



Be the Right ONE

Integrated Report 2022

Fiscal year ended March 31, 2022

Toyota Tsusho is advancing to its Next New Stage

Key ESG Investment Indices

As of July 2022, Toyota Tsusho has been listed in the following environmental, social, and governance (ESG) indices.

				
FTSE4Good Index Series*1	FTSE Blossom Japan Index*1	FTSE Blossom Japan Sector Relative Index*1	MSCI Japan Empowering Women Index (WIN)*2	S&P/JPX Carbon Efficient Index

*1 As a result of third-party reviews, Toyota Tsusho Corporation has met the requirements for inclusion in the FTSE4Good Index, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index, which are indexes maintained by FTSE Russell (registered trademark of FTSE International Limited and the Frank Russell Company), and is a constituent stock in these indexes. FTSE Russell constituent stocks are widely used in the creation and evaluation of sustainable investment funds and other financial products.

*2 Neither the inclusion of Toyota Tsusho Corporation in the MSCI Index nor the use by Toyota Tsusho Corporation of MSCI logos, trademarks, service marks, and index names are intended to suggest that MSCI and its partner companies wish to sponsor, publicize, or promote sales for Toyota Tsusho Corporation. The MSCI Index is the exclusive asset of MSCI; the MSCI and MSCI Index names and MSCI logos are trademarks and service marks of MSCI and its partner companies.

CDP Evaluation Results for the Fiscal Year Ended March 31, 2022

Climate change	Water security	Forests		
		Timber	Palm oil	Soy
A-	A-	A-	B	B



Quality Assurances Regarding Environmental Performance Data

The Toyota Tsusho Group has received assurance from Lloyd's Register Quality Assurance Ltd. for its amounts of greenhouse gas emissions, energy use, water consumption, and waste.

Personnel-related Evaluations



Editorial Policy

In the fiscal year ended March 31, 2015, Toyota Tsusho began issuing its annual Integrated Report, which provides comprehensive reports on financial information, management strategies, business results, and ESG information, to deepen stakeholders' understanding of the Toyota Tsusho Group. When preparing this report, we referred to the International Integrated Reporting Framework advocated by the Value Reporting Foundation, the Sustainability Reporting Standards of the Global Reporting Initiative, the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of Japan's Ministry of Economy, Trade and Industry, the Environmental Reporting Standards of Japan's Ministry of the Environment, and the ISO 26000 Guidance on Social Responsibility. In addition to reporting on management strategies, business results, and business activities, the Integrated Report also covers topics such as Toyota Tsusho Group's contributions to solving social issues and contributions to local communities through business with the hope of increasing understanding of our efforts to achieve sustainable growth. While this report covers the activities of Toyota Tsusho and its consolidated subsidiaries, some parts of the report are about Toyota Tsusho as the parent company. This report is a translation of the Japanese version. Going forward, taking into consideration stakeholder feedback, we will review the contents of the Integrated Report and continue to enhance the report for easier reader understanding.

The Integrated Report contains financial and non-financial information that is extremely important for the continued enhancement of our corporate value. For more comprehensive information, please refer to the relevant pages on our company website. The Integrated Report is available on our company website as well.

Cautionary Note on Forward-looking Statements

The Integrated Report contains forward-looking statements regarding the Toyota Tsusho Group's future earnings plans, strategies, principles, and performance outlook that are not historical facts. These forward-looking statements are presented to inform readers of the views of management within the Toyota Tsusho Group but are not intended to be relied on when making investment and other decisions. Readers are cautioned not to place undue reliance on these forward-looking statements.

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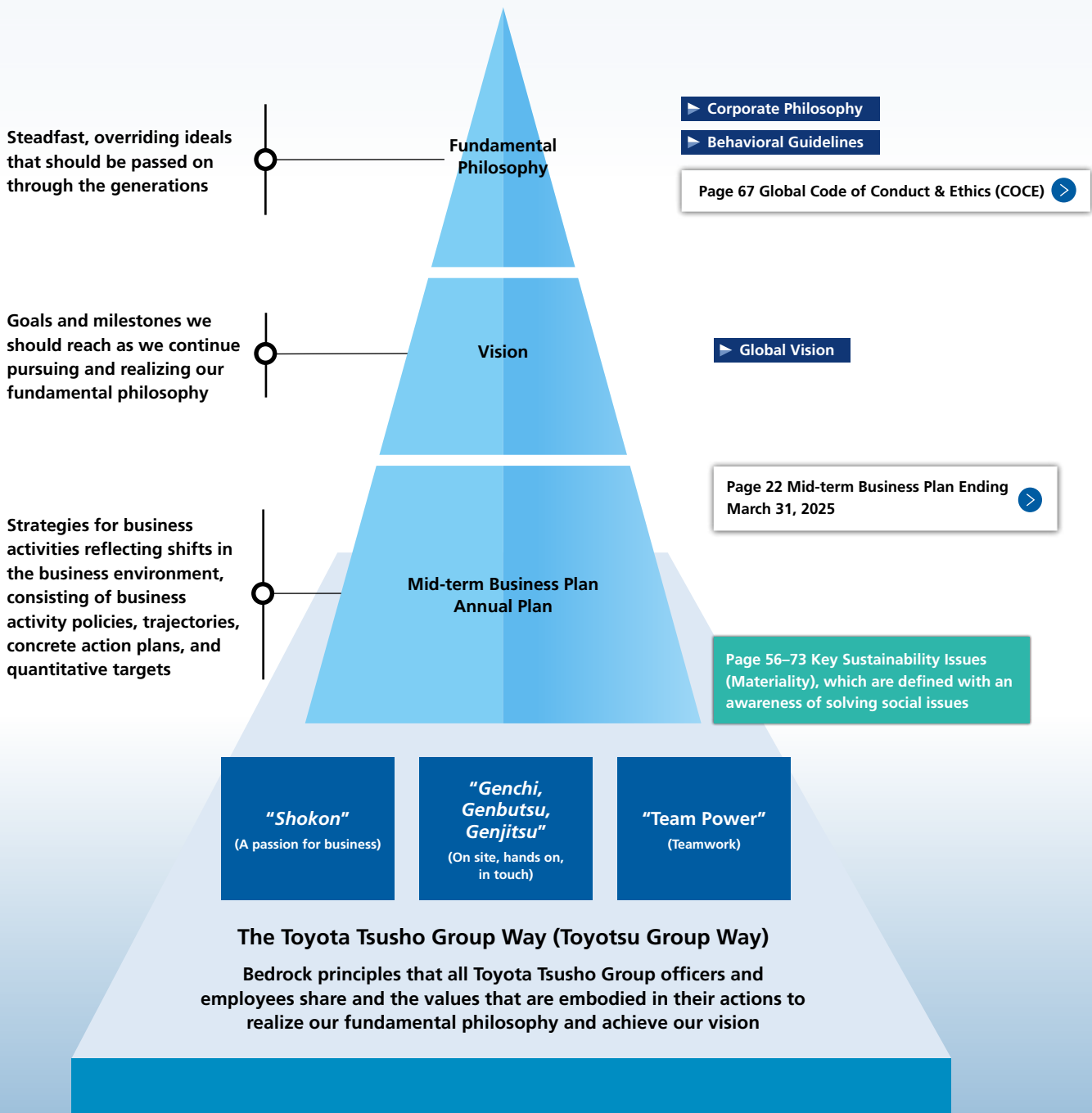
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Be the Right ONE

- ① An irreplaceable presence
- ② A one-and-only presence
- ③ An essential presence

Philosophy and Vision

We, the Toyota Tsusho Group, deliver to countries around the world a diverse range of products and services essential for building prosperous and comfortable societies. We guide ourselves with a four-level philosophy system that enables us to successfully meet the challenges of each new age.



▶ Corporate Philosophy

**Living and prospering together with people, society, and the planet,
we aim to be a value-generating corporation that contributes
to the creation of prosperous societies.**

▶ Behavioral Guidelines

As a good corporate citizen,

We will strive for open and fair corporate activities;

We will be socially responsible and strive for conservation of the natural environment;

We will be creative and strive to provide added value;

We will respect people and strive to create an engaging workplace.

▶ Global Vision

To achieve further evolution as a truly global company, the Toyota Tsusho Group has set our Global Vision as a guideline to be followed in unison by all officers and employees throughout the world.

Ideal Image

**The Toyota Tsusho Group will continue to pursue
and strive to achieve our ideal of**



The Right ONE for you

In response to our stakeholders' needs (the *genba*), we will strive to provide optimal safety, service, quality, and reliability.

The Right ONE for us

Maximizing the capabilities of each individual, global networks, and diversity, we will unite to bring out the most in our comprehensive strengths.

The Right ONE for future

Applying our unique insights and capabilities, we strive to lead the way for a sustainable society and the future.

Toyotsu Core Values to Achieve Growth

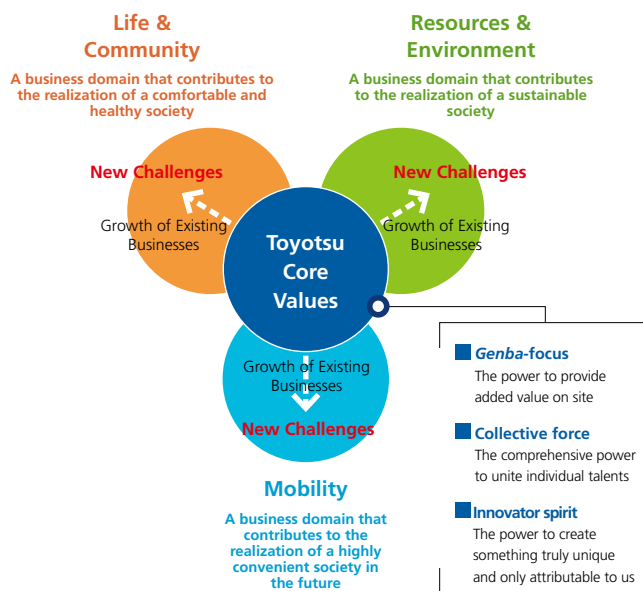
The Toyotsu Core Values are the manifestations of strengths we should optimize and apply for achieving our Global Vision, with the Toyotsu Group Way serving as a foundation. With the Toyotsu Core Values, we will focus our efforts on three core business domains.

Growth of Existing Businesses

- We will expand our business by leveraging our current resources.

New Challenges

- In business domains or regions in which we can apply our expertise, we will expand our business with full **Genba-focus**.
- We will develop new businesses based on innovative technologies, services, and products made possible by our **Collective force** and **Innovator spirit**.



President & CEO's Message

Ichiro Kashitani
President & CEO



We at Toyota Tsusho are moving to achieve continued growth and to create distinctive value as we advance to our next new stage in becoming a truly global company.

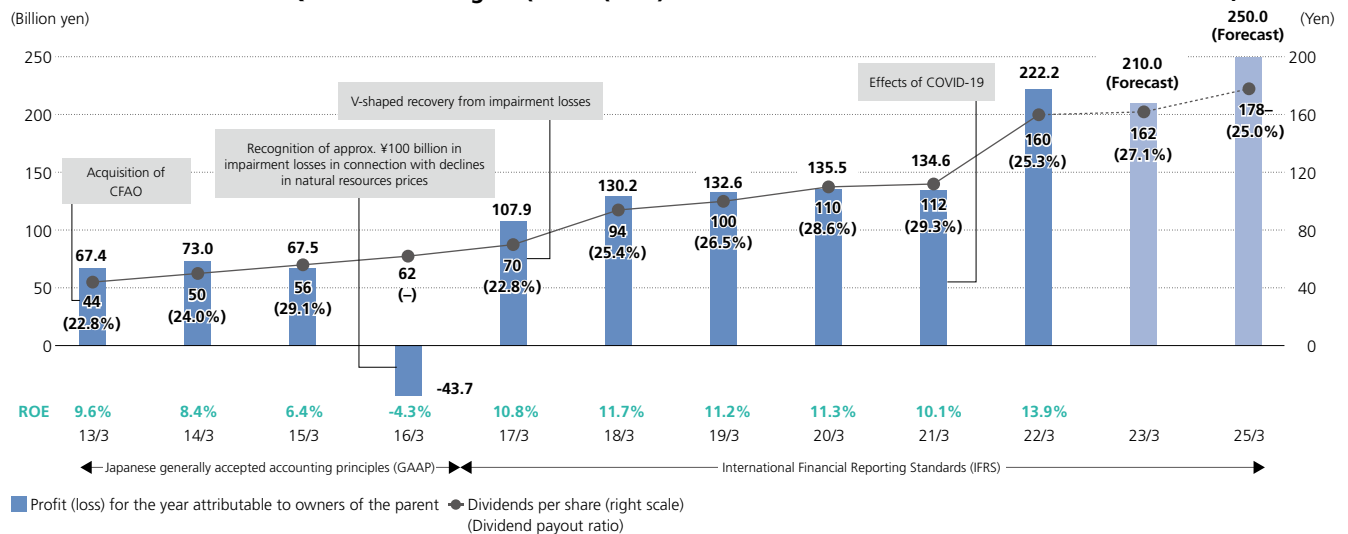
▶ Three Reasons for Advancing to Our Next New Stage

The Mid-term Business Plan that we released in May 2022 provides for the Toyota Tsusho Group to advance to our next new stage in our corporate development. Advancing continually to a next new stage has been a hallmark of the group over the past 20 years. Driving that progress have been expansion beyond Japan in the mobility sector, the central pillar of our business, and large mergers and acquisitions (M&As). The first decade of this century featured surging expansion through our mergers with Kasho Company, Ltd., in 2000 and Tomen Corporation in 2006.

We marked another surge in the second decade of the century with the acquisition of CFAO. That acquisition fortified our business foundation in Africa immensely.

Thus have we sown seeds for lasting growth. Let us focus on nurturing those seeds in progressing toward our next new stage while remaining alert to possibilities in large-scale M&As. We have three reasons for advancing toward our next new stage at this juncture.

Mid-term Business Plan: Quantitative Targets (Profit (Loss) for the Year Attributable to Owners of the Parent)



Record-high earnings in the fiscal year ended March 31, 2022, a steppingstone to our next new stage

Changes in the Business Environment

The first reason for advancing toward our next new stage is the unprecedented scope and speed of social change. I want to convey to our customers, to society at large, and to the next generation that Toyota Tsusho will adapt to that change and will take the initiative in managing it for the better, that is, helping to pass on a better global environment to the children of the future.

Climate change and moves by the global community to achieve carbon neutrality are reshaping the business environment rapidly and irreversibly. We issued the Toyota Tsusho Group Carbon Neutrality Declaration in July 2021. That declaration signals our commitment to taking part in transitioning to a circular economy; that is, to decoupling the consumption of resources and energy consumption from economic growth. Digital transformation (DX) is reshaping the industrial structure tumultuously enough to foment the Fourth Industrial Revolution.

Developments other than climate change and DX are also reshaping the business environment. Those developments

include the supply chain disruptions wrought by the COVID-19 pandemic and the heightened geopolitical risk associated with the tense conflict in Ukraine. They are bringing about structural change in the socioeconomic landscape.

Addressing the change afoot in the world and progressing toward our next new stage will require us to move beyond our present trajectory and tackle new challenges. Supply chains, for example, are fundamental to our trading business, and the challenges posed by supply chain issues oblige us to revise our traditional assumptions. We need to accompany our focus on optimizing our trading activity on a transaction basis with increased attention to ensuring business continuity from the perspectives of carbon neutrality, circular economy, and geopolitics. That will mean positing alternative courses of action—"Plan B" and "Plan C" in addition to "Plan A"—and localizing logistics in regard to integrated production and consumption.

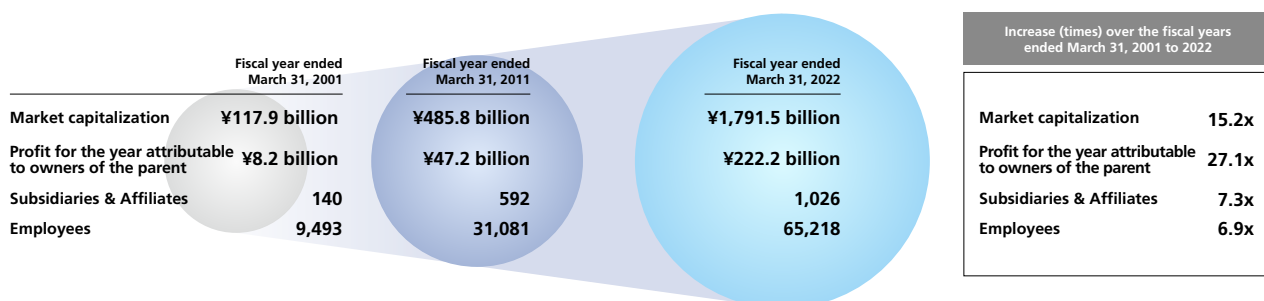
Net Earnings in Excess of 200 Billion Yen

A second reason for advancing toward our next new stage is our responsibility to our stakeholders to fulfill our earnings potential. That potential was evident in our fiscal performance in the fiscal year ended March 31, 2022. Profit for the year attributable to owners of the parent increased 65.1%, to 222.2 billion yen, its highest level ever. In our previous growth stage, we posted profit for the year attributable to owners of the parent of 8.2 billion yen and a market capitalization of 117.9 billion yen in the fiscal year ended March 31, 2001. Profit for the year attributable to owners of the parent increased to 47.2 billion yen in the fiscal year ended March 31, 2011, and, as noted, to 222.2 billion yen in the fiscal year ended March 31, 2022. Market capitalization increased over the same periods to 485.8 billion yen and 1,791.5 billion yen. We thus posted growth of 27.1-fold in profit for the year attributable to owners of the parent and 15.2-fold in market capitalization over the

21 years to March 31, 2022. Our portfolio of subsidiaries and equity-method affiliates grew over that period to 1,026 companies, and our team of employees grew to 65,218 men and women on a consolidated basis.

Achieving robust growth in the face of daunting change in the business environment has engendered confidence in our corporate capabilities. We will build on those capabilities in working to place our organization and our corporate culture on a truly global footing.

Genuine evolution requires more than quantitative expansion. It will require of each of us a proactive readiness to assume new and changing roles and responsibilities in serving our stakeholders and society. Our expressed commitment to advancing to our next new stage is a statement of intent to tackle those new roles and responsibilities.



Dialogue with Employees

Our third reason for advancing to our next new stage is something that has become clear to me through dialogue with our employees: We need to become a company where the social benefits of our work are clear to all.

My dialogue with employees has spanned interchange with men and women of all ages and nationalities. It has included interchange with young employees through the reverse mentoring sessions that I started in April 2021. Those sessions are weekly one-on-one conversations with employees who range in age from 20s to early 30s. More than 40 employees have participated and have imparted a wealth of insights. They have discussed their feelings about their work, things they want to accomplish, their thoughts about issues that the Toyota Tsusho Group will face, and questions that they have about the company. An issue that became apparent in conversations with several young employees was a gap between their aspirations and their daily reality. They express a determination to generate benefits for society but acknowledge uncertainty about how to address that goal through the work at hand.

Conversations with mid-level managers have revealed a different vantage. They have evinced a sense of pride in exercising carefully nurtured expertise to cultivate and carry out work. That stance, expressed verbally and otherwise, is tremendously encouraging. I am somewhat concerned, however, about some managers' insufficient expression on the connection between their work and issues we face as an organization in society.

Young employees who are struggling to place their work in the context of generating social benefits... Mid-level managers who need help to articulate the connection between their work and our larger corporate priorities in society... Resolving those disconnects will hinge on reconfiguring our operations in ways that render their social value readily evident, which I need to clearly evince as a manager. That reconfiguration is an important facet of the next new stage for the Toyota Tsusho Group.

For more information, please see "Feature" on page 51. [▶](#)

▶ Endowing Our Company with More Character "Tags"

Asserting a distinctive identity will be crucial to maintaining our growth momentum in our next new stage, which closely interacts with our identifying the characteristics that set us apart from other companies.

Operating profit as a percentage of revenue is far higher at Toyota Tsusho than at Japan's other general trading companies. That is because our earnings consist primarily of return on wholly and majority-owned projects, large and small. Other general trading companies function more as investment funds. They rely relatively more on dividend income from minority holdings in projects and on equity-method rights to income from such projects.

Toyota Tsusho is something akin to a phalanx of specialized trading companies. "Specialized trading company" refers, in this context, to an enterprise that generates value for customers through knowledge and networks based on proprietary strengths. Such an enterprise bears "tags" that signify distinctive traits. We need to endow our company with a growing number of such tags. Those tags will signify to customers and to prospective customers that Toyota Tsusho is the right choice for

the products and services in question. Our goal is to become a truly global trading company where these tags interact organically.

Fulfilling our slogan, "Be the Right ONE," means eschewing the temptation to try to be all things to all people. Work that we do on our own or that we would undertake with others should be or offer the potential to be something that only we can do. That needs to be our Be the Right ONE litmus test for focusing rigorously on creating truly unique value for customers.

Our next new stage needs to be a time of multiplying tags for sharpening our identity. It needs to be a time, too, of redoubling our commitment to tackling real-world projects hand in hand with customers. We need to be prepared to serve customers as a comrade in arms or even as a leader. Just as our organization needs to sharpen its identity with character tags, each employee needs to sharpen their identity and hone their professional competence with tags. That will help bridge the gap between employees' aspirations and their daily reality.



We will assert a “uniquely Toyota Tsusho” presence by undertaking our five domains for carbon neutrality and the circular economy, and other initiatives across our four strategic priorities.

▶ Asserting “Uniquely Toyota Tsusho” Strengths

The Toyota Tsusho Group is addressing four strategic priorities. Those priorities, Next Mobility, Renewable Energy, African Growth, and Circular Economy, correspond to Materialities in fulfilling our commitment to sustainability. Our work on all four priorities includes pursuing carbon neutrality and a circular economy through renewable energy and energy management; batteries; hydrogen and carbon neutral fuels; resource circulation and the “3Rs” of rebuild, reuse, and recycle; and economy of life (EoL). These four priorities and five sectors are a framework for deploying tags that signify “uniquely Toyota Tsusho” strengths.

Our Next Mobility strategy, for example, addresses the trend in the automotive sector toward connected, autonomous, shared and services, and electric (CASE). That is in accordance with our role as a member of the Toyota Group, and it includes promoting alternative materials for reducing vehicle weight and developing lithium resources for automotive batteries. It also includes participating in building supply chains for hydrogen, which is used in fuel cell electric vehicles (FCEVs), and for alternative fuels that help achieve carbon neutrality in conventional vehicles. We will nurture increasingly specialized capabilities to assert unique strengths in Next Mobility.

Among the tags that distinguish our Renewable Energy strategy is the large scale of our presence in that sector. Our global capacity for renewable energy generation totals more than 3.6 gigawatts. That includes our subsidiary Eurus Energy Holdings Corporation, Japan's largest wind power generation operator.

An extensive presence in Africa is a defining tag for the entire Toyota Tsusho Group. Our African operations employ

approximately 22,000 people—one-third of our total workforce—and are active in all 54 African nations. Those operations encompass business in mobility, in electric power and infrastructure, and in the EoL fields of healthcare and consumer goods. They posted revenue of more than 1 trillion yen for the first time in the fiscal year ended March 31, 2022.

