehicles so that customers can use their vehicles safely not only by ensuring safety through fail-safe design that enables safe evacuation and halt in the event of failure but also by defining quantitative indices of vehicle behavior that makes 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.

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

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

**Fostering Quality-oriented Awareness and Culture**

“Customer First,” “Quality First,” and “Build in Quality in Processes.” Based on these principles we have maintained since our foundation, to foster a corporate culture in which each member is committed to building high quality, Toyota has been working toward developing human resources and improving work quality by holding quality promotion events for all employees (including Customer’s Month, Quality Month, and All-Toyota TQM Convention) every year and also by providing rank-specific education in quality assurance. Meanwhile, February 24, the day that President Akio Toyoda attended U.S. Congressional hearings, held to investigate the series of recall issues that occurred in 2010, was designated “Toyota Restart Day.” We are creating mechanisms and taking measures to raise awareness in order to maintain focus on the lessons learned from the experiences Toyota underwent at that time. In 2014, Toyota established its Customer Quality Learning Center as a crucial education facility for conveying the experiences and lessons Toyota learned from the series of recall issues to future generations of employees. Using exhibits that appeal to the five senses, such as actual examples of faulty parts and vehicle simulators, the Center acts as an important education facility for conveying the situation back then to current Toyota employees.

In addition to posting the status of the series of recall issues, current quality issues are added to update the program every year. In this way, we are making efforts to create key education facilities for maintaining focus on all that Toyota learned. We have also set up customer quality learning centers unique to individual plants and overseas sites, and are working to ensure employees in each region and each plant thoroughly understand the importance of quality. Additionally, employees who experienced the series of recall issues take on the role of storyteller to convey the experiences and lessons learned within their own work sites.



Roundtable discussion between Chairman Uchiyama and the storytellers

## Quality Risk Management

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

### Auditing

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

### Collaboration with Suppliers

New suppliers:

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

Existing suppliers:

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

## Coping with Quality Problems

We have a system whereby each employee takes action to enhance quality in accordance with the Customer First Principle, and prepares for and responds in a timely manner to quality-related issues. We work toward the early detection and early resolution of quality problems. At the same time, in accordance with the belief that nothing is more important than helping customers use their vehicles safely, and in order to minimize trouble to customers by taking prompt action, we make recall decisions not simply based on legal compliance, but also from the customer's perspective, putting safety and assurance first.

Before making a final decision, procedures and a responsible person are specified in accordance with internal rules. Furthermore, a final decision is to be made with the participation of regional representatives, who are closest to the customers, to ensure that feedback from regional customers is accurately reflected.

Upon making a recall decision, we notify relevant customers of the recall in a prompt, fair manner by mail. In addition to this, dealers directly contact customers when necessary. In this manner, we carry out prompt repairs while placing the safety and security of our customers at the highest priority. Moreover, we induce customers to get their vehicles repaired by uploading information on our website on the day of 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.

### FY2021 Recalls

Country, region	Number of recalls	Number of units (million units)
Japan	16	0.6
North America	15	2.2
Europe	18	0.6
Other	24	1.1
Global	42*	4.5

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

SASB TR-AU-250a.2

SASB TR-AU-250a.3

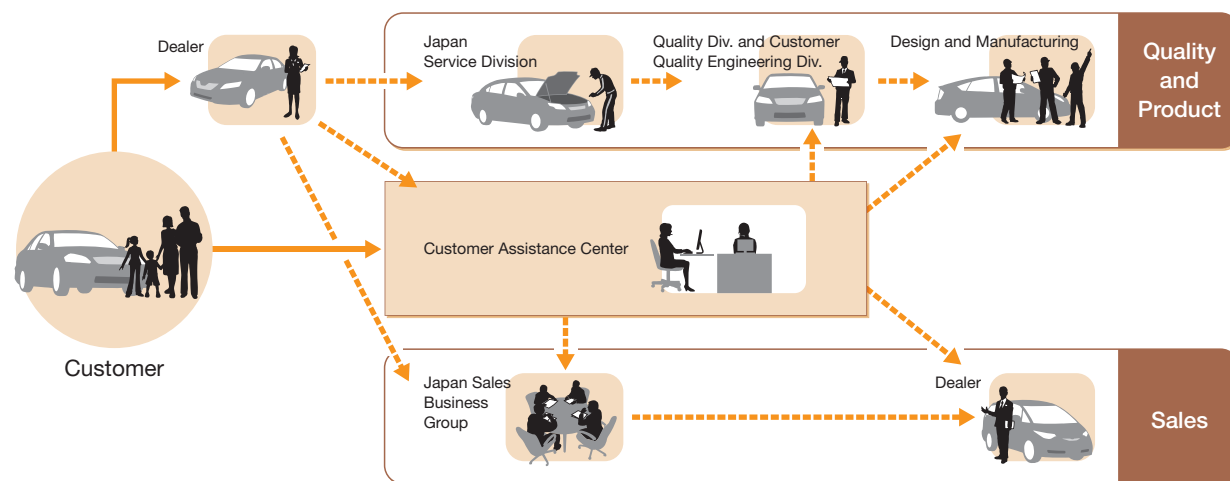
## Customer First Measures

Toyota's principle of Customer First exists to provide customers with products and services that satisfy them. Toyota hopes to continuously offer cars with superior features in terms of environmental, safety and quality performance while also offering the intrinsic appeal of cars, such as high driving performance, as well as services for comfortable "movement" at affordable prices.

We respectfully and willingly accept information provided by our dealers and customer feedback received at customer assistance centers, taking them to heart and utilizing them to make ever-better cars.

## System for Implementing Customer Feedback

In responding to customer inquiries, opinions and requests, the most recent customer feedback is gathered from dealers. Also, we have established customer assistance centers and the actions we take lead to the creation of ever-better cars and services.



## Toyota Customer Assistance Center

For customer inquiries, the Toyota Customer Assistance Center, the Lexus Information Desk and the Lexus Owners Desk are available. On the basis of speedy, appropriate and empathetic responses to customer inquiries based on the principle of Customer First, Toyota works toward making proposals that meet customer needs.

Additionally, a Salesperson Support Desk has been established to support dealers in implementing the Customer First principle.

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

## Initiatives Taken in Each Country and Region

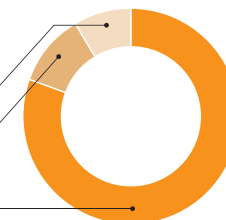
To put the Customer First principle into practice worldwide, Toyota has established customer assistance centers, not only in Japan, but also globally in the U.S., Europe and other Asian countries, and we are giving our full attention to customer voices daily.

## Number and Content of Calls Received by the Toyota Customer Assistance Center and the Lexus Information Desk in FY2021

Number of calls received: 215,000 (Japan)

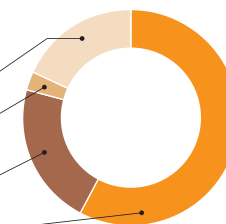
Breakdown of call content

Opinions and issues	8.7%
Sales person support	11.0%
Consultations	80.3%



Content of calls received

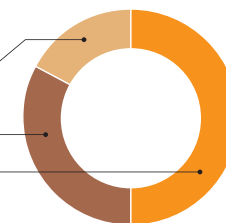
Other	18.2%
Brochure requests	2.8%
Navigation- and audio systems-related	21.4%
Car-related	57.6%



## Results of a customer satisfaction survey: Owners' feedback received at the Lexus Owners Desk in FY2021 (532 respondents)

Level of overall satisfaction for responses to consultation

Dissatisfied	17%
Adequate	32%
Satisfied	50%



Safety

Quality and Customer First

Information Security and Privacy

Human Rights

Business Partners

Health and Safety

Diversity and Inclusion

Human Resources

Intellectual Property

Social Contribution

Social Data

## Education

Toyota has declared every May as Customer's Month to coincide with the designation of May as Consumer's Month by the Japanese government, with initiatives aimed at spreading awareness of the Customer First principle throughout the company. In 2021, Toyota made company-wide efforts: we looked back on Toyota's history since its founding, over which the company has continually placed importance on customer feedback, and learned how to be sincerely considerate of customers from a representative of one of the customer assistance centers through educational contents. At each workplace, thinking about customer feedback, employees discussed what to do while always keeping in mind what they can do for customers. These discussions serve as opportunities for each employee to reconfirm the importance of listening to customer feedback.

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

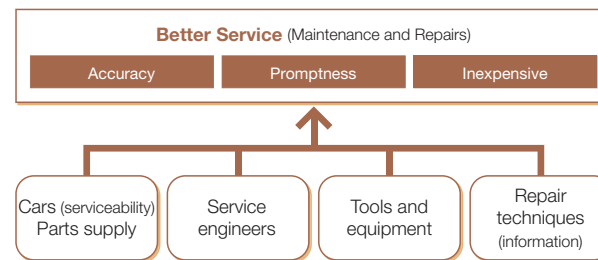
Additionally, we are actively encouraging some of our employees to obtain the Consumer Affairs Advisor qualification, which is certified by Japan's Prime Minister and the Minister of Economy, Trade and Industry. Facility and vehicle evaluations from the customer's viewpoint are also held by a group of experts in the Toyota Consumer Affairs Advisor Group.

## After-sales Service

To bring smiles to the faces of as many customers as possible, it is essential to simultaneously achieve both better cars and better after-sales service. Customer's cars require regular check-ups, legally mandated inspections and repairs following breakdowns or accidents. After-sales service provides safety, peace of mind and comfort to customers at these times and provides continuous support for the Toyota and Lexus brands. In recent years, the average length of time for which a car is

used is increasing. As a result, the role of after-sales service is becoming increasingly important. Toyota is taking measures to provide ever-better services in accordance with the concept of the 3S Spirit (*Seikaku + Shinsetsu = Shinrai: Accuracy + Caring = Trust*) so that we can achieve high levels of satisfaction for our customers in using their Toyota vehicles. Better service means the ability to accurately, promptly and inexpensively perform maintenance and repairs in cases of breakdown. To do this, we are making efforts in terms of the factors shown in the figure below.

### Better Service and Supporting Factors



Based on the idea that after-sales service begins at the stage of vehicle development, we believe that service is also one aspect of a car's performance, and we incorporate improvement policies based on market feedback and repair records into our vehicle development so that customers can safely use their vehicles for a long time. Toyota has also established a system to deliver parts exactly when they are needed to countries around the world so that repairs and other services can be completed speedily. Parts inventories and inspection work are being made more efficient by applying Toyota Production System concepts at dealer worksites. Furthermore, Toyota has been using rebuilt products to lessen customers' burden of repair and alleviate environmental burdens by reusing products.

To promptly support repair work, the number of diagnostic codes for identifying failure causes has been significantly increased. A diagnostic code can identify a particular failed

part by detecting a fault through the self-diagnosis of the on-board computer, helping speed up repair work. We are also taking innovative steps to improve service operation efficiency by reducing the number of frequently performed operations or automating them.

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

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

## Helping Customers Use Their Vehicles Safely

User manuals and information on the latest models are available on the Toyota website to help customers enjoy driving their vehicles safely and comfortably.

We are also utilizing the product information provision tools for distributors and dealers as well as the company website to accurately communicate the risks resulting from operational errors.

## Initiative with Toyota National Dealers' Advisory Council

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

In Japan, the sectional meetings between the Toyota National Dealers' Advisory Council and Toyota are discussing after-sales service. Technical Sectional Meetings, which have been held regularly since 1977, investigate quality issues and serviceability from the customer's perspective. At Service Meetings, held since 1990, various issues regarding the service sites of dealers are investigated. The results of both meetings are used to implement improvements.



# Information Security and Privacy

GRI 416-1, 418-1

Updated in January 2022

## Fundamental Approach

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

Toyota is committed to ensuring the safety and security of our customers from these threats, risks and incidents and we consider it our social responsibility to protect our customers' information assets.

Meanwhile, in step with environmental changes, including the transformation of business models to respond to the age of CASE and growing consumer awareness in recent years, the importance of respecting privacy has been increasing more than ever. By respecting privacy and also appropriately managing and correctly utilizing customer information, Toyota contributes to making ever-better cars and enriching the lives of communities.

## Information Security

We are carrying out various activities based on the Information Security Policy, formulated to clearly define our fundamental approach and attitude regarding information security, with the goal of taking necessary actions together with our subsidiaries.

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

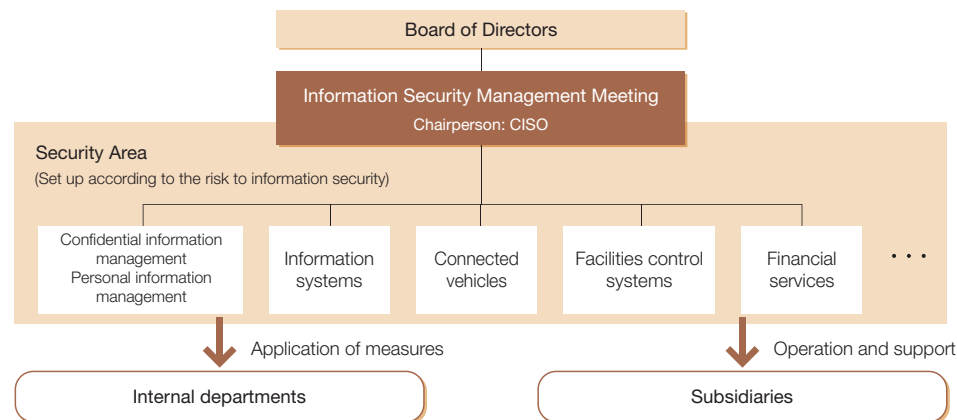
1. Compliance
2. Maintenance of stable business infrastructure
3. Providing safe products and services
4. Contribution to the establishment of safe cyberspace
5. Information security management

 Information Security Policy

## Organizational Structure

Under the Chief Information & Security Officer (CISO), security officers are assigned to the individual security fields to promote activities.

Details of activities in each security field and overall common issues are shared and discussed at Information Security Management Meetings to improve information security throughout Toyota. If a serious incident occurs, the facts of the incident are promptly confirmed and reported to management, including Board of Directors. Causes of the incident are analyzed and countermeasures are taken.



## Initiatives for Information Management

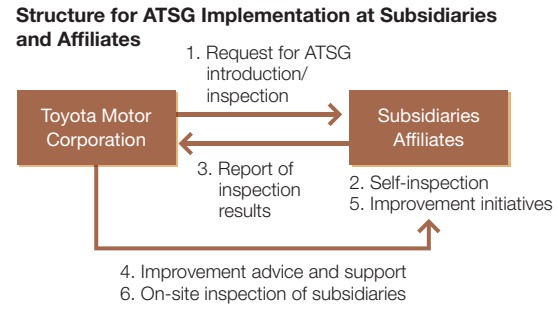
Toyota has established the All Toyota Security Guidelines (ATSG) covering Toyota Motor Corporation, our subsidiaries and affiliates with the goal of comprehensively preventing information leaks and emerging risks of cyber attacks.

Based on ISO 27001/27002, the US National Institute of Standards and Technology (NIST) Cybersecurity Framework, and the Cybersecurity Management Guidelines by the Ministry of Economy, Trade and Industry, ATSG ensures information security through a multi-faced approach: through organization, human resources, technical security, physical security and incident/accident response. To cope with recent environmental changes, ATSG is revised periodically.

By annually inspecting the information security initiatives being taken at each company in line with ATSG, Toyota is working to ensure continuous maintenance and improvement of their information security. Starting in FY2019, Toyota Motor Corporation's specialized team has been continuously carrying out on-site audits of all of our consolidated subsidiaries (to check responses to ATSG and the status of implementation of physical security measures at each company).

**All Toyota Security Guidelines (ATSG)**

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



In terms of automobile-related initiatives, Toyota is a member of the Automotive Information Sharing & Analysis Center (Auto-ISAC) in Japan and the United States, a framework for sharing knowledge related to information security, and is actively utilizing it to learn promptly about cases that occur within the industry and put them to use in our company's development phase. Specifically, referring to the best practices in the industry, Toyota is taking various measures, including security by design,<sup>1</sup> layered defense<sup>2</sup> and security tests. In addition, we are fostering cooperation with external specialist organizations and promoting responses to the international standards concerning cybersecurity, which were adopted at the World Forum for the Harmonization of Vehicle Regulations (WP29)<sup>3</sup> in 2020, and ISO/SAE 21434. Furthermore, Toyota has adopted a vulnerability reporting system for Lexus and Toyota vehicles, working toward enhancing the security of vehicles.

**Major Activities for Information Security Education**

1. Carrying out activities, which all employees are required to take part in, to raise awareness in Information Security Reinforcement Month (twice a year)
2. Displaying educational or warning information at startup of personal PCs each day
3. Providing information security training for new employees and special training when a new law is enforced, to ensure information is distributed in a timely manner
4. Sending targeted attack-type emails without notice to all employees, including executives, once or twice each year

<sup>1</sup> Security by design: Design approach that defines the security requirements needed for safe system operations from the beginning of planning and design phases of an information system, and which aims 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.

<sup>2</sup> 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.

<sup>3</sup> WP29: World Forum for the Harmonization of Vehicle Regulations is a forum organized under the United Nations for the purpose of promoting the international harmonization of safety and environmental regulations for vehicles and the international approval of vehicle certifications by the governments.

## Preparing for Information Leaks and External Attacks

Our specialized team gathers information and monitors the situation at Toyota Motor Corporation, its subsidiaries and affiliates regarding information leaks and attacks from outside the company. If a serious incident occurs, a response team is formed including members in management positions, to settle the situation properly and promptly.

In FY2021, no cases of serious leakage of personal or other confidential information occurred. However, assuming increasingly complex and sophisticated threats, the specialized team conducts training at least once a year. Based on the training results, the team makes revisions or enhances the response measures, thereby ensuring continuous improvement.

Toyota's internal security systems, common measures and rules receive third-party evaluations based on industry standards (ISO 27001/2, NIST SP800-82/52, IEC62443). For the problems pointed out in the evaluations, we implement necessary measures to raise our security level.

## Privacy

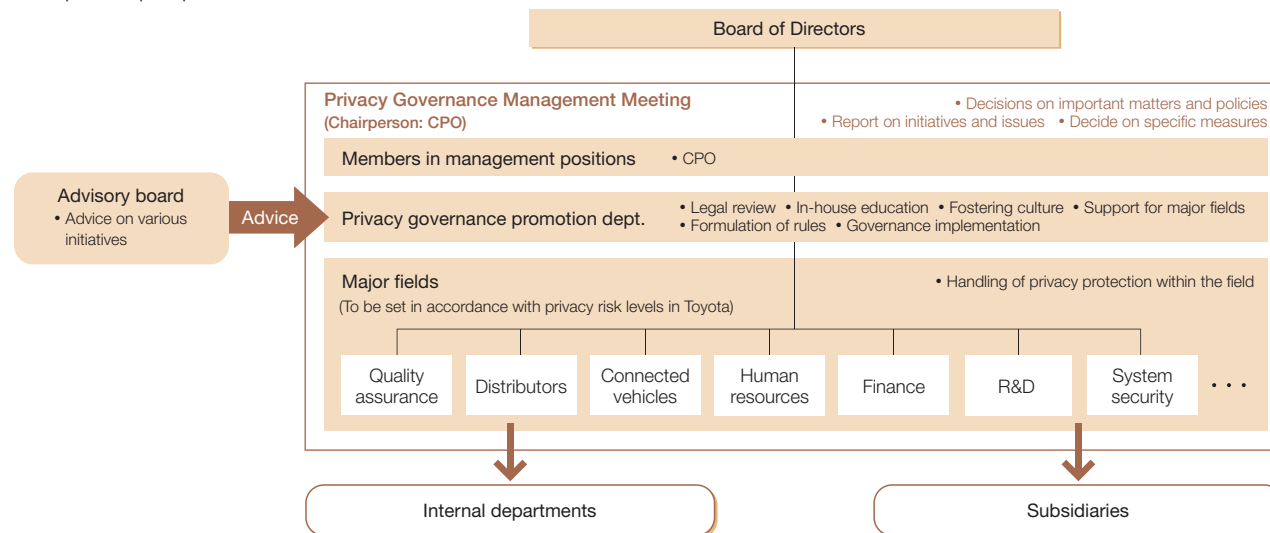
We have always cherished the philosophy of “customer first”. This will continue to be the same when we respect one's privacy. By respecting privacy and appropriately managing and correctly utilizing customer information, Toyota contributes to making ever-better cars and enriching the lives of communities, which we consider our social responsibility.

To enable us to appropriately deal with customers’ personal information we possess in compliance with the Act on the Protection of Personal Information and other laws and regulations, Toyota Privacy Notice defines our fundamental approach and attitude. Based on this policy, we are committed to implementing appropriate information management. Customers’ personal and privacy-related information we possess is managed and protected as confidential information through our initiatives for information security.

 [Toyota Privacy Notice](#)

### Organizational Structure

To respect customers’ privacy with consideration given to how our customers feel, Toyota has established a company-wide governance system. Under the Chief Privacy Officer (CPO), privacy managers are assigned to individual business fields to promote activities. Details of activities in each field, company-wide issues and customer communication are shared and discussed at Privacy Governance Management Meetings to advance activities related to the protection of personal information and respect for privacy throughout Toyota. If a serious incident occurs, the facts of the incident are promptly grasped and reported to the CPO and members in management positions. The incident is analyzed and countermeasures are taken. Furthermore, having established an advisory board comprising external experts, we are working toward formulating a structure to incorporate third-person perspectives.



### Initiatives for Protection of Personal Information and Respect for Privacy

For personal information, the company regulations provide the procedures required to obtain, use and manage it. To meet the requirements set by each country/region, we take appropriate measures in line with the EU General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA) and other local laws and regulations. When we share personal information with a third party, the company regulations require us to take various measures, including the conclusion of a non-disclosure agreement, supervision of the third party, and equivalent measures in the case of subcontracting.

The Privacy Code of Conduct, formulated based on the Toyota Philosophy and Toyota Way 2020, articulates how Toyota is expected to be in terms of handling personal and privacy-related information and also defines the course of action to be taken by the company and each employee. By complying with the code of conduct, Toyota strives to provide products and services that are sympathetic towards society and people.

Moreover, by providing individual education, we raise awareness of respect for privacy among employees and ensure they understand the importance of legal compliance and appropriate information handling. We also periodically check the handling status.

In view of the changes in both internal and external environments, we will continue to conduct activities for improvement and provide periodic education with due consideration given to not only the protection of personal information but also respect for privacy.

**Privacy Code of Conduct (Excerpt)**

◀ What Toyota employees should strive for ▶

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.

**What each Toyota employee should strive for**

	<b>Customer first</b>	Listen to customers' voice carefully and sincerely.
	<b>Quality first</b>	Respect customers privacy in the development and operation of products and services. (Privacy by design)
	<b>Product and Experience</b>	When using customer-related information, create services and products that suit each individual customer to achieve customer happiness.
	<b>Compliance</b>	Information management based on complying with laws and regulations
	<b>Stakeholder</b>	Cooperation with our stakeholders to respect our customers privacy and comply with laws and regulations

**Human resource development**  
Achieve a high standard of privacy governance

**Major Activities for Education Related to Personal Information and Privacy**

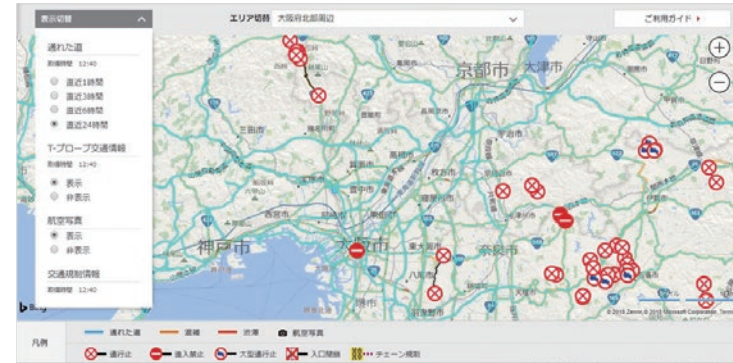
- Carrying out company-wide enlightenment activities, which all employees are required to take part in, during Privacy Month (once a year)
- Providing training for new employees and on-demand training
- Providing special training when a new law is enforced or an existing law is revised, to ensure information is distributed in a timely manner

**Initiatives for Utilizing Information**

Toyota utilizes information to solve social issues and provide better products and services. While respecting our customers' privacy and giving due consideration to the handling of customer information, we strive to provide products and services that please our customers. Here are some examples of our initiatives.

**Case 1: Maps of Traveled Routes**

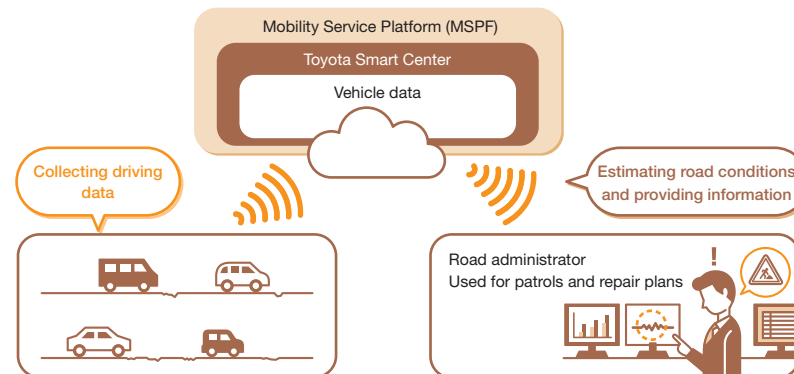
This service provides road maps that show which routes are passable by collecting data on the roads on which connected vehicles actually drove. These maps are particularly of utility in the event of a disaster to, for example, look for an alternative path, check restored roads and estimate the time of arrival more accurately. In the event of a special heavy rain warning or an earthquake with a seismic intensity of 5 or greater, we cooperate with the local government to contribute to disaster management and recovery activities.



\* This service is only available in Japanese.  
 \* This service is using Microsoft® Bing Maps® Enterprise license.  
 \* This figure is from the earthquake in the northern part of Osaka Prefecture in Japan in June 2018.

**Case 2: Utilizing of Vehicle Data to Maintain and Inspect Roads**

Understanding the condition of roads leads to providing safety and security, such as preventing traffic accidents and the securing of evacuation routes in the event of a disaster. Analyzing vehicle data collected from connected vehicles enables the checking the deterioration of the road surface, allowing plans for road maintenance and inspection to be developed and maintenance priorities to be determined. As a result, it is expected that the efficiency of road surveys conducted by local governments will be improved, and maintenance and repair of roads will be promoted, leading to an affluent mobility society.



## Human Rights

GRI 102-41, 409-1, 412-1, 2, 3

Updated in October 2021

Contribution to SDGs



### Fundamental Approach

Toyota refer to and respect the “United Nations Guiding Principles on Business and Human Rights” (UNGPR) and promote activities related to human rights based on the UNGPR.

Seeking “The Happiness of Someone other than Ourselves” has always been a part of Toyota’s Founding Principles and this was a driving force that led to the invention of the automatic loom which can be considered as the beginning of Toyota. This spirit and pursuit is still within us today, although our mission has now grown to “Producing Happiness for All”. Within every country and every region in which we operate, we aim to be the best company in town that is both loved and trusted by the people.

The automobile industry is supported by numerous people, including local communities, suppliers, business partners such as dealers, customers, etc. We will continue to protect and improve the human rights of our employees, customers and all people involved in our business activities in order to be beneficial towards society. “Human Rights Policy” stands as the highest level policy related to human rights within Toyota and shall be adhered to by everyone employed by Toyota.



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

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

Each employee contributes to the creation of a work environment that promotes safety & health, respects each employee’s dignity, is inclusive, and is free from discrimination and harassment. This is essential to ensuring a decent work environment. Discrimination, unhealthy, and unsafe work environments are not only violations of human rights, they are also conditions that will negatively impact employee performance.

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

### Respect for Labor Standards

#### Wages

Toyota ensures fair compensation that is above the legal minimum wage for its employees regardless of job type and rank. Toyota reviews employee compensation every time the legal minimum wage increases. In addition to this, Toyota respects the concept of equal pay for equal work. In order to reduce uncertainty about the future and improve the compensation for temporary workers, Toyota makes the terms of employee contracts transparent and clearly explains employee compensation and benefits. Over and above the standard contract conditions, Toyota also provides family allowance, subsidizes meal costs, grants special leave, and has established channels to allow for the conversion of variable workforce employees to permanent employees.

#### Worktime

Toyota complies with the Labor Standards Act and in the case of excess working hours above legal limits, Toyota follows due process relating to legal procedures. This process also involves having thorough communication with the Toyota Motor Workers Union so that together the employee’s health and safety can be protected.

#### Flexible Workstyle

Toyota promotes flexible workstyles without restrictions of time and location, with a view to improving productivity and supporting employees in balancing work with childcare/family care. At administrative and engineering workplaces, the Free Time & Location (FTL) system, which enables employees to telework, was introduced in 2016. At production sites, where teleworking is difficult, a system for reduced working hours has been enhanced to support balancing work with childcare/nursing care. (In terms of associated outside evaluation, Toyota was awarded a grand prize in the Nikkei Smart Work Management Survey for 2020.)

Due to the spread of the COVID-19 novel coronavirus, Toyota temporarily expanded the range of qualifications and job types eligible for teleworking. Toyota has decided to continue this permanently from September 2020, allowing more flexible workstyles.

#### Anti-harassment

The Toyota Code of Conduct clearly states that Toyota should respect human rights and should not tolerate any form of harassment. We provide internal anti-harassment training programs for all employees, including executives, supervisors, management, expatriates and new hires, to ensure compliance with the code of conduct (2020 breakdown: all senior professionals/senior management and all professionals/management: 6,525 hours for approx. 8,000 persons, all assistant managers and all those in ranks below: 6,000 hours for approx. 24,000 persons, all shop floor employees: 11,000 hours for approx. 44,000 persons). Furthermore, our employment rules were revised in April 2020 to specify more clearly the prohibition of harassment and disciplinary provisions in the case of harassment. In the same month, Toyota’s external and internal hotlines were integrated into the “Speak up” Hotline, which allows anonymous reports including colleagues and is open to third parties including family members of an interested party. Toyota also takes various other measures, including a monthly survey of young employees and the assignment of job consultants who are easy to consult with in the workplace, thereby advancing the development of a system that enables early detection and resolution of employees’ problems and workplace issues.





## Incorporating the Approach to Respect for Human Rights into Business Processes

To meet the expectations of our stakeholders, we tackle issues relating to human rights in reference to international norms such as the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights. At Toyota, the Human Resources Division promotes the above activity by thoroughly communicating with both the Purchasing Group and the Sustainability Management Department.

### Human Rights Approach

The strategy and policy for the human rights approach are discussed and agreed upon within the framework of the organization for sustainability management, and then reported to the Board of Directors Meeting. Risk information is reported monthly to management in relevant divisions and quarterly to relevant executives. In the course of these reports, potential risks to stakeholders, including those within our own business operations as well as those of our supply chain, are assessed and measures to be taken are prioritized. Decisions made by the organization for sustainability management are then communicated to our stakeholders, including labor unions, global affiliates, group companies and suppliers, on a monthly basis.

### Material Risk Identification

In the process of identifying key human rights risks, Toyota refers to various international norms and standards to guide its methodology, processes and actions. Broad risk assessments are made at the Sustainability Meeting in terms of ESG criteria. With regards to human rights issues related to the automobile industry and other emerging risks, Toyota consults human rights experts and other relevant stakeholders to classify and analyze the risks from two viewpoints, namely, the public interest and the impact on our business. Typically, risks that are identified as high risk from both these viewpoints are considered material.

### Human Rights Methodology

While working on initiatives related to human rights, Toyota specifically created a human rights process for its operations in 2019. As part of this activity, Toyota published the "Toyota's action taken for Forced Labor of Migrant Workers (Statement on the Modern Slavery Acts)" covering migrant labor issues in March 2021 (updated in September). Toyota continues to develop and enhance this process. The following sections aim to describe some of the key human rights-related activities that have been introduced into our business operations.

### Monitoring of Human Rights Issues

The daily operations relating to human rights for both internal and supplier operations are administered by the relevant functions under the leadership of the Sustainability Management Department. The activities include a regular monitoring process to grasp human rights-related concerns within Toyota's operations and also those of the supply chain. After the assessment of

risk areas, Toyota's position relating to the risks is determined and then necessary due diligence is conducted. The monitoring channels used consists of grievance mechanisms, media sources, business networks, union communications and investor engagement.

### Countermeasure Activities

For each of the prioritized risks, Toyota develops a risk mitigation plan through an agreement with the affected stakeholders and suppliers while also being guided by specialist external bodies. These plans are tracked on a monthly basis and reviewed annually by the human rights-related functions to evaluate both the progress and effectiveness of the activity. Furthermore, the need for any revisions or improvements is also determined.

 [Toyota's action taken for Forced Labor of Migrant Workers \(Statement on the Modern Slavery Acts\)](#)

 [Organization for Sustainability Management p. 5](#)

## Engaging with Business Partners (Supply Chain Due Diligence)

Toyota makes every effort to align with suppliers that share a common understanding with Toyota relating to human rights. Within the Toyota Supplier CSR Guidelines, it is specifically stated that Toyota respects human rights and expects its supplier network to also have this perspective. Working together with suppliers on areas regarding risk monitoring, tracking and remediation allows Toyota to provide guidance and support for potentially affected stakeholders. The Toyota's action taken for Forced Labor of Migrant Workers (Statement on the Modern Slavery Acts) published in March 2021 (updated in September) describes in more detail the specific steps taken relating to our engagement with suppliers.

The approach taken with Toyota's suppliers depends on the amount of influence held over a particular supplier. Toyota engages directly with group companies and Tier-1 suppliers, whereas with regards to Tier-2 and other suppliers that are found deeper within the supply chain, the effectiveness of collaboration with other stakeholders has been proven. Our aim is to also partner with external stakeholders to fully understand and align with societal expectations, while also maintaining legal compliance in all of our operations and within our supply chain.



## Prioritized Human Rights Themes for 2021

As a result of identifying and assessing material risks, we decided to prioritize Migrant Labor for 2021.

Due diligence activities will continue for the established automotive industry-related risks, namely:

- Child Labor
- Forced Labor
- Freedom of Association
- Conflict Minerals

A global study of diversity and labor has been initiated within Toyota's direct business operations to better understand these topics in the various regions. Depending on the outcome of this study, Toyota will focus its utmost efforts in the prioritized areas. Regardless of the above priorities which were determined for the year 2021, if there are any other sudden or unforeseen salient risks that emerge in our business, we may review our priorities and conduct ad hoc due diligence activities.

## Migrant Workers

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

As part of our due diligence activities, we have been working with non-governmental organizations to ensure fair working conditions for migrant workers within our affiliates and suppliers both inside and outside Japan. This has included the development of guidelines to help eliminate possible exploitation by unscrupulous employment agencies charging high recruitment fees, as well as ensuring freedom of movement, fair treatment, and proper employment contracts for migrant workers. (Please refer to the link "Toyota's action taken for Forced Labor of Migrant Workers (Statement on the Modern Slavery Acts)")

We have also partnered on the development of the "ASSC Tokyo Declaration 2020." This is a set of 13 declarations created to enhance and respect the rights of migrant workers from the moment of recruitment, during overseas employment, and until their safe return to their home countries. The "ASSC Tokyo Declaration 2020" was developed with

reference to the "Dhaka Principles," regarded as the international norm advocated by the International Organization for Migration and the International Labor Organization.

 [Toyota's action taken for Forced Labor of Migrant Workers \(Statement on the Modern Slavery Acts\)](#)

 [ASSC Tokyo Declaration 2020](#)

## Assessing Migrant Labor-related Risks in Toyota's Direct Global Operations

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

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

### Migrant Workers at Toyota Subsidiaries by Region

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

Due to the significant increase in the number of migrant workers being employed in Japan as a whole and within our domestic operations, we decided to investigate the situation

of our Group companies and their major Tier-1 suppliers and our own major Tier-1 suppliers (the top 276 suppliers accounting for 90% of the total procurement value) by focusing our attention on foreign technical internship trainees\*, who are at high risk of debt bonded labor.

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

### Foreign Technical Internship Trainees Utilization (Japan)

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

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

Through the surveys, we have been able to ascertain that, among Toyota's Tier-1 suppliers, 22 companies employ foreign technical internship trainees from affiliated companies, and 102 companies employ trainees via employment agencies in the sending country and supervising organizations in Japan. Upon further investigation, we found that the countries dispatching technical internship trainees were mainly comprised of China and various South East Asian countries such as Vietnam, Laos, Thailand and Indonesia. In order to mitigate any possible human rights infringements associated with the migration of technical internship trainees, we plan to:

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

## Responsible Sourcing of Cobalt

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

[Responsible Sourcing of Cobalt p. 72](#)

## Freedom of Association

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

Regardless of whether or not there is a labor union, Toyota has taken every opportunity it can to engage in thorough dialogue with employees and build healthy labor relations. We believe that dialogue and discussion with employees or their appropriate representatives is part of these kinds of relationships between labor and management.

Moreover, to ascertain the status of dialogue with employees and issues related to freedom of association, we periodically send out and collect questionnaires from our subsidiaries and request that improvement be made to policies and activities based on the responses. For affiliates that require concentrated initiatives, associates from the Toyota Motor Corporation are dispatched to review policies and activities, and work with the affiliate in question to enhance communication with and training for employees regarding Toyota's policies concerning freedom of association and legal

compliance.

Toyota would like to highlight its activities to respect Freedom of Association of members within its supply chain. Between 2019 and 2020, as part of its global due diligence activities, Toyota investigated some cases of possible infringement on Freedom of Association within the supply chain and recommended corrective actions.

### Unionization Situation

Countries with Unionized Operations (only countries/regions with manufacturing)	91% (20 out of 22)
<b>SASB</b> TR-AU-310a.1	

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

## Precarious Work

The term non-permanent workers refers to temporary workers, contract employees, dispatch employees, and so on. This status is marked by a number of uncertain and unstable characteristics, such as uncertain employment periods, low wages, and low employee benefits. Our businesses require personnel equipped with both a deep understanding of Toyota values and advanced skills, and because a long period of time is required to cultivate such personnel, Toyota strives to provide stable employment even when the external environment is harsh. At the same time, because it is engaged in the automobile industry, in which demand is greatly influenced by new products and seasonal factors, Toyota hires a certain number of temporary personnel for a certain period either directly or indirectly to respond to these fluctuations.

For this reason, in addition to each affiliate hiring non-permanent workers based on the customs and labor laws of each region, Toyota also strives to avoid inappropri-

ate working conditions and employment.

First, we confirm the composition of employees at affiliates in various countries, and for non-permanent employment relationships, we identify affiliates requiring prioritized examination. Toyota Motor Corporation associates are dispatched to identified affiliate sites, and we implement improvements such as reallocations and reviews of employment rules related to contract terms when necessary. In addition, we review and continuously improve the working conditions of fixed-term contract employees at Toyota Motor Corporation.

## Covid-19 Pandemic Countermeasure Communication from Management to Members

We use our company intranet site to keep our members informed of the countermeasures the company has been implementing to address the latest Covid-19 related issues. Between February 2020 and May 2021, 26 separate communications regarding Covid-19 have been uploaded to the intranet site and delivered via line management. Information in these communications includes:

- Mask, handwashing and gargling instructions
- Social distancing protocols
- Procedures for employees with Covid-19 related symptoms (including a health check-sheet)
- Workplace disinfection

Within it, President Toyoda also issued a message related to Covid-19 for all global Toyota members. For details, please refer to Toyota Times.

[Response to Infectious Diseases p. 109](#)

[Toyota Times](#)

[Toyota's response to the spread of COVID-19 \(Novel Coronavirus\) infections](#)

## Covid-19 Pandemic Countermeasure Collaboration with Union Representatives

Toyota has been utilizing its various communication channels with the Toyota Motor Workers' Union to keep union members apprised of the countermeasures currently in place regarding Covid-19. The same channels have also been used to grasp the concerns and opinions of the members as they support the company in the implementation of such countermeasures. We have also been working with our Regional Headquarters to encourage them to utilize their communication channels to effectively relay Covid-19 safety and health-related countermeasures and grasp union members' concerns and opinions.

Some of the meetings held between Toyota management and the Toyota Motor Workers' Union can be found below:

- Local Labor-Management Roundtable Conference of Workplaces (Once a month)
- Local Labor-Management Roundtable Conference of Branches/Companies (Once a quarter)
- Labor-Management Expanded Round Table Conference (Once every 2 months)
- The Committee for HR system review (Once per week)

At TMNA (U.S.), we built consensus with all of our members and there was agreement to continue to work after the beginning of the Covid-19 pandemic. We also had dialogue with our union representatives at our unionized locations. Both the Teamsters Union and Longshoremen Union have been working closely with management to ensure a safe work environment with countermeasures including temperature checks, testing, social distancing, the wearing of masks, etc., while maintaining operations. The same actions have also been taken at Toyota's non-unionized locations in the United States.

Despite the Covid-19 pandemic, numerous labor issues were successfully tackled with the support of the unions, and one Collective Bargaining Agreement was successfully negotiated with the Teamsters Union in 2020.

## Education Related to Human Rights

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



Participants gathered for training

## Labor Relations Training for Supplier Executives

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



Case Study and Group Discussion



Negotiations roleplay

## Training Prior to Being Transferred to Overseas Human Resources

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

## Training Prior to Being Transferred to Purchasing

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

## Responsible Mineral Sourcing

**SASB** TR-AU-440a.1

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

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



## Toyota's Policy for Responsible Mineral Sourcing

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

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

### Toyota Supplier CSR Guidelines

#### Policies and Approaches to Responsible Mineral Sourcing

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

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

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

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

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

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

## Reasonable Country of Origin Inquiry

Toyota has conducted a reasonable country-of-origin inquiry with due diligence throughout its global supply chain since 2013. In 2020, Toyota again conducted a survey of its automotive and marine businesses in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas.

Before conducting the survey, Toyota formulated a manual detailing how to fill in the survey sheet and developed a tool, both of which were to be used by suppliers to compile the survey results. Toyota also supported a briefing session co-sponsored by the Japan Auto Parts Industries Association (JAPIA)<sup>1</sup> and the Japan Electronics and Information Technology Industries Association (JEITA).<sup>2</sup> We contacted suppliers who had not submitted a Conflict Minerals Reporting Template (CMRT), and collected CMRTs from thousands of suppliers.