Our Circular Economy business has included processing of end-of-life vehicles (ELVs) since the 1970s. That business has broadened steadily and now includes configuring production processes and value chains for sustainable manufacturing. We provide behind-the-scenes support for diverse circular economy businesses, such as “urban mining” of precious metals and recycling of plastic waste and discarded polyethylene terephthalate (PET) bottles.

Building a Be the Right ONE identity by undertaking our five domains for carbon neutrality and the circular economy, and other initiatives across our four strategic priorities, will fuel our growth momentum. We will inaugurate vigorous discourse this year with employees and among our directors on how to proceed. That will include discussion of new business sectors where we should establish a presence and the business sectors where we should fortify our presence.

For more information, please see “Mid-term Business Plan Ending March 31, 2025” on page 22.



▶ The Truly Global Company We Should Aspire to Be

Our next new stage will occasion changes in the roles and responsibilities that we assume in serving our stakeholders. It will occasion, too, new approaches to Be the Right ONE value creation, which will hinge on employees adopting new perspectives. I am calling on our employees to join me in aspiring to become a truly global company. That will mean abandoning our Japan-centric mindset and Japanese-centric management. Japan needs to become one among equals in Toyota Tsusho geography.

Primary responsibility for managing our operations in each nation and region needs to shift to locally employed personnel, from Japanese expatriates. We have established a criterion for that shift by identifying a total of 113 key posts in each nation and region and designating 74 of those posts for filling with local personnel. As of March 31, 2022, we had filled 37 of the designated posts with local personnel. We intend to increase the number of posts filled by such to the 74 posts currently assessed as being appropriate for being entrusted to locally employed personnel and review the actual number of such posts on an annual basis. The expatriates in the remaining posts are working to nurture locally hired successors.

A truly global company is one whose business is so global that the question of its national origin is irrelevant and whose brands inspire trust across borders. Brand building is a cumulative, step-by-step process. We need to persevere in positioning “Toyota Tsusho” as a brand that customers worldwide recognize, trust, and choose.

We need to undertake in our branding the same relationship building with nations and regions that we do with individuals. Companies are the subject of expectations in each nation and region. We at Toyota Tsusho need to address those expectations by earning a welcome and justifying our presence with valuable proposals and offerings. Our companies employ about 65,000 people worldwide and operate in about 130 nations. Proactive relationship building in each nation meshes with our fundamental commitment to social engagement and global environmental stewardship.

Primary relationships of stakeholders to fortify in our next new stage

Stakeholder	Expectations to fulfill
Business partners and customers	Pacesetter comrade and leader for the future
Shareholders and investors	Sustainable growth and dividends
Society	Commitment to the creation of prosperous societies
Environment	Commitment to passing on a better global environment to the children of the future

▶ DNA Transmission

Advancing to our next new stage will entail wide-ranging change, as I have described. It will also entail, however, a reaffirmation of the shared values that underlie our corporate culture and DNA, which need to be shared among all employees of Toyota Tsusho Group.

We translate our shared values into guiding principles such as *Genchi, Genbutsu, Genjitsu* (on site, hands on, in touch). Our fundamental approach as a member of the Toyota Group is to be alongside our customers where they require support and to exert ourselves behind-the-scenes in keeping supply chains moving,

come what may. We accompany that stance with the unflagging spirit of *Shokon* (a passion for business). And we maximize our competitiveness by honing specialized capabilities individually and bundling those capabilities as Team Power (teamwork).


Inheriting and passing on the DNA of the Toyota Tsusho Group faithfully reaffirms and reinforces the group’s distinctive identity. Also essential to that identity are two maxims that we express as “Safety and compliance are the cornerstones for all work” and “Pursue lean management.”

President & CEO's Message

We promote safety and enforce compliance with corporate ethics at all our work sites worldwide. We promote safety because we cherish life, and we enforce ethical compliance because we cherish integrity. *Kaizen* (continuous improvement) is fundamental to the eternal vigilance through which we exercise our commitment to safety and compliance. We know that we can always do better, and we invest our corporate culture with the infinitude of human potential through our *kaizen* on behalf of safety and compliance. Pursuing lean management, meanwhile, is a matter of eliminating waste and smoothing the flow

of our operation, which is translated to “simplicity and fortitude” in business.

The principles, the Toyota Tsusho Group Way and foundations, and Toyota Tsusho's distinctive traits discussed here are unchanging values that define our character as a corporate group. They are the Toyota Tsusho DNA that we need to transmit across generations.

For more information, please see “Value Creation Story” on page 12. 


▶ Reinforcing Our Management Foundation and Achieving Carbon Neutrality

Corporate governance is the foundation on which companies grow and increase in value. Strengthening corporate governance is indispensable in becoming a truly global company. Our Board of Directors monitors our business portfolio continuously, as I have noted, with an eye to maximizing corporate value. We also hone our corporate governance through shaping robust Be the Right ONE responses to fulfilling the UN Sustainable Development Goals (SDGs), conducting human rights due diligence, fortifying our human resources development, and carrying out effective health management.

Our SDGs commitment includes working to reduce greenhouse gas emissions from our business operations. We have pledged in the Toyota Tsusho Group Carbon Neutrality Declaration to reduce those emissions 50% by 2030, compared with 2019, and to achieve carbon neutrality by 2050.

Measures for fulfilling our SDGs pledges include two group-wide measures to help us achieve these goals. The Internal

Carbon Pricing System credits reductions of greenhouse gas emissions in evaluating organizational units' fiscal performance. The Subsidy System for Investments in Infrastructure for Decarbonization provides incentives for investments in businesses that contribute to reductions in greenhouse gas emissions. It exempts interest on long-term loans and depreciation costs in evaluating projects' financial performance. These measures will occasion business creation, as well as internal reductions in greenhouse gas emissions. That will include business cultivated through our Renewable Energy strategy, lithium resources development, and resources recycling business, such as the processing of ELVs. We are also tackling carbon neutrality through R&D as in the impending establishment of our Circular Economy Innovation Center (tentative name).

For more information, please see “Promotion of Carbon Neutrality and the Circular Economy” on page 38. 

▶ Remodeling Toyota Tsusho through Dialogue

My discussion of our company's evolution since 2000 reflects my own commitment in ensuring the transmission of Toyota Tsusho DNA. That transmission demands careful attention as we tackle sweeping change en route to our next new stage.

Also demanding careful attention at this juncture is dialogue. The frequency and density of dialogue have declined in our organization as working from home has taken hold amid the COVID-19 pandemic. Working from home has been a godsend in

regard to minimizing COVID-19's disruption of our operations, but it has reduced personal interaction, diminished the quality of communication, and decreased opportunities for co-creation.

Dialogue is crucial to developing a shared understanding among employees of why and how we need to advance to our next new stage. It is also crucial in imparting that understanding to other stakeholders and in securing input from them about their concerns and expectations.

We will reconfirm through dialogue the values that we should retain and identify things that should change. In the fiscal year ending March 31, 2023, we will create as many occasions as possible throughout our organization for face-to-face dialogue among employees of all ranks and affiliations, and with customers.

The work of a trading company is, ultimately, a matter of connecting people. When people engage in stimulating interaction, something akin to a chemical reaction occurs. That can occasion all manner of discoveries, can prompt us to undertake personal change, and can motivate us to do and be better. Vigorous interaction is important for companies, too. It sparks the creation of new value and drives sustainable growth.

We in the Toyota Tsusho Group are honing specialized capabilities for our organization and are broadening the range of sectors where we can generate compelling value, achieve growth, and make important contributions to society. As we undertake new roles and responsibilities, we invite your attention to our progress in advancing to our next new stage.



Ichiro Kashitani
President & CEO



A History of Evolution

Toyota Tsusho has long developed its business with functions tailored to customers' needs and with original added value through import/export and domestic business transactions and by leveraging its information collection, logistics, and financial functions as a trading company. Together with its partners around the world, the company will continue to provide unique value to its customers and society as it advances to its next new stage.

Establishment–1970s

Developing as the Toyota Group's trading company

Toyota Kinyuu Kaisha, Toyota Tsusho's predecessor, was established in 1936 to provide sales financing for Toyota vehicles. After World War II, Toyota Kinyuu Kaisha (then known as Toyota Sangyo Kaisha) was dissolved under the second zaibatsu designation, which prohibited the existence of holding companies. However, the company's trading division continued in the form of Nisshin Tsusho Kaisha Ltd., which was established in 1948. In 1956, Nisshin Tsusho would later evolve to become today's Toyota Tsusho Corporation, which grew, largely by exporting automobiles, as the trading company of the Toyota Group. Toyota Tsusho eventually came to be listed on both the Nagoya Stock Exchange and the Tokyo Stock Exchange.



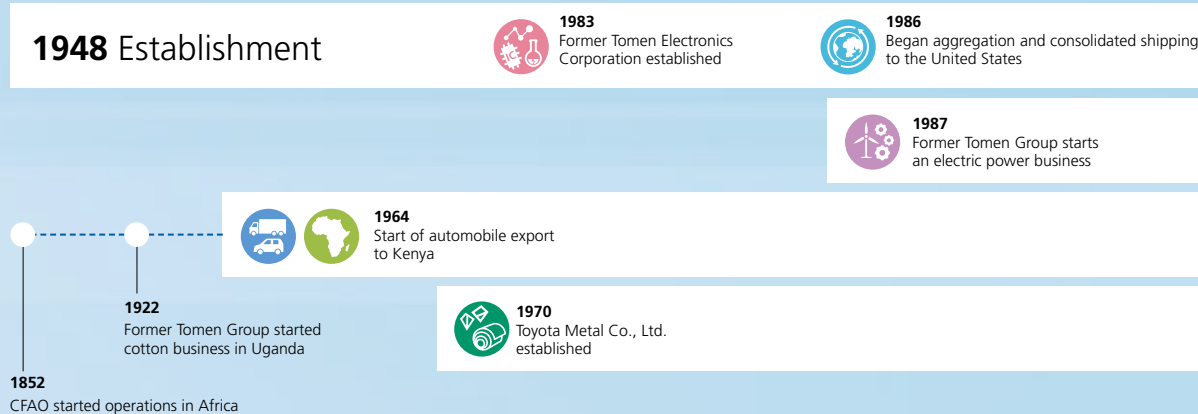
1980s & 1990s

Stepping up overseas forays as Toyota globalizes

During this period, the Toyota Group companies began moving beyond only exporting automobiles from Japan and started producing automobiles in various countries overseas. To respond to the globalization of the Toyota Group, Toyota Tsusho accelerated its efforts toward overseas expansion. In addition to establishing a series of dealers and other bases overseas, these efforts also included commencing the production of Toyota vehicles in Pakistan. Also, the company carried out business development that was not limited to the automotive sector. This included a business alliance with Kasho Company, Ltd. in 1999.



History of developing a competitive edge



Seven sales divisions



Metals Division



Global Parts & Logistics Division



Automotive Division



Machinery, Energy & Project Division



Chemicals & Electronics Division



Food & Consumer Services Division



Africa Division

2022 onward
To our next new stage

2000s

Expanding value chains outside the automotive sector through mergers and tie-ups

In 2000, Toyota Tsusho entered a capital and operational tie-up with Tomen Corporation and then merged with Kasho Company, Ltd. In 2006, it merged with Tomen, which had a broad customer base and diverse business ventures, giving birth to the present Toyota Tsusho. This move positioned the company to commence its full-fledged advance beyond the automotive sector into fields such as infrastructure, chemicals, and foods, and its value chains were greatly expanded as a result.



2010 onward

Aiming to become a value-generating corporation that addresses social and environmental issues using its automotive-sector foundations

In 2012, Toyota Tsusho began accelerating investments into new business fields by entering a capital alliance with French trading company CFAO, which trades in automobiles and pharmaceuticals primarily in Africa. In 2016, CFAO became a wholly owned subsidiary of Toyota Tsusho. The Toyota Tsusho Group continues to focus on business fields in which it can make the most of its strengths to ensure sustainable growth. The group is emphasizing Next Mobility, Renewable Energy, African Growth, Circular Economy, and other areas in which both social needs are high and growth potential is great.



CFAO Group. All rights reserved.



2003
Former Toyota Tsusho Electronics Corporation established



2012
Elematec Corporation converted to a subsidiary



2012
Lithium production and development started in Argentina



2017
NEXTY Electronics Corporation established



2012
Eurus Energy Holdings Corporation converted to a subsidiary



2016
CFAO becomes a wholly owned subsidiary



2019
Full-scale transfer of Toyota Motor Corporation sales and marketing operations for Africa



2000
Green Metals, Inc. established in the United States



2018
PLANIC Co., Ltd. established

Next Mobility

Renewable Energy

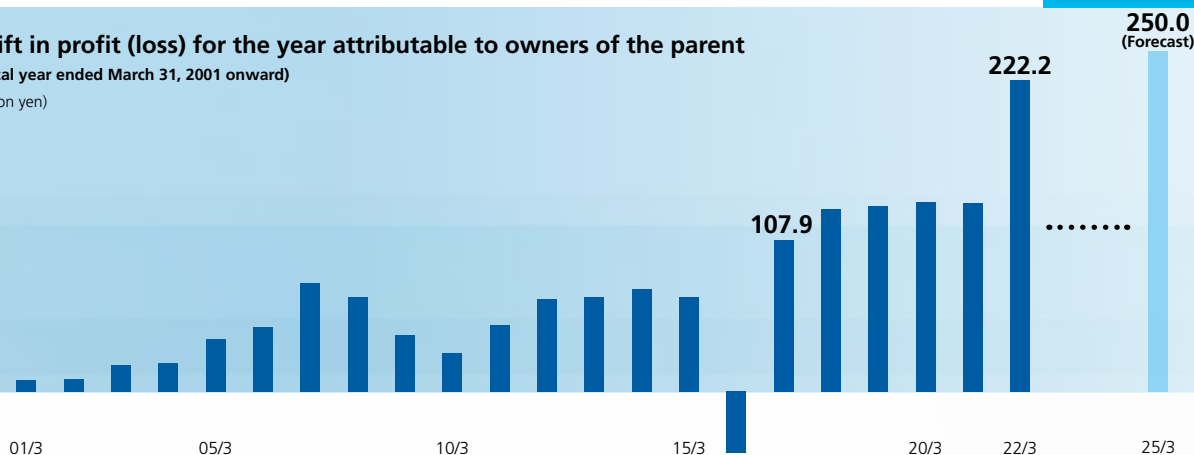
African Growth

Circular Economy

Shift in profit (loss) for the year attributable to owners of the parent

(Fiscal year ended March 31, 2001 onward)

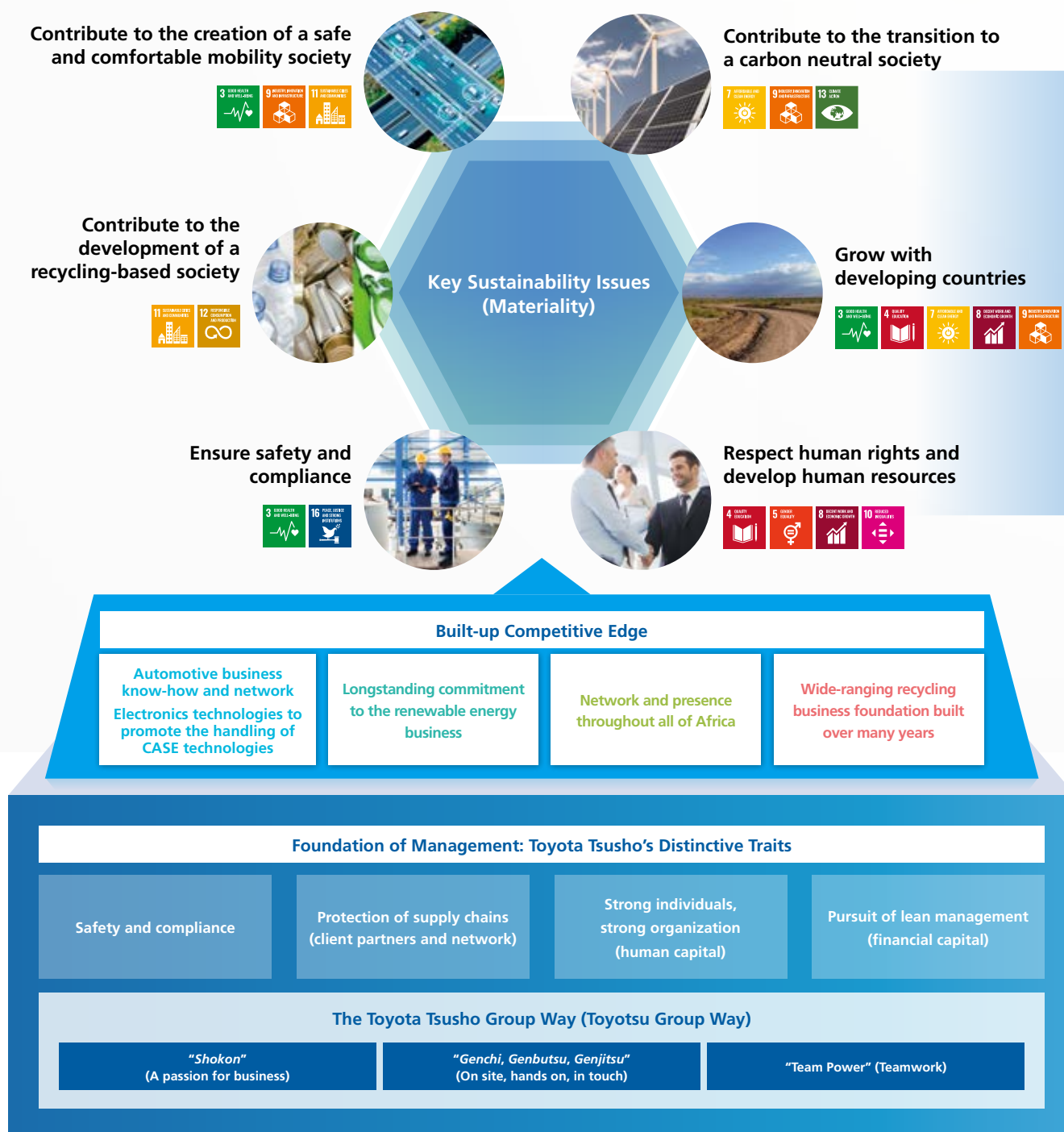
(Billion yen)



Note: Figures are based on Japanese GAAP until the fiscal year ended March 31, 2016, and IFRS from the fiscal year ended March 31, 2017.

Toyota Tsusho's Value Creation Model

Based on Toyota Tsusho's DNA of being a trading company that is a member of the Toyota Group, we have nurtured the distinctive traits that we have acquired in the process of growing into a global company. With Toyota Tsusho's distinctive traits as the foundation of our management, we are now leveraging our strengths to address our Key Sustainability Issues (Materiality). These Key Sustainability Issues (Materiality) interrelate with our growth strategies in priority areas addressed by our sales divisions and to the promotion of carbon neutrality. By becoming an irreplaceable and one-and-only presence for our business partners and stakeholders under our banner of "Be the Right ONE," we are striving to maximize the two values of "value created for society and the environment" and "value created by Toyota Tsusho together with its customers."



Global Parts & Logistics Division

Metals Division

Automotive Division

Machinery, Energy & Project Division

Chemicals & Electronics Division

Food & Consumer Services Division

Africa Division

Four Key Strategies

- ▶ Next Mobility Strategy
- ▶ Renewable Energy Strategy
- ▶ African Growth Strategy
- ▶ Circular Economy Strategy



Promotion of Carbon Neutrality and the Circular Economy

Be the Right ONE

Value created for society and the environment

Corporate Philosophy

Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.

Value created by Toyota Tsusho together with its customers

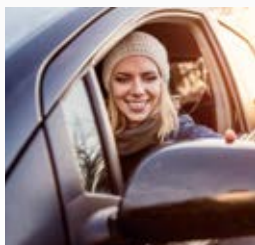
Reinforcement of management foundation and competitive edge

Toyota Tsusho's Value Creation Model

Built-up foundation and competitive edge

We have nurtured Toyota Tsusho's distinctive traits, which we have acquired throughout our evolutionary history. By applying and implementing these traits in strategy formulation and business expansion, we have differentiated ourselves from our competitors and developed a competitive edge that is unique to Toyota Tsusho.

Competitive Edge



Automotive business know-how and network

With the strong business foundation of the Toyota Group and our integral role in the group, along with the experience we have built up in the automotive business, we are also powerfully advancing R&D for next-generation technologies.

Electronics technologies to promote the handling of CASE technologies

We have the world's largest electronics trading company in the automotive field.

The world's largest electronics trading company in the automotive field

NEXTY Electronics Corporation



Wide-ranging recycling business foundation built over many years

We have developed the reuse of a wide variety of waste matter, such as iron, waste liquid, batteries, and rare metals, which are emitted during a vehicle's life cycle. Our recycling rate is close to 100% for ELVs owing to our group network, including overseas connections. Even in the recycling of plastics and PET bottles, we boast a strong presence in Japan.

ELV recycling rate

99% and above

Foundation of Management: Toyota Tsusho's Distinctive Traits

Safety and compliance

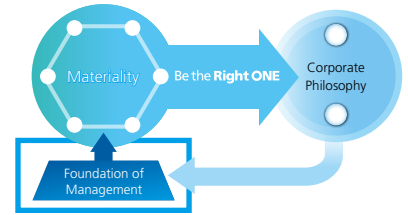
Based on our beliefs that safety and compliance are the cornerstones for all work and that safety management is a matter of human resources development, we are engaged in various activities to earn trust and confidence.

Protection of supply chains

We will build more resilient and tolerant supply chains, including models of local production for local consumption, in response to production activities becoming more difficult with conventional optimal procurement alone due to the COVID-19 pandemic and geopolitical risks.

The Toyota Tsusho Group Way
(Toyotsu Group Way)

"Shokon"
(A passion for business)



Longstanding commitment to the renewable energy business

The Toyota Tsusho Group, which took its first step into the renewable energy business in 1986, is the largest wind power generation operator in Japan. We are also expanding our portfolio to include other types of renewable energy, such as solar power, hydraulic power, and biomass, have a total installed capacity of more than 3.6 GW, and are engaging in renewable energy initiatives around the world.

Japan's largest wind power generation operator with a global presence
Eurus Energy Holdings Corporation



Network and presence throughout all of Africa

Our business activities in Africa date back to 1922 in the case of Toyota Tsusho's merger partner Tomen Corporation and to 1852 in the case of CFAO. Combining the bases of those companies, we are now building a robust business foundation that encompasses all of Africa. In addition to the automotive sales and production business, we are also conducting a broad scope of other business activities, including the manufacturing, wholesaling, and retailing of pharmaceuticals, producing consumer goods, operating large-scale shopping malls, and taking on power generation projects.

Employees involved in our business in Africa
Approximately 22,000 employees
More than 1 trillion yen in revenue

Strong individuals, strong organization

In work environments in which individuals can maximize their strengths, we aim for each employee to become a professional who respects diverse values and can play an active role on the global stage.

Pursuit of lean management

In addition to reducing excess inventory, excessive credit, and low-return assets, we are pursuing lean operations that use expenses more prudently.

"Genchi, Genbutsu, Genjitsu"
(On site, hands on, in touch)

"Team Power"
(Teamwork)

Toyota Tsusho's Value Creation Model

Key Sustainability Issues (Materiality)

We have selected the four top-priority issues for both solving social issues and achieving corporate growth and the two top-priority issues that will become foundations for company growth as Key Sustainability Issues (Materiality). By focusing maximum efforts on the four social issues, which interrelate with the priority areas of our Mid-term Business Plan, we will realize value creation and growth that is unique to Toyota Tsusho.

Top-priority Issues for Both Solving Social Issues and Achieving Corporate Growth



Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society

We will undertake initiatives such as using material innovation, autonomous driving and advanced safe driving support technologies and improving traffic infrastructure. Through these initiatives, we aim to reduce the number of road accidents and achieve zero traffic casualties to contribute to the development of a safe and comfortable mobility society.

Risks

- A decline in the number of components used due to vehicle electrification, and possible reduction in parts distribution
- Faltering growth in automobile sales due to the spread of car-sharing

Opportunities

- Increase in demand, including for new materials and the raw materials/resources for vehicle electrification
- Creation of a new business market owing to the spread of car-sharing



Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

To effectively use these limited resources, we are continuing to contribute to turning waste into resources. We will develop recycling businesses including recovery and processing of recyclable resources from scrap generated from ELVs, in the market, and at factories/plants, secure resources through urban mining, and reuse used vehicles and parts, thereby contributing to a recycling-based society.

Risks

- Faltering growth in the distribution volume of virgin materials, including metals and plastics, due to the impact of riskier recycling activities and new waste regulations

Opportunities

- The expansion of recycling-related markets in the fields of metals and plastics and the creation of new business opportunities in association with that expansion

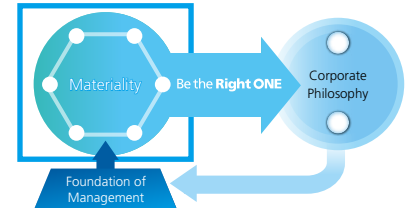
Key Sustainability

Top-priority Issues that Will Become Foundations for Company Growth



Begin everything we do with ensuring safety and compliance and continue to be an organization trusted by society

Our corporate group is engaged in a variety of activities to earn trust and confidence, including providing traffic safety education and other safety awareness activities, as well as quality assurance that can guarantee safety and security. We will enhance management transparency and strengthen corporate governance by providing a detailed code of conduct to be followed at all our sites and offices, both in Japan and overseas.



For further details on "Initiatives for Addressing Key Sustainability Issues (Materiality)," please see page 60. >

Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

The Toyota Tsusho Group is actively increasing sales of next-generation environment-friendly vehicles, developing infrastructure such as hydrogen stations, reducing vehicle weight by using alternative materials, and securing lithium resources that support the increased production of automotive batteries. We will also contribute to the creation of a sustainable carbon neutral society by reducing automotive CO₂ emissions and CO₂ emissions throughout product life cycles, including in the logistics business, and taking on the challenges of eliminating CO₂ emissions from factories/plants.



Risks

- Shift from existing materials to reduce vehicle weight in line with tougher automobile fuel efficiency regulations
- Sluggish demand for petroleum-based energy and materials in tandem with further tightening of CO₂ emissions regulations

Opportunities

- Business expansion for new materials for vehicle weight reduction and materials derived from plants such as bioplastics
- Expansion of the renewable energy business, which is led by wind power, and demand for new energy sources such as hydrogen

Issues (Materiality)

Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations

The Toyota Tsusho Group will undertake local infrastructure development, industrial development, job creation, and other measures to solve social issues in developing countries such as those in Africa and other regions through our automotive business and other business activities. In doing so, we will encourage economic independence by local people and simultaneously achieve growth of the group.



Risks

- Highly volatile currencies accompanying unstable politics and economies
- Differences in business practices and labor culture between regions
- Impact from the prevalence of infectious diseases and undeveloped hygiene/sanitation

Opportunities

- Expansion of automobile-related business and markets for consumer-targeted business in association with a rise in consumption
- Expansion of business related to the development of energy, factories/plants, and infrastructure that addresses industrial development and promotion

Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills

The Toyota Tsusho Group promotes diversity and inclusion (D&I) as a management strategy. We are undertaking reforms to implement more flexible and productive ways of working. We are also actively working to develop human resources who can create businesses from a global perspective, achieve success in the global market, and contribute to society within and outside the company. In our supply chains, we are taking all measures to eliminate child labor and forced labor, thereby improving work environments from various perspectives.



Toyota Tsusho's Value Creation Model

Becoming a value-generating corporation that contributes to the creation of prosperous societies

Based on Toyota Tsusho's distinctive traits, we will advance to our next new stage by simultaneously promoting carbon neutrality and the circular economy, and the four key strategies that will enable us to strongly demonstrate our competitive edge.

Four Key Strategies

Next Mobility

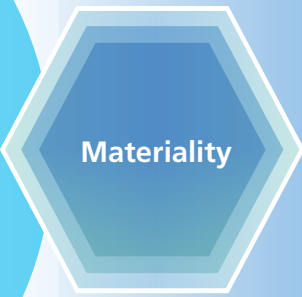
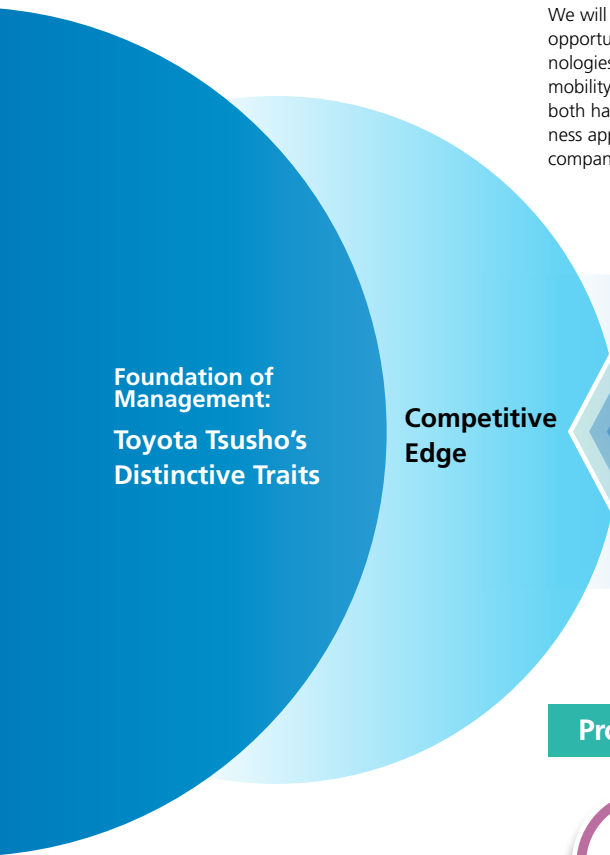
We will create new business opportunities such as CASE technologies and contribute to solving mobility society issues by using both hands-on and venture business approaches through our company-wide organizations.

Renewable Energy

In addition to accelerating global development by reinforcing our existing business models, we will expand our business domains, including diversifying our portfolio of power sources and engaging in energy management.

African Growth

We will continue our contribution to the growth of the African economy by accelerating business development focusing on the four pillars of mobility, healthcare, consumer goods, and infrastructure.



Four Key Strategies



Promotion of Carbon Neutrality and the Circular Economy

Promotion of Carbon Neutrality and the Circular Economy



Renewable Energy & Energy Management Working Group
Road Renewable Energy

Contribute to achieving carbon neutrality for society, the Toyota Group, and the Toyota Tsusho Group by leveraging our more than 30 years of experience in renewable energy development.



Battery Working Group
Road Batteries

Strengthen connections among our group companies and with our partners to take on the challenges of becoming carbon neutral throughout the entire life cycle of our batteries, starting with resource development.



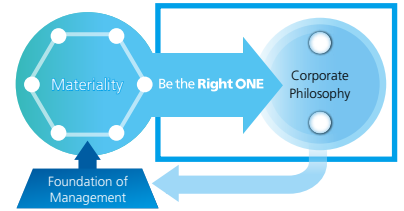
Hydrogen & Carbon Neutral Fuel Working Group
Road Hydrogen

As a model for local production and local consumption of clean hydrogen, accelerate carbon neutrality in the seaport business domain through the use of hydrogen and other alternative fuels, starting with the Port of Los Angeles in the United States, one of the world's major seaports.



Resource Circulation & 3R Working Group
Road Circular Economy

Establish a resource circulation system under the banner of "reduce CO₂, eliminate CO₂, and create from CO₂."



Value created for society and the environment

Corporate Philosophy

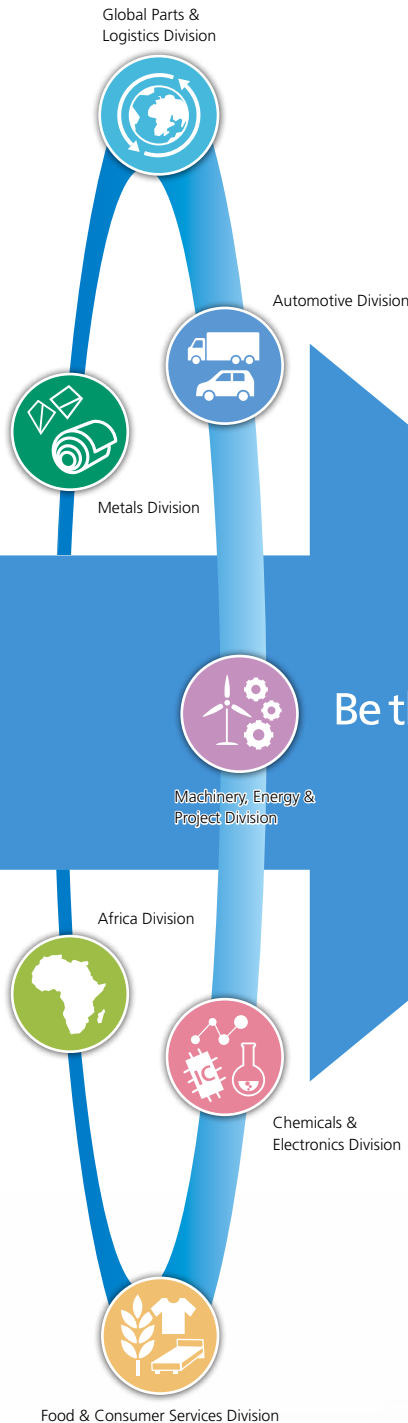
Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.

Value created by Toyota Tsusho together with its customers



Circular Economy

With an awareness of industrial life cycles, we aim to convert rubbish into resources globally by expanding the scope of our business from conventional "waste treatment and reuse" to "manufacturing design."



Economy of Life Working Group
Road Economy of Life (EoL)

Achieve carbon neutrality in the cultivation of bell peppers by effectively utilizing factory exhaust heat. Promote projects that absorb and utilize CO₂ in the areas of medicine, clothing, food, and housing.

For details on the four key strategies, please see pages 26–29.

For details on "Promotion of Carbon Neutrality and the Circular Economy," please see pages 38–45.

For details on the seven sales divisions, please see pages 76–91.

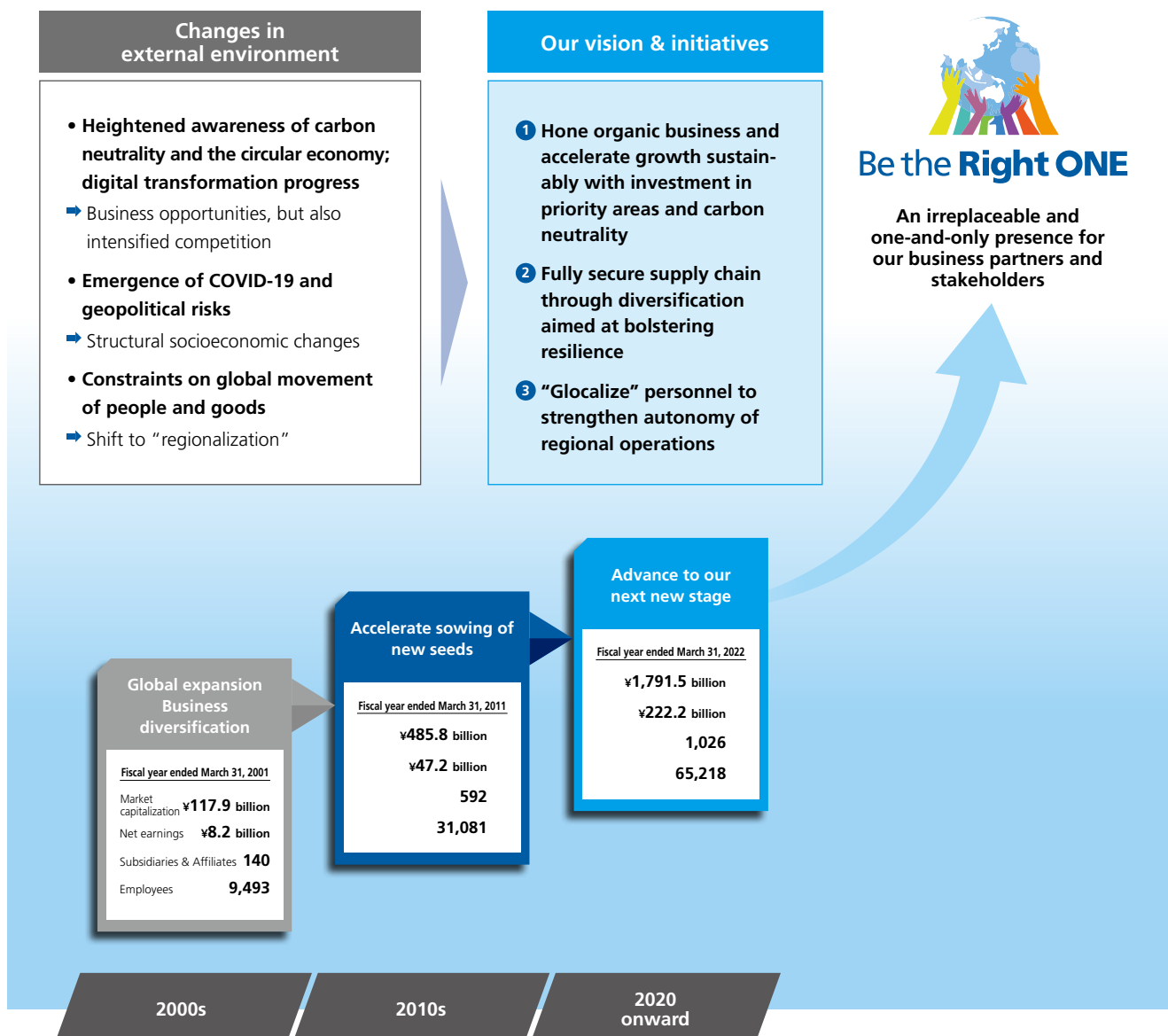
Mid-term Business Plan Ending March 31, 2025

Continuous evolution toward our next new stage

In our Mid-term Business Plan, we have established business activity policies and quantitative targets based on changes in the business environment. Furthermore, we review and revise our Mid-term Business Plan yearly, setting the next three years as the planning period, to ensure that major external environment changes with the potential for widespread impact are always reflected in our plans.

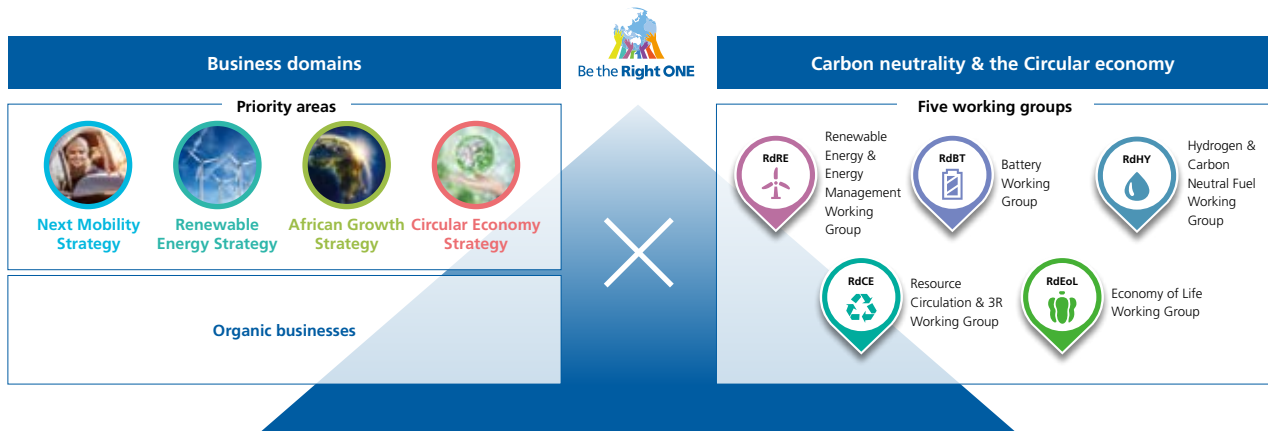
Creating the Mid-term Business Plan: Ideal Image

Toyota Tsusho has evolved its business and continued to grow by quickly identifying changes in the world and linking them to action. Since the 2000s, we have continued to grow in size while evolving through different stages every 10 years or so, and now we are about to advance to our next new stage. We will achieve our Global Vision to “Be the Right ONE” by realizing our ideal image in our next new stage while leveraging the distinctive traits of Toyota Tsusho based on changes in the external environment surrounding our businesses.



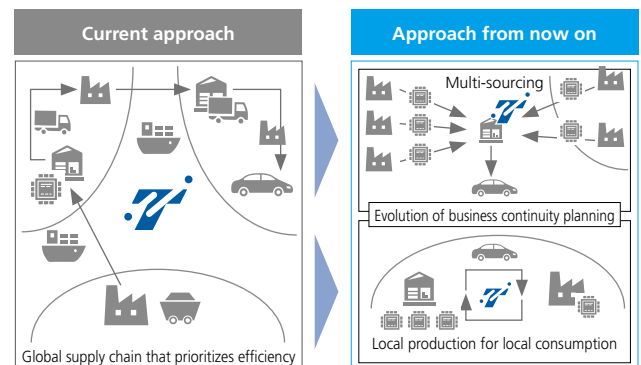
1 Business domains and carbon neutrality & the circular economy

We will continue to focus on honing our existing businesses (organic businesses) which form the foundation of our growth and on efforts addressing the four priority areas that are linked to the four Materialities for achieving both solutions to social issues and corporate growth. We will also accelerate our efforts by combining our five working groups for promoting carbon neutrality and the circular economy with our organic businesses and the four priority areas.



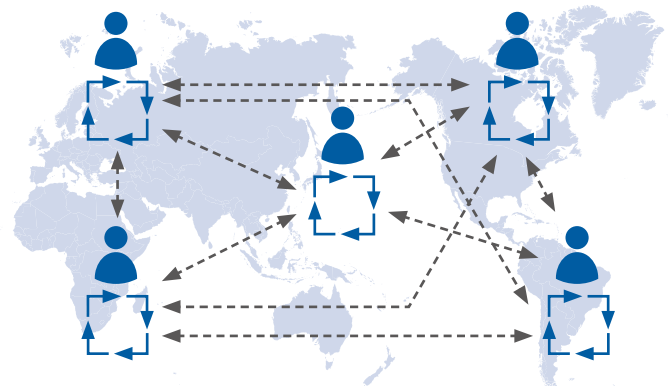
2 Further evolution to protect our supply chains

Supply chain disruptions due to COVID-19 and geopolitical risks are making production activities difficult to carry out using only the conventional method of optimal procurement. By further evolving and developing our supply chains, we will secure diverse supply networks and build supply chains that are more resilient and resistant to crises. We are also working on completely local supply chains for local consumption of locally produced goods.



3 Glocalization of personnel

To accelerate and realize our efforts, the recruitment and development of exceptional human resources are essential. From the viewpoint of regionally autonomous management, we are also promoting the localization of management to support this and are globally assigning the right people for the right jobs by appointing human resources across borders. Specifically, we will identify key management roles overseas as global posts. Through the selection of successor candidates and planned recruitment and development, we will produce many “glocal” human resources who are capable of competing for the posts, raising the percentage of locally employed staff as we shift away from our currently Japanese expatriate-centric operations.



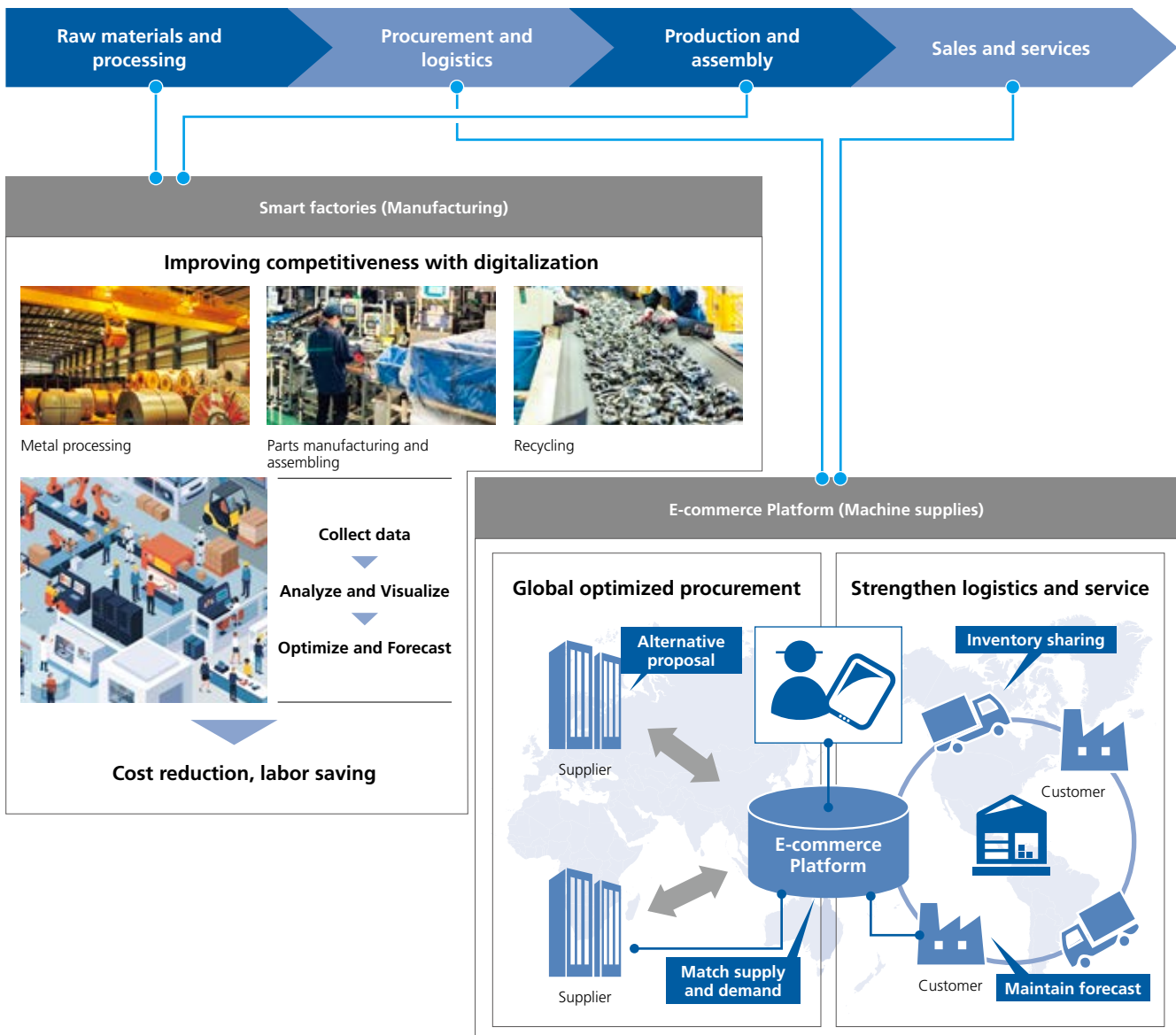
Mid-term Business Plan and Financial Strategy

Mid-term Business Plan Ending March 31, 2025
Continuous evolution toward our next new stage

Honing Our Organic Businesses

To hone our organic businesses, we will utilize digital transformation (DX) to promote visualization, labor saving, and efficiency improvement. In areas close to manufacturing, we will realize cost reductions and labor savings through “smart factories” that use digital power to evolve existing manufacturing workplaces. In the areas of

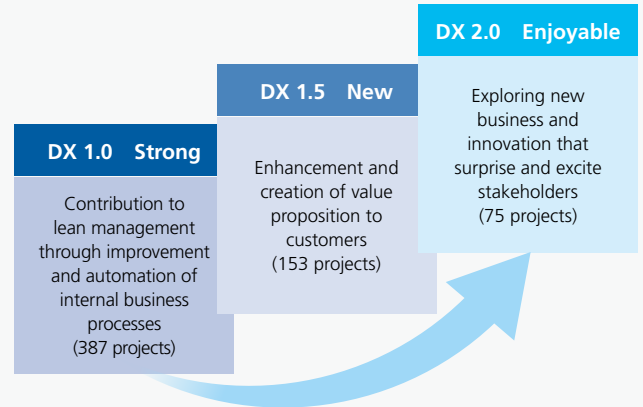
procurement and logistics, we will aim for further efficiencies and high levels of resilience, for example, in the business of machinery spare parts, optimizing global procurement, matching customers and suppliers, sharing inventory, and predicting equipment maintenance through the provision of an e-commerce platform.