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

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

In cooperation with the Responsible Minerals Initiative (RMI)<sup>3</sup>, TMNA (U.S.) has been engaging in the activities of Conflict-free Sourcing Working Group and the working group of the Automotive Industry Action Group (AIAG)<sup>4</sup> on conflict minerals originating from the Democratic Republic of Congo. Specifically, in 2020, TMNA continued to lead RMI's Global Smelter Engagement Teams Working Group (as Team-Lead) in conducting background surveys of smelters/refiners, prodding 92 smelters/refiners (23 of which were cobalt smelters) to participate in the Responsible Minerals Assurance Process (RMAP).

As a result of the industry-wide cooperation described above, the number of conflict-free smelters/refiners worldwide has increased to 247 as of November 2020. Of these, 239 companies are included in Toyota's 2020 survey results.

The survey results from January–December 2020 and Toyota's initiatives were incorporated into Form SD and the Conflict Minerals Report, and filed with the U.S. Securities and Exchange Commission (SEC) on May 28, 2021.

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

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

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

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

### Conflict Minerals Report

## Responsible Sourcing of Cobalt

Cobalt, used in batteries, etc. necessary for automobile electrification, is an important mineral resource for Toyota. At the same time, Toyota understands that there are concerns associated with mining of cobalt regarding child labor and other human rights abuses.

Toyota has formulated its Policies and Approaches to Responsible Mineral Sourcing based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas, and has promoted responsible procurement of minerals by such means as conducting surveys with the aim of enhancing the transparency of its supply chain.

Meanwhile, by participating in activities of the RMI Cobalt Working Group, TMNA (U.S.) has been encouraging smelters/refiners to acquire certificates.

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

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



## Business Partners

GRI 102-9, 414-1, 2

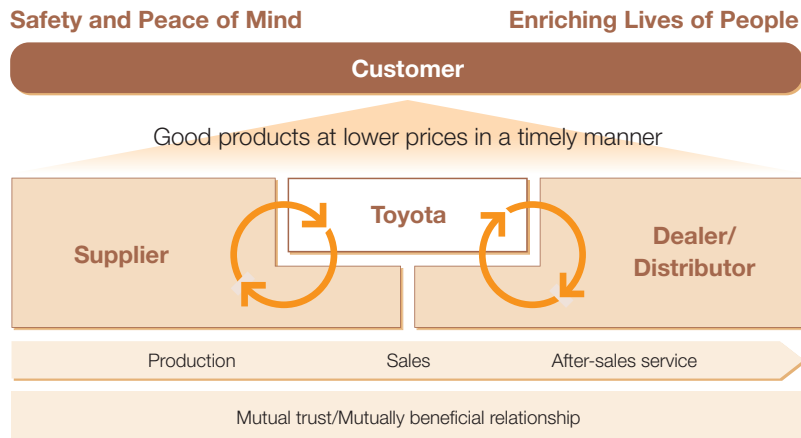
Updated in January 2022

Contribution to SDGs



### Fundamental Approach

In order to contribute to society through car-manufacturing and *monozukuri* (manufacturing) and put into practice the principle of “Customer First,” it is necessary to share principles and collaborate with our business partners such as suppliers and dealers. Toyota pursues open and fair business, and engages in sustainability initiatives through close collaboration with business partners to raise quality in terms of safety and customer satisfaction.



### Supply Chain

Since its establishment, Toyota has worked closely with its suppliers in its manufacturing. As part of these efforts, Toyota has globally implemented its Basic Purchasing Policies according to the spirit of mutual benefit based on mutual trust. We have close relationships with existing and new suppliers to promote “Customer First.” To address the increasing interest in corporate social responsibility, including in our supply chain, we have dialogues with suppliers. Before conducting business transactions, we conclude contracts that clearly spell out legal compliance, respect for human rights, and considerations for local and global environments. Internally, we work to raise the awareness of all our employees, including buyers, through seminars and trainings.

#### Toyota Basic Purchasing Policies

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

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

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

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

We develop mutual benefit in long-term relationships.

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

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

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

At Toyota, the purchasing group headed by the chief officer and deputy chief officer for purchasing takes the lead in promoting activities in close cooperation with personnel affairs, compliance and environment divisions, Sustainability Management Dept. and other relevant departments. Policies and approaches of the initiatives are reported to and discussed at the Sustainability Meeting, in which the Chief Sustainability Officer and Outside Directors participate, and also reported to and discussed at the Board of Directors and Management Meeting as necessary.

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

[Organization for Sustainability Management p. 5](#)

## Toyota's Supply Chain

Toyota has a total of 8,519 Tier-1 suppliers globally, including 3,169 parts suppliers.

### Tier-1 Suppliers (FY2021)

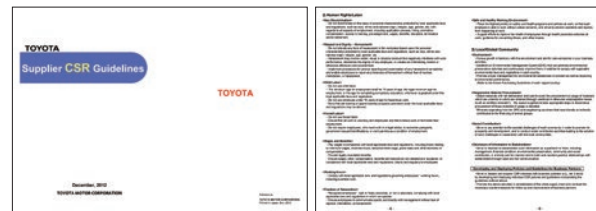
	Parts	Equipment, logistics, etc.	Total
Global	3,169	5,350	8,519
Japan	457	896	1,353
Overseas	2,712	4,454	7,166

## Toyota Supplier CSR Guidelines

Toyota has issued the Toyota Supplier CSR Guidelines, under which we cooperate with our suppliers. We share these guidelines with our suppliers and request suppliers to implement their activities based on the guidelines. In 2012, Toyota revised the guidelines to more clearly indicate its principles on human rights issues (strengthening monitoring and corrective actions, and approaches towards conflict minerals) to help enhance its suppliers' initiatives.

The Toyota Supplier CSR Guidelines clearly indicate that Tier-1 suppliers are requested to deploy our purchasing policies and guidelines to their business partners in Tier-2 and beyond, so that the guidelines are disseminated and implemented throughout the entire supply chain.

We share the Toyota Supplier CSR Guidelines globally. The guidelines are deployed to Toyota suppliers overseas through the purchasing departments of our overseas affiliates.



[Toyota Supplier CSR Guidelines](#)

## Initiatives for Compliance and Implementation

To ensure understanding and implementation of the guidelines, all Toyota suppliers are requested to periodically check the status of their implementation using a self-inspection sheet.

In October 2020, around 350 Tier-1 suppliers, which account for over 90% of the purchase volume in Japan, submitted the results of their self-inspection to show the status of their implementation. If any problem is reported from the outside, we investigate the fact. If we find that the problem is true, we ask the supplier in question to correct it while maintaining communication with the supplier to ensure implementation of the correction, thereby preventing recurrence of the problem. Also, to prevent similar problems from occurring at other suppliers, we request them to pay attention to the guidelines and ensure compliance. In 2020, for example, we requested correction of the treatment of foreign technical internship trainees who were unable to return to their home countries in the midst of the Covid-19 pandemic.

If an event violating the guidelines is found but no correction is made despite our request, we may reconsider our business relationship with the relevant supplier in principle.

Tier-1 suppliers are requested to ensure that Tier-2 suppliers act in the same way.

## Sustainability Activities

As part of its sustainability activities, Toyota has been taking measures to enlighten and educate its employees. Toyota also works to support suppliers in promoting their own sustainability efforts, as well as collaborative sustainability initiatives between Toyota and suppliers.

[For purchasing departments]

- All members: Education in sustainability for those newly assigned to purchasing
- All members: Periodical study meetings on human rights, the environment and other themes
- Members stationed overseas: Labor relations training by the personnel affairs department before departure

Safety

Quality and  
Customer FirstInformation Security  
and Privacy

Human Rights

Business Partners

Health and Safety

Diversity and Inclusion

Human Resources

Intellectual Property

Social Contribution

Social Data

[For suppliers]

- Information sharing and awareness raising by video link on the web (September 2020)
- Themes: Initiatives to improve the environment, foreign technical internship trainee system, cyber security
- Tier-1 suppliers encourage suppliers at Tier-2 and beyond to take part in the training, so that the contents of the training can be disseminated throughout the supply chain.
- We conduct questionnaire surveys of suppliers to reflect their opinions in the training.
- Web briefing (May 2021)
- Theme: Carbon neutrality (Request to suppliers to promote their efforts to achieve their CO<sub>2</sub> reduction goals)
- By providing a complete set of the materials for the briefing session, we encouraged Tier-1 suppliers to enlighten suppliers at Tier-2 and beyond and inspire them to further efforts, so that initiatives for carbon neutrality can spread throughout the supply chain.
- Training prior to being transferred to a purchasing department overseas
- AIAG<sup>1</sup> supplier training program
- Toyota participated in the development of the Supplier Responsibility Training Project, an e-learning program available to suppliers on the AIAG website.

[Voluntary activities of suppliers<sup>2</sup>]

- CSR lecture
- Purpose: To improve suppliers' awareness and understanding of sustainability and encourage sustainability initiatives
- CSR workshop
- Purpose: To encourage mutual learning through communication among suppliers, enhance understanding of sustainability and encourage sustainability initiatives
- Corporate executive round-table conference
- Purpose: To encourage corporate executives to take the initiative in carrying out sustainability activities
- In 2021, Toyota members also attended. Through discussions on carbon neutrality, the participants shared information, identified issues to be addressed and planned measures to be taken.
- Volunteer activities

<sup>1</sup> AIAG (Automotive Industry Action Group): <https://www.aiag.org/><sup>2</sup> Carried out by Toyota's supplier associations, Kyohokai and Eihokai
[Collaboration with Suppliers p. 60](#)
[Education Related to Human Rights p. 71](#)


CSR lecture

## Human Rights and Due Diligence

Through communication with internal personnel affairs and IR departments and overseas affiliates as well as external organizations, and based on the results of self-inspection by suppliers on compliance with the guidelines, Toyota continuously examines possible risks in each country and identifies the priority themes to be focused on. At present, foreign technical internship trainees in Japan and child labor in cobalt procurement are considered as priority risks that should be prevented.

### Initiatives Related to Foreign Technical Internship Trainees

We recognize the possible risks of forced labor within our supply chain. We are working with the personnel affairs department to eliminate such risks.

[Migrant Workers p. 69](#)

### Responsible Sourcing of Cobalt

Toyota recognizes the concern over cobalt sourcing from small-scale artisanal mining, which has risk for the utilization of child labor. Within our business and supply chain, we aim to implement measures to source only ethical cobalt.

[Responsible Sourcing of Cobalt p. 72](#)

## Preventing Bribery

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

[Anti-Bribery Guidelines](#)

## Responses to Non-compliance

Toyota makes daily efforts to maintain close communication with suppliers. We request suppliers to promptly provide information if any compliance-related problems arise. If any problem is reported from outside, we investigate the fact. If we find that the problem is true, we ask the supplier in question to correct it while maintaining communication with the supplier to ensure the implementation of the correction, thereby preventing any recurrence of the problem. If a serious non-compliance event, such as bribery, arises but no correction is made, we may reconsider our business relationship with the relevant supplier in principle.

## Supplier Hotline

Toyota endeavors to ensure that actions taken by its employees are fair and just in compliance with laws and regulations, based on the Toyota Code of Conduct and Toyota Basic Purchasing Policies. Supplier hotline has been set up to allow suppliers to report any action violating laws, regulations, or business manners that may have occurred while assuring anonymity.

## Dealers

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

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

### Support for Toyota Dealers

The Toyota National Dealers' Advisory Council (TNDAC), comprised of Toyota dealers in Japan, distributes the Legal Compliance Manual, a tool which explains major laws and regulations and summarizes the checkpoints to dealers, each year to help dealers carry out their voluntary compliance activities.

The Legal Compliance Manual provides an overview of various laws and regulations, including the Act on the Protection of Personal Information, the Act against Unjustifiable Premiums and Misleading Representations, the Installment Sales Act, and the Insurance Business Act, and provides related checklists. The Manual helps prevent misleading/false communications in terms of safety, the environment and quality and ensures that all the parties concerned understand the laws and regulations related to finance and insurance at the time of business negotiations.

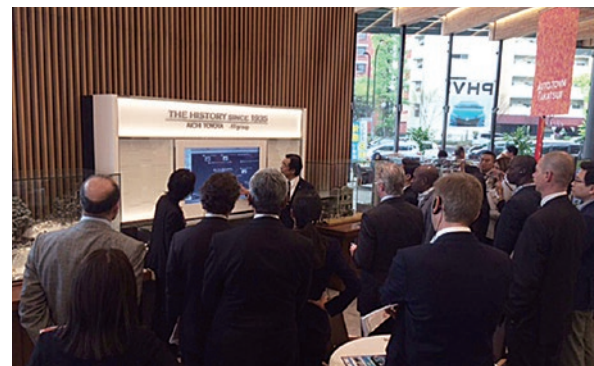
Toyota supports the TNDAC and dealers by setting up a compliance support website that lists best practices from dealers. We also provide support by revising the Legal Compliance Manual in response to revisions in laws and regulations. In FY2022, the Legal Compliance Manual was revised for such reasons as improper vehicle inspection and improper handling of customers' personal information by dealers. In addition, Toyota has been working toward enhancing regulatory compliance by holding compliance seminars for representatives of dealers and encouraging cross-check among dealers.

### Onsite Visit from Toyota Dealers Overseas

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

They learn how Japanese dealers improve customer satisfaction and create more Toyota fans throughout the entire value chain, including new car sales, service, insurance, used cars, and credit. After *genchi genbutsu* (onsite hands-on experience), they incorporate what they have learned into various activities at their own locations back home.

Through active communication among dealers with different cultural backgrounds, these visits offer each dealer new ideas and learning opportunities.



Visitors

# Health and Safety

GRI 403-1~10

Updated in September 2021

## Fundamental Approach

Toyota's mission, as defined by the Toyota Philosophy, is "Producing Happiness for All." To this end, we conduct corporate activities based on the concept that all people working for Toyota, including our employees, suppliers and in-plant contractors, can stay physically and mentally healthy and continue to play an active role in a safe work environment. We believe that ensuring health and safety is one of Toyota's most important longstanding initiatives, and we have been pushing forward with our business activities in accordance with Toyota Motor Corporation's Declaration of Health Commitment and the Basic Philosophy for Safety and Health.

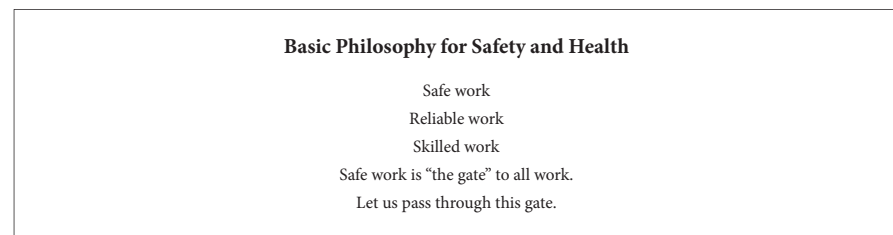
[Philosophy for health and safety]

The physical and mental health of our employees is the driving force behind our good performance, and our top management has announced, in Toyota Motor Corporation's Declaration of Health Commitment issued in 2017, that Toyota aims to become a health-first company.

With regard to safety, the message "Safe work is the gate to all work. Let us pass through this gate" has long been passed on as the basic philosophy for safety and health, and incorporates Toyota's strong desire for its employees to never be involved in occupational accidents.

[Health and safety function policy]

Aiming to develop human resources and workplaces capable of positively thinking and taking action to safeguard their health and safety, Toyota is promoting the instillation and deepening of its interactive health and safety culture. We are working, on a global scale, toward developing people to help them work in a lively manner and enhance their ability to predict risks, and also developing workplaces to help create a positive work environment friendly to every single worker.

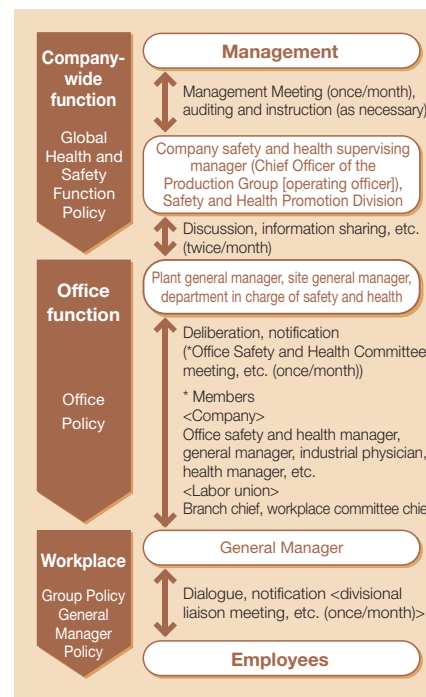


## Organizational Structure

Each year, the safety and health function policy and associated KPIs are formulated by the company safety and health supervising manager (Chief Officer of the Production Group[operating officer]) in view of technological innovations and environmental changes, and are deployed globally. Based on the function policy, efforts are made at all workplaces in all regions to improve their safety and health activities. The results of these efforts, including the status of the occurrence of diseases and accidents, are reported at the Management Meeting (in which board members and operating officers participate) by the company safety and health supervising manager. To facilitate the smooth progress of various activities, cooperation is promoted on a daily basis in sharing information with the administrative divisions of offices, promoting mutual understanding with labor unions, and conducting joint activities with the health insurance society.

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

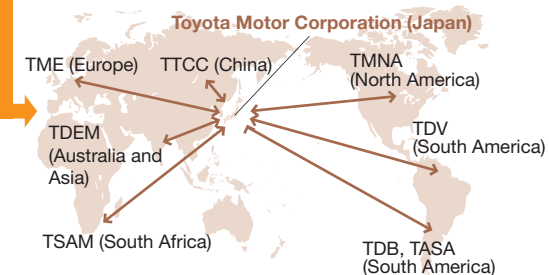
### Organizational Structure



### Suppliers, affiliated companies

Group companies	All Toyota Safety and Health Cooperating Association (17 companies)
Parts and materials suppliers	Kyohokai safety and health committee (228 companies)
Equipment, installation and logistics suppliers	Eihokai safety and health committee (128 companies) Toyota Motor Corp. Safety and Health Cooperating Association (573 companies)

### Overseas affiliates





Safety

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## KPIs Related to Safety and Health Function Policy in 2021

	Employees concerned		Target
Health	Absentees		Manpower of 801 or less employees
	Physical	Absentees due to lifestyle-related diseases	Down 5% from 2020
	Mental	New absentees Recurring absentees	Down 2% from 2020 Down 5% from 2020
	Healthy Lifestyle Challenge 8	Average number of Challenge 8 habits practiced	6.4/8 items
	Accident type		Target
Safety	Fatal accidents on company's premises		Zero
	All accidents		Down 50% from 2020
	Serious accidents (accidents that may result in death)		10 accidents
	Serious diseases (musculoskeletal diseases that require employees to take a leave of absence for two weeks or longer, or impose work limitations)		Down 20% from 2020

## Social Recognition

Toyota has been carrying out strategic initiatives to maintain and promote employee health from a management perspective. These initiatives include a program to encourage employees to improve their health-related practices and an initiative focusing on “prevention” by promoting flexible workstyles to support work-life balance. In recognition of these policies and activities, in March 2021 Toyota was selected under Health & Productivity Stock Selection Program, a joint program organized by the Ministry of Economy, Trade and Industry of Japan (METI) and the Tokyo Stock Exchange. In addition, Toyota has been certified as one of the White 500 Health & Productivity Management Outstanding Organizations, a program promoted by the Ministry of Economy, Trade and Industry and the Japan Health Council, for four consecutive years since 2018, and in 2021, it was also certified as a Sports Yell Company by the Japan Sports Agency for the first time. Since 2015, Toyota has been certified by the Ministry of Health, Labour and Welfare as a Safety and Health Outstanding Company (renewed every three years), demonstrating its social recognition as a company working actively to ensure the health and safety of employees and maintaining a high safety and health level.



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

## Health and Safety Education

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

### 2020 results (Toyota Motor Corporation)

	Trainees	Training hours	Number of participants [persons]
Rank-specific education programs (for those newly appointed)	Officers	4 hours	11
	Division general managers	8 hours	52
	Section general managers	8 hours 50 minutes	145
	CX*	7 hours 50 minutes	180
	Workplace leaders	12 hours	Approx. 2,000
	General and new employees	1 hour	Approx. 3,500

\* CX (Chief Expert)

### Education for improvement of hazardous operations/skills

Skill training and special education programs, which are conducted in accordance with the Industrial Safety and Health Act, are provided at the Global Safety and Health Education Center, where training is provided by experienced instructors using actual equipment, in addition to statutory lecture courses.