Implemented more than 600 projects in three categories

Since the Toyota Tsusho Group is engaged in many businesses that generate revenue by standing on the front lines and working together with customers, the need for and expected effects of operational and business reform through DX are high. We aim to maximize the added value of existing businesses, create new value, and improve our competitive advantage through the use of new digital technologies, in addition to realizing lean management by improving operational efficiency and reducing costs through the digitization and automation of analog operations.

As an organizational initiative to accelerate DX, the DX Acceleration Department was established in April 2020 as a company-wide organization dedicated to promoting DX. Divided into the following three categories according to the level and purpose of the DX initiative being pursued, 615 DX projects spanning all businesses and internal operations are in progress (as of June 2022).

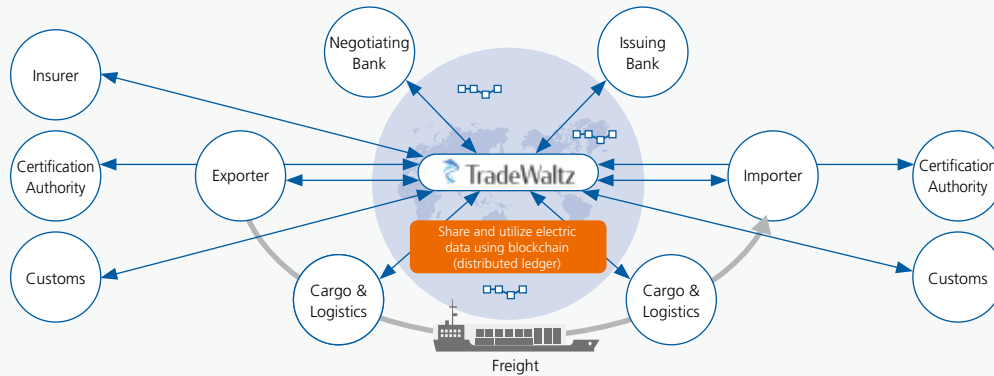


Example 1 DX 1.0

Seven companies jointly established a trading platform

Trade operations entail paper-based processing and procedures, and involve not only importers and exporters, trading companies, and transportation companies but also financial institutions and customs offices. To ensure accurate, safe, and speedy operations, it is ideal to create an environment in which information can be exchanged regardless of industry boundaries.

In response, seven companies, including Toyota Tsusho, jointly established a cross-industry consortium, which has now expanded to comprise 136 companies (as of July 2022). The consortium developed "TradeWaltz®," a trade information-sharing platform that utilizes digital technologies. With the replacement of paper with digital data as a foothold, we will build a new normal for trade operations.



Example 2 DX 1.5

Invested in a vehicle inspection service business that utilizes AI image analysis

Previously, inspections of automobiles were performed visually by human inspectors. However, the drawback was that accuracy varied depending on the inspector. Especially in Japan, with its declining population, there was a need for a new method to address the shortage of inspectors.

To solve this problem, Toyota Tsusho invested in UVeye, an Israeli company that has developed an automatic vehicle inspection system, and acquired the rights to sell UVeye's equipment and services, which significantly reduce inspection time and address the problem of labor shortages. In a first for Japan, we have also begun sales of imaging services and external vehicle inspection systems for used car sales, vehicle inspections, and maintenance, and we have plans for further expansion.



Example 3 DX 2.0

Provision of service for calculation and visualization of greenhouse gas emissions

Nowadays, companies are required to visualize not only their own greenhouse gas emissions but also those of their entire supply chains. In addition to collecting their own emissions data, they need to collect data for their supply chains in cooperation with related companies.

In collaboration with Zeroboard Inc.—developer of the "zeroboard" cloud service for the calculation and visualization of emissions—Toyota Tsusho provides a system that improves the efficiency of data collection for customers and achieves visualization of greenhouse gas emissions for entire supply chains. We also provide emission reduction solutions to help customers achieve carbon neutrality.



DX Strategy Planning Workshop: Strengthening Human Resources Development

Realizing DX requires the training of business transformers who understand the necessary knowledge, skills, and thought processes. Therefore, starting in the fiscal year ended March 31, 2022, we have been holding DX Strategy Planning Workshops, which are exercise-based workshops in which participants use DX case studies from other companies to delve deeply into the concept of marketing and ideas based on customer value and understand the methodologies. To realize and accelerate the DX of Toyota Tsusho, we are striving to reach a stage in which DX is self-propelled in each organization (making DX the norm).

Mid-term Business Plan and Financial Strategy

Mid-term Business Plan Ending March 31, 2025

Continuous evolution toward our next new stage

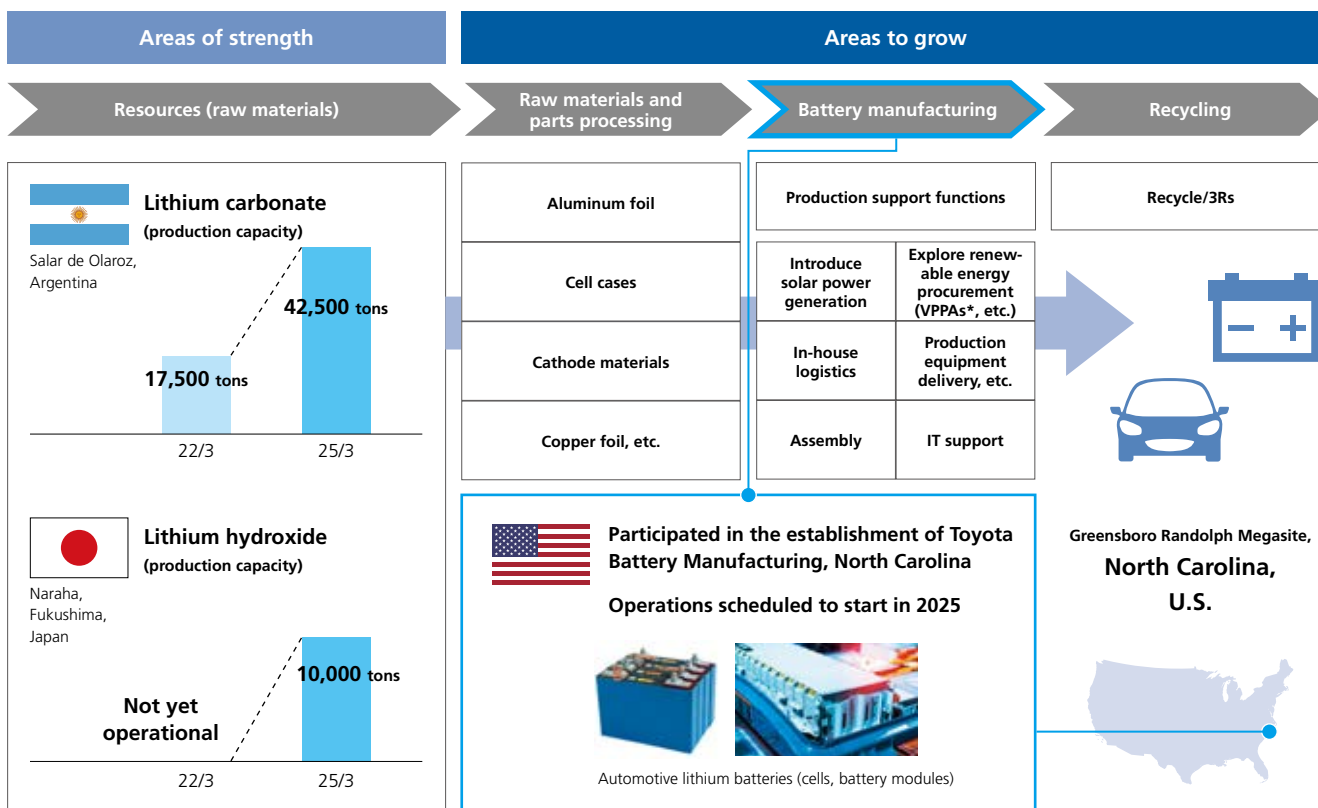


Next Mobility Strategy

Expanding our battery supply chain business domain in anticipation of the popularization of electrified vehicles

With a view to the ever-increasing demand for electrified vehicles and batteries, we will further expand and explore business domains in the battery value chain, from upstream to downstream. In the area of resources, which is one of our strengths, in Argentina, we will expand our production of lithium carbonate, and in Japan, Toyotsu Lithium Corporation is scheduled to start refining lithium hydroxide in 2022 in Naraha, Fukushima Prefecture.

As an example of an area in battery supply chains in which we will expand in the future, we will provide production support for Toyota Motor Corporation's North American battery plant, in which we have a 10% stake. In addition to supplying raw materials and parts, we will provide Toyota Tsusho functions throughout the entire supply chain, including production function support and downstream assembly.



* Virtual power purchase agreements



For information on the Toyota Tsusho Group's automotive battery plant in North America, please see "Press Room" on Toyota Tsusho's website.
https://www.toyota-tsusho.com/english/press/detail/211207_005876.html



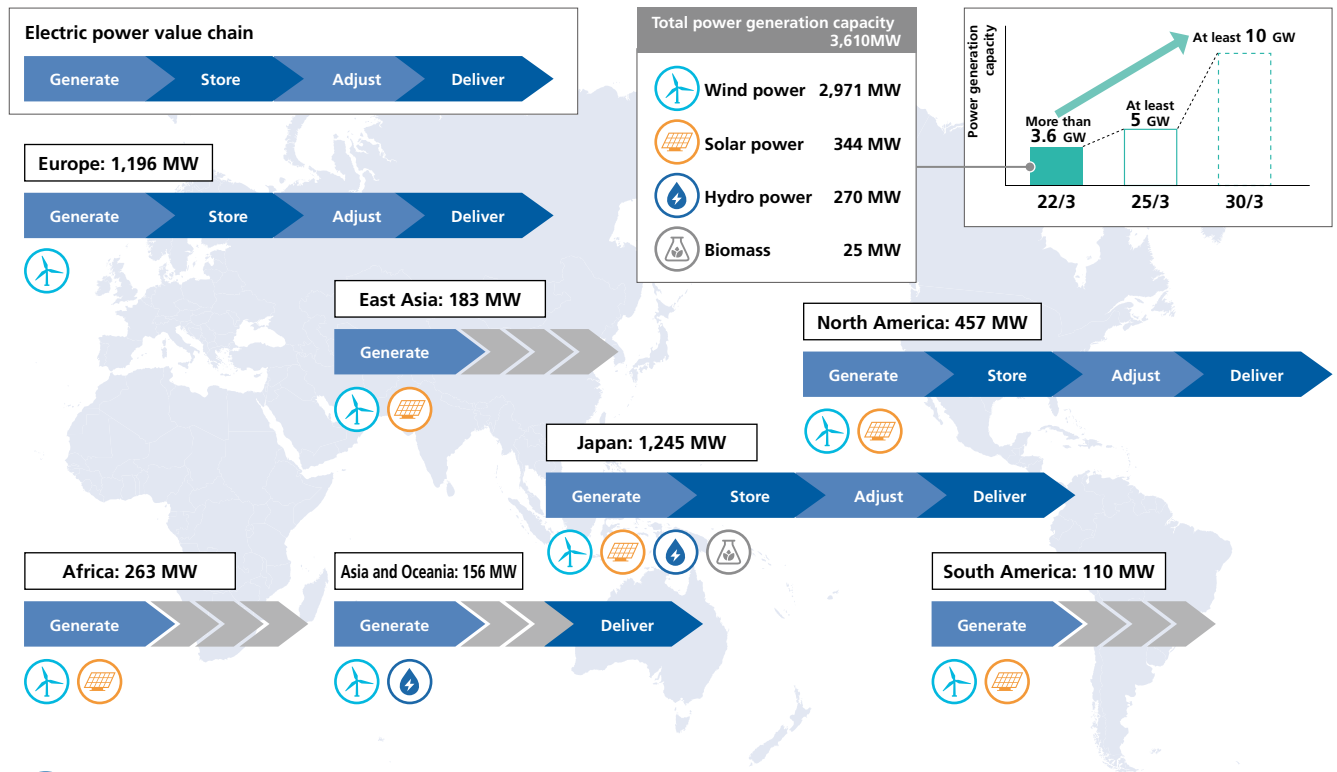
Renewable Energy Strategy


Stable supply of affordable carbon neutral energy

We have been involved in the renewable energy business since the 1980s, “making” electricity around the world from a variety of sources such as wind, solar, hydro, and biomass. At present, we have a total global power generation capacity greater than 3.6 GW, which we plan to increase to at least 5 GW by the fiscal year ending March 31, 2025, and to at least 10 GW by the fiscal year ending March 31, 2030. By strengthening our functions in the electric power value chain and providing a stable and affordable supply of energy through the creation of systems to adjust and deliver generated power, we will contribute to a better global environment.

We will also continue our endeavors in the offshore wind power generation business both during the period of the Mid-term Business Plan and beyond. By honing our electric power value chain, we will continue to be chosen by customers for our comprehensive strengths.

In addition, we will accelerate our Renewable Energy strategy by acquiring 100% ownership of Eurus Energy Holdings Corporation.



 For the notice regarding the acquisition of stock of Eurus Energy Holdings Corporation (acquiring 100% ownership), please see “Press Room” on Toyota Tsusho’s website. https://www.toyota-tsusho.com/english/press/detail/220526_005995.html



Mid-term Business Plan and Financial Strategy

Mid-term Business Plan Ending March 31, 2025

Continuous evolution toward our next new stage



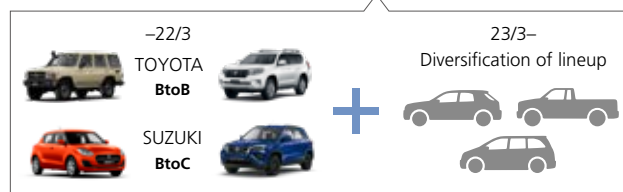
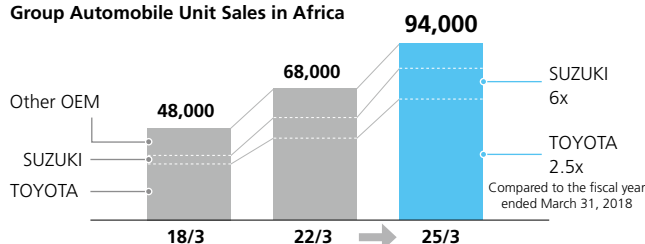
African Growth Strategy

Balancing business growth and functional enhancement

Mobility

In the mobility field, we will support the comprehensive development of industries centered on mobility, by increasing the number of countries where assembly production is performed and strengthening sales by expanding our product lineup targeted at the middle class. In particular, in addition to BtoB transactions, which have always been our strength, we have accurately identified the needs of the growing middle class in Africa, and sales of the Suzuki brand, which are BtoC transactions, are growing steadily. During the period of the Mid-term Business Plan, we will further expand the volume of sales, aiming for a six-fold increase in sales volume compared to the fiscal year ended March 31, 2018. Responding to the demand for transportation in Africa, we will also increase the sales volume of the Toyota brand, which is strong in BtoB transactions.

Group Automobile Unit Sales in Africa



Healthcare

In the healthcare field, by increasing the number of countries where we conduct business and creating new services, we will promote initiatives that contribute to people's health. In addition to being involved in the licensed production of pharmaceuticals in Morocco and Algeria for European and North American pharmaceutical manufacturers, we also conduct pharmaceutical wholesaling in 22 African countries. We will develop this strength further and expand our scale and function by increasing the number of countries in which we conduct business and expanding our product lineup. In March 2022, we also invested in Goodlife Pharmacy, a pharmaceuticals retailer in Kenya, entering the downstream retail drug business for the first time. In the global health field, we have provided refrigerated vehicles for transporting vaccines, which have received the World Health Organization (WHO)'s Performance, Quality and Safety Prequalification (PQS), to Ghana and five other African countries.



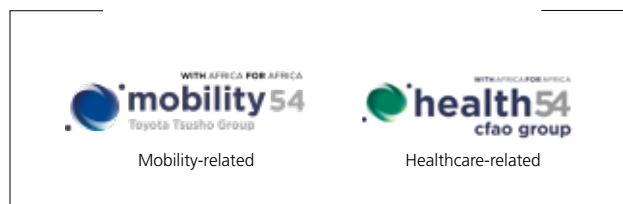
Move into the retail drug business:
A first for the Toyota Tsusho Group

Providing services to 1.7 million consumers at roughly 100 locations in Kenya and Uganda

Start-up support

Start-up investment firms

We will solve social issues in Africa by investing in and financing not only existing businesses but also new technologies and services.





Circular Economy Strategy

Providing decarbonization solutions through the recycling business

We have been engaged in the end-of-life vehicle (ELV) disposal business in Japan since the 1970s. Overseas, too, we are promoting the proper disposal, dismantling, and recycling of ELVs in countries such as China and India.

Furthermore, with the popularization of electrified vehicles, we are also engaged in the “3Rs” (Rebuild, Reuse, Recycle) business for

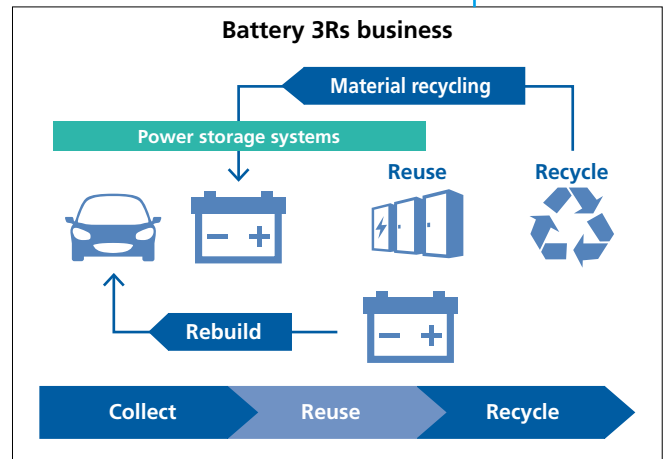
used batteries, which is expected to become a major social issue in the near future.

As for the area of plastics and PET bottles, we will fulfill our responsibility as a company heavily involved in manufacturing, including by launching a recycling business in 2022.



Establishment of ELV value chain with area partners in India and China

Maruti Suzuki Toyotsu India Private Limited
Operations started in November 2021 (India)



PLANIC Co., Ltd.
Recycled plastic processing company (scheduled to commence operations in 2022)
Reuse of used plastics from automobiles, consumer electronics, daily necessities, and other sources into resins for automobile parts and other applications

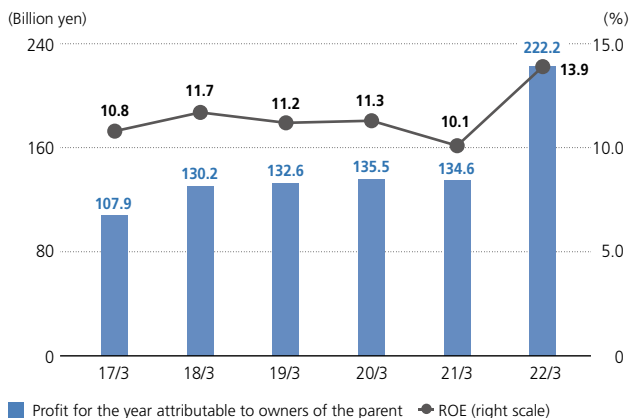


Toyotsu PET Recycling Systems Co., Ltd. (scheduled to commence operations in 2022)
“Bottle-to-bottle” business, recycling used beverage PET bottles back into beverage PET bottles

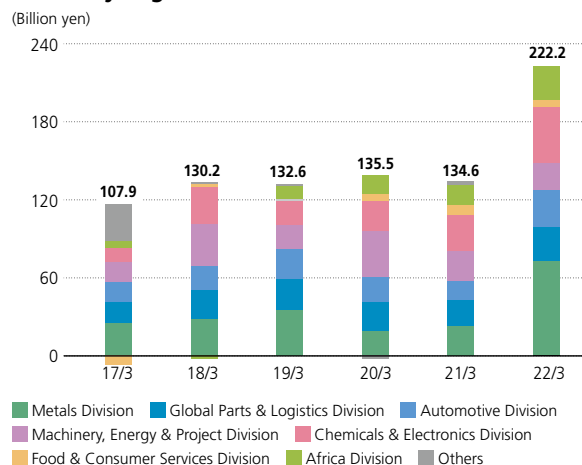
Financial and Non-financial Highlights

Financial Highlights

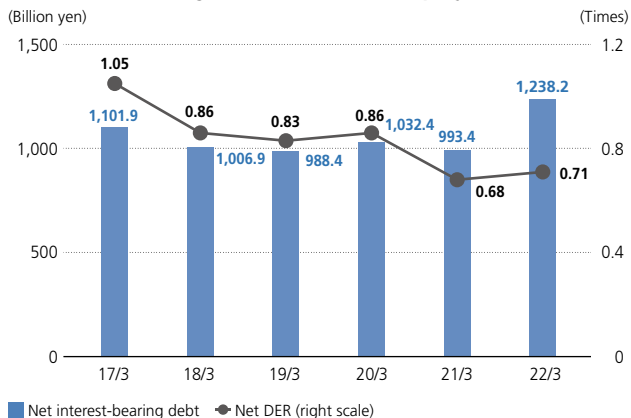
Profit for the Year Attributable to Owners of the Parent and ROE



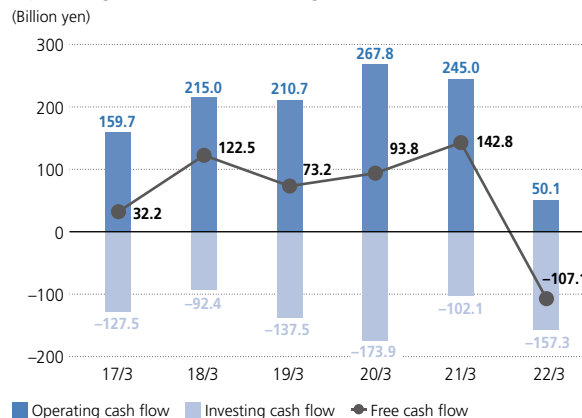
Profit (Loss) for the Year Attributable to Owners of the Parent by Segment



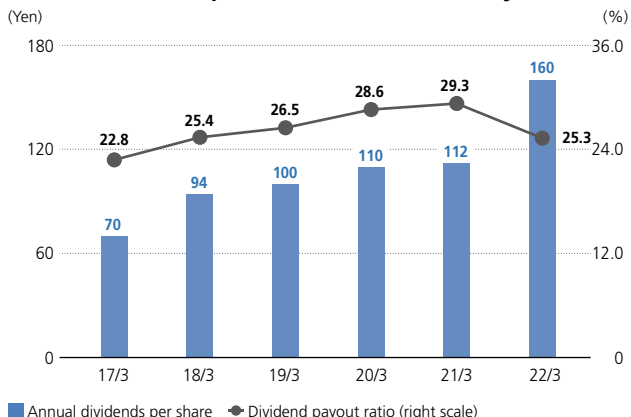
Net Interest-bearing Debt and Net Debt-equity Ratio (Net DER)



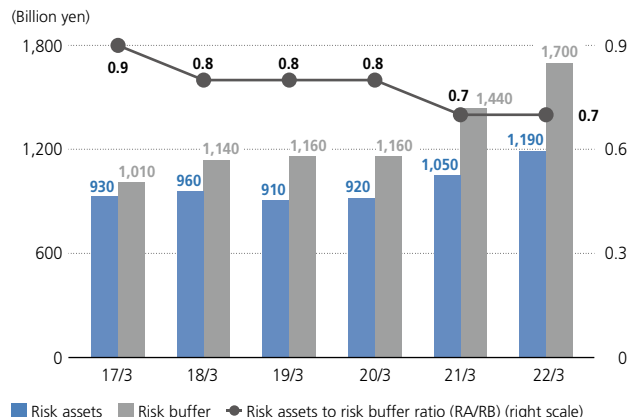
Operating Cash Flow, Investing Cash Flow, and Free Cash Flow



Annual Dividends per Share and Dividend Payout Ratio



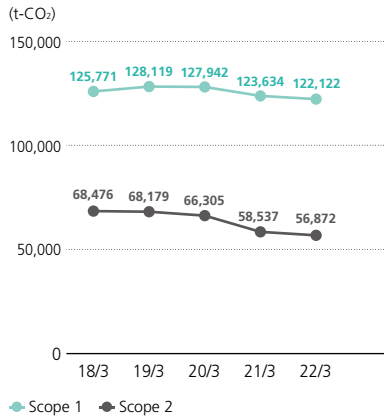
Risk Assets (RA) and Risk Buffer (RB)



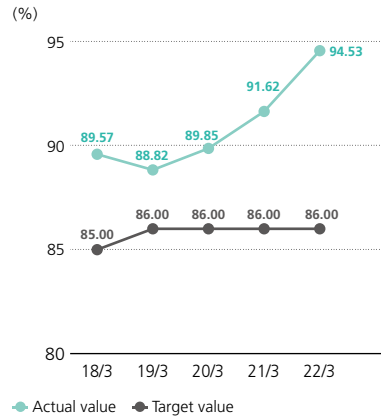
* For the calculation method, please see page 37.

Non-financial Highlights

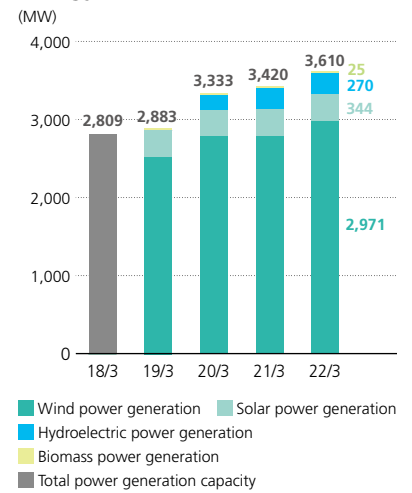
Greenhouse Gas Emissions (Scope 1 and Scope 2, Domestic)



Recycling rate (Actual value and Target value)



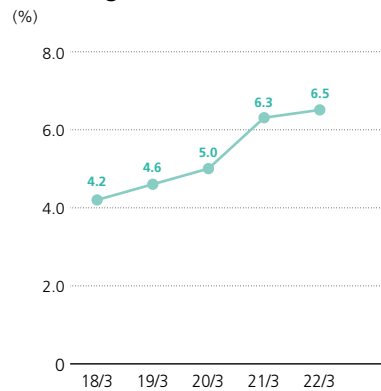
Change in Total Power Generation Capacity from Renewable Energy Sources



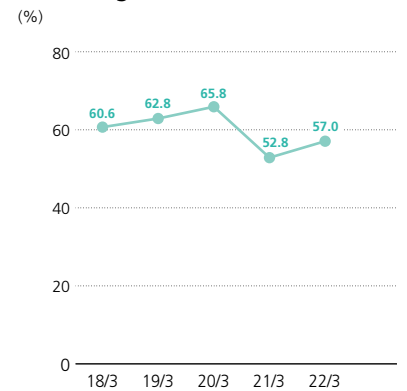
Number of Employees by Gender (Non-consolidated) (as of April 1 of each year)



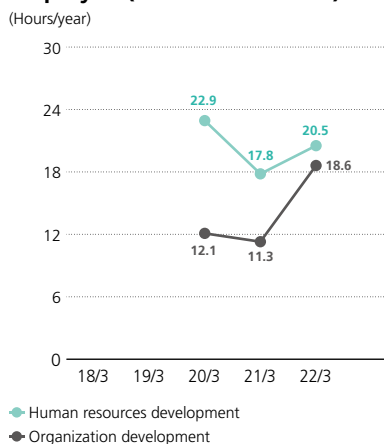
Proportion of Female Employees in Managerial Positions



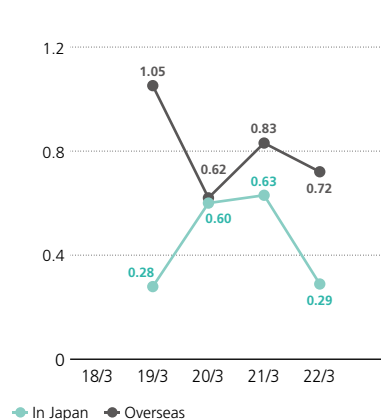
Percentage of Paid Leave Used



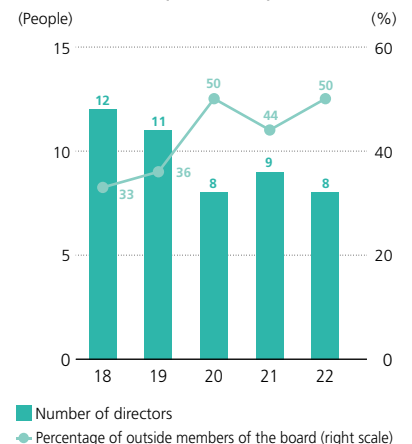
Average Training Time per Employee (Non-consolidated)



Lost Work Time Incident Rate



Percentage of Outside Members of the Board (as of June 30)



CFO's Message

Advancing to our next new stage equipped with functions unique to the Toyota Tsusho Group



We will build a financial position that enables us to continuously invest in the future global environment and provide stable shareholder returns for our next stage of value creation.

Member of the Board & CFO **Hideyuki Iwamoto**

Review of the Mid-term Business Plan for the Fiscal Year Ended March 31, 2022

Quantitative targets

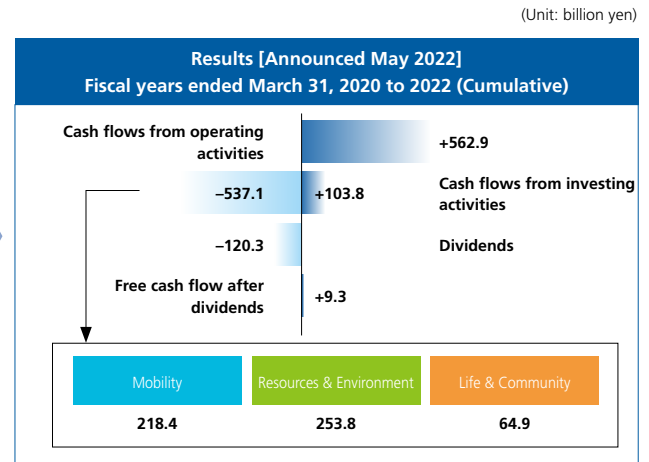
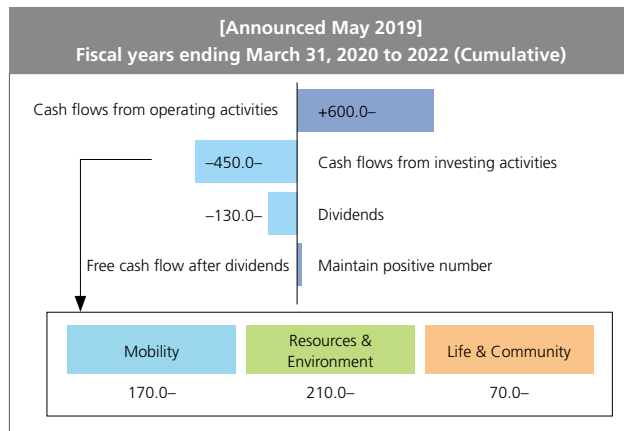
Regarding the various quantitative targets in the Mid-term Business Plan ended March 31, 2022, which was announced in May 2019, we were able to achieve our targets across the board, including profit for the year attributable to owners of the parent, return on equity (ROE), net debt-equity ratio (net DER), and risk assets to risk buffer ratio (RA/RB). In particular, we achieved a record-high profit for the year attributable to owners of the parent of 222.2 billion yen. Regarding shareholder returns, based on a shareholder returns policy of a dividend payout ratio of at least 25% and steadily increasing actual dividends, we have achieved an increase in dividends of 60 yen over three years, from 100 yen in the fiscal year ended March 31, 2019, to 160 yen in the fiscal year ended March 31, 2022, for a total dividend payout of more than 120 billion yen.

	[Announced May 2019] Targets for the fiscal year ending March 31, 2022	Results	
Profit for the year attributable to owners of the parent	¥170 billion	¥222.2 billion	Achieved
ROE	10% or higher	13.9%	Achieved
Net DER	1.0x or less	0.71x	Achieved
Risk assets to risk buffer ratio (RA/RB)	Less than 1.0	0.7	Achieved
Shareholder returns	<ul style="list-style-type: none"> • Payout ratio 25% or more • Steady increase in actual dividend 	<p>Maintained dividend payout ratio of 25% or more</p> <p>Stable dividend increase</p> <p>Fiscal year ended March 31, 2020: ¥110 (28.6%)</p> <p>Fiscal year ended March 31, 2021: ¥112 (29.3%)</p> <p>Fiscal year ended March 31, 2022: ¥160 (25.3%)</p>	Achieved

Cash flow and investment plan

Even amid the COVID-19 pandemic, which was unimaginable at the time we formulated the Mid-term Business Plan, we managed to secure operating cash flow close to our target by maintaining the trust of our customers through protecting our supply chains, which in turn led to our positive business performance. Furthermore, without pausing our growth investments, we were able to exceed

our target in terms of total investment and maintained a good balance of investment in all three of our core business domains. These investments were made within the bounds of the generated operating cash flow, while also maintaining a sound financial position, and as a result, we were able to keep our free cash flow after dividends positive.

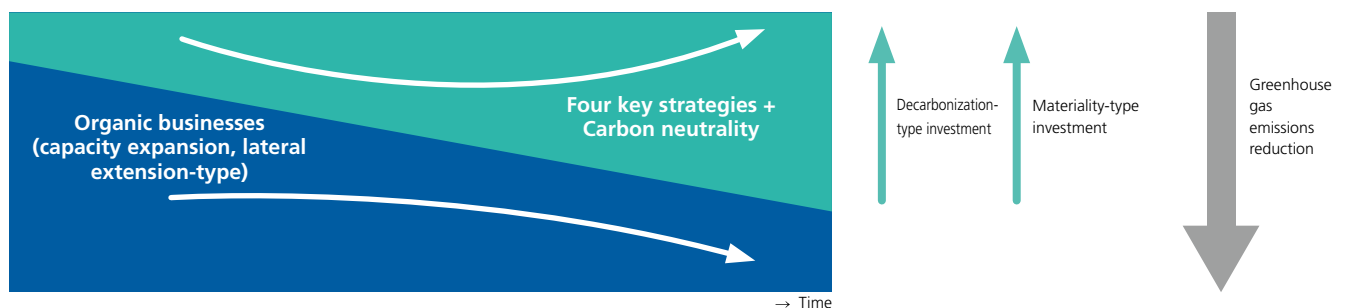


Carbon Neutral Investments Are Also Essential for the Sustainable Growth of the Toyota Tsusho Group

In the future, I believe that the business mindset will shift from a focus on physical goods and profit toward an emphasis on people-themed values such as a better society and happiness. In other words, businesses that care for the future global environment will become more important in our next new stage. For this reason, I believe companies that are unable to adapt to these external environment changes might be forced into decline, and only companies that can respond swiftly to such changes will be able to achieve continuous growth at an exponential rate. For sustainable growth, I also believe that it is essential for Toyota Tsusho to make investments for the future global environment, that is, investments that contribute to carbon neutrality. As many people are aware,

investment costs for businesses that contribute to the achievement of carbon neutrality need to be larger than those for other businesses and it takes longer for those investments to contribute to profit. For the time being, we will secure investment funds for the future maintenance and improvement of the global environment by monetizing past projects and honing existing businesses, but I expect that, at times, the cumulative amount of investment will exceed the accumulated cash flows from operating activities. Nevertheless, I believe this is truly something we must tackle now and steadily implement while controlling future cash flows. We will also manage cash flows to achieve both stable returns that are acceptable to shareholders and sustainable growth.

Image of Investment Fund Distribution Ratio



Mid-term Business Plan and Financial Strategy

CFO's Message

Advancing to our next new stage equipped with functions unique to the Toyota Tsusho Group

Supporting Active Investment with a Stable Financial Position

In the Mid-term Business Plan ending March 31, 2025, which was announced in May 2022, the cumulative investment amount for the three years covered by the plan was projected to be between 750 and 900 billion yen. This amount includes the previously mentioned investments that contribute to the achievement of carbon neutrality and forms a part of the 1.6 trillion yen by 2030 for achieving a carbon neutral society, which is discussed below (with more details on page 40). It is expected that, depending on the timing of investments in this area, the cumulative amount of investments could exceed the accumulated cash flows from operating activities. Our policy has always been to invest within the bounds of operating cash flow, but going forward, while remaining mindful of this principle, we will not refrain from making necessary investments. On the other hand, while maintaining a net DER of 1.0 times or less and securing a financial base as in the past, we will also ensure that we

have enough fund procurement capacity for growth investments in our next new stage. To this end, it will be important to analyze and control operating cash flow in detail by segment. Over the past few years, in our monthly consolidation for managerial accounting, we have been working on visualizing cash flow on a segment basis, and we can now analyze, for example, how much cash flow is being used in business in any given country. In addition to promoting these financial policies, regarding dividends, we remain committed to a stable dividend and increasing dividends per share while maintaining a basic policy of a dividend payout ratio of 25% or more. We have increased dividends per share for 12 consecutive fiscal years through the fiscal year ended March 31, 2022, and we aim to continue increasing dividends during the period of our current Mid-term Business Plan.

Quantitative Targets (Mid-term Business Plan Ending March 31, 2025)

	Fiscal year ending March 31, 2025		Three-year cumulative cash flow for fiscal years ending March 31, 2023 to 2025
Profit for the year attributable to owners of the parent	¥250 billion	Operating cash flow	+ ¥750–900 billion
Net DER	1.0x or less	Dividends	At least – ¥170 billion
Shareholder returns	Strive for stable dividend increases while maintaining a basic policy of a dividend payout ratio of 25% or more	Investing cash flow	– ¥750–900 billion

Investment Cycle Management

Investment Cycle Management and Risk Management Underpin the Financial Foundation for Advancing to Our Next New Stage.

To achieve sustainable growth, Toyota Tsusho believes it is important to appropriately manage risk and generate reliable results from investments. Rather than investments aimed at short-term profits, based on strategic investment whereby a business is developed over the medium to long term leading to expansion and strengthening of the Toyota Tsusho Group's value chain, we have developed a system that optimizes the knowledge and experience accrued throughout the company to engage in deliberations at each stage of investment, from initial investigation to implementation. We have also enriched our systems for investment follow-up to solve problems faced by our business companies and replace assets.

Regarding new investment projects, major policy is decided at the Mid-term Business Plan Meeting and the Investment Strategy Meeting, while decisions on individual projects are made by the organization concerned based upon business plans screened by the Investment and Loan Meeting and the Investment and Loan Committee. At the Investment and Loan Meeting, chaired by the CFO, we use TVA*¹, which is our original indicator for verifying that the expected revenue scale is achieved corresponding to the invested capital, and RVA*², which is an indicator used to verify that obtained revenue is appropriate for the risk, to carry out entry management. At the same time, we conduct assessments of climate change and other environmental risks, greenhouse gas emissions and reduction effects, and other aspects

using our original environmental check sheets, to quantitatively verify projects from various perspectives. Some of our affiliated companies, both in Japan and overseas, have been authorized to make investment decisions to accelerate the investment decision-making process.

After investments are implemented, the Administrative Unit and the sales divisions concerned jointly and continuously monitor and support projects facing issues ("check and support"). In addition to monitoring by the sales divisions, the Administrative Unit also monitors through balance sheets and profit/loss (BS/PL)*³ standards. If a project falls short of quantitative standards, we assess the sustainability of the business and decide whether to restructure or exit.

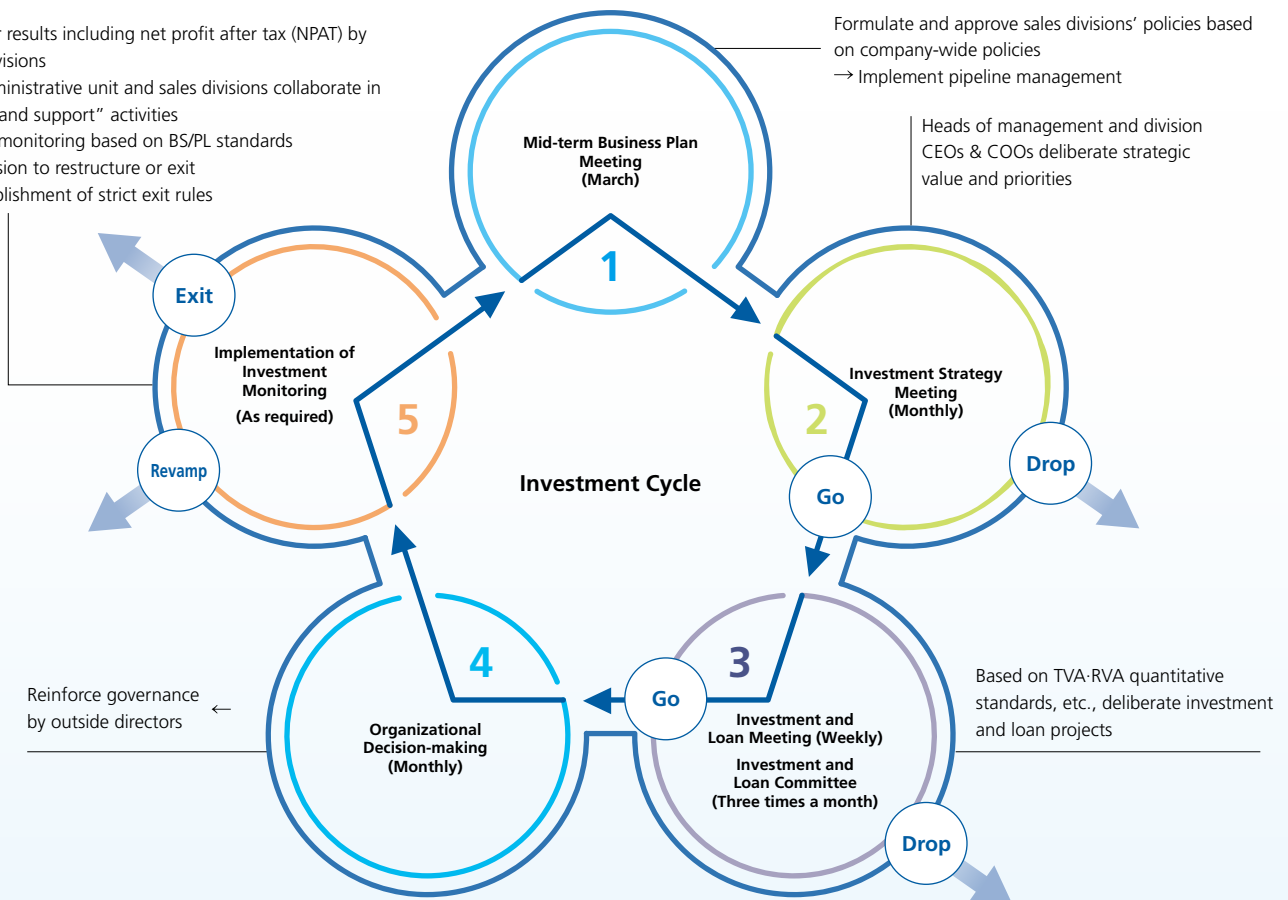
By continuing to repeat this investment cycle, we aim to allocate management resources optimally and improve capital efficiency.

*1 An abbreviation of Toyotsu Value Achievement,
 $TVA = (\text{Ordinary income} - \text{Interest income or expenses}) \times (1 - \text{Respective country's tax rate}) - \text{Invested capital} \times \text{Cost rate of invested capital by country (Respective country's government bond yield)}$

*2 An abbreviation of Risk-adjusted Value Added,
 $RVA = (\text{Ordinary income} \times 60\%) - \text{Risk asset} \times \text{Risk cost rate}$, where risk asset is the maximum amount of expected asset loss should a contingency (a once-in-a-century event) occur, and risk cost rate is the shareholder expected rate of return based on Toyota Tsusho's return on equity (ROE) target of 12% to 15%

*3 BS standard: If the capital impairment ratio is 50% or higher
 PL standard: If there is a net loss for two consecutive periods, or if a downturn is at least 30% of the planned value at the time of investment for two consecutive periods, decide to either restructure or exit.