### 2020 results (Toyota Motor Corporation)

	Trainees	Number of participants [persons]
Education for improvement of hazardous operations/skills	Production division members involved in hazardous operations	2,120

### Education for safety and health staff members

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

### 2020 results (Toyota Motor Corporation)

	Trainees	Number of lectures	Number of participants [persons]
Education for safety and health staff members	Safety and health staff members	13	325

## Education programs for advancement

### 2020 results (Toyota Motor Corporation)

	Overview	Trainees	Number of participants/lectures
On-site health education	Support for safety and health activities is provided by professional instructors. Lectures on how to improve health literacy and accident simulation training are delivered.	All employees	130 lectures
Virtual safety education	Potential risks in relation to the safety, environment, protective gear, etc. of each production engineering/manufacturing worksite or office can be experienced on the website.		11,217 persons
Health Web learning	Web learning contents are provided to raise awareness and increase knowledge of mental health, lifestyle-related diseases and the like.		A cumulative total of approx. 5,360 views

## Company-wide Initiatives Related to Health and Safety

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

## Health

### Building up Good Health

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

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

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

### 2020 results (Toyota Motor Corporation)

	Target	Result
Absentees due to lifestyle-related diseases	Down 5% from 2019	Down 26%
Absentees due to mental health problems	New: Down 5% from 2019 Recurrence: Down 5% from 2019	New: Down 3% Recurrence: Down 7%
Average number of Challenge 8 habits practiced	6.3/8 items	6.28/8 items

### Physical Examination and Health Guidance

Physical examination targeting employees aged 40 or over includes a specialized examination aimed at prevention of lifestyle-related diseases and cancer screenings for early discovery of cancers. Based on the results of this examination, tailored health guidance is offered. In cases where no signs of improvement are seen in follow-ups or after hospital treatment, internal health guidance is also provided. When an employee turns 36 years old, once in every four years, the employee and his/her spouse (dependent) can undergo health screening equivalent to a thorough physical examination and attend a health study meeting tailored to their individual health condition, which is held at the WELPO health support center operated jointly by the Company and the health insurance society. Annually, approximately 20,000 persons undergo this screening. For employees of other ages, physical examinations and various forms of health guidance are provided by full-time medical staff within their workplaces.

### 2020 results (Toyota Motor Corporation)

	Target	Result
Rate of employees who have received physical examinations	100%	100%
Specified health guidance implementation rate	60%	76.2%

## Initiatives for Mental Health Care

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

### Major initiatives for mental health care

Zero to primary prevention stage (Prevention)	<ul style="list-style-type: none"> <li>● Self-care</li> <li>● Promoting development of good lifestyle habits (Healthy Lifestyle Challenge 8)</li> <li>● Providing stress check (implementation rate: 96.5%) to raise awareness</li> <li>● Rank-specific education (new or young employees)</li> <li>● Line Care</li> <li>● Workplace management (support by and communication with supervisors and co-workers)</li> <li>● Workplace/individual support by workplace counsellors</li> <li>● Rank-specific education (for managers)</li> <li>● Care by experts</li> <li>● Training by psychology expert staff</li> </ul>
Secondary prevention stage (Early discovery and response)	<ul style="list-style-type: none"> <li>● Screening at physical examination</li> <li>● Setting up a full-time internal health counselling service</li> </ul>
Third prevention stage (Prevention of recurrence/ re-absence)	<ul style="list-style-type: none"> <li>● Follow-ups for return to work in accordance with the guidelines</li> <li>● Care by experts</li> <li>● Advice for relevant employees and industrial health staff at a counselling center where a psychiatric specialist is permanently stationed</li> </ul>

## Initiatives for Health Improvement

T-CaRS (TOYOTA - Communication and Refreshment Support)	<p>&lt;Employed as a measure to promote happiness, in addition to support for employees' health&gt;</p> <ul style="list-style-type: none"> <li>● T-CaRS Healthy Company Dojo</li> <li>● Offering multiple training programs (on communication skills, mindfulness, etc.) that encourage trainees to work in a happy and highly productive manner</li> <li>● Allowing "anyone" to receive any training "appropriate for their own position or role" "whenever necessary"</li> <li>● e-mail newsletters</li> <li>● Periodically providing psychological tips useful for business persons</li> <li>● Refresh Time (consultation)</li> <li>● One-on-one consultation with a psychology expert is available in off-work hours</li> <li>● Counseling on not only health issues but any topic related to work and private life is available.</li> </ul>
Health check for workers working long hours	<ul style="list-style-type: none"> <li>● Offering a health check (interview) and consultation with an industrial physician to allow employees to work in comfort during a temporarily busy period or when troubleshooting</li> <li>● Providing careful follow-ups, such as more detailed physical checkups than the statutory level, and work adjustment (The number of workers working long hours has been decreasing.)</li> </ul>
Health support for employees stationed overseas	<ul style="list-style-type: none"> <li>● To give overseas expatriates and their accompanying family members a sense of ease, providing physical examinations before departure. As infection prevention, vaccinations against infectious diseases, such as hepatitis A and B, tetanus and Japanese encephalitis, are administered and education to raise awareness of how to prevent malaria, AIDS and other infections in daily life is given to the relevant persons, including those who will go on an overseas business trip, depending on their destinations. For those undergoing treatment, in addition to the opinion of the main physician, judgment is made on whether or not they can embark on an overseas assignment, and advice/guidance is provided based on local medical conditions.</li> <li>● During overseas assignment, offering local physical examinations and providing counseling based on the examination results. Also making available various tools to allow access to counseling on troubles and health-related information.</li> <li>● Periodically sending industrial physicians or nurses to local worksites to check the medical conditions and local lifestyle of each region, and providing other support to help employees stationed overseas and their accompanying family members feel at ease.</li> </ul>
Food and nutritional education through the company cafeteria	<ul style="list-style-type: none"> <li>● Visualizing nutrition balance and calories and offering health-conscious dishes</li> </ul>
Tackling second-hand smoke and banning smoking on the premises	<ul style="list-style-type: none"> <li>● Following the complete ban on indoor smoking by the end of 2019, an initiative has been launched to achieve the total prohibition of smoking on the premises from April 2025. (Smoking rate in 2020: 23.7%)</li> </ul>

## Prevention of and Response to COVID-19

 [Covid-19 Pandemic Countermeasure Communication from Management to Members: p. 70](#)

 [Response to Infectious Diseases: p. 109](#)

 [Toyota's response to the spread of COVID-19 \(Novel Coronavirus\) infections](#)

## Safety

### Three Pillars of Safety

Under the basic policy of promoting the instillation and deepening of an interactive health and safety culture, Toyota promotes safety initiatives focusing on the three pillars of safety: people, work, and place/environment. Toward achieving the target of “ultimately achieving zero accidents and the continuation of zero accidents at all worksites,” Toyota promotes safety and health activities rooted in each worksite. These initiatives involve not only our employees but also secondees, assistant secondees, dispatched employees, employees of in-house contract companies, and employees of suppliers related to plant construction work, under the Occupational Safety and Health Rules.

#### Three pillars of safety

**1. Safe “people”**

Promote the development of human resources who are capable of predicting risks and thinking and acting in compliance with rules

**2. Safe “work” (risk management)**

Reduce and manage high-risk operations toward achieving zero serious accidents

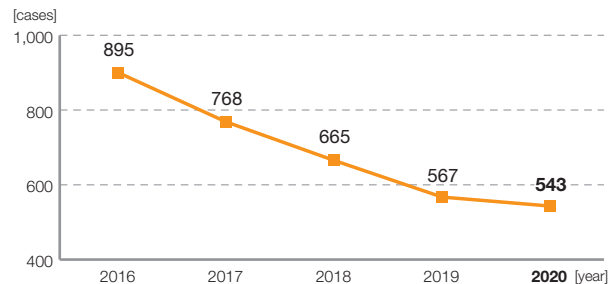
**3. Safe “place/environment”**

Aiming to build positive and worker-friendly processes, find troubles and take quick decisions and actions

### 2020 results

	Target [cases]	Result [cases]
All accidents (global)	283 (Down 50% from 2019)	543
All accidents (Toyota Motor Corporation)	24	40
Fatal accidents on company's premises (global)	0	0

### All accidents (global) by year



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

	2016	2017	2018	2019	2020
Global	0.38	0.34	0.23	0.25	<b>0.24</b>
Japan	0.07	0.07	0.08	0.04	<b>0.10</b>
North America	1.62	1.49	0.93	1.01	<b>0.89</b>
Europe	0.91	0.69	0.35	0.42	<b>0.27</b>
China	0.18	0.20	0.19	0.07	<b>0.11</b>
Asia-Pacific	0.09	0.04	0.02	0.05	<b>0.02</b>
Other	0.13	0.18	0.12	0.23	<b>0.23</b>
All industries (Japan)	1.63	1.66	1.83	1.80	<b>1.95</b>
Manufacturing industry (Japan)	1.15	1.02	1.20	1.20	<b>1.21</b>
Automobile manufacturing industry (Japan)	0.18	0.15	0.19	0.20	<b>0.15</b>

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

\* Frequency rate of lost workdays: Number of deaths and injuries per 1 million hours actually worked in total (No. of deaths and injuries / Actual hours worked) × 1,000,000

## Safety Risk Assessment

### Initiatives for the Three Pillars

#### [Safe “people”]

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



Safety Memorial Center

#### [Safe “work” (risk management)]

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



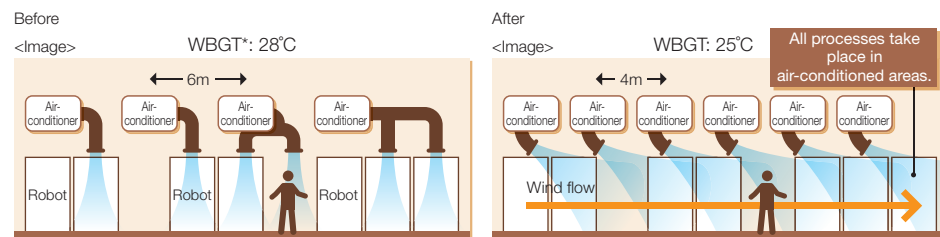
Before



After

#### [Safe “place/environment” (heat countermeasures)]

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



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

### Cooperation with Global Affiliates

Toyota regional headquarters take the lead in promoting safety and health measures in each region.

We are currently working with each region to develop an occupational safety and health management system (OSHMS) globally. In this context, eight global plants have acquired ISO 45001\* certification (as of the end of 2020). With regard to international standards, we will continue to consider the acquisition of certification by affiliates in light of the circumstances surrounding the relevant regions and plants.

Using OSHMS, weaknesses are identified by *genchi genbutsu* (onsite hands-on experience) inspections. As measures to improve the level of safety management, we confirm whether measures are being implemented to avoid accidents that have occurred at other affiliates, and that a system has been created to ensure the effort is active and continuous.

Toyota also holds an annual global safety meeting, attended by managers from all regions who are responsible for safety and health, and who study measures to tackle common issues and can share information on best practices.

For the establishment of a new office, we work, together with suppliers, to advance safety measures in terms of premises, buildings and equipment installation while ensuring compliance with not only legal requirements in the relevant country but also construction work safety rules and equipment safety standards, both of which are common to global Toyota.

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

### Initiatives to Prevent Musculoskeletal Diseases

At production sites, various measures to reduce physical burdens have been taken in order to prevent pain in workers' lower back or fingers from occurring due to repetitive movements. In 2020, to further accelerate these efforts, Toyota determined, at a meeting in which affiliates from all regions participated, a policy that enhances initiatives to create a workplace environment more friendly to workers in every region with consideration for all those involved in production activities.

Specifically, by designing easy-to-assemble parts, providing worker-friendly production equipment and operational procedures, offering physical care to members at production sites and improving both the support system in the case of pain occurrence and the visualization of the actual conditions, Toyota pursues a workplace environment where all workers can continue to work with motivation in a lively manner regardless of age, gender or physical characteristics.



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



## Diversity and Inclusion

Updated in January 2022

Contribution to SDGs



### Fundamental Approach

Toyota's strength lies in our capacity to respect our employees' abilities to think and promote reforms involving every member. Toward the transformation from a car company into a mobility company to leverage recent technical innovations centered on CASE, this capacity is growing increasingly important as we continue to create innovations steadily in existing areas while taking on challenges in new areas. Amid such an environment, Toyota considers diversity and inclusion to be one of the key elements of our business infrastructure, and we are working to create an attractive workplace where employees with wide-ranging skills and values, irrespective of gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital status or the presence of children, can demonstrate their abilities to the fullest and achieve self-realization. In order to become a company that is needed and chosen by society, we are promoting collaboration with a wide variety of partners both inside and outside the company while putting into practice the values Toyota has embraced since our founding, such as the attitude of humbly learning and taking on challenges from the customer's viewpoint.

We are implementing measures appropriate to individual regions globally throughout the entire global Toyota under the leadership of the Human Resources Div. In particular, we have set up dedicated diversity and inclusion promotion organizations in Toyota Motor Corporation (Japan), TMNA (U.S.), TMCA (Australia) and TSAM (South Africa).

Additionally, in many regions we have established diversity and inclusion promotion organizations consisting mainly of concurrent appointments within the area of human resources. The direction and progress of these initiatives are reported and discussed at the Sustainability Meeting, and the results are reported at the Board of Directors Meeting.

[Organization for Sustainability Management p. 5](#)

[THUMS, a Virtual Human Body Model p. 55](#)

### Social Recognition

Toyota promotes various initiatives in the field of diversity and inclusion in each region. These initiatives have been appreciated and awarded by various external organizations and groups.

#### Toyota Motor Corporation (Japan)

In November 2021, Toyota Motor Corporation has been awarded Gold on the PRIDE Index 2021. The PRIDE Index was established by work with Pride, a Japanese volunteer organization that supports and develops diversity management initiatives for sexual minorities.



#### TMNA (U.S.)

In May 2021, TMNA won 7th place in the general division of the Top 50 Companies for Diversity 2021 ranking announced by U.S. Diversity Inc.



#### TMCA (Australia)

TMCA was selected as one of the Engagement & Enablement Winners in the Engaged Performance Awards 2019\* hosted by Korn Ferry. TMCA is also registered as a WORK180 endorsed employer (an initiative that provides job applicants with a directory of employers who support women's career development).

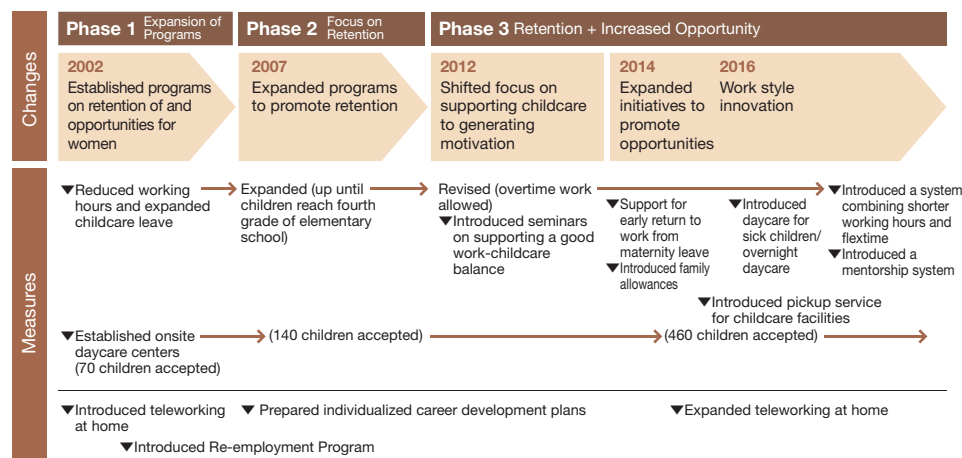
\* Engaged Performance Awards 2019: Korn Ferry, a global organizational consulting firm, awards companies that have achieved excellent results in two categories of "engagement" (the level of employees' commitment to their organizations and spontaneous efforts) and "enablement" (the level of work environments that enable employees to make good use of their skills and abilities and feel comfortable).

## Women's Participation in the Workplace

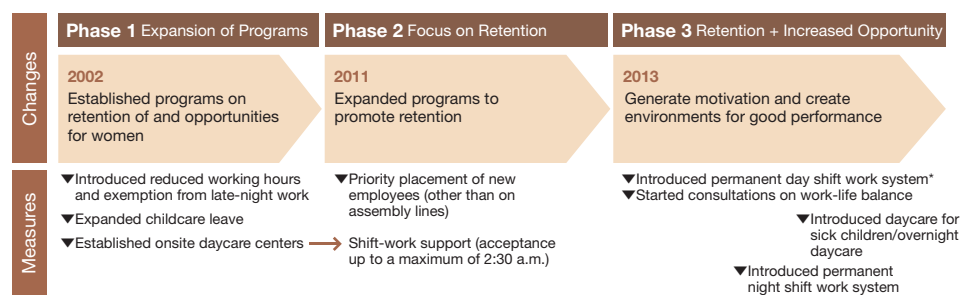
### History of Initiatives

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

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



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



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

## KPIs Related to Promoting Women's Participation in the Workplace

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

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

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

#### 1. Implementation period

April 1, 2020 to March 31, 2025

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

- Our Challenge** The ratio of females in managerial positions is low (continuation of our activity from 2016-2020 is necessary).
- Target** The number of females in managerial positions in 2014 to be increased fourfold by 2025, and fivefold by 2030
- Our Course of Action**
  - Hiring:** To maintain certain hiring rates for female graduates (40% or above for administrative positions and 10% or above for engineering positions) and active hiring of women throughout the year (continuation from before 2020)
  - System Development:** The creation of a system that reports on the progress of female training in each department to our board members (from 2020)
  - Employee Training:** The development and implementation of a plan for individual employee training (continuation from before 2020) The utilization of a mentoring system (from 2020)
  - Networking:** Host a global women's conference and symposium that the managerial class and female promotion candidates can participate in (from 2019)

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

- Our Challenge** The teleworking system is not utilized enough yet.
- Target** To increase users of the teleworking system to more than 50 percent of all employees (except for production workers and managers) by 2025, irrespective of whether teleworking for childcare or nursing purposes
- Our Course of Action**
  - The creation of an environment that supports the use of teleworking, and informing our employees: Expansion of use of IT tools so that there is no big difference between working in the office and teleworking (from 2020)
  - Cultural Transformation:** Transformation to a work culture that does not make teleworking an inconvenience or a hindrance (from 2020)

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

**1. Period**  
April 1, 2021 to March 31, 2023

**2. Contents**

**Aim 1** Promotion of growth and active participation of diverse human resources  
**Actions**

- Further enhancement of labor-management communications to encourage growth and active participation of diverse human resources, including those who are balancing work and childcare (from 2021)
- Implementing measures to further promote "honest dialogue" between managers and their subordinates (from 2021)

**Aim 2** Promotion of understanding and dissemination of various systems/examples related to balancing work and childcare  
**Actions**

- Improving usability of the website to provide information for balancing work and childcare (from 2021)
- Introducing an email notification service for information updates
- Adding a "page search" function
- Introduction and enhancement of various case studies and Q&As

**Aim 3** Promotion of male employee participation in childcare  
**Actions**

- Providing and improving information related to male employee participation in childcare through the company intranet (from 2021)
- Providing experience reports of male employees who have taken childcare leave
- Providing data on results and trends of Toyota male employees' participation in childcare
- Enhancing guidance on the use of systems and procedures (providing guidance for male employees)

**Support for Keidanren's Challenge to 30% by 2030**

In "The NEW Growth Strategy," which was announced by the Japan Business Federation (Keidanren) in November 2020, the initiative for 30% or more of executives to be women by 2030 is upheld as an index of diversity promotion in companies under the belief that the advancement of diversity and inclusion is indispensable for the achievement of sustainable development. 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.

**Rank-specific Initiatives**

We promote initiatives in all ranks, from development and expansion of next-generation human resources to securing diversity in top management.



**Initiatives for Next-generation Development and Expansion (Toyota Female Engineer Development Foundation)**

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



Development program (consultation with employees)



Visiting a high school to give a lecture



**Initiatives Related to Recruitment**

For administrative and engineering positions, Toyota set the targets for the percentages of women in new graduates at 40% for administrative positions and 10% for engineering positions (the percentages of women in the relevant labor market), which have been achieved every year since 2015. The percentage of women hired as shop floor employees has also been steadily increasing.

**Initiatives Related to Career Development Support**

Toyota aims to support career development of female employees from a long-term perspective so that they can keep growing and play active roles while experiencing childbirth and childcare. In 2020, we formulated the Female Development Model based on cases of female employees who are actively working at Toyota. Based on this development model, we promote effective use of individual development plans with the aim of establishing an appropriate development environment and assigning the roles required at each stage: when working as a young employee before childbirth and when balancing work with childcare. We have also introduced a career return system, which provides re-employment opportunities to employees who are forced to leave Toyota because of the job-related relocation of their spouse (regardless of the spouse's gender or whether the spouse is a Toyota employee) or the need to provide nursing care, as well as a career continuation support system for Toyota employees who are moving with a spouse who is relocated overseas. The system enables them to continue their careers at their spouses' overseas relocation destinations. Toyota thus has various systems to support diverse ways of career development.

### Initiatives to Support Balancing Work and Childcare

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

The goals of these events are to ease concerns about balancing work and childcare and to stimulate their desire to continue to develop their careers after returning to work. Participants examine their career plans and how best to achieve them, hear about other employees who have successfully balanced work with family commitments in the past and participate in roundtable discussions.

Toyota has also introduced a teleworking system, removing time and location restrictions, to allow employees to continue working while taking care of their children. The number of employees eligible for this system has been increasing, allowing a flexible workstyle for many of our employees, excluding employees at production sites.

#### ["Bubu Forest" Onsite Childcare Facility]

In April 2018, Bubu Forest was built on the headquarters site, and it is the fourth childcare facility, for 320 children.