Monitor results including net profit after tax (NPAT) by sales divisions
 The administrative unit and sales divisions collaborate in "check and support" activities
 Results monitoring based on BS/PL standards
 → Decision to restructure or exit
 → Establishment of strict exit rules



Risk Management

Risk Management System

We define “risk” as “an event with the potential to cause unexpected losses in business operations, or cause damage to the Toyota Tsusho Group’s assets and trust, etc.” as laid out in the company’s Risk Management Basic Policy. The company’s fundamental approach is to identify and consider the various risks that occur in the course of business operations, ensure management safety, and increase corporate value by exposing itself to risk only within an appropriate and controlled range.

In concretely implementing the Risk Management Basic Policy, besides risk management by the respective departments responsible for risks carried out separately in the past, the former Enterprise Risk Management Committee was evolved in April 2020 into the Integrated Risk Management Committee, which verifies the state of risk management on a more global basis. At a meeting of the Integrated Risk Management Committee, we identify the 10 most important risk items (commodities, credit, business, foreign exchange, fund procurement, human resources and labor, information security, scandals, logistics, and occupational safety/environment), to which we apply our “Check 10” consolidated risk management system that clarifies management points for those items, and we are building and strengthening a consolidated risk

management system by working closely with each department and corporate group company to address risks faced by the group as a whole through visualization and improvement activities concerning the state of implementation of risk management and risks at each group company.

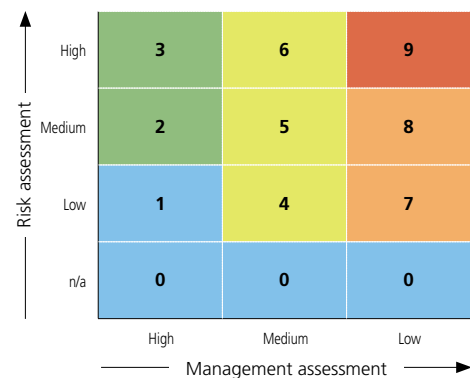
Centered on the heads in charge of risk at the respective regions overseas, meetings of the Integrated Risk Management Committee are attended by general managers of the planning department of each sales division and officers and general managers responsible for risk management overseeing Check 10 risks. The results of risk evaluation conducted for each business entity in each region are analyzed both quantitatively and qualitatively to understand global risks and discover issues, and the necessary measures are discussed and promoted. The Check 10 items are assessed and scored on two axes—risk and management systems—and a heat map is prepared to support the visualization of risks and improve vulnerabilities in risk management. When making improvements, the departments mentioned above that are responsible for risk provide support as needed.

We plan to enhance these measures and raise the level of risk management within the group.

Check 10

Check 10	Risk details	Departments responsible for risk
Commodities	Retained inventory/Commodity positions	Business Accounting Department/ Investment and Credit Department
Credit	Delayed collection/Low-rating business	Investment and Credit Department
Business	Downturn in performance/Low revenue	
Foreign exchange	Foreign exchange positions	Finance Department
Fund procurement	Balance sheet management	
Human resources and labor	Labor disputes/Human rights violations/Long-term postings and concurrent appointments	Global Human Resources Department/Audit Department
Information security	Unattained items in the All Toyota Security Guideline (ATSG)/Cybersecurity measures	IT Strategy Department
Scandals	Corruption prevention/Compliance	Legal Department/Compliance & Crisis Management Department
Logistics	Logistics compliance	Global Logistics Management Department
Occupational safety/ Environment	Accidents resulting in lost work time/STOP6 accidents/Environmental compliance	Global Safety & Environmental Promotion Department

Two-axis Matrix of Risk and Management Systems



Risk Evaluation Results (Heat map)

	Commodities	Credit	Business	Foreign exchange	Fund procurement	Human resources and labor	Information security	Scandals	Logistics	Occupational safety/ Environment
Region A	Green	Yellow	Green	Green	Blue	Yellow	Red	Yellow	Blue	Yellow
Region B	Green	Blue	Blue	Green	Blue	Blue	Green	Green	Green	Green
Region C	Blue	Orange	Blue	Blue	Orange	Yellow	Blue	Orange	Blue	Blue
Region D	Green	Yellow	Blue	Red	Blue	Blue	Green	Yellow	Yellow	Green
Region E	Yellow	Blue	Blue	Blue	Blue	Blue	Green	Yellow	Blue	Green

Management of Financial Risks

Risk Assets (RA) and Risk Buffer (RB)

To verify that the total risk is within the scope of management capabilities, the company regularly measures its risk assets (RA)—the maximum expected loss on a consolidated basis—and endeavors to ensure that risk assets are balanced by the risk buffer (RB), which is the company's financial corporate strength. RA are calculated by multiplying the risk asset principle based on each account on the balance sheet by the risk weight indicated by the maximum expected loss ratio, while the RB is defined and calculated as the corporate group's total financial corporate strength. We are striving to maintain a sound and stable financial position by continuing to increase the RB based on profit for the year attributable to owners of the parent.

The risk management of RA is carried out by maintaining the ratio of RA to RB below 1.0. Our policy is to maximize operating cash flow by promoting cash flow management down to the business unit level and increasing business profitability and working capital efficiency, and then use the cash created to maintain a balance between investment in growth and shareholder returns. As a result of these continued initiatives, in the fiscal year ended March 31, 2022, we again maintained RA within the scope of the RB. (The ratio of RA to RB was 0.7, which is below 1.0.)

Also, we conduct country risk management to prevent an excessive accumulation of risk by evaluating the total amount of RA and keeping this total beneath the upper limit determined for each country. We also introduced Risk-adjusted Value Added (RVA) as a measure of risk profitability to secure returns commensurate with risks.

Management of Major Risks

Primary finance risks are managed as described below.

① Product Risk

Toyota Tsusho sets position limits for market product transactions that are exposed to the risk of commodity price fluctuations, such as non-ferrous metals, petroleum products, rubber, foodstuffs, and textiles, regularly monitors whether these limits are being applied, and takes measures to mitigate price fluctuation risks.

② Credit Risk

Toyota Tsusho rates business partners on eight levels based on their financial position using independent criteria and specifies limits for each type of transaction, such as accounts receivable or advance payments. For business partners who receive low ratings, our company establishes loss-prevention transaction policies such as reviewing transaction conditions, protecting accounts receivable or withdrawal, and conducting individually focused management.

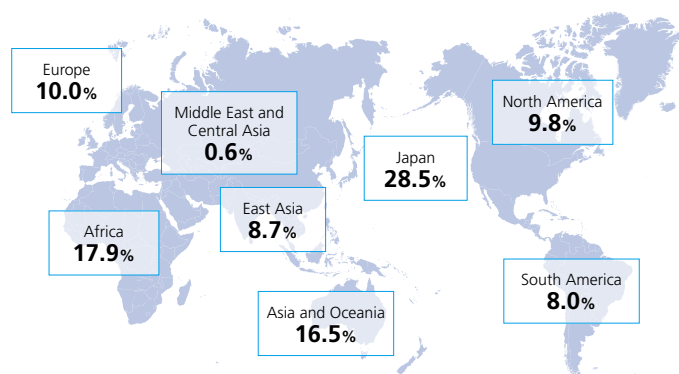
③ Business Investment Risk

For details, please see pages 34, 35, and 50. [▶](#)

④ Foreign Exchange Risk

Toyota Tsusho implements hedge measures, including using forward exchange contracts, for transactions denominated in foreign currencies, as they are exposed to the risk of fluctuations in foreign exchange rates. In the event we are unable to hedge a transaction, we implement measures that mitigate foreign exchange rate fluctuation risks by setting position limits and regularly monitoring the results of these transactions.

State of Management by Region



Risk Asset Distribution Rates

Risk assets (RA) and Risk buffer (RB)

For each item of RA, which indicates whether the total amount of risk is within the risk-bearing capability in each country, we set an upper limit for RB and regularly monitor the status.

RA

Calculation method = Trade receivables, investments/loans, and fixed asset principal × Total of risk weight by-country rating and accounting item and risk weight of currency exchange fluctuation by currency

⇒ The maximum projected loss that can be sustained if a risk materializes, mainly obtained by multiplying the asset amount (per accounting item) primarily from the balance sheet by the risk weight, which is the maximum projected loss rate corresponding to the country rating, and adding the risk weight of currency exchange fluctuation for each currency

RB

Calculation method = Shareholders' equity + Other capital components + Allowance for doubtful accounts (flow) – Goodwill

Promotion of Carbon Neutrality and the Circular Economy

Passing on a better global environment to the children of the future

We will aspire to achieve our mission under our corporate philosophy of “Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.”

Greenhouse Gas Emissions Reduction Targets and Future Initiatives

Having set carbon neutrality as one of its Key Sustainability Issues (Materiality), the entire Toyota Tsusho Group is promoting the achievement of carbon neutrality. Therefore, in July 2021, as a concrete policy toward contributing to the transition into a decarbonized society, the Group established a target of reducing greenhouse gas emissions generated through the business activities of Toyota Tsusho and its domestic and overseas consolidated subsidiaries (Scope 1*¹ and Scope 2*²) by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050.

The Toyota Tsusho Group aims to achieve these targets by promoting comprehensive energy conservation and renewable energy measures (installing LED lighting at business offices and plants, installing solar power facilities at company-owned buildings and structures) as well as reducing greenhouse gas emissions from production processes and logistics operations through fuel conversion, efficient consumption, and technological innovation.

In addition, our corporate group is involved in businesses that support the circular economy throughout each stage of the industrial life cycle. We have been cultivating know-how in these businesses since the 1970s in the automotive recycling business of ELVs and since the 1980s in the renewable energy business, for example, and we are proud to have played a part in supporting the circular economy.

The capability to accelerate and promote businesses that contribute to the reduction of greenhouse gas emissions throughout the entire industrial life cycle is a strength of the Toyota Tsusho Group. All employees of our group will unite and contribute to the solution of these social issues by working toward becoming “the world’s leading circular economy provider.”

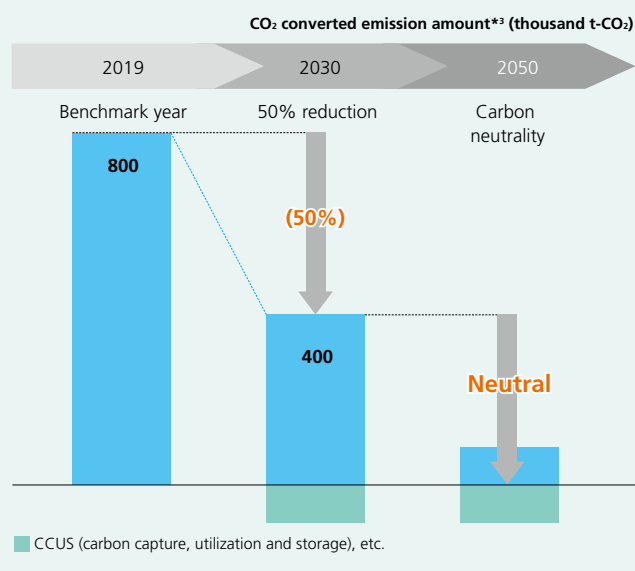
Toyota Tsusho Group Carbon Neutrality Declaration

Reduction Targets

- We aim to be carbon neutral by 2050
- We aim for a 50% reduction in greenhouse gas emissions by 2030 compared to 2019

Included: Toyota Tsusho, domestic and overseas consolidated subsidiaries (Scope 1 and Scope 2)

Note: Scope 3 promotes specific initiatives with suppliers and customers to reduce greenhouse gas emissions throughout the value chain.



*1 Direct greenhouse gas emissions from Toyota Tsusho’s use of fuel (coal, gas, etc.)

*2 Indirect greenhouse gas emissions from Toyota Tsusho’s use of purchased electric power and heat

*3 Covers Scope 1 and Scope 2 emissions from the Toyota Tsusho Group; calculated using the Greenhouse Gas Protocol

Promotion Structure

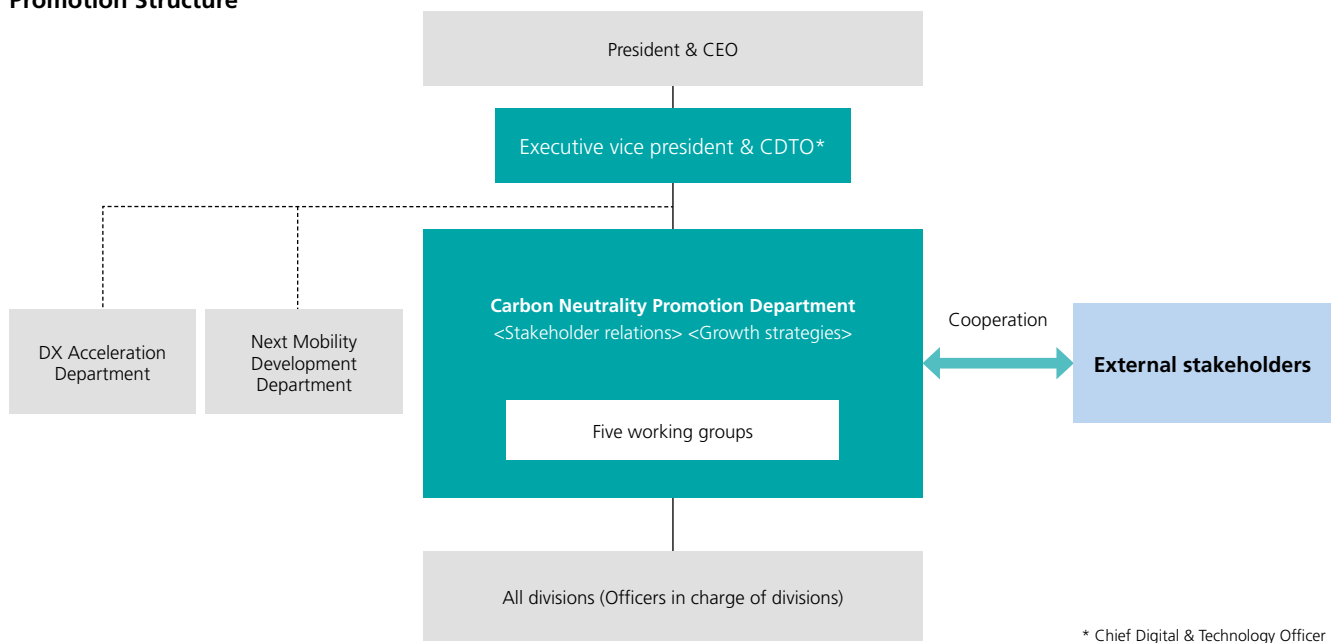
Taking into consideration the global trend toward a decarbonized society, the Toyota Tsusho Group has positioned the promotion of carbon neutrality as a group-wide activity of the highest priority and established the Task Force for Promoting Carbon Neutrality under the slogan “Passing on a better global environment to the children of the future” in April 2021. In April 2022, we established the specialized Carbon Neutrality Promotion Department and will further accelerate our initiatives toward decarbonization.

In addition to initiatives to achieve the Toyota Tsusho Group Carbon Neutrality Declaration, such as designing systems and managing emissions toward reducing our greenhouse gas emissions, five working

groups have been established within the Carbon Neutrality Promotion Department. They were organized based on the growth strategies of business areas linked to carbon neutrality and a circular economy, in which our corporate group has strengths, to achieve a decarbonized society through business expansion.

In November 2021, we formulated Carbon Neutrality Roadmap 2030 for these working groups. The group will decisively invest resources into businesses in which it is leading transformation in terms of experience, results, and know-how and drive the achievement of carbon neutrality.

Promotion Structure



Pick Up

Internal Carbon Pricing

Companies of the Toyota Tsusho Group unite to conduct initiatives for reducing greenhouse gas emissions. At the same time, for performance evaluation in terms of management, to drive these initiatives we have introduced a mechanism that adds or deducts from the profits of the respective sales divisions according to increases and decreases in greenhouse gas emissions, as well as a mechanism for evaluation after removing impacts—such as depreciation and interests payable related to investments for greenhouse gas emissions reductions—from profits.

① Internal Carbon Pricing System

- Establish greenhouse gas emissions plan (visualization by establishing a system)
 - Monitor results (reflect in management account)
- ⇒ Incentives for reduction/imposing cost for increase

② Subsidy System for Investments in Infrastructure for Decarbonization

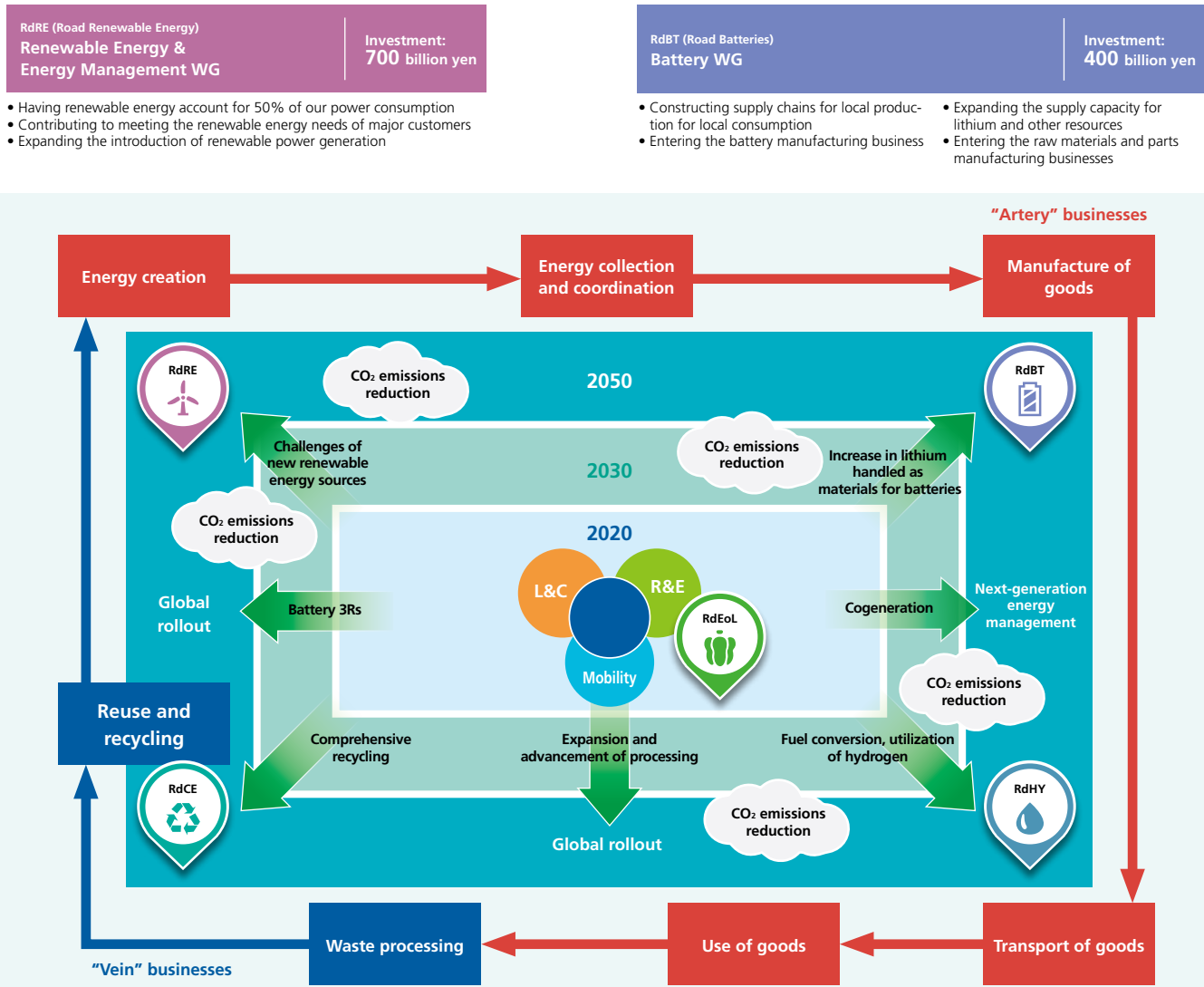
- Start managing list of greenhouse gas emissions reduction investments (gauging the total amount of reduction investments and project screening)
 - Select projects/provide incentives for investments/report effects
- ⇒ Acceleration of investments with depreciation and interest costs to be booked as total corporate expenses

Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy

Domains of Strength and Five Working Groups (WGs)

As part of our efforts to contribute to the transition to a carbon neutral society, our corporate group is engaged in businesses that support a circular economy at each stage of the industrial life cycle, which consists energy creation, energy collection and coordination, manufacture of goods, transport of goods, use of goods, waste processing, and reuse and recycling.



RdCE (Road Circular Economy)
Resource Circulation & 3R* WG

Investment:
200 billion yen

- Centered on the Circular Economy Innovation Center (tentative name), creating businesses that give rise to interaction among the effects of circular economy and carbon neutrality initiatives
- Achieving battery-to-battery recycling, metal and plastic recycling, and CO₂ recycling

* Rebuild, Reuse, Recycle

RdEoL (Road Economy of Life)
Economy of Life WG

Investment:
100 billion yen

- Obtaining carbon credits through agribusiness
- Renewing economy of life (EoL) businesses through carbon neutrality and circular economy concepts

RdHY (Road Hydrogen)
Hydrogen & Carbon Neutral Fuel WG

Investment:
200 billion yen

- Realizing three large-scale models of hydrogen and fuel cell utilization (at ports, in public transportation, and in logistics) at more than 10 locations
- Realizing the supply of carbon neutral fuels in Japan's Chubu region

Investment for the realization of a decarbonized society: Approx. 1.6 trillion yen by 2030



Renewable Energy & Energy Management Working Group

Road Renewable Energy: Centerpiece of Carbon Neutrality

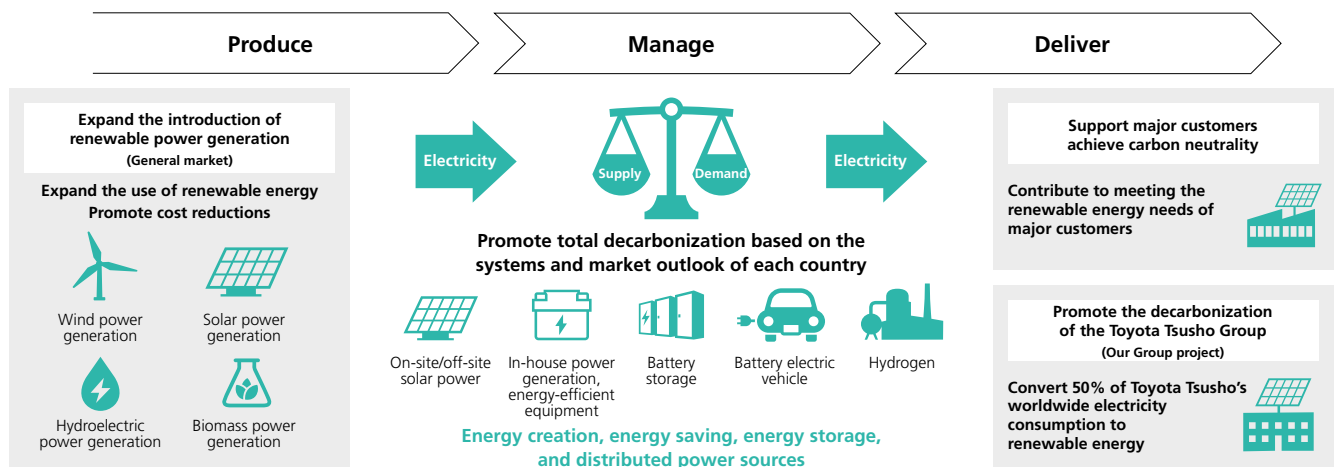
We will contribute to the achievement of carbon neutrality by applying the knowledge that we have cultivated in developing renewable energy.