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

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



"Bubu Forest" childcare facility



Shuttle service

### Initiatives to Increase Number of Females in Managerial Positions

Toward achieving the target for 2025 (the number of females in managerial positions in 2014 to be increased fourfold by 2025), a new system has been established in which the plans and measures of each division are gathered by the personnel function and reported to the Sustainability Meeting, with the aim of accelerating company-wide initiatives. Development measures tailored to individual employees are also implemented at each workplace, including assigning a challenging role equivalent to a higher-rank position to candidates for promotion and appointing a mentor for management candidates or members immediately after promotion. (In FY2021, 2.7% of management positions were held by women in Toyota Motor Corporation. \* The industry average was 2.2%.)

#### Development of Female Senior Professional/Senior Management Candidates

Since the number of females in senior professional/senior management positions is small at present, we develop candidates based on their succession plans and through hiring competent mid-career top women managers.

The number of women in top management who have been promoted through internal development programs is also increasing.

(As of June 2021, 10% of operating officer positions were held by women in Toyota Motor Corporation.)

#### Diversity in Directors and Audit & Supervisory Board Members

Toyota appoints outstanding individuals of high integrity as Directors based comprehensively 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.

We will maintain this principle and proactively appoint the right persons to the right posts in view of their roles and experience, focusing also on diversity.

As of April 2021, two of the total 15 members of the Board of Directors and the Audit & Supervisory Board are women (13.3%).



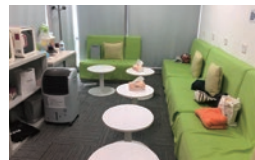
## Initiatives at Major Global Operations

### TME (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 regimes, support in finding employment for spouses of employees sent to TME
- Female career development: Mentorship system, sponsorship system
- 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.

### TMCI (China)



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

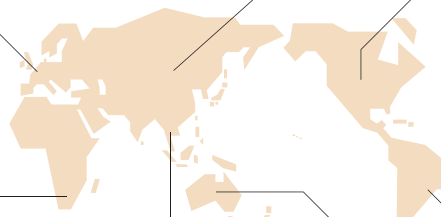
### TMNA (U.S.)



- Annual North American Women's Conference, to which all executive level women and many high-potential junior level women, as well as male directors and executives are invited to attend for networking and encouraging women's participation and advancement in the workplace
- Unconscious bias awareness training for managers
- 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.
- Events sponsored by the Business Partnering Group (which provides networking and educational opportunities to employees as an organization representing the interests of minority groups)

### TSAM (South Africa)

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



### 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.

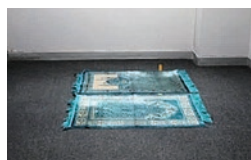
### Percentage of Women Hired at Affiliates in Each Country/Region (FY2021)

	Percentage of women [%]				Average period of employment (years)
	People hired	Full-time employees	Managerial positions	Director positions	
Global	28.7	16.6	15.1	11.8	Male: 16 Female: 12
Toyota Motor Corporation (Japan)	26.6	12.7	2.7	13.3	Male: 18 Female: 14
TMNA (U.S.)	28.2	23.7	25.2	35.0	Male: 12 Female: 11
TME (Belgium)	31.4	34.1	18.8	0	Male: 12 Female: 11
TMCI (China)	30.0	46.3	39.7	5.9	Male: 7 Female: 9
TDEM (Thailand)	50.0	33.1	16.0	0	Male: 13 Female: 11
TMCA (Australia)	36.0	28.2	20.1	0	Male: 12 Female: 8
TDB (Brazil) + TASA (Argentina)	38.4	7.5	7.2	0	Male: 10 Female: 9
TSAM (South Africa)	50.0	18.2	11.3	14.3	Male: 18 Female: 13

### TDEM (Thailand)



- Set up nursing rooms.



- Female prayer room
- Reserved parking area for pregnant employees.

### TMCA (Australia)



- Held Annual Toyota Women's Conference Australia.



- Assigned a special day when employees are allowed to bring their children to work.
- Introduced female voices in the Executive Management Committee.
- Sponsorship program for female executive candidates
- Set employment targets and management position targets, conducted strategic recruitment activities.
- Offered re-learning programs for career development (specialized knowledge on IT, etc.).

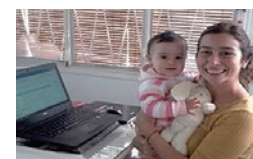
### TDB (Brazil) + TASA (Argentina)



- Designated 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.
- Held dialogue between human resources division and management to promote diversity within the company.
- Introduced the mentor system to support female leaders.
- Introduced Soft-Landing Program in support of employees returning to work after childbirth.
- Support for nursing care costs for employees who return to work early
- Provide all employees with children with equipment necessary for school.



- Allowed working from home.



## Persons with Disabilities

### Employment of Persons with Disabilities

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

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

In terms of facility, we are creating workplaces with improved accessibility as needed by, for example, providing handicapped parking spaces and universally accessible toilets. We are distributing guidebooks to those workplaces hiring employees with disabilities to help other employees better understand disabilities and gain the knowledge necessary to provide support. In addition, to cultivate a workplace-wide ethos, we have implemented Emotional Barrier-free Training targeting a wide range of employees, from new employees to senior professionals/senior management, to promote understanding of and empathy for people with disabilities.

As of June 2021, the number of persons with disabilities employed was 1,405 accounting for 2.463 percent of the entire workforce (including special-purpose subsidiaries), which is above the legal requirement of 2.3 percent.

### Creating a Work Environment “Toyota Loops”

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

Toyota Loops primarily handles work that is outsourced from Toyota such as internal printing, mail services, enclosing catalogues and document digitization. It also performs a variety of office support tasks such as issuing visitor and employee identification cards, and shredding documents, as well as erasing data from unneeded PCs.

The company is also providing nursing assistance at the Toyota Memorial Hospital and healthcare services (massage) that can be used by Toyota employees.

As of June 2021, Toyota Loops employed 340 persons with disabilities. The number of support staff has also been increased to eliminate or reduce any anxieties that employees may have regarding their health or work.

We are also reinforcing support by creating a consultation hotline and providing consultations with an industrial physician and counseling by a clinical psychologist and psychiatrist. We actively exchange information with governmental bodies, local communities, and social welfare organizations to create working environments where each employee can work with reassurance.

We also have many employees who are active outside work.

Toyota Loops employees representing Aichi Prefecture participated in the Abilympics (a national technical skills competition for people with disabilities), winning silver in the Database division and bronze in the Word Processor division in 2018, bronze in the Office Assistant division in 2019; and gold in the Photography division, silver in the Word Processor division and bronze in both the Office Assistant and Database divisions in 2020.



Toyota Loops employees competing in the Abilympics

### Toyota Loops Employees Playing an Active Role at Production Sites

In April 2020, the Shimoyama Plant branch of Toyota Loops was opened inside the Shimoyama Plant. With this as the

start, Toyota Loops employees have begun to work also at production sites on a full-scale basis, participating in the *Monozukuri* (manufacturing) Project to support car manufacturing operations. In 2021, two more plant branches of Toyota Loops were set up: one was established inside the Kamigo Plant in April, and the other was established inside the Honsha Plant in June. At these production sites, Toyota Loops employees help, for example, engine assemblers on production lines by making preparations so that assemblers can take out engine parts easily.



Preparation for assembly



Toyota Loops employees at Shimoyama Plant branch

### Toyota Loops Employees Participating in Development

As a form of work and contribution uniquely available to people with disabilities, some of the Toyota Loops employees participate in the development of assisted mobility vehicles. For example, they have participated in evaluations (evaluating ease of getting in and out with a wheelchair) for vehicle development and provided opinions on aspects of the development of automated driving vehicles.

[Evaluation of assisted-mobility vehicles]

Employees with disabilities participate in evaluations of the usability of Toyota's assisted-mobility vehicles from the users' viewpoint. Based on this evaluation, opinions of real users, including the small details that only users can notice, can be reflected in the quality of the vehicles.



\* This is a vehicle for evaluation and may be different in some parts from commercial vehicles.

### Visiting a School for Special Needs Education

As part of our community contribution, some Toyota Motor Corporation employees visit a school for special needs education twice a year to hold a class for students with disabilities. In the class, students experienced preparatory operations before assembly, using some engine parts that will be actually installed in real vehicles.



### Initiatives at Major Global Operations

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

#### TDEM (Thailand)

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



Toyota Safe Driving Campaign

#### TMCA (Australia)

A disability awareness workshop titled “Champions of Change” was held with Dylan Alcott, a wheelchair tennis player and an ambassador.



“Champions of Challenge” workshop

#### 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. We also have 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).

### LGBT

#### LGBT-related Initiatives

Toyota has launched initiatives with the aim of creating workplaces with an appropriate understanding and acceptance of LGBT people. At Toyota Motor Corporation, prohibition on discrimination or harassment of LGBT people has been incorporated into the employee behavioral guidelines, and we no longer require new graduates to fill in their gender on their job application sheets. We have been introducing measures related to facilities, such as establishing an internal harassment consultation hotline and allocating dedicated toilets for LGBT people at Head Office and the Nagoya office. Starting from July 2020, we have introduced revised internal systems to allow employees in same-sex marriages or common-law marriages to use the same internal benefit systems as those in legal marriages (holidays, employee benefits, etc.). In terms of corporate culture, in addition to the internal training programs to enlighten new graduate employees

about human rights and experience-based training by outside instructors (LGBT people) for mid-career employees, we require all employees and officers to receive an education program on basic knowledge about LGBT. Toyota also started registration for ALLY\*. As of May 2021, around 20,000 employees have been registered as ALLYs.

\* ALLY: 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.



ALLY symbol and the number of Toyota Motor Corporation employees registered as ALLYs

### Initiatives at Major Global Operations

#### TMNA (U.S.)

During the recruiting and hiring process, we provide a nondiscrimination statement to everyone that submits a job application. That statement says that the company does not discriminate based on gender, ethnicity and many other categories, including LGBT. We do not require a photo or gender identification on resumes. One of our business partner groups (organizations representing minority's interest) is an LGBT group conducting education and enlightenment activities. Most of our operation sites have gender-neutral toilets. We also promote activities focusing on increasing the number of ALLY members.



LGBT Pride Flag Raising Ceremony

Participating in the LGBT Pride event

#### TMCA (Australia)

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

## Race and Nationality

### Initiatives Related to Race and Nationality

We promote diversity in race and nationality according to the situation of each region.

### Initiatives at Major Global Operations

#### TMNA (U.S.)

We provide education and enlightenment programs as a means of promoting understanding of diversity. Our business partner group actively works, representing minority's interest. Our management consists of people of diverse races.

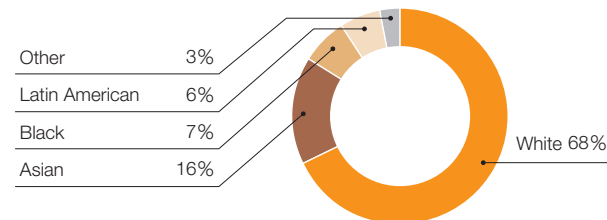


Symposium with African-Americans



Business partner group of Asian-Americans

#### Management composition (TMNA)



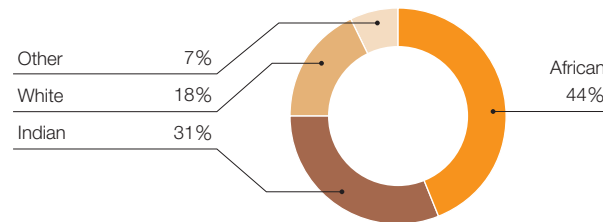
#### TSAM (South Africa)

In conducting business in the Republic of South Africa, TSAM promotes activities in line with the Broad-Based Black Economic Empowerment (B-BBEE\*) policy aimed at economic development and creation of employment in South Africa. TSAM has acquired Level 7 as of January 2021. Diversity is evaluated as an important element based on the KPIs indicating the status of conducting diversity education and ensuring diversity in recruitment and promotion.

Our management consists of people of diverse races.

\* B-BBEE (Broad-Based Black Economic Empowerment): Rating of the efforts for and contributions to B-BBEE by companies and organizations with scores (from the highest Level 1 to Level 8 and the lowest Noncompliant)

#### Management composition (TSAM)



## Employment for Over 60s

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

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

In addition, starting from 2016, the Advanced Skilled Partner System was set up for shop floor employees to encourage and motivate employees to keep working and virtually retire at 65 years of age by maintaining their job rank and salary at the time of their statutory retirement.

## Nursing Care

As nursing care environments change, we have been expanding company measures on nursing care since 2009 to reduce the burden and anxiety for employees, allowing them to devote themselves to work. For example, since 2009 we have been holding lectures by outside experts, including licensed social welfare workers and nursing care workers.

In 2020, we published an updated version of "Nursing Care Navi," our guidebook on nursing care. It provides employees with information on where to start if they suddenly become in need of nursing care.

### Major Initiatives in Nursing Care

Support for a Work-life Balance	<ul style="list-style-type: none"> <li>● Nursing care leave and shortened working hours</li> <li>● Increase flexibility in working hour system.                             <ol style="list-style-type: none"> <li>(1) Change the units of time for shortened working hours, etc.</li> <li>(2) Enhance the system for teleworking at home.</li> <li>(3) Expand applicable periods for various work-life balance support.</li> </ol> </li> <li>● Apply the career return system. (Re-employment of employees who are forced to leave the company because of nursing care)</li> </ul>
Providing Information	<ul style="list-style-type: none"> <li>● Create a consultation hotline.</li> <li>● Hold nursing care lectures.</li> <li>● Publish a nursing care guidebook.</li> <li>● Hold hands-on nursing care seminars.</li> </ul>
Nursing Care Services	<ul style="list-style-type: none"> <li>● Introduce a nursing care savings program.</li> <li>● Expand nursing care service providers.</li> <li>● Form a partnership with a major nursing care service provider.</li> <li>● Introduce home care worker services.</li> </ul>
Financial Support	<ul style="list-style-type: none"> <li>● Introduce nursing care insurance.</li> <li>● Introduce a nursing care financing program.</li> <li>● Create parent nursing care insurance.</li> </ul>



## Human Resources

GRI 404-1, 2, 3

Updated in September 2021

### Fundamental Approach

Toward achieving transformation into a mobility company, Toyota is committed to both “realizing advanced *monozukuri* (manufacturing) with higher quality and efficiency based on TPS (Toyota Production System)” and “taking on challenges in new areas.” To this end, Toyota encourages its employees to review their workstyles and hone their individual abilities, thereby enhancing the workplace structures.

Toyota also seeks human resources equipped with both the ability to act and compassion\*, and promotes recruitment, training and evaluation of employees based on these abilities. In this process, Toyota identifies the roles and abilities of each individual, ensuring the placement of the right person in the right position regardless of their nationality, gender, year of joining Toyota, form of recruitment, academic background, job type and other factors, with the aim of enhancing the competitiveness of the company and its organizations.

\* Compassion: The ability to make efforts for others, such as customers and teammates, and the ability to learn respectfully from others and keep improving

### Recruitment

To hire the desired persons, Toyota has revised its conventional recruitment course as follows:

1. Recruitment criteria
  - To accelerate the introduction of workstyles based on teamwork and alliances in preparation for the launch of mobility services, recruit more people who are attractive for other employees to work with.
  - Place greater emphasis in recruitment on compassion and the passion to realize their dream at Toyota.
2. Enhancing mid-career recruitment
  - To introduce external knowledge and promote revision of work processes and workstyles, increase mid-career hires from 10% (new graduates accounting for 90%) to 34% (FY2021 result). The medium-term goal is to increase mid-career hires to 50%. (Administrative and engineering employees)
  - Introduce referrals (introduction by Toyota employees) and other new means of recruitment.
3. Hiring new graduates with diverse backgrounds
  - To ensure diversity in human resources, hire persons with compassion who passionately want to work at Toyota regardless of their school or academic background.
  - Promote recruitment of diverse people from universities from which no graduates have been hired by Toyota, technical colleges, vocational schools and high schools.
4. Course-specific recruitment of new graduates
  - To accelerate development of professional human resources, hire students who have a concrete vision of what they want to do at Toyota and determine the course they will be assigned to at the time of recruitment, to ensure recruitment of diverse human resources suited to the characteristics of specific workplaces, such as with IT-related personnel.

### Evaluation of and Feedback to Employees

The work roles of Toyota employees and the themes of their work are to be fulfilled in accordance with policies. Evaluation and feedback are based on close communications between subordinates and superiors.

Specifically, roles and themes are determined at the beginning of each fiscal year and employees consult with their supervisors periodically. Through these consultations, supervisors assess the employees' self-evaluations and provide feedback. Repeating this cycle leads to human resource development. In addition, we carry out 360-degree feedback for the sake of the growth of employees. By giving employees feedback on their strengths and weaknesses from people around them, we help them reflect on their own actions and make improvements. The revision of our human resource system in 2019 has brought a shift in the system, allowing hard workers to be rewarded regardless of age or rank. Furthermore, in 2020, we introduced a system capable of centrally managing employees' individual information, including employees' evaluations, the results of consultations with their supervisors and questionnaire results regarding workplace management. This system has made it possible to refer to previous evaluations, personnel information and employees' intent, thereby enhancing the development and allocation of human resources with consistency through job assignment based on a better understanding of employees' aptitude and intent. Results for each half year are reflected in bonuses and performance abilities demonstrated over the past year are reflected in salary raises for the following year.

### Education / Career Development

#### Global Human Resource Development Structures

To develop human resources capable of implementing the Toyota Philosophy globally, Toyota is providing training through global executive human resource development, Toyota Motor Corporation (TMC) human resource development undertaken by Toyota Motor Corporation, and overseas affiliate human resource development undertaken by affiliates in each region.



### Global Executive Human Resource Development

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

The program comprises the following three pillars.

1. Indication of management philosophy and expectations of executives  
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 are carried out.  
Development of human resources at overseas affiliates is based on local training together with OJT at Toyota Motor Corporation to learn Toyota ways of performing work.

TMC human resource development includes programs corresponding to Global 21 within the Toyota Motor Corporation training system.

### TMC Human Resource Development

#### Management Human Resource Development

All personnel who are promoted to senior professional/senior management or professional/management undergo one-year, rank-specific training. Officers and general manager-class employees serve as instructors for group training and seminars that include discussions in small groups, with the aim of strengthening a culture of learning and teaching. To enhance workplace capabilities, training programs for managers and training for performance reviewers to improve their evaluation and feedback skills are offered.

To develop executive human resources candidates, Toyota encourages the promotion of young employees to important positions. This creates opportunities for top management to directly observe personnel in these positions and to foster executive minds in the candidates.

#### Administrative and Engineering Human Resource Development

OJT focuses on *genchi genbutsu* (onsite, hands-on experience), while off-the-job training (OFF-JT) opportunities for growth are also created with the guidance of supervisors or superiors. For six months after hiring, new employees learn basic knowledge of various areas in group training (Off-JT), and basic skills of Toyota persons in training at dealers and plants. After being assigned to respective workplaces, employees undergo OJT human resource development programs based on *genchi-genbutsu*. Group training (Off-JT) is also provided for young and mid-career employees in the third and sixth to eighth years of employment.

### Dispatch Program for Young Employees

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

Employees working for more than four years are dispatched to overseas affiliates, overseas graduate programs (including MBA programs), or domestic affiliates for one to two years. Their mission is to acquire practical skills, deepen their understanding of different cultures, and improve their language skills. In 2019, 371 employees were dispatched.

### Shop Floor Employee Human Resource Development

OJT is conducted by supervisors and superiors at worksites. Focus is placed on the cycle of clarification of goals, formulation of development plans, assignment for development, and evaluation/feedback. While generally focusing on the growth of employees through their work at the worksite, we accelerate the development of human resources by conducting OFF-JT at important stages in their careers.

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

To help employees speedily acquire new technical skills under the current circumstances where *monozukuri* (manufacturing) is significantly changing, we direct our energies into firmly establishing a culture of human resource development through practices at worksites and supporting aspiring employees by, for example, improving web learning programs for those wishing to grow through self-learning.

Meanwhile, the workplace environment is changing with a declining birth rate and aging population, a shrinking workforce and diversification of worksite members. Under these circumstances, we take measures to support diverse employees, including those who return to work until 65 after retirement at age 60 and increasing female shop floor employees.

In order to respond flexibly to new technologies and changes in production systems, we specify evaluation down to the technical element unit. Start-up seminars are also held to support transferred employees in efficiently acquiring work skills.