Overview of Initiatives

To contribute toward the decarbonization of our major customers and the Toyota Tsusho Group, the Renewable Energy & Energy Management Working Group will optimize the knowledge that Toyota Tsusho has developed in the area of renewable energy creation and will expand the scope of initiatives to the areas of coordination and delivery.

Based on the systems and global market outlook, the working group will mainly promote on-site and off-site solar power generation, green tariffs, and trading of renewable energy certificates to not only have renewable energy account for 50% of our corporate

group's global energy consumption but also expand the scope of initiatives to major customers and the group's supply chains and support the initiatives of companies toward decarbonization. Furthermore, in the general market, the working group will not only promote the introduction of renewable energy power generation in current regions of engagement but also aim to expand the introduction of renewable energy power generation on a global basis by expanding regions of engagement, especially in emerging countries, and developing of new types of power such as offshore wind energy.



Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
① Major customers Contribute to meeting renewable energy needs worldwide		Contribution to major customers On-site solar power generation									
		Contribution to major customers ① Off-site power plants ② Green tariffs ③ Renewable energy certificates									
		Contribution to supply chains of major customers									
② Must do Support implementation of TTC Group projects for achieving renewable energy usage rate of 50%		On-site solar power generation				① Off-site power plants ② Green tariffs ③ Renewable energy certificates					
③ General market Expand the introduction of renewable energy power generation worldwide		Expansion of business area especially in emerging countries (in Africa, etc.)							Development of new types of generation (offshore wind)		
		Promotion of introduction in current regions of engagement (onshore wind power, solar power, hydroelectric power, geothermal energy, biomass)									



Battery Working Group

Road Batteries: Carbon Neutrality Innovation Cycle

We will take on a wide range of challenges from battery resource development to rebuilding, reusing, and recycling.

Overview of Initiatives

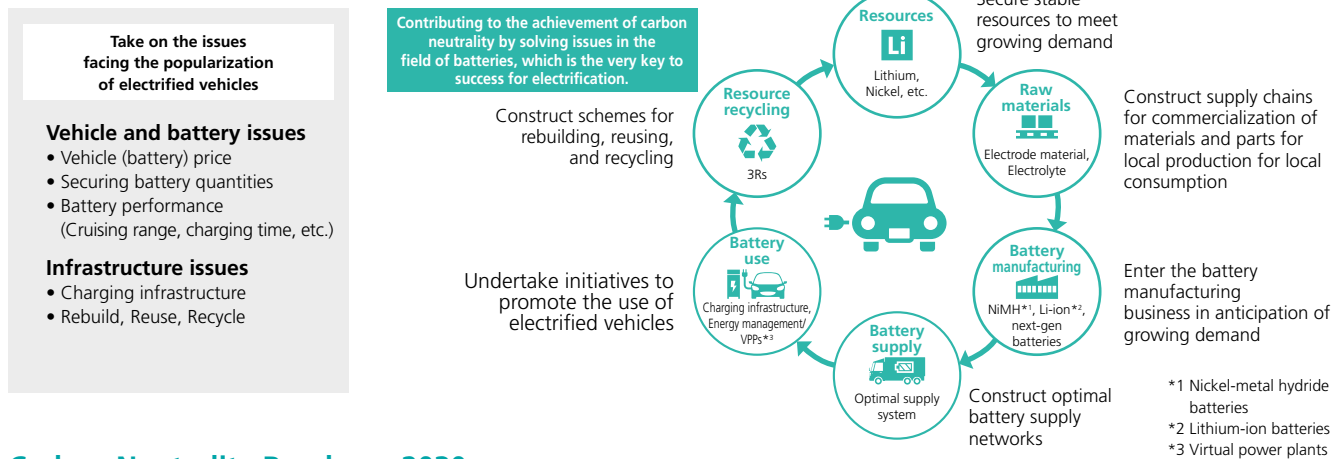
The Battery Working Group works across divisions toward the slogan “Contributing to the achievement of carbon neutrality by solving issues in the field of batteries, which is the very key to success for electrification.”

In anticipation of the rapid expansion of electrification, the working group is focusing on constructing battery supply chains for local production for local consumption on a global basis. Specifically, the working group will:

- Secure stable rare resources such as lithium that serve as raw materials for batteries

- Create businesses for the manufacturing of battery materials, such as cathodes and anodes, and peripheral components
- Enter the battery manufacturing business in North America, etc.
- Construct mechanisms for rebuilding and reusing mechanisms that utilize used batteries
- Develop battery recycling schemes

Through these initiatives, the working group strives to overcome challenges, drive the spread of electrified vehicles and pass on a better global environment to the children of the future.



Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Period of battery electric vehicle introduction					Period of battery electric vehicle popularization				
Resources	Increase in lithium production and refining capacity					Securement of resources (lithium, nickel, etc.) in anticipation of further demand growth				
Raw materials	Entrance into battery materials and parts manufacturing business					Global rollout of materials and parts manufacturing business				
	Accelerated response to technological innovations and accelerated initiatives for next-generation batteries (solid-state batteries, etc.)									
Battery manufacturing & supply	Entrance into battery manufacturing business					Increase in capacity and global rollout of battery manufacturing business				
	Receipt of turnkey equipment orders and construction of an optimal supply function									
Battery use	Acceleration of initiatives for preparing a charging infrastructure									
	Verification of reuse and rebuild model					Global rollout of reuse and rebuild business				
Resource recycling	Development of recycling technologies					Mass production, global rollout, and development of technologies for producing high-level quality				



Hydrogen & Carbon Neutral Fuel Working Group

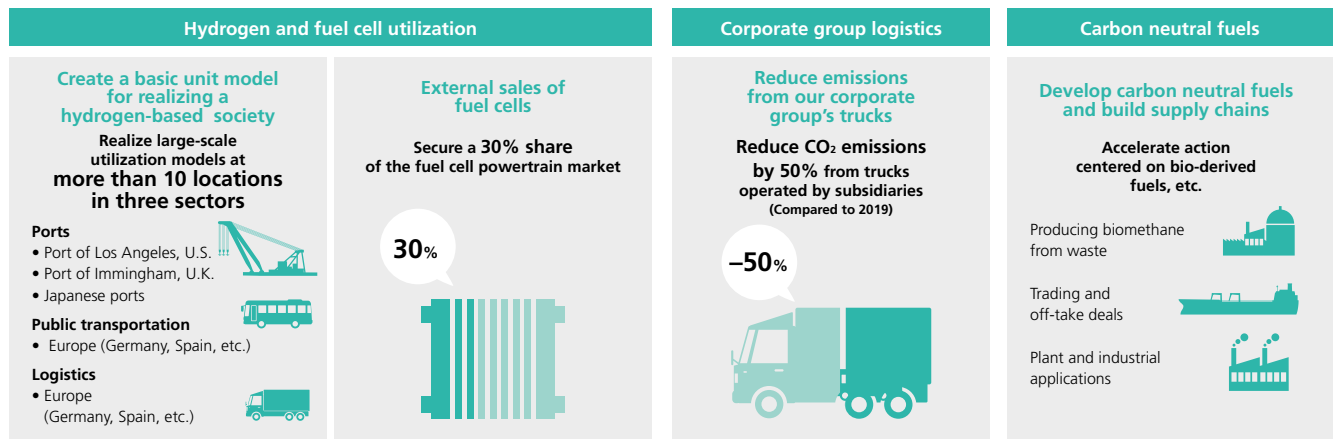
Road Hydrogen: Path toward Future Energy

We will accelerate our efforts related to hydrogen and carbon neutral fuels, which are key to achieving carbon neutrality.

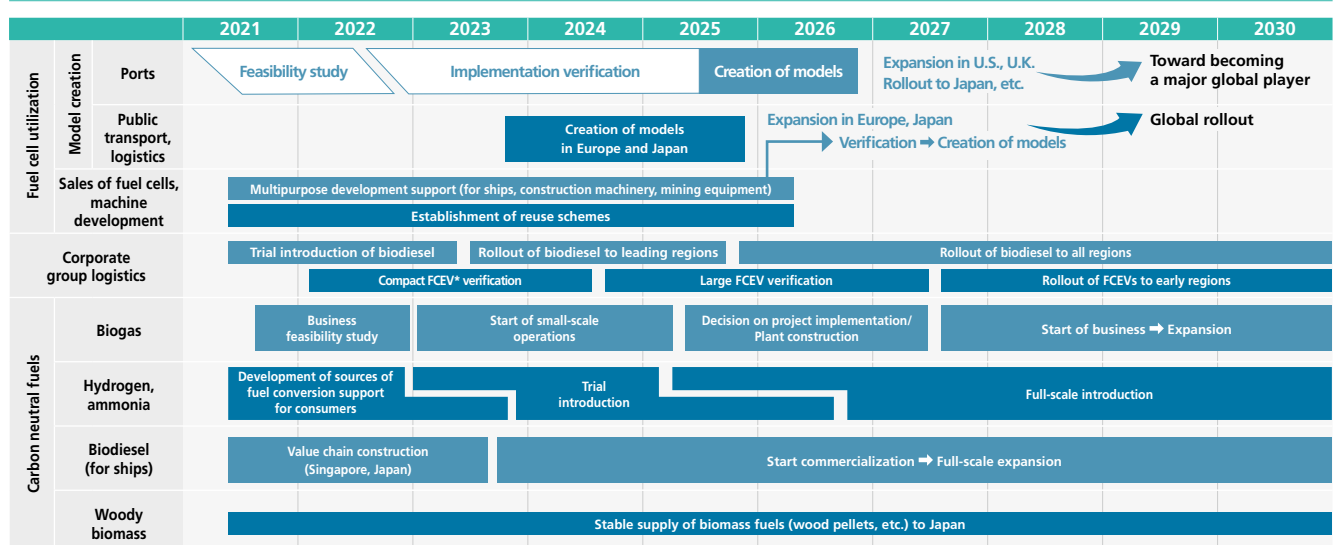
Overview of Initiatives

The Hydrogen & Carbon Neutral Fuel Working Group works across three broad business areas and focuses on promoting next-generation energy such as hydrogen and biofuels. The first area is the development of fuel cell usage models that combine the adoption of fuel cells for various types of mobility and stationary power sources with hydrogen manufacturing and supply. The second area is the decarbonization of our global logistics network through

measures such as electrification and the use of alternative fuels to reduce the CO₂ emissions of the Toyota Tsusho Group and our stakeholders. The third area is the building of supply chains for carbon neutral fuels such as biofuels, hydrogen, and ammonia. Through these activities, the working group will contribute to stakeholders working on carbon neutrality, and at the same time promote the carbon neutrality of the Toyota Tsusho Group.



Carbon Neutrality Roadmap 2030



* Fuel cell electric vehicle



Resource Circulation & 3R Working Group

Road Circular Economy: Toyota Tsusho as a Leading “Vein” Business Expert

We will deepen our resource circulation efforts under the banner of “reduce CO₂, eliminate CO₂, and create from CO₂.”

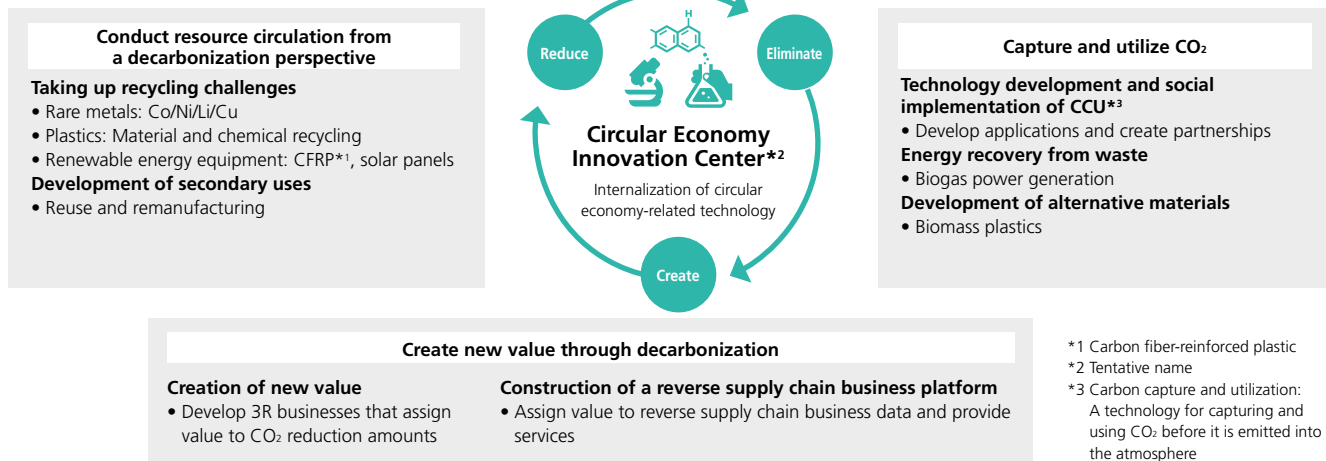
Overview of Initiatives

Taking the trend of carbon neutrality as an opportunity while envisioning the society of the future, the Resource Circulation & 3R Working Group will work on creating new value by using our experience in the resource recycling business—which we have been undertaking since the 1970s—as a strength.

Our focus areas are: Vehicle battery 3R businesses, as vehicle batteries are increasing with electrification; recycling of renewable energy equipment such as solar panels, hydrogen tanks, and wind turbine blades, which are expected to be disposed of in large

quantities in the future; and precious metal recovery from electronic waste and plastic material recycling, as electronic waste and plastic materials are directly linked to resource depletion and social issues.

To undertake initiatives in these new areas, we are establishing the Circular Economy Innovation Center (tentative name)—which will explore advanced technologies related to the circular economy and develop business models—and taking on the challenge of creating a recycling-based society as the world’s leading circular economy provider.



*1 Carbon fiber-reinforced plastic
 *2 Tentative name
 *3 Carbon capture and utilization: A technology for capturing and using CO₂ before it is emitted into the atmosphere

Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
① Circular Economy Innovation Center	Establishment preparation • Establish Expand scope going forward → Commercialize in each domain										
Battery 3Rs	Expansion of factory waste material recycling business				Expansion of end-of-life battery recycling business						
	Technology development				• Introduce prototype machines		Development of technologies for multi-base mass production and achieving a high level of quality				
Renewable energy and new energy	Solar panels	Verification of separation technology			Development of recycling technology				Commercialization		
	CFRP	Application development			Laboratory-scale verification		Development of large-scale and mass production		Plant verification		
Metals and plastic materials	CCU basic technology development			Laboratory and small-scale verification		Large-scale verification		Product business development		Commercialization	
	• Start plastic material recycling operations				Expansion of material recycling business		Composite plastic, chemical recycling technology development and commercialization				
② Creation of new values and platform business	• Introduce prototype machines				Commercialization of biomass plastics		Expansion of electronic components circulation business				
	C2B* platform/ELV collection platform projects	Verification/Commercialization		Investment in global platform companies				Dissemination of platform to other domains and markets			
	Commercialization			Development of expanded platform functions							

* Consumer-to-business



Economy of Life Working Group

Road Economy of Life (EoL): For Smiles on the Faces of the Children of the Future

We will work to reduce, absorb, and utilize greenhouse gas emissions in domains related to medicine, textiles, food, and housing.

Overview of Initiatives

The first major initiative is carbon capture, utilization and storage (CCUS) through agribusiness, in which the Economy of Life Working Group will use our company's network of agricultural suppliers in our grain collection business in Brazil to collect and sell "green grain" produced using sustainable farming methods that comply with our in-house standards.

We will also seek to create and sell carbon credits through forest conservation.

The second major initiative is food business renewal using the concepts of carbon neutrality and a circular economy, in which we focus on the manufacturing and sale of foods added with protein alternatives and promote the use of bioplastics in food packaging at the same time.

The third major initiative is to build a circular economy in the EoL domain, in which we have established a PET bottle recycling business. Furthermore, we will aim to develop a recycling business in the field of apparel, which creates a tremendous amount of waste.

CCUS through agribusiness	Food business renewal using the concepts of carbon neutrality and a circular economy	Build a circular economy in the EoL domain
<p>Leading the way to sustainable agriculture</p> <p>Accumulation and sale of carbon credits in conjunction with afforestation and reforestation (Brazil)</p> <p>Next-generation biomass business</p> <p>Proliferation of agriculture using waste heat and CO₂, combined with solar power generation</p>	<p>Manufacturing and processing of plant-based meat</p> <p>Biomass plastics business</p> <p>Combination of livestock production and power/hydrogen generation businesses</p>	<p>Material recycling business</p> <p>Realization of a circular economy in apparel, which has high environmental impact</p> <p>Integrated "artery-vein" life cycle management system</p>

Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
① CCUS through agribusiness		Accumulation and sale of carbon credits									
		Next-generation biomass business (Brazil)									
	Verification of utilization of exhaust CO ₂ (VEGI-Dream Kurihara)	Proliferation of VEGI-Dream Kurihara-style businesses combined with solar power generation							Blue carbon* farming		
② Food business renewal using the concepts of carbon neutrality and a circular economy		Entrance into plant-based meat processed food manufacturing business			Commercialization of biomass plastic						
				Combination of livestock production and power/hydrogen generation business					Response to new technologies		
③ Build a circular economy in the EoL domain		Start of material recycling operations			Business expansion					Chemical recycling	
	Apparel "arteries"	Expansion of CO ₂ -reducing products			Expansion of functions of product life cycle management system					Integrated "artery-vein" system Apparel life cycle management System completion and operation	
	Apparel "veins"	Clothing collection and 3R business			Establishment of new collection and 3R technologies						

* The sequestration and storage of CO₂ in the ocean by marine ecosystems

Disclosure Based on TCFD Recommendations

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to examine how climate-related information should be disclosed and how financial institutions should respond. The TCFD published its final report in June 2017, in which it recommends that corporations and organizations disclose to stakeholders their climate-related risks and opportunities in four areas: governance, strategy, risk management, and metrics and targets.

Toyota Tsusho believes climate change to be a key management issue and, in May 2019, we expressed our support for the TCFD recommendations. Based on the recommendations, we intend to disclose more information related to the impact that climate change has on our business activities.

1 Governance

We identified climate change as one of the Materialities that matter most to our business. Actions relating to Materialities are verified by the Sustainability Management Committee, which meets annually, and are then reported to the Board of Directors as appropriate. The particulars of these deliberations are incorporated into our business strategies via division CEOs who make up the committee. Since 2020, the committee has also been tasked with setting key performance indicators (KPIs) and has been reviewing progress.

The status of achievement of energy-saving targets, as well as climate change-related revisions to laws and regulations and responses to new requirements, are deliberated at our annual Safety

and Environment Conference. The plan-do-check-action (PDCA) improvement cycle is also confirmed at the conference. The details of these deliberations are incorporated into our business activities via the representatives of the sales divisions and group companies who make up the participants in the conference.

Furthermore, we established the Task Force for Promoting Carbon Neutrality as a cross-company organization in April 2021, which meets monthly to discuss strategies for the transition to a decarbonized society. This is where we also manage the progress of greenhouse gas emissions reductions by our corporate group.

Sustainability Management Committee	Decisions on policies and important issues related to Materialities, including climate change
Chairperson	Ichiro Kashitani (President & CEO)
Representative officer in charge	Hiroshi Tominaga (Member of the Board, CSO* ¹)
Secretariat	Sustainability Management Group, Corporate Planning Department
Safety and Environment Conference	Progress management of responses to climate change-related laws and regulations, etc.
Chairperson	Akihiro Sago (Executive vice president)
Representative officer in charge	Akinori Saito (CSKO* ²)
Secretariat	Global Safety & Environmental Promotion Department
Carbon Neutrality Promotion Meeting	Decisions on strategies toward the achievement of carbon neutrality
Chairperson	Ichiro Kashitani (President & CEO)
Representative officer in charge	Toshimitsu Imai (Executive vice president & CDTO* ³)
Secretariat	Carbon Neutrality Promotion Department

*1 CSO : Chief Strategy Officer

*2 CSKO : Chief Safety & KAIZEN Officer

*3 CDTO : Chief Digital & Technology Officer

2 Strategy

1) Scenario Analysis

We view the issue of climate change as one of the most important challenges the world faces, and we conduct scenario analysis, following the TCFD recommendations, of selected businesses that are significantly impacted by climate change.

As for the impact on business, we selected factors that are significantly affected and conducted a scenario analysis. In terms of risks, we considered transition risks (policy and regulation, technology,

markets, and reputation) and physical risks (acute and chronic) while taking into account resource efficiency, energy sources, products and services, and markets in terms of opportunities.

Furthermore, we aim to reduce our greenhouse gas emissions by 50% compared to the 2019 level by 2030, and we used the year 2030 as the time frame for this scenario analysis as well.

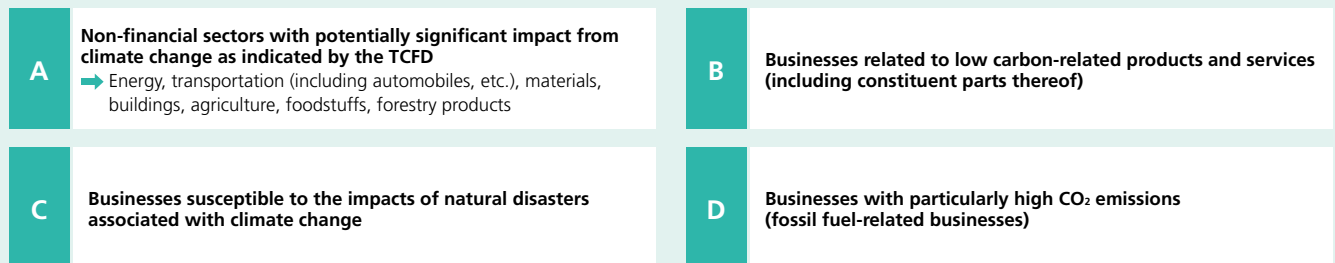
Reference Scenarios

We referred to the following scenarios from the International Energy Agency (IEA), Intergovernmental Panel on Climate Change (IPCC), and other sources to assess new business opportunities and business resilience and to analyze the impact on our business in the event of significant changes in our business environment as a result of climate change.

Category	Scenario overview	Main reference scenarios
Below 1.5°C/2°C scenario	Under this scenario, policies and regulations are implemented to achieve a decarbonized society and the global temperature increase from the pre-industrial level remains below 1.5°C/2°C. Although the transition risk is higher than under the 4°C scenario, the physical risk is lower.	<ul style="list-style-type: none"> • Net Zero Emissions by 2050 Scenario (NZE), IEA World Energy Outlook 2021 • Sustainable Development Scenario (SDS), IEA World Energy Outlook 2021 • IPCC Representative Concentration Pathway (RCP)2.6
4°C scenario	Under this scenario, no new policies or regulations are introduced and CO ₂ emissions continue to increase. The transition risk is lower than under the below 1.5°C/2°C scenario, but the physical risk is higher.	<ul style="list-style-type: none"> • Stated Policies Scenario (STEPS), IEA World Energy Outlook 2021 • IPCC RCP8.5

Selection of Subject Businesses

Among Toyota Tsusho's businesses, those that are significantly affected by climate change (from perspectives A–D below) were selected as the subject businesses for scenario analysis, and the analysis was conducted for the lithium business, molten aluminum production business, renewable energy business, and automotive sales business. Going forward, we will expand the scope of subject businesses.



Scenario analysis conducted for four businesses in four divisions

Metals Division

- B** Lithium business
- D** Molten aluminum production business

Machinery, Energy & Project Division

- B C** Renewable energy business

Automotive Division, Africa Division

- A** Automotive sales business

The scenarios and understanding of the business environment in this scenario analysis are based on major scenarios presented by international organizations and others and do not represent the medium- to long-term outlook.

Response to Climate Change

Disclosure Based on TCFD Recommendations

2) Results of Scenario Analysis for Each Business

Lithium business

Toyota Tsusho's production of lithium carbonate began in 2014 at Salar de Olaroz, Argentina, to supply raw materials used in automotive lithium-ion batteries, which are essential for electrified vehicles. We are constructing a lithium hydroxide manufacturing plant in Naraha-machi, Fukushima Prefecture, with production slated to start in 2022.

Climate-related Risks and Opportunities

Category	Details
Risks	Impact on the production volume of lithium carbonate production business in Argentina caused by natural disasters, extreme weather conditions, etc.
Opportunities	Fluctuations in demand for lithium products due to vehicle electrification, etc.

Impact on Businesses in Each Scenario

- In both scenarios, demand for electrified vehicles and storage facilities that use lithium batteries is expected to increase.
- Regarding the risk of reduced lithium production efficiency at the lithium carbonate production business site in Argentina due to changes in rainfall, any impact on lithium production is expected to be minor as the level of precipitation is expected to remain relatively constant, judging from the results for 2021 and the years leading up to it.
- In a comparison between the below 1.5°C/2°C scenario and the 4°C scenario, a larger increase in demand for electrified vehicles and storage batteries is expected in the below 1.5°C/2°C scenario, resulting in greater opportunities for this business overall.

Our Measures

We will aim to build a long-term stable supply structure by enhancing our existing capacity to meet the increasing demand for lithium that will accompany the full-scale popularization of electrified vehicles. In addition, we will expand our business domain and build a structure for the stable supply of lithium hydroxide in preparation for the expected increase in demand due to increasing battery capacity in the future.

Molten aluminum supply business

We supply recycled aluminum to customers in molten form, which reduces CO₂ emissions, and are one of the world's leading suppliers of recycled aluminum. Aluminum parts required for weight reduction will be increasingly in demand as the popularization of electrified vehicles accelerates. In addition, demand for recycled aluminum is also expected to increase due to the recycling of aluminum scrap for environmental considerations.

Climate-related Risks and Opportunities

Category	Details
Risks	Impact on business due to changes in the sales mix of gasoline and electrified vehicles Impact on business due to introduction of a carbon tax, etc.
Opportunities	Fluctuations in demand for aluminum due to vehicle electrification Fluctuations in demand due to the replacement of virgin aluminum with recycled aluminum

Impact on Businesses in Each Scenario

- In the below 1.5°C/2°C scenario, the share of gasoline vehicles in total sales volume is expected to decrease due to stricter fuel efficiency regulations and other factors. On the other hand, demand for weight reduction is expected to increase as the sales ratio of electrified vehicles grows, and demand for recycled materials is expected to increase globally, expanding opportunities for this business as a whole.
- In the 4°C scenario, it is assumed that fuel efficiency regulations will not be tightened as in the below 1.5°C/2°C scenario, and the impact on this business overall is expected to be limited.

Our Measures

This business is positioned as one of the circular economy businesses of our priority areas, and we will globally undertake the enhancement of functions from upstream to downstream in the aluminum recycling value chain. In response to cost increases due to the introduction of a carbon tax and other factors, we will strive to reduce greenhouse gas emissions through the use of new technologies and other measures.

Renewable energy business

We are expanding wind, solar, hydroelectric, geothermal, biomass, and other power generation businesses around the world and focusing on promoting development in Africa and emerging countries and the development of offshore wind power generation.

Climate-related Risks and Opportunities

Category	Details
Risks	Impact on business due to revision of renewable energy-related policies (feed-in tariffs, subsidies, tax breaks, etc.)
Opportunities	Impact on business from the increasing demand for renewable energy

Impact on Businesses in Each Scenario

- In the below 1.5°C/2°C scenario, although the discontinuation of feed-in tariffs as a result of the revision of renewable energy policies could have an impact, it is expected that worldwide development of policies and a significant increase in demand for renewable energy will lead to progress of related technological innovations and renewable energy becoming a core energy source. Accordingly, the opportunities for this business as a whole are expected to expand as development progresses in response to the demand for renewable energy.
- In the 4°C scenario, although feed-in tariffs could be abolished as a result of policy changes, demand for renewable energy is expected to increase to a certain level, although not to the same degree as under the below 1.5°C/2°C scenario, thus limiting the impact on this business as a whole.

Our Measures

As this business is positioned as one of our priority areas, we plan to expand our business domains, including diversifying our portfolio of power sources and conducting energy management, while accelerating global development by reinforcing our existing businesses. We will contribute to the creation of a better global environment through the stable supply of renewable energy with a competitive advantage.

Automotive sales business

We export passenger cars, commercial vehicles including trucks and buses, industrial vehicles, and spare parts produced by automobile and transport equipment makers, primarily in the Toyota Group in Japan and overseas, to countries around the world. As well, we conduct business as sole import distributors and dealers through our global network that spans 150 countries around the world.

Climate-related Risks and Opportunities

Category	Details
Risks	Impact on business due to changes in the sales mix of gasoline and electrified vehicles
Opportunities	Fluctuations in demand for electrified vehicles

Impact on Businesses in Each Scenario

- In both scenarios, the total sales volume of new vehicles is expected to increase globally, especially in emerging countries, thus the risk to the overall business is expected to be minor.
- In the below 1.5°C/2°C scenario, the share of gasoline vehicles in total sales volume is expected to decrease due to stricter fuel efficiency regulations, though the share of electrified vehicles is expected to increase, expanding opportunities for this business as a whole.
- In the 4°C scenario, fuel efficiency regulations will not be tightened to the same degree as under the below 1.5°C/2°C scenario, and the impact on the sales ratio of gasoline and electrified vehicles will be small, so the impact on the overall business is expected to be limited.

Our Measures

Given that the new vehicle market is expected to continue to expand, especially in emerging countries, we will strengthen our sales structures worldwide. We will also promote the popularization of electrified vehicles by securing resources for battery materials, which are key components of electrified vehicles, and by expanding the vehicle battery 3R business domain along with expanding our lineup of electrified vehicles.

Response to Climate Change

Disclosure Based on TCFD Recommendations

3 Risk Management

We manage environmental risks—which include climate change—to a high standard. Business opportunities and risks related to climate change are deliberated by the Safety and Environment Conference and the Sustainability Management Committee, and their members incorporate the details of these deliberations into our business strategies and activities.

Investments and Loans

At Toyota Tsusho, our officers participate in various meetings to see the impacts that our investment activities have on ESG: The executive vice president, CSO, and CFO take part in the Investment and Loan Committee; the CFO in the Investment and Loan Meeting; and the president, executive vice president, CSO, CFO, and general manager of the Corporate Planning Department in the Investment Strategy Meeting. Among the evaluation items of the Investment and Loan Committee and the Investment and Loan Meeting are environmental risks.

We identify those risks that exceed certain condition thresholds that are reported to either the Investment and Loan Committee or the Investment and Loan Meeting. Should there be any concerns, we address them and are required to report measures and subsequent improvement.

Toyota Tsusho has acquired certification under ISO 14001, an international standard related to environmental management systems. Toyota Tsusho monitors the risk management processes of domestic and overseas consolidated subsidiaries, such as carrying out internal environmental audits once every three years.

4 Metrics and Targets

Greenhouse Gas Emissions Reduction Targets and Future Initiatives

Achieving carbon neutrality in the Toyota Tsusho Group's operations is as essential as contributing to carbon neutrality in society. Therefore, in July 2021, as a concrete policy toward contributing to the transition into a decarbonized society, the group established a target of reducing greenhouse gas emissions generated through the business activities of Toyota Tsusho and its domestic and overseas consolidated subsidiaries (Scope 1*¹ and Scope 2*²) by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050.

The Toyota Tsusho Group aims to achieve these targets by promoting comprehensive energy conservation and renewable energy measures (installing LED lighting at business offices and plants, installing solar power generation facilities at company-owned buildings and structures), as well as reducing CO₂ emissions from production processes and logistics operations, and reducing emissions through technological innovation.

The capability to accelerate and promote businesses that contribute to the reduction of greenhouse gas emissions throughout the entire industrial life cycle is a strength of the Toyota Tsusho Group. All employees of the group will unite and exert ourselves to contribute to the solution of these social issues.

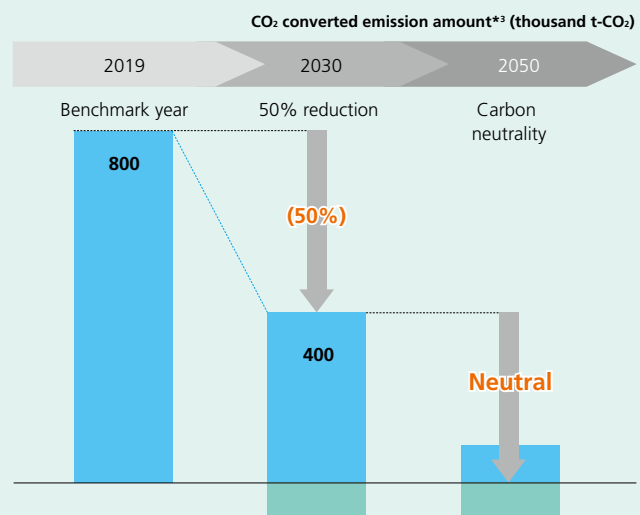
*1 Direct greenhouse gas emissions from Toyota Tsusho's use of fuel (coal, gas, etc.)

*2 Indirect greenhouse gas emissions from Toyota Tsusho's use of purchased electric power and heat

Reduction Targets

- We aim to be carbon neutral by 2050
- We aim for a 50% reduction in greenhouse gas emissions by 2030 compared to 2019

Included: Toyota Tsusho, domestic and overseas consolidated subsidiaries (Scope 1 and Scope 2)
Note: Scope 3 promotes specific initiatives with suppliers and customers to reduce greenhouse gas emissions throughout the value chain.



* CCUS (carbon capture, utilization and storage), etc.

*³ Covers Scope 1 and Scope 2 emissions from the Toyota Tsusho Group; calculated using the Greenhouse Gas Protocol

Conversation between the CHRO and an Outside Member of the Board



Kumi Fujisawa

Outside Member of the Board

Makiko Hamase

Chief Human Resources Officer (CHRO)

Human Capital Management for Advancing to Our Next New Stage

A conversation between Kumi Fujisawa, an outside member of the board with extensive knowledge in the ESG domain, and Makiko Hamase, CHRO, who has built her career in the human resources domain

Allocating and Nurturing Talent for a Truly Global Company

Makiko Hamase (CHRO)

Over the three years since I took on this role in June 2019, I have focused on building the foundations for Toyota Tsusho to become a truly global company. Our approach has been to treat business strategy and human resources strategy as two sides of the same coin, working together to help realize management strategy. On this basis, we have been examining our management strategy for realizing a truly global company while implementing a human resources strategy, with a shared understanding among the management team.

Kumi Fujisawa (Outside Director)

With French trading company CFAO becoming a wholly owned subsidiary of Toyota Tsusho in 2016, the management of the entire group is becoming increasingly complicated when considering the human resources system from the Japanese perspective alone.

My impression is that your arrival at the company came at extremely good timing. Please let me know more about the significance of the word “truly” in the goal of “becoming a truly global company” that you just mentioned.

Hamase

In a nutshell, “a truly global company” embraces a concept of all 65,000 members as one team, rather than just “global” from a Japanese viewpoint alone. Though we are likely to talk about globalization as a general concept, in reality, there are many ways of becoming global, and that varies from company to company. For us at Toyota Tsusho, who has been operating in 130 countries, we consider which management style would generate the most satisfaction among our customers around the world, and we define it as “a federated management style.” Taking into consideration the

Feature

Conversation between the CHRO and an Outside Member of the Board

traits and maturity level of each region and business that we cover, the federated management style consists of a series of business development, such as sometimes extending Japanese practices directly to other countries, and sometimes locally creating new business, or placing the most suitable people in the most suitable jurisdictions around the world. The more we incorporate our human resources strategy into a federated system, the more it is imperative to allocate talent on a “right people in the right places” basis and to nurture talent for the future of each region and business. In the past, we would often deploy Japanese expatriates to take charge of our overseas sites. However, going forward, we are increasing the amount of talent recruited locally for overseas management posts while also offering opportunities to work in Japan for our overseas talent. Of course, this also means our Japanese expatriates will be more expected to play different roles from the ones in the past. From the viewpoint of human resources, “a truly global company” has in place the allocation and training of human resources to realize the federated management that I mentioned.

Fujisawa

To allocate and nurture talent on a “right people in the right places” basis, you have to be able to read the future of the company and business, which at the same time requires you to foresee the future of society, so the CHRO certainly has a part to play in corporate management. As such, rather than having a general manager or director in charge of the Global Human Resources Department, I think a truly global company needs a chief officer in that role.

As the company has significantly grown, I rather sense that it will become complicated to nurture the human resources that will be responsible for management in Toyota Tsusho’s next new stage by simply having people accumulate experiences, which is what we have done in the past. What do you think?

Hamase

Exactly. Toyota Tsusho has grown in size of the company and in number of employees over the last two decades, so it has reached a point where it cannot navigate the management with just conventional business experience, which instead requires us to ramp up our experience and knowledge by applying a backcasting approach where we want to head for. Our basic approach used to be to allocate talent to posts in order. These days, however, we establish key posts first and define the expected roles in them, and then we have a succession plan matching posts and the inventory of talent on a global basis.

We have also added our goal to establish a talent pipeline that connects the internal leadership development program and the succession plans, taking leadership development and concrete posts into account. We have also evolved contents of the program from the perspective of the world changing, so the program participants can consider from higher perspective what “Be the Right ONE” as our Global Vision really means and how each one of them realizes her/his greater cause from a managerial point of view.

On top of that, in the age of VUCA*, it would be challenging for the front line of the business to get back on their feet, come what may, pursuing the greater cause, but at the same time it would be of great opportunity to grow in terms of change as they learn.

* Volatility, uncertainty, complexity, and ambiguity

Fujisawa

So, the development and allocation of talent are the same. How do you decide who fills the global key posts you just mentioned?

Hamase

In our trajectory toward globalization, the key to growing our local businesses is to recruit people to work at our overseas affiliates. To start with, we identified approximately 200 posts across general manager-level positions at Toyota Tsusho itself and positions at our larger overseas subsidiaries with the greatest impact, which the Head Office needs to manage. Of these, 113 are global posts, and we are working to nurture successors for each post from a medium-term perspective. We are thinking to expand such a scheme of the talent pipeline in the future to all regions and divisions, including posts one level lower and posts at businesses in which we expect profound growth down the line.

Fujisawa

By deploying outstanding talent not only in the currently profitable businesses but also in businesses in which we expect profound growth down the line, we are looking to create ambidexterity to balance exploitation and exploration, which are essential for the sustainable growth of a company.

One thing that gives me a little concern is that if the superiors of the talented individuals taking up these key posts remain unchanged in their traditional management style, the individuals themselves might be dragged into such a style. Have you given thought to that scenario?

Hamase

Yes, that is another important perspective. In the world of human resources, for developing talent we talk about the 7:2:1 ratio—7 for the *genba* itself, 2 for relationships with superiors and others, and 1 for the training. So, roughly 90% of people development strongly depends on how much our people can grow at the workplace. Since last year, we have been ramping up communication by management, using coaching and other methods to expand managers’ conversation skills for drawing out individual capabilities and ideas in a range of scenarios.

Apart from management styles, we also have been working on a data-driven human resources strategy. Rather than leaving *genba* alone to handle the various survey and questionnaire data from engagement surveys and the like, our human resources teams support *genba* and their managers by helping them understand how to analyze the results so that their employees can achieve their next

new growth. Effective data usage enables us to view traditional styles and biases more objectively, which galvanizes our diversity in talent recruitment and allocation. Having said that, data is only an auxiliary tool, so our basic premise is that the best way to learn about someone is through conversation, in line with the *genba* principle.

Fujisawa

I found the work of creating future businesses and the people who will be allocated to them from a medium-term and long-term perspective that you mentioned earlier to be quite artistic. Now I understand it is the scientific data that enables the work to be done.

With a CHRO community being formed at the World Economic Forum from about two years ago, human capital management has become a major agenda globally. I was concerned that Japan was off to a slow start but I am relieved to learn that Toyota Tsusho has been making steady progress in this respect.

Hamase

Compared to the past, the opportunities that enable us to talk about people development have been increasing at Executive Officers meetings and elsewhere over recent years, so I feel there is now much greater awareness of the importance of human resources among executive officers. Thankfully, you are bringing this topic up here and there, including at meetings of the Board of Directors, which I think is playing a significant part in enlightening the management team.

Fujisawa

The whole management team at Toyota Tsusho is extremely generous in their willingness to always listen to suggestions. However, as for the implementation of a human resources strategy, it takes a long time before any results or changes are seen within a company, so the management team has to be responsible for this through to the end.

To realize
“a federated management style,”
we aim to be a truly global company
by putting the right people
in the right places and
nurturing talent for the future of
each region and business.



Conversation between the CHRO and an Outside Member of the Board



The promotion of diversity helps reduce risk for an organization. In addition, the differing strengths of individuals also help disperse risk from a business perspective.

Significance of Diversity and Quantitative Targets

Hamase

With a constantly changing business environment and diversifying customer needs, we are very certain that respect for and acceptance of different genders, ages, nationalities, and other attributes, with proactive use of those differences, will make the Toyota Tsusho Group more competitive as a whole. This is why we are promoting diversity and inclusion as a management strategy.

We understand the potential for overseas assignments to impact certain life stages for our female employees, so we encourage our various departments to provide early opportunities when such employees are in their 20s. We proactively hunker down to tackle gender-related limitations.

For example, while we have set ourselves a target of placing women in 10% of managerial positions by 2025, the ratio is not our goal as we believe it is more important for each one of them to build careers on their own. We asked all divisions to make plans detailing how many people in their total employee population should be in managerial positions in five or 10 years and what kind of opportunities and experiences they would need at what levels to become candidates.

It is important to look at the results quantitatively to observe whether solid progress is being made and whether things are truly changing, so we have established a number of these KPIs and we are implementing a PDCA cycle.

Fujisawa

Here as well, careful analysis of the current situation is what enables the creation of effective KPIs.

Hamase

Talent allocation pursuing the “right people in the right places” requires that we take careful stock of each individual, making attributes such as gender, nationality, or how many years an employee has worked for the company become less important and, thus, eventually leading to greater diversity.

We are also making it a policy to increase our number of mid-career hires to help ensure we have the right people in the right places. In the past, we mainly recruited large intakes of new graduates, but this has become more difficult in the current social context, including declining birth rates and changing attitudes toward work. Most of all, though, from the perspectives of business size, required speed, and high levels of expertise, we now need an optimal mix of new graduates and mid-career hires.

Fujisawa

The promotion of diversity helps reduce risk for an organization. The broader the range of opinions we can access during the decision-making process, the easier it is to identify risk. Conversely, organizations with a high level of homogeneity, or organizations that lack openness, making it more difficult for people to express different opinions, are more likely to overlook risk.

In addition, the differing strengths of individuals also help disperse risk from a business perspective. This is why we need to assess individuals to identify their strengths.

Hamase

Exactly. Surprisingly, many people are unlikely to be aware of their true strengths, so it is important to start by taking stock of their careers to date. If they can improve themselves through reskilling, then it will be good not only for them but for the company as well.

In December 2021, for employees aged 50 or over at Toyota Tsusho, we launched an initial trial that allowed them to take stock of their careers to date and to communicate with their superiors. With many positive responses about the insight gained through this process, we plan to roll it out on a large scale going forward.

Health, Safety, and Human Rights as the Foundation for Human Resources

Hamase

Our company considers its most important asset to be the physical and mental health of its employees, and, as a result of our various initiatives on this topic, we were selected for the Health & Productivity Stock Selection for two consecutive years—2021 and 2022. We are increasing the number of industrial physicians we use and implementing detailed measures together with the Global Human Resources Department. The importance of health and productivity management is also discussed at Executive Officers Meetings, and we ask the industrial physicians to communicate its importance to our management team and employees from a medical perspective. This has resulted in increased participation in full medical checkups and a corresponding decrease in health insurance fees.

Hamase

In response to human rights risks that impact societies, we have started conducting due diligence in terms of human rights across all of our consolidated affiliates, and we will extend that to suppliers as well. Human rights underpin every human resources initiative, so we are doing this under the strong leadership of senior management to create a firm and solid foundation.

Fujisawa

If we include the management of subordinate health in the parameters for evaluating managers, managers might be spurred on even more. As you can see when you visit work sites, Toyota Tsusho genuinely values safety and human life, which makes me feel that health and productivity management is surely embedded in the DNA of the company.

Fujisawa

From what you have said, I see that human capital management at Toyota Tsusho is evolving. So, maybe the challenge going forward is to better communicate this fact both inside and outside the company. How long do you think it will take to materialize the vision you have?

Hamase

Yes, first and foremost is the health and safety of employees. Typical of that attitude is the survey of all group employees that we conducted to ascertain their well-being when COVID-19 started spreading. We had an emergency contact network in place at the time, but it took longer than expected to get the data. Right now, though, we have systems in place to collect that data within one hour.

Hamase

Two more years. While the COVID-19 pandemic had the unexpected effect of providing new insights and allowing us to take new measures, it took a long time to build the global human resources infrastructure for all 65,000 employees of the Toyota Tsusho Group. Traveling to work sites in Japan and overseas to receive feedback directly from the front lines was also hampered, but more than anything, it just takes time to develop talent and let it grow. I have set a vision for the future, with quantitative and qualitative transformational targets, so I will push ahead now until this transformation bears fruit. In the meantime, while anticipating that there will be more things that will force me to adjust my trajectory, and while preempting global trends and changes