### Hours of Company-wide Rank-specific Training & Number of Trainees

#### For management (2020 results)

Total man-hours: 30,220 hours/year

Training program	Eligibility	Trainee	No. of trainees	Total man-hours [hours]
Training for newly-appointed division general managers	Newly-appointed division general managers (senior professional/senior management)	Newly-appointed division general managers	35	1,680
Upskilling program for senior professional/senior management	Senior professional/senior management	Those promoted to senior professional/senior management	151	4,681
Training for performance reviewers		Division general managers, department general managers	425	1,322
Upskilling program for professional/management	Professional/management	Those promoted to professional/management	452	14,012
Training for evaluators	Senior professional/senior management, professional/management (including some assistant managers)	Group managers	1,550	8,525



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### For assistant managers and those in ranks below (Estimate for the period between January and December 2021)

Total man-hours: 138,382 hours/year

Training program	Trainee	Breakdown	No. of trainees	Total man-hours [hours]	
Career design training	Those promoted to assistant manager	Instructor	70	1,960	
		Trainee	700	8,400	
Special training for mid-career employees	Candidates for promotion to assistant manager	Instructor	115	2,875	
		Trainee	1,150	17,250	
Career design training	Those promoted to "Shidoshoku"	Instructor	50	1,400	
		Trainee	600	7,200	
Special training to solidify foundation in the third year	Problem solving	Candidates for promotion to "Shidoshoku"	Instructor	75	2,250
			Trainee	620	6,200
	Philosophy		Instructor	75	1,875
			Trainee	620	9,300
Program to thoroughly solidify foundation in the first year	Group training in April	New administrative and engineering employees	Lecturer	240	6,240
			Classroom teacher	60	1,500
	Group training in July		Instructor	30	840
			Trainee	318	5,088
Training for experienced mid-career recruits	Experienced mid-career recruits	Instructor	22	440	
		Trainee	150	2,400	
Special training for grade 1 "gyomushoku"	Candidates for promotion	Instructor	26	624	
		Trainee	81	972	
Special training for grade 2 "gyomushoku"		Instructor	50	1,200	
		Trainee	306	3,672	
Introductory training for grade 2 "gyomushoku"	Those promoted	Instructor	18	432	
		Trainee	140	1,680	
Introductory training for grade 3 "gyomushoku"	Newly employed "gyomushoku"	Trainee	29	1,160	

### For shop floor employees (estimate for the period between January and December 2021)

Total man-hours: 295,030 hours/year

Training program	Trainee	Breakdown	No. of trainees	Total man-hours [hours]	
Training for newly-appointed professional/management and section general managers	Those promoted to professional/management and newly-appointed manufacturing section general manager	Instructor	12	96	
		Trainee	70	1,680	
Training for newly-appointed CX <sup>1</sup>	Those promoted to CX	Instructor	14	224	
		Trainee	147	3,528	
50 special training*	Qualified SX <sup>2</sup>	Instructor	20	320	
		Trainee	121	4,840	
Training for newly-appointed SX	Those promoted to SX	Instructor	34	544	
		Trainee	403	9,672	
60 special training*	Qualified EX <sup>3</sup>	Instructor	50	800	
		Trainee	399	31,521	
Training for newly-appointed EX	Those promoted to EX	Instructor	90	1,440	
		Trainee	988	23,712	
70 special training*	Qualified mid-career shop floor employees	Instructor	128	2,048	
		Trainee	1,036	73,556	
90 training*	Qualified junior shop floor employees	Instructor	171	4,104	
		Trainee	1,493	94,059	
SU (step-up) training	Junior shop floor employees in their second year	Instructor	70	560	
		Trainee	500	8,000	
Irregular training for new employees	Mid-career recruits	Instructor	40	960	
		Trainee	200	6,400	
Regular training for new employees	New employees	Instructor	84	3,360	
		Trainee	500	8,000	
Training to be a trainer	Candidates for TPS trainer	TPS (standardized work and kaizen/improvement)	Trainee	66	9,372
		TJI (job instruction)	Trainee	61	4,209
		TCS (creation of a positive and fulfilling workplace)	Trainee	50	2,025

1 CX (Chief Expert)

2 SX (Senior Expert)

3 EX (Expert)

\* Checking of the status of acquired abilities, and the development of awareness and abilities with an eye toward obtaining the next qualifications

## Overseas Affiliate Human Resource Development

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

## Employee Satisfaction Survey

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

Results of Employee Satisfaction Survey [%]			
	FY2019	FY2020	FY2021
Toyota Motor Corporation	75.8	76.4*	<b>78.7</b>

Percentage of Employees Who Feel Personal Growth [%]			
	FY2019	FY2020	FY2021
Toyota Motor Corporation	75.2	77.7*	<b>82.1</b>

Results of Employee Satisfaction Survey [%]			
	FY2015	FY2017	FY2019
Overseas Administrative and Engineering employees	76.0	74.0	<b>77.0</b>
Shop floor employees	72.0	72.0	<b>70.0</b>

\* Revised in July 2021: 78.7 → 76.4, 82.1 → 77.7

# Intellectual Property

Updated in January 2022

## Fundamental Approach

Through its continuous challenge to be one step ahead in conducting new research and development, Toyota has enhanced its product appeal and technological prowess, which have been serving as the source of the company's competitiveness. At the core of Toyota's products created through this research and development always lies intellectual property, including invention, know-how and brands. This intellectual property functions as Toyota's important management resources. By protecting and utilizing our intellectual property in an appropriate manner, we will continue to contribute to society.

## Intellectual Property Activities

Toward the realization of a future mobility society, Toyota is carrying out intellectual property activities in line with its focus areas. For example, by distributing resources mainly to such areas as carbon neutrality, software<sup>\*1</sup> and Woven City<sup>\*2</sup> and enhancing the obtainment and use of intellectual property rights, we are committed to strengthening our future competitiveness.

\*1 Software and Connected Initiatives      \*2 Toyota Woven City

## Organizational Structure

Having established intellectual property functions at the R&D centers in the United States, Europe and China, Toyota supports technology development globally by securing organic, systematic coordination between R&D activities and intellectual property activities. Working in concert with approximately 110 law firms around the world, we collect intellectual property information and take measures suitable for each country/region. To enhance activities that incorporate management, R&D and intellectual property in one, Toyota has the Intellectual Property Management Committee. The members of the Committee discuss and make decision for obtaining and utilizing important intellectual property conducive to management and for responding to management risks related to intellectual property.

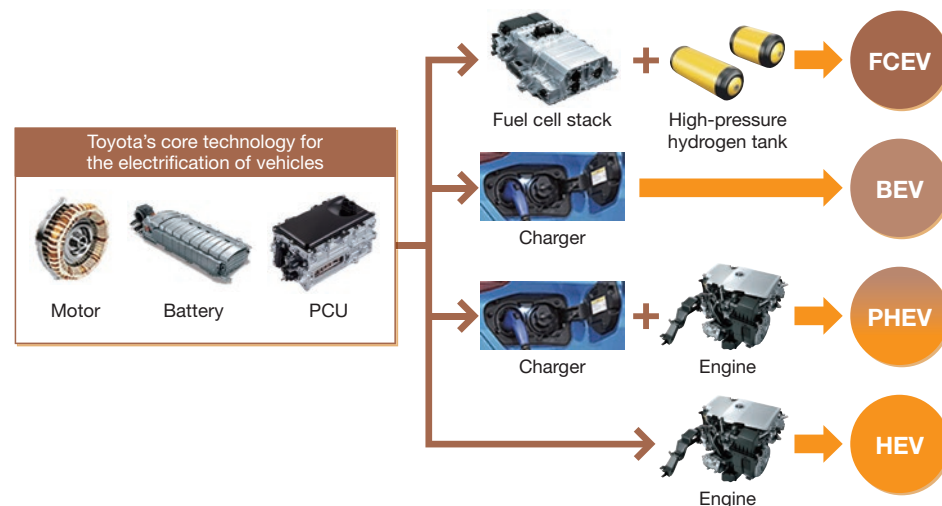
## Achievements and Social Recognition

Toyota holds approximately 69,000 patents around the world (as of November 2021) and is filing approximately 12,000 patent applications a year domestically and internationally. In 2020, Toyota became the holder of the most patents among the car manufacturers in Japan, the United States and other countries.

According to a ranking list of companies filing patent applications concerning decarbonization-related technologies to the Japan Patent Office, which was released by an external institution, Toyota has always been ranked top.

As an example of utilizing its patents toward the realization of carbon neutrality, Toyota grants royalty-free licenses on patents for vehicle electrification-related technologies.

In 2019, as part of its initiatives for further promoting the widespread use of electrified vehicles, Toyota decided to grant royalty-free licenses on approximately 23,740 patents, which Toyota holds around the world, for vehicle electrification-related technologies, including power control units (PCUs) and system controls. These advanced vehicle electrification-related technologies have helped Toyota realize enhanced performance, reduced size and cost reductions through over more than 20 years of hybrid electric vehicle (HEV) development, serving as core technologies that can be applied to the development of various types of electrified vehicles, including HEVs, plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). In this way, while building external partnerships by sharing technologies, we are actively involved in promoting the further growth of electrified vehicles.



# Social Contribution

GRI 201-1, 203-2

Updated in October 2021

## Contribution to SDGs



## Fundamental Approach

Today, when the world is faced by challenges that need to be addressed on a global scale, such as environmental problems and the spread of infectious diseases, and which are becoming increasingly severe, the raison d'être of companies as members of the global community is in question.

For Toyota's social contribution activities, it is time to take concrete actions from the perspective of "what we want to be like in the future." We identified the areas that we will focus on to be a "harmonious society," and for "human asset development\*" and "community co-creation" to achieve the SDGs, and "Mobility for All," which is Toyota's aim to contribute through our main business. In these areas, we will contribute to establishing a global society in which everyone can live a rich and dynamic life. For the issues in each area, we all have a sense of ownership and take action on a *genchi genbutsu* (onsite hands-on experience) basis. We will work together with our partners who share the same aspirations for the future in addressing issues that are difficult to solve solely by ourselves.

The origin of Toyota's foundation is the aspiration to create happiness for people. We promote our corporate activities for the happiness of people other than ourselves through social contribution.

To facilitate the smooth functioning of various activities, the Corporate Citizenship Division, a specialized division for social contribution activities, plays the lead role in promoting activities in close cooperation with regional headquarters in the United States, Europe, Asia and China. Policies and approaches of the initiatives are reported to and discussed at the Sustainability Meeting.

\* Human asset development: Based on the belief that each individual is a being with diverse and essential potential, Toyota intends to develop such potential.

### Areas in which Toyota will focus on to achieve the SDGs



Harmonious society

Create a society where diversity is embraced in both nature and people.



Human asset development

Develop human capacity to live with richness of mind for the future



Community co-creation

Support local communities in improving themselves

# MOBILITY FOR ALL

Offer free and safe mobility for all people

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

### Purpose

We in the Toyota Group will undertake social contribution activities to contribute to sustainable social vitality

### Stance

We will maximize the benefits of our social contribution activities by working with partners; by using our resources effectively; and by concentrating on initiatives that address real social needs, including the need for fostering human resources

### Employee participation

We will support independent social contribution activities that our employees undertake as members of the community

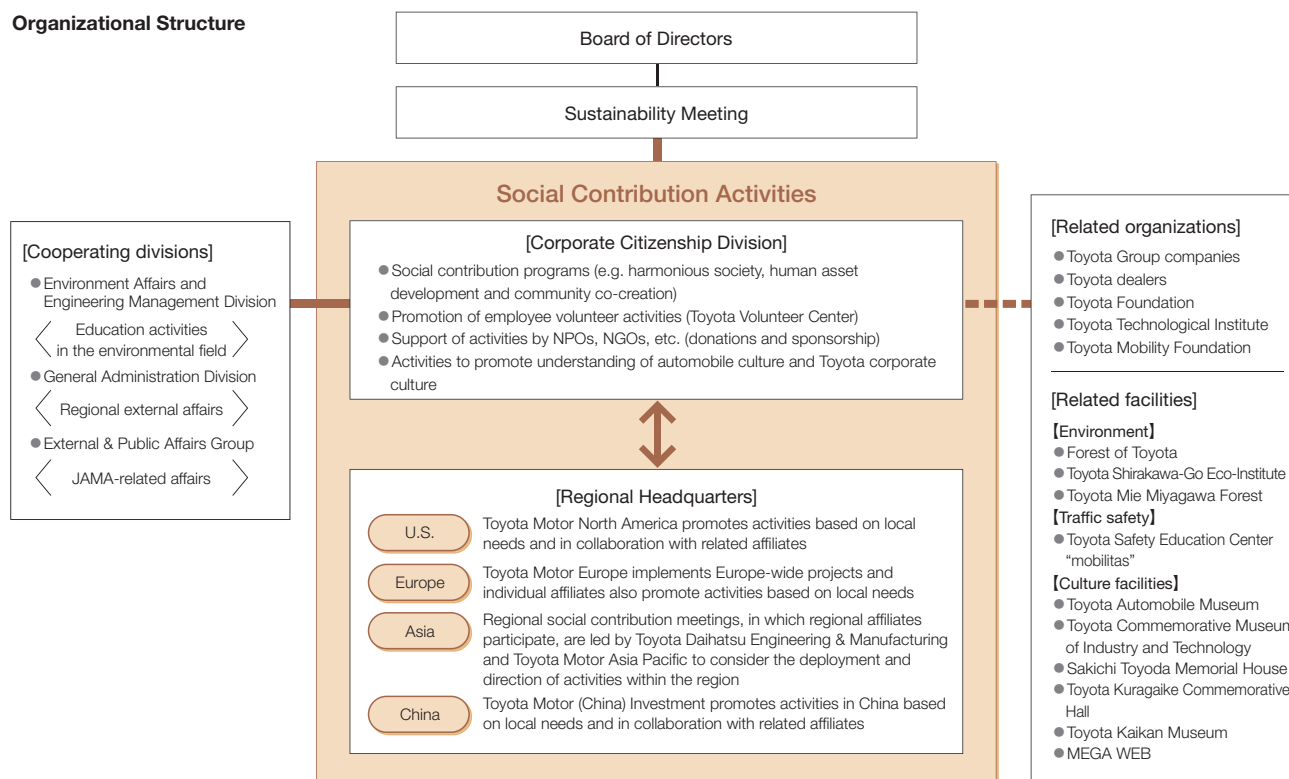
### Information disclosure

We will disclose information about our social contribution activities, aiming to promote the development and improvement of societies

### Global perspective

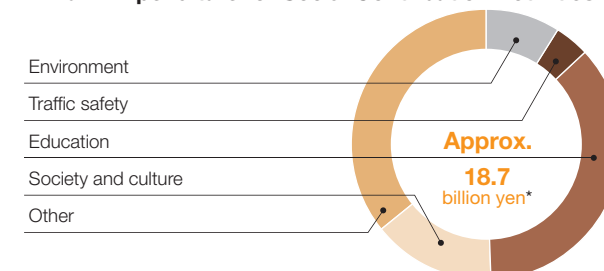
We will adopt a global perspective on social contribution activities while adapting our activities to needs and circumstances in each nation and region where we operate

**Organizational Structure**



[Organization for Sustainability Management p. 5](#)

**FY2021 Expenditure for Social Contribution Activities**



\* Consolidated base including Toyota Motor Corporation and major subsidiaries. Overseas affiliates' results have been converted to yen based on the average exchange rate for FY2021.

**Supporting Society by Taking Advantage of Wisdom Acquired through *Monozukuri* (Manufacturing)**

Toyota has been addressing various social issues on a *genchi genbutsu* (onsite hands-on experience) basis while keeping a sense of ownership. For details about our initiatives to support society by utilizing the Toyota Production System, please refer to Toyota Times.

Case: Toyota's response to the spread of COVID-19 (Novel Coronavirus) infections  
 "Toyota Production System Leads to 100-fold Increase in Protective Gown Production"

[Toyota Times](#)



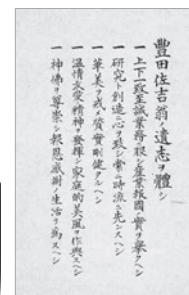
Source: Toyota Times

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

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



Sakichi Toyoda



Five Main Principles of Toyoda

[Social contribution activity website](#) [Toyota's Social Contribution Activities Report](#)



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## Social Data

Updated in October 2021

TMC: Toyota Motor Corporation

### A Employees

		FY2019	FY2020	FY2021
Employees (Global)		370,870	359,542	<b>366,283</b>
Employees (TMC)		74,515	74,212	<b>71,373</b>
	Male	65,579	65,002	<b>62,335</b>
	Female	8,936	9,210	<b>9,038</b>
Newly-hired employees (TMC)	Persons	1,914	1,567	<b>1,028</b>
	Male	1,469	1,093	<b>750</b>
	Female	445	474	<b>278</b>
Average age (TMC)		39.4	39.7	<b>39.2</b>
	Male	39.5	41.0	<b>39.8</b>
	Female	34.9	36.4	<b>35.1</b>
Average period of employment (TMC)		17.5	17.6	<b>16.2</b>
	Male	18.0	18.2	<b>16.6</b>
	Female	13.4	13.6	<b>13.2</b>
Turnover rate (TMC)	%	1.02	1.10	<b>1.00</b>
Re-employed retirees (TMC)	Persons	890	958	<b>1,000</b>
Local management employees at overseas affiliates	%	70.8	71.4	<b>72</b>
Non-Japanese CEOs/COOs in major overseas subsidiaries	%	55.0	56.9	<b>58</b>
Number of managers (TMC)	Persons	—	10,499	<b>10,504</b>
Percentage of managerial positions held by women	%	—	12.1	<b>15.1</b>
	TMC	—	2.5	<b>2.7</b>
Number of female assistant managers (TMC)	Persons	688	697	<b>733</b>
Number of female managers (TMC)	Persons	215	263	<b>283</b>
Percentage of female new recruits (TMC)		41.1	40.3	<b>38.3</b>
	Administrative employees	41.1	40.3	<b>38.3</b>
	Engineering employees	12.2	12.6	<b>15.2</b>
	Shop floor employees	26.4	32.7	<b>32.8</b>
Female turnover rate (TMC)		2.2	1.5	<b>1.7</b>
	Administrative/engineering employees	2.2	1.5	<b>1.7</b>
	Engineering employees	2.6	3.2	<b>2.3</b>
Number of employees using the childcare and nursing care leave program (TMC)		624	624	<b>767</b>
	Male	111	149	<b>296</b>
	Female	513	475	<b>471</b>

		FY2019	FY2020	FY2021
Average period of childcare leave (TMC)		15.2	13.5	<b>11.4</b>
	Male	2.4	2.6	<b>2.3</b>
	Female	16.9	16.7	<b>17.0</b>
Return rate after taking childcare leave (TMC)		97.9	98.0	<b>98.7</b>
	Male	100	100	<b>100</b>
	Female	97.6	98.0	<b>98.1</b>
Rate of male employees taking childcare leave (TMC)		3.3	5.1	<b>10.6</b>
Rate of male employees taking leave after the birth of their child (TMC) <sup>1</sup>		94.5	93.1	<b>90.6</b>
Average number of days leave taken by male employees after the birth of their child (TMC)	Days	5.3	5.3	<b>5.4</b>
Employment rate of people with disabilities (TMC, including special-purpose subsidiaries)	%	2.33	2.41	<b>2.46</b>
Number of people with disabilities employed (TMC, including special-purpose subsidiaries)	Persons	1,322	1,368	<b>1,405</b>
Number of employees using the flexible working hours system (TMC) <sup>2</sup>		6,013	14,345	<b>30,984</b>
Percentage of annual paid leave taken (TMC) <sup>3, 4</sup>	%	92.8	93.4	<b>98.5</b>
Average monthly overtime per employee (TMC) <sup>3</sup>	Hours/month	20.9	20.9	<b>19.8</b>
Employees who feel personal growth (TMC)		75.2	77.7 <sup>5</sup>	<b>82.1</b>
Employees who are satisfied with company life (TMC)		75.8	76.4 <sup>5</sup>	<b>78.7</b>
Administrative and engineering employees who are satisfied with company life (overseas)	%	77.0	— <sup>6</sup>	— <sup>6</sup>
Shop floor employees who are satisfied with company life (overseas)		70.0	—	—
Rate of non-permanent employment		—	—	<b>12.9</b>
Ratio of employees covered by collective bargaining agreements <sup>7</sup>		—	91	<b>91</b>
Number of work stoppages and total days idle	Cases (persons-days)	—	1 (1,598)	<b>1 (3,394)<sup>8</sup></b>

<sup>1</sup> Percentage of male employees who took more than a half-day or full day of leave within two months of the birth of their child (including annual paid leave and childcare leave)

<sup>2</sup> Including use of the system other than for childcare or nursing care (definitions partially revised in FY2019)

<sup>3</sup> Union member average

<sup>4</sup> As a fraction of the number of days given each year. Including days of annual paid leave carried over from previous years (annual paid leave can be carried over for up to two years.).

<sup>5</sup> Revised in July 2021 82.1→77.7, 78.7→76.4

<sup>6</sup> Survey not conducted

<sup>7</sup> Countries with unionized operations (only countries/regions with manufacturing: 20 out of 22)

**SASB** TR-AU-310a.1

<sup>8</sup> Between the 9th of November 2020 and 3rd of March 2021, Toyota Kirloskar Motors in India experienced a semi lock out condition where a part of the workforce was affected.

During this period there was one work day where no production took place and for the remaining days production continued on a single shift basis.

By utilizing the SASB definitions for "Idle Days" the value was calculated as 3,394 idle days. (1 day x 3,394 affected employees)

**SASB** TR-AU-310a.2

## B Social Contribution Activities

		FY2019	FY2020	FY2021
Total expenditure for social contribution activities <sup>9</sup>	Billion yen	19.0	19.6	<b>18.7</b>
Toyota Community Concert participants (Japan)		29,589	31,650	— <sup>10</sup>
Why/What Lecture participants (Japan)	Persons	728	848	<b>94<sup>11</sup></b>
Visitors to the Forest of Toyota (Japan)		10,546	10,604 <sup>12</sup>	<b>5,872</b>
Number of traffic safety educational materials distributed (picture books)	Million books	2.66	2.68	<b>2.64</b>
Toyota Environmental Activities Grant Programs	Programs (total)	387	413	<b>440</b>

<sup>9</sup> Toyota Motor Corporation and major subsidiaries

<sup>10</sup> Canceled due to the holding of another event

<sup>11</sup> Scaled down/canceled to prevent the spread of the COVID-19 infection

<sup>12</sup> Revised in October 2021 10,602 → 10,604

## C Supply Chain

		FY2019	FY2020	FY2021
Number of parts suppliers		3,453	3,605	<b>3,169</b>
Number of parts suppliers (overseas)	Companies	3,012	3,150	<b>2,712</b>
Number of non-Japanese suppliers		1,507	1,653	<b>1,226</b>

# Governance

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# Corporate Governance

GRI 102-18~28, 35, 36, 37

Updated in September 2021

## Fundamental Approach

Toyota regards sustainable growth and the stable, long-term enhancement of corporate value as essential management priorities. Building positive relationships with all stakeholders, including shareholders, customers, business partners, local communities and employees, and consistently providing products that satisfy customers are key to addressing these priorities. To this end, Toyota constantly seeks to enhance corporate governance.

 [Corporate Governance Report](#)

## Business Execution and Supervision

### Corporate Governance Organization

Contributing to society through *monozukuri* (manufacturing) is the basis of Toyota's corporate value. To enhance its corporate value in the medium- to long-term, it is appropriate for Toyota to be a company with an Audit & Supervisory Board, where 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, can participate in well-balanced decision making at the Board of Directors' meetings.

With respect to its framework for executing its operations, Toyota, has been continuing its efforts to respond swiftly to the external environment, which is changing faster than ever. Following the introduction of "region-based management" in 2011, the "business unit system" in 2013, and the "in-house company system" in 2016, in 2017, Toyota further clarified that Members of the Board of Directors are responsible for decision-making and management oversight and that operating officers are responsible for operational execution for purposes of further accelerating decision-making and operational execution.

Furthermore, in 2018, Toyota brought forward the timing of executive changes from April, when it used to take place, to January, in order to further accelerate management oversight that is fully coordinated with the workplace. In addition, Toyota transformed the company structure into one that enables decision-making that is both close to the needs of customers

and close to where the action takes place, by taking measures such as reviewing the corporate strategy function and restructuring the Japan Sales Business Group into a group based by regions rather than sales channels. In 2019, to further advance its "acceleration of management" and the development of a diverse and talented workforce, Toyota made executive and organizational changes as follows: Executives are composed of only senior managing officers and people of higher rank. A new classification called "senior professional/senior management" (*kanbushoku* in Japanese) grouped and replaced the following titles or ranks; managing officers, executive general managers, (sub-executive managerial level) senior grade 1 and senior grade 2 managers, and grand masters. From the perspective of appointing the right people to the right positions, senior professionals/senior management are positioned in a wide range of posts, from those of chief officer, deputy chief officer, plant general manager, senior general manager to group manager, regardless of age or length of employment, to deal with management issues as they arise and to strengthen their development as part of a diverse and talented workforce through *genchi genbutsu* (on-site learning and problem-solving).

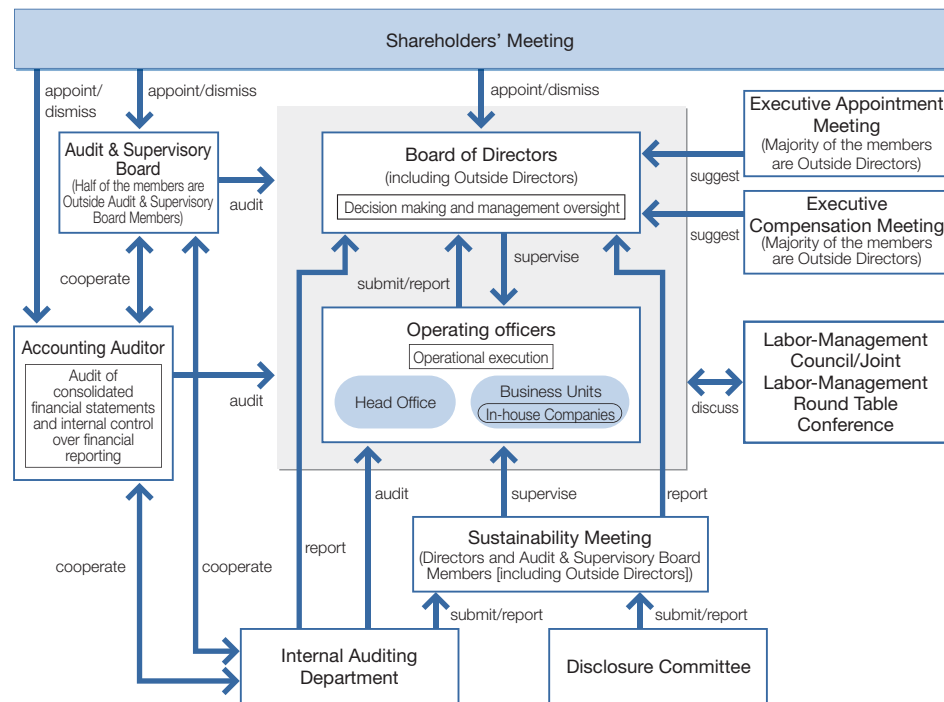
In April 2020, Toyota consolidated the post of executive vice president and the post of operating officer into the post of operating officer and in July 2020, clarified the responsibilities of operating officers. Toyota redefined the role of operating officer to be members who, together with the president, have cross-functional oversight of the entire company. Furthermore, in-house company presidents, regional CEOs and chief officers, as on-site leaders of business implementation elements, were given authority while being consolidated into the rank of senior professionals/senior management. The roles of operating officers and senior professionals/senior management are to be determined where and as needed, and persons appointed as operating officers and senior professionals/senior management are to change in accordance with the challenges faced and the path that should be taken, as the company exercises greater flexibility than ever in appointing the right people to the right positions. Toyota, based on its basic policy of appointing the right people to the right positions, has been swiftly and continuously innovating. Toyota will further press forward with the tide of such innovations, aiming for a corporate structure capable of carrying out management from a viewpoint that is optimal for a global company.

### Changes in Governance Organization

	-2010	2011 – 2015	2016 – 2021
Number of Directors (total)	27	2011-2016: between 11 and 16 (temporarily increased due to the introduction of Outside Directors)	2017: 9
Outside Directors		2013: 3	
Executives	Executive vice presidents	2011-2020: between 4 and 7	
	Senior managing/Managing officers	64	2011-2018: between 42 and 49
	Operating officers		June 2021: 11
	Advisors/Senior advisors	2011-2017: between 55 and 68	
Organization	Region	2013: Restructuring of groups	
	Company	2016: Introduction (from function-based to product-based)	
Audit & Supervisory Board Members (total)		7	2014: 6
Outside Audit & Supervisory Board Members		4	2014: 3
Meetings	Executive Appointment		2017: Outside members accounting for half
	Compensation		2019: Outside members accounting for a majority
Sustainability	2007-2014: CSR Committee		2014: Corporate Governance Meeting
			2018: Sustainability Meeting

 [Organization for Sustainability Management p. 5](#)

**Corporate Governance Organizational Diagram**



**Members of Board of Directors and Audit & Supervisory Board**

**Board of Directors and Related Structures**

With respect to the system regarding Members of the Board of Directors, Toyota has comprehensively considered and appointed the right person for the right position to make appropriate and prompt decision-making. Toyota believes that it is critical to appoint individuals who contribute to decision-making aimed at sustainable growth into the future according to the concept of the “Toyoda Precepts,” which set forth our founding philosophy. Moreover, these individuals should be able to play a significant role in transforming Toyota into a “mobility company” through responding to social transformation by using CASE\* and building external partnerships, while working in furtherance of the SDGs and towards solutions for other social challenges. The Board of Directors should consist of members who have the abundant knowledge, deep insight and the highly professional expertise needed by Toyota and members are appointed with consideration for diversity. For each Director candidate, members of the Executive Appointment Meeting, of which the majority are Outside Directors, make recommendations to the Board of Directors.

Furthermore, three Outside Members of the Board of Directors have been appointed in order to adequately reflect the opinions of those from outside the company in management’s decision-making process, and all of them are registered as independent officers with the relevant financial instruments exchanges.

Toyota considers the appointment of Outside Members of the Board of Directors as independent officers in accordance with the requirements for Outside Members of the Board of Directors set out in the Companies Act and independence standards established by the relevant financial instruments exchanges.

Outside Members of the Board of Directors provide advice in Toyota’s management decision-making process based on their broad experience and insight, independently from the management structure. To allow the insight of Outside Members of the Board of Directors and the Audit & Supervisory Board to be fully made use of, Toyota has launched the following measures:

- (1) Review the criteria for submission of proposals to the Board of Directors as needed to reduce the number of proposals submitted, so that sufficient time can be secured to discuss each proposal.
- (2) Provide an explanation of all proposals in advance to help understand the background of the proposals.
- (3) Remove the time limit for discussions at Board of Directors’ meetings to ensure sufficient discussion can be held.
- (4) Besides the Board of Directors meetings, set periodic opportunities for two-way communication between Outside Members of the Board of Directors and the Audit & Supervisory Board and the operational execution side on important management issues and medium-to long-term issues.

In recent years, to facilitate active discussion at Board of Directors’ meetings, Toyota has reduced the number of members (Directors and Audit & Supervisory Board Members) of the Board of Directors’ Meeting (from 34 in 2010 to 15 in 2020). As a result, opportunities for each member to speak at Board of Directors’ meetings have increased, enabling Outside Members of the Board of Directors and the Audit & Supervisory Board to speak on almost all proposals.

\* CASE: Connected, Autonomous/Automated, Shared, Electric



### Personnel Structure of the Board of Directors (as of May 12, 2021)

Name	Gender	Age	Length of service	Attribution	Current position/responsibility at Toyota			Attendance at Board of Directors' meetings (No. of meetings attended)*
					Meeting		Responsibility	
					Executive Appointment	Compensation		
Takeshi Uchiyamada	Male	74	23 years		Chairperson	Chairperson	Chairman of the Board of Directors	100% (17/17)
Shigeru Hayakawa	Male	67	6 years				Chief Privacy Officer	100% (17/17)
Akio Toyoda	Male	65	21 years				Chief Executive Officer	100% (17/17)
Koji Kobayashi	Male	72	3 years		Member	Member	Chief Risk Officer	100% (17/17)
James Kuffner	Male	50	1 year				Chief Digital Officer	100% (13/13)
Kenta Kon	Male	52	—				Chief Financial Officer	—
Ikuro Sugawara	Male	64	3 years	Outside independent	Member	Member		100% (17/17)
Sir Philip Craven	Male	70	3 years	Outside independent	Member	Member		100% (17/17)
Teiko Kudo	Female	56	3 years	Outside independent	Member	Member		94% (16/17)

\* Status of attendance at Board of Directors' meetings in fiscal year ended March 2021

### Audit & Supervisory Board

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

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

Toyota has appointed three Outside Audit & Supervisory Board Members, all of whom are registered as independent officers with the relevant financial instrument exchanges. When appointing Outside Audit & Supervisory Board Members, Toyota considers the requirements set out in the Companies Act as well as the independence standards established by the relevant financial instrument exchanges. In recent years, the Audit & Supervisory Board and the internal audit function have been strengthening their ties by increasing the opportunities to share their audit results, with the aim of improving the effectiveness of their audits.

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

In order to improve the effectiveness of the Board of Directors, Toyota has conducted an analysis and evaluation of the Board of Directors as below.

#### 1) Analysis and evaluation

After a survey about the composition, operation and efficacy of the supervisory function of the Board of Directors was conducted, interviews were held with the Outside Members of the Board of Directors, the Audit & Supervisory Board Members, and certain management Members of the Board of Directors based on results of the survey. Once views and proposals regarding the background and causes of the identified issues, as well as the improvement trajectory for such issues, were compiled and reported to the Board of Directors, they were discussed at the Board of Directors' Meeting.

- Method of evaluation: Self-evaluation through surveys and interviews
- Subject of evaluation: Members of the Board of Directors and Audit & Supervisory Board Members
- Implementation period: February 2021 to April 2021
- Matters to be evaluated: Matters including
  - (1) composition and operation of the Board of Directors
  - (2) management strategy and business strategy
  - (3) corporate ethics and risk management
  - (4) communication with stakeholders such as shareholders

#### 2) Summary of the findings

It was confirmed, as a result of the evaluation, that the operation of and the quality and content of the discussions at the Board of Directors were improving year by year, and that effectiveness was therefore ensured, through measures such as providing sufficient explanations of the presented agenda items in advance and having periodic exchanges of views with external officers on matters such as medium- to long-term management challenges.

Toyota identified issues to be resolved in order to further enhance effectiveness, such as increasing opportunities to discuss important matters related to management strategies and enhancing the provision of information in order to decide on investments such as those in new businesses. The Board of Directors will make improvements on these issues.

### Training for Members of the Board of Directors and Audit & Supervisory Board Members

In order to ensure that Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members understand Toyota's philosophy and efforts, Toyota arranges on-site inspections, including at its subsidiaries, and other opportunities. Also, as explained above, besides the Board of Directors Meetings we offer opportunities to help deepen their understanding, such as advance explanations on proposals submitted to the meetings and two-way communication with the operational executive on important management issues and medium- to long-term issues.

## Executive Compensation

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

### Decision Policy and Decision Process

Toyota believes that it is critical to appoint individuals who contribute to decision-making aimed at sustainable growth into the future according to the concept of the “Toyoda Precepts,” which set forth our founding philosophy. Moreover, these individuals should be able to play a significant role in transforming Toyota into a “mobility company” through responding to social transformation by using CASE and external partnerships, while working in furtherance of the SDGs and towards solutions for other social challenges. Toyota’s executive compensation system is an important means to promote various initiatives and 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

The Board of Directors decides by resolution the policy for determining remuneration for and other payments to each member of the Board of Directors. Remuneration is effectively linked to corporate performance while reflecting individual job responsibilities and performance. Remuneration standards in each member’s home country are also taken into account when determining remuneration amounts and methods.

Remuneration for Outside Members of the Board of Directors and Audit & Supervisory Board Members consists only of fixed payments. As a result, this remuneration is not readily impacted by business performance, helping to ensure independence from management.

The amounts of remuneration and other payments to each member of the Board of Directors and the remuneration system are decided by the Board of Directors and the “Executive Compensation Meeting,” a majority of the members of which are Outside Members of the Board of Directors, to ensure the independence of the decisions.

The Board of Directors resolves the policy for determining remuneration for and other payments to each member of the Board of Directors and the executive remuneration system as well as the total amount of remuneration for a given fiscal year. The Board of Directors also resolves to delegate the determination of the amount of remuneration for each Member of the Board of Directors to the Executive Compensation Meeting. The Executive Compensation Meeting reviews the executive remuneration system on which it will consult with the Board of Directors and determines the amount of remuneration for each Member of the Board of Directors, taking into account factors such as corporate performance as well as individual job responsibilities and performance, in accordance with the policy for determining remuneration for and other payments to each member of the Board of Directors established by the Board of Directors. The Board of Directors considers that such decisions made by the Executive Compensation Meeting are in line with the policy on determining remuneration and other payments for each member of the Board of Directors.

Remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the scope determined by resolution of the shareholders’ meeting.

To decide the compensation for the fiscal year under review, the Executive Compensation Meeting was held in May 2020, March 2021 and April 2021. Also, preparatory meetings attended solely by Outside Directors were held five times in August, September and October 2020 and February and March 2021 to hold discussions in preparation for the Executive Compensation Meeting. The compensation for the Members of the Board of Directors was decided with the agreement of all members of the Executive Compensation Meeting.

### Major Matters Discussed at the Executive Compensation Meeting

- Compensation levels according to position and responsibilities
- Indicator evaluation results for FY2021
- Individual performance evaluation
- The remuneration for each individual

### Method of Determining Performance-based Remuneration (bonuses, share-based compensation)

1) Directors with Japanese citizenship (excluding Outside Directors)

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

Toyota sets an appropriate executive compensation level for the Annual Total Remuneration based on position and duties by referencing a benchmark group of companies located in Japan.

### Explanation of Indicators

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

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

	Evaluation weight	Evaluation method	Reference value	Evaluation result for the current fiscal year
Consolidated operating income	50%	Evaluate the degree of attainment of consolidated operating income in the current fiscal year, using required income (set in 2011) for Toyota’s sustainable growth as a reference value	1 trillion yen	150%
Volatility of Toyota’s share price	50%	Comparatively evaluate the volatility of Toyota’s share price up to the end of the current fiscal year, using the share price of Toyota and the Nikkei stock average at the end of the previous fiscal year as reference values	Toyota’s share price: 6,501 yen Nikkei average: 18,917 yen	

### Method of Setting the Annual Total Remuneration

Annual Total Remuneration is set according to a formula based on the benchmark results of executive compensation. Annual Total Remuneration for each position is set based on consolidated operating income and the volatility of the share price of Toyota, and then adjusted based on individual performance evaluation. Individual performance evaluation is conducted in view of the efforts made according to the concept of the “Toyoda Precepts,” which set forth our founding philosophy, and other aspects such as trust from others and promotion of human resources development, based on which the amount of Annual Total Remuneration for each director is determined within the range of 25% above or below the Annual Total Remuneration for each position.

## 2) Directors with foreign citizenship (excluding Outside Directors)

Fixed remuneration and performance-based remuneration are set based on the remuneration levels and structures that allow Toyota to secure and retain talented personnel.

Fixed remuneration is set, taking into account each member's job responsibilities and the remuneration standard of his/her home country. Performance-based remuneration is set based on consolidated operating income, the volatility of the share price of Toyota and individual performance, taking into account each member's job responsibilities and the remuneration standard of his/her home country. The concept of each item is the same as for directors with Japanese citizenship (excluding Outside Directors). Differences in tax rates in Japan and their home countries may be considered and compensated for.

### Share-based Compensation System

The Board of Directors decides the share-based compensation, using the maximum share-based compensation (4.0 billion yen per year) set in the 115th Ordinary General Shareholders' Meeting held on June 13, 2019. For more details, please refer to p. 90 of the Securities Report (for fiscal year ended March 2021).

### Remuneration by executive category, remuneration by type, and number of applicable executives

Category	No. of applicable executives	Total remuneration by type (million yen)				Amount of remuneration [million yen]
		Fixed remuneration	Performance-linked remuneration		Other	
		Monthly remuneration	Bonuses	Share-based compensation <sup>2</sup>		
Directors (of which Outside Directors <sup>1</sup> )	10(3)	735 (159)	748	364 (36,000 shares)	747	2,595 (159)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	6(3)	251 (54)	—	—	—	251 (54)

<sup>1</sup> Outside Directors are not involved in operational execution.

(Notes) 1. Cash compensation consists of monthly remuneration and bonuses.

2. Performance-based remuneration is set based on the resolution of the Board of Directors' Meeting on May 12, 2021.

Share-based compensation is the number of shares presented in the table multiplied by the closing price on the day prior to the date of resolution for the allocation.

2. Share-based compensation presented above is the amount calculated using the closing price on the day prior to the date of the resolution to allocate the number of shares resolved.

3. The figure for "Other" is the amount of compensation for taxes on remuneration paid to Didier Leroy, former Director who resigned on June 11, 2020, during his term of service as Director.

### Names and details of those who receive, in aggregate, consolidated remuneration of one hundred million Japanese yen or more

Name (executive category)	Company category	Total consolidated remuneration by type (million yen)					Total consolidated remuneration (million yen)
		Fixed remuneration	Performance-linked remuneration		Other	Retirement benefits	
		Monthly remuneration	Bonuses	Share-based compensation			
Takeshi Uchiyamada (Director)	Reporting company	110	61	50 (5,000 shares)	—	—	222
Shigeru Hayakawa (Director)	Reporting company	66	41	33 (3,000 shares)	—	—	140
Akio Toyoda (Director)	Reporting company	185	25	231 (23,000 shares)	—	—	442
Koji Kobayashi (Director)	Reporting company	69	12	49 (4,000 shares)	—	—	134
	Consolidated subsidiary Daihatsu Motor Co., Ltd.	3	—	—	—	—	
Didier Leroy (Director)	Reporting company	57	515	—	747	—	1,451
	Consolidated subsidiary Toyota Motor Europe	26	104	—	—	—	
Shigeki Terashi (Director)	Reporting company	63	63	—	—	—	138
	Consolidated subsidiary Hino Motors, Ltd.	12	—	—	—	—	
James Kuffner (Director)	Reporting company	23	28	—	—	—	284
	Consolidated subsidiary Woven Planet Holdings, Inc.	232	—	—	—	—	

(Notes) 1. The figure for "Other" is the amount of compensation for taxes on remuneration paid to Didier Leroy, former Director who resigned on June 11, 2020, during his term of service as Director.

2. The fixed remuneration paid to Director James Kuffner by Woven Planet Holdings, Inc., a consolidated subsidiary, includes the amounts of fixed remuneration paid every three months and every 12 months.

## Internal Control

Toyota, together with its subsidiaries, has created and maintained a sound corporate climate. Toyota integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.

Toyota has endeavored to 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." Each business year, Toyota inspects the establishment and implementation of internal controls to confirm that the organizational units responsible for implementing internal controls are functioning autonomously and are enhancing internal controls as necessary.

# Risk Management GRI 102-11, 15, 30, 33

Updated in January 2022

## Fundamental Approach

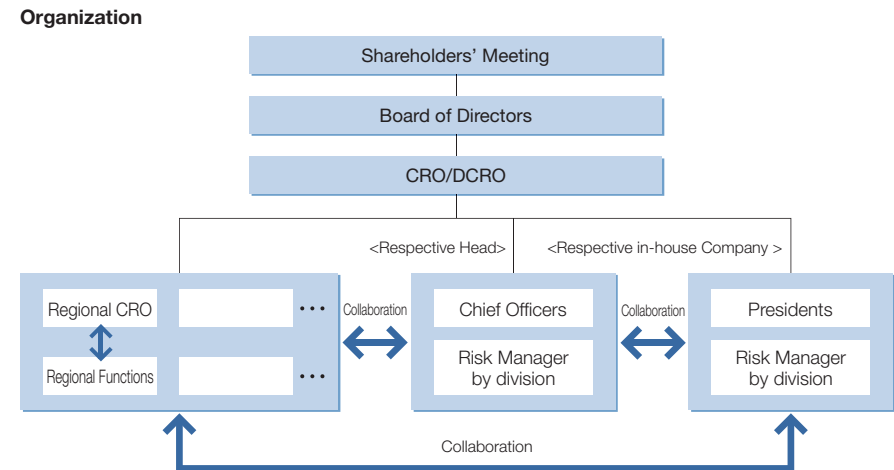
Amid a period of tremendous change in the conditions and values of the automotive industry, including the push toward carbon neutrality and CASE, Toyota is always taking on new challenges, and has been working to reinforce its risk management structure to handle the increasing uncertainty. Toyota has appointed a Chief Risk Officer (CRO) and Deputy Chief Risk Officer (DCRO), making global efforts to prevent and mitigate the impact of risks that could arise in Toyota's global business activities.

## Initiatives for Risk Management

### Organizational Structure

Beneath the CRO and DCRO are Regional CROs appointed to manage their own risk management structures. Within head office departments (such as Accounting and Purchasing), risk management by function is assigned to chief officers and risk managers of individual divisions, while in individual in-house companies, risk management by product is assigned to the company presidents and risk managers of individual divisions. This makes it possible for them to coordinate and cooperate with the regional head offices and sections. In addition, significant risks requiring quick response will be reported by CRO and DCRO and discussed in the board meeting and/or other needed management meetings.

To oversee and mitigate global risks, we are continually enhancing and evolving our global risk management capability. On the strong foundation of the Toyota Global Risk Management Standard (TGRS), which defines, based on the ISO and COSO (Committee for Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management frameworks, Toyota's globally common risk management policy, structure, and operating procedures, we are well-positioned to develop a strong global risk management discipline.



### Noted Risk

Amid a period of tremendous change in the conditions and values of the automotive industry, including the push toward carbon neutrality and CASE, Toyota is always taking on new challenges and has been working to reinforce its risk management structure to handle the corresponding increase in uncertainty.

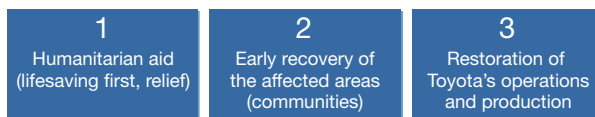
## Business Continuity Management (BCM)

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

There are deep concerns about the possibility of a massive Nankai Trough earthquake occurring, and the Toyota Group companies' main functions are concentrated in that area. It is predicted that a large-scale earthquake there would severely impact our production and logistics operations. To be prepared for such disasters, the Business Continuity Plan (BCP) was established to facilitate early recovery of business operations despite limitations on resources.

To continue to contribute to enriching the lives of communities, Toyota will work on disaster recovery following the Basic Guidelines.

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

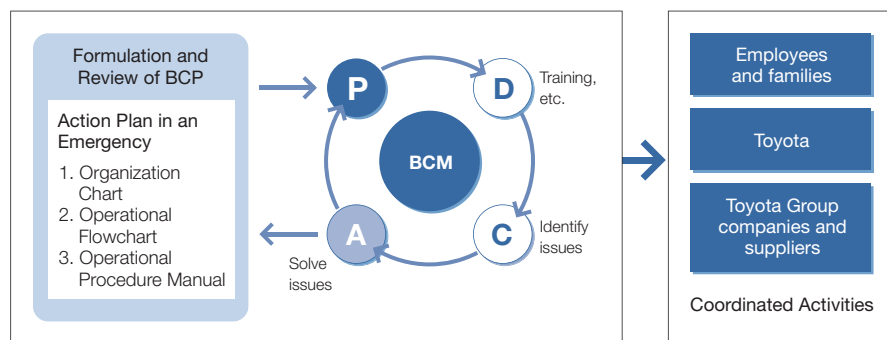


## Business Continuity Management at Toyota

PDCA is implemented and continuous improvements are undertaken through training and other means to constantly raise the practical effectiveness of Toyota's BCP.

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

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

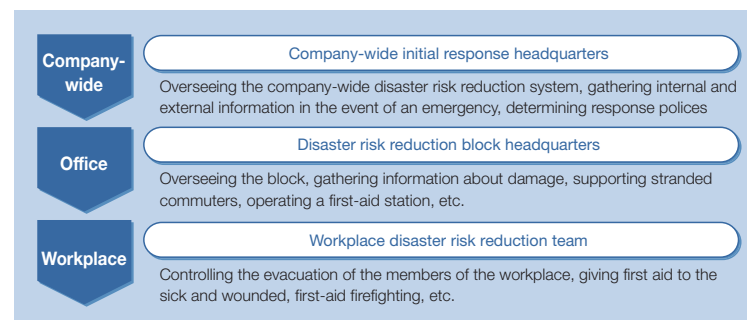


## Practical Disaster Risk Reduction Initiatives

### Disaster Risk Reduction System and Emergency Drills

In case of a disaster, we stand prepared to follow the Basic Guidelines to support the recovery of local communities and then steadily resume in-house production while making the protection of employees' safety the highest priority. Toyota Motor Corporation has established 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.

### Organizational Structure



### Safety Confirmation System

Toyota Motor Corporation has adopted 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 how they and their family members are doing to the company using their computers or smartphones. To ensure that employees can use the Safety Confirmation System in the event of an emergency to report their safety immediately after securing their personal safety, we conduct a safety confirmation drill for all employees every year in tandem with the company-wide emergency drill. In addition, divisional safety confirmation drills are also carried out repeatedly.

(Safety reporting rate at company-wide drill: 95% in 2019, 99% in 2020)



### Enhancing Awareness and Knowledge of Natural Disasters

Toyota Motor Corporation believe that, in the event of a disaster, it is most important for its employees to secure the safety of themselves and their family members, otherwise they cannot do their best to save people's lives, support the recovery of local communities and then restore our business in accordance with the Basic Guidelines. In this belief, we work hard to help all employees enhance their awareness and knowledge of disaster risk reduction.

Specifically, we educate our employees concerning disaster risk reduction, for example, preparedness even in ordinary times; safe evacuation behaviors in the event of an earthquake, a typhoon, heavy rainfall, fire or any other disaster; the provision of first aid to the injured; and means to contact family members. Furthermore, we have handed out the *Emergency Response Handbook*, a pocket-sized book summarizing how to use the Safety Confirmation System in an easy-to-understand manner, to all employees. The handbook can also be viewed on a smartphone.

Moreover, in consideration of recent years' increased severity of extreme weather events in Japan, including storms and floods, we raise awareness among employees by displaying the following information on their computer screen: the "Information for Severe Weather Preparedness" issued by the Japan Meteorological Agency, evacuation information issued by the relevant local government and basic knowledge about how local residents should act and evacuate in case of an extreme weather event. In addition, discussions on concrete suppositions are held at each workplace so that employees can understand disaster risk reduction better.



Emergency Response Handbook

### Initiatives to Mitigate the Impact of Disasters on Buildings and Equipment

To reduce bodily injuries and property damage in the event of a disaster close to zero, resume production immediately after shifting to the business restoration phase and contribute to the reconstruction of society by supplying products, Toyota Motor Corporation takes not only intangible measures geared to organizations and individual employees but also tangible measures to mitigate the impact of disasters on buildings and equipment. Tangible measures help prevent secondary disasters due to collapsed buildings and equipment from occurring and speed up the restoration of production.

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.

For production equipment and the like, 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.

This know-how regarding the mitigation of the impact of disasters on buildings and equipment is being put to use in assessing risks and devising measures at overseas affiliates in consideration of the characteristics of disasters in each country and region.

### 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). In accordance with the Basic Guidelines, these efforts will give priority to disaster recovery and contribute to building disaster-resilient communities. Humanitarian support and regional recovery assistance are to be provided under mutual cooperation with local governments. Toyota is preparing relevant structures by incorporating necessary provisions in its BCP and conducting joint training with the local governments.

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

#### Details of the Major Support Items

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

### Building a Disaster-resilient Supply Chain

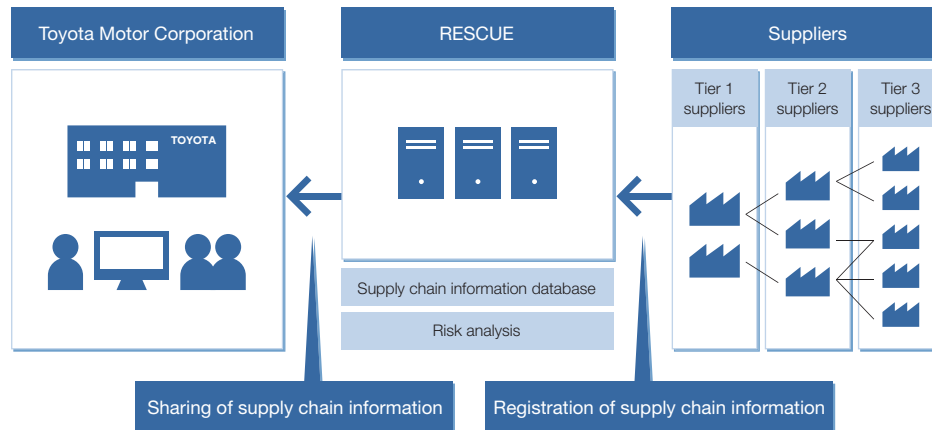
Toyota provides recovery support with the following priorities: (1) Humanitarian aid; (2) Early recovery of the affected area; (3) Restoration of Toyota's operations and production. Since the Great East Japan Earthquake, we have worked with suppliers in each country and region to build a disaster-resilient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

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

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

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

### RESCUE System to Store Supply Chain Information



### Response to Infectious Diseases

Toyota positions preventing the spread of COVID-19 novel coronavirus and responding properly to the occurrence of infection as an urgent issue and is working to address this issue in view of the impact not only on its own business activities but also on society.

First, under the principle of placing the highest priority on the safety and security of our employees and their families, customers, suppliers and other stakeholders, we set up the emergency headquarters at the end of January 2020, in the early stages of the spread in Japan, to discuss measures to prevent infection.

Headquarters makes decisions on various responsive actions based on environmental changes and implements them in line with the instructions of the governments of 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.

Additionally, to prevent the spread of infection and support frontline medical workers, we are considering implementing various measures that make effective use of our manufacturing and logistics know-how and the global supply chains of the automobile industry. Company-wide measures are controlled flexibly by internal headquarters members, including management, while each workplace implements its own voluntary initiatives.

Second, as there are concerns about the medium- to long-term impact on economic activities, it is also necessary to continue our business operations by taking all measures to prevent infection and make preparations for economic recovery after the situation settles down. While protecting employment, we will promote flexible manufacturing and advanced workstyle reform, such as increasing teleworking at home, as our own structural improvements. Through such efforts, we believe that the automobile industry, a core industry in Japan with a broad base, will lead the recovery and contribute to the maintenance and development of the economy.

### Major measures to prevent infection:

- Restrict travel, such as business trips and going abroad.
- Establish an environment for and encourage teleworking at home.
- Avoid "The Three Cs" (closed spaces, crowded places, close-contact settings) in offices and production sites.
- Ensure hygiene by wearing masks and washing hands.
- Manage health by measuring body temperatures and checking health conditions.

### Toyota's response to the spread of COVID-19 (Novel Coronavirus) infections

### Workplace Vaccination

In June 2021, to help as many local people as possible get vaccinated as soon as possible, Toyota launched its workplace vaccination program for approximately 80,000 persons, including its employees, suppliers and in-plant contractors.



Workplace vaccination

## Compliance

GRI 102-17, 205-1, 2, 3, 207-1, 2, 3

Updated in October 2021

### Fundamental Approach

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

The Toyota Code of Conduct (formulated in 1998 and revised in 2018) outlines the basic frame of mind that all members of Toyota should adopt. It shows concrete guidelines for the Guiding Principles at Toyota to carry out social responsibilities. This booklet is distributed to all our employees. We also hold Sustainability Meetings to report and discuss the expectations of our stakeholders and our responses to various social issues including compliance.

 [Toyota Code of Conduct](#)

### Ensuring Compliance

To ensure that awareness of compliance extends throughout the company from top management to each employee, Toyota provides compliance training programs to all employees on every suitable occasion, such as at the time of joining the company, promotion, and overseas assignment. Furthermore, the company conducts the Business Compliance Seminar every year in which personnel in charge from the responsible division gives lectures on various laws and regulations that the employees must understand when carrying out their tasks, as well as e-learning. Lecture type individual trainings are also given to in-house divisions and subsidiaries in Japan according to their specific needs and requests.

#### Main Training Themes

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

For officers, the Legal Handbook for Corporate Officers is posted on the company intranet, and relevant explanations are provided for newly-appointed officers. This Handbook explains the various laws, regulations and points that officers must observe while performing their duties. The Handbook, which is revised annually, 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, and also covers other important compliance-related points to consider. Meanwhile, all officers are familiarized with the Code of Ethics for Directors and Operating Officers, which has been formulated by the Board of Directors in order to ensure compliance by officers and so that they will act honestly and ethically while performing their duties.

### Bribery / Corruption Prevention Measures

In response to the global expansion of our business and increasing social demands, Toyota adopted Anti-bribery Guidelines for internal divisions and business partners in 2012 to promote the eradication of bribery/corruption. In addition to prohibiting the bribery of public officials, the Guidelines also include stipulations that prohibit bribery/corruption of others who are not public officials and require the preparation and retention of accurate accounting records, as well as the reporting of improprieties when they are found and cooperation when investigations are carried out. In addition to the above, internal guidelines also stipulate the following.

- Points to follow when entering business partnerships (detailed audits, execution of contracts)
- Points to follow related to the payment of various expenses (gifts, donations, remunerations, etc.)
- Reporting impropriety when found/who to consult
- Penalties for violations and internal disciplinary measures

The internal guidelines have been written in Japanese and English, while there are Japanese, English, Chinese, Spanish, Thai, and Indonesian language versions of the guidelines for business partners.

Along with posting the internal guidelines on the company intranet and posting the guidelines for business partners on the public company site, we are also promoting higher awareness through various training and education programs and activities to ensure thorough awareness, thus implementing initiatives to strengthen our anti-bribery systems and prevent corruption.

Besides developing the guidelines, we also take practical measures to prevent bribery by adopting procedure for payments, which requires an authorizer (manager) to confirm that the act is not considered bribery.

In addition, bribery/corruption prevention has been incorporated into inspection activities since 2013, as we move forward with improvement activities aimed at strengthening anti-bribery systems which also include our subsidiaries.

In Toyota Motor Corporation, no issues involving bribery/corruption-related penalties or dismissals came up in FY2021.

 [Anti-bribery Guidelines \(For Business Partners\)](#)

## Initiatives for Taxation

Toyota formulated a taxation policy in September 2020, and disseminated it to all of the subsidiaries to promulgate Toyota's stance on tax payment and taxation policy in an easily understandable manner and promote our stakeholder's understanding on it.

Going forward, Toyota will endeavor to practice tax-related duties of high quality by maintaining compliance on taxation.



## “Speak up” Hotline

Toyota has long had hotlines for quick and appropriate responses to workplace- and duty-related concerns, complaints or questions that employees and other relevant parties may have.

Conventionally, several hotlines were used depending on the type of issue, including a Compliance Hotline run by an outside law firm (subcontractor), which allowed employees to report compliance-related issues, and hotlines for harassment. Starting from April 2020, these hotlines have been integrated into the “Speak up” Hotline.

We make the existence of the hotline widely known by using the intranet and various other media. 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.) The hotline is open to not only our employees but also any other third parties, including employees' family members, dispatched employees, in-house contractors and business partners, as long as the topics of the consultation are matters related to employees or workplaces of Toyota Motor Corporation. As a result, the number of requests for consultation received through the “Speak up” Hotline in FY2021 totaled 624, which is approximately 1.8 times the total number of requests received through the individual conventional hotlines in FY2020.

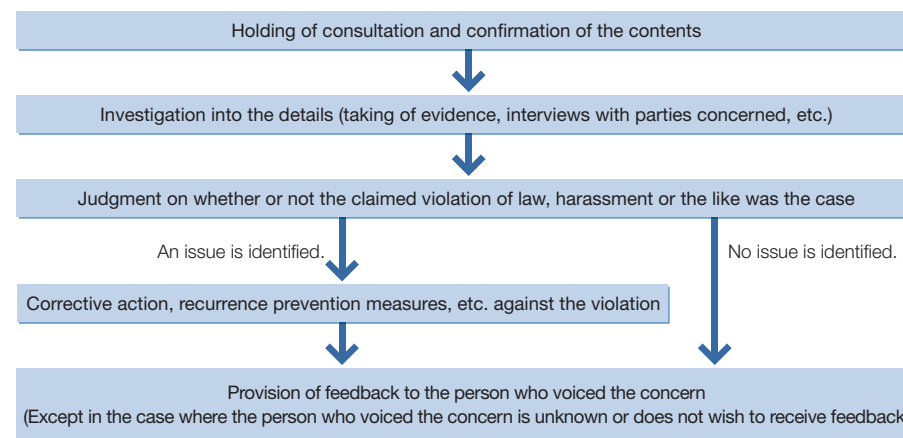
(Breakdown: 87 consultations related to violation of laws, regulations and rules; 16 consultations related to financial wrongdoing; 227 consultations related to harassment; 91 consultations related to the workplace environment/personnel matters; 87 opinions/inquiries; and 116 consultations related to unidentified/other issues)

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. If the results of the investigation indicate an issue, a response is implemented immediately. 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.

Meanwhile, for cases where an issue is actually identified, we take appropriate measures in accordance with company regulations such as the Work Regulations.



## Report and response procedures



## Toyota Consolidated Helpline

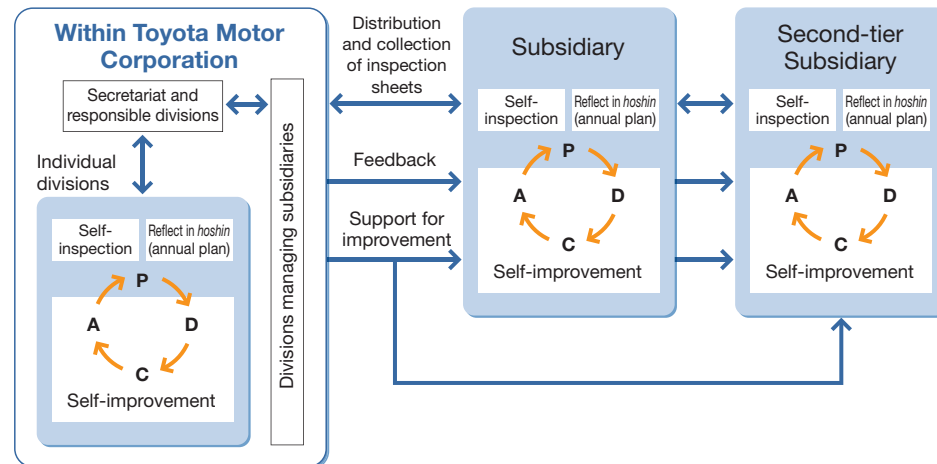
Toyota Motor Corporation has set up the Toyota Consolidated Helpline (run by an outside law firm as a subcontractor) in addition to hotlines set up at each subsidiary. Employees of Toyota's subsidiaries in Japan and their family members may use this hotline as an option other than the hotline of their own companies when they have compliance-related questions regarding their companies.

## Checks to Enhance Compliance

In FY2009 Toyota enhanced its compliance structure covering even subsidiaries in and outside Japan. Starting in FY2010, in addition to checks within Toyota Motor Corporation, Toyota has also been implementing checks within subsidiaries in and outside Japan. Since then, these checks have been continuously carried out and improved every year.

Fields to be checked are selected by making assessments of risk levels and importance for Toyota. In FY2021, checks were carried out in terms of compliance with the Antimonopoly Law, bribery/corruption prevention, violations of the Act on the Protection of Personal Information, and the like. Results are reported to the Sustainability Meeting or other related meeting and used as a basis for further improvement. With regard to issues identified through checks and points that need to be improved, we continue our efforts without ceasing them after a short period of time by, for example, incorporating these points into the next fiscal year's action plans. We also have discussions with subsidiaries to understand their compliance efforts and provide support when needed.

### Activity







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

## **TOYOTA MOTOR CORPORATION**

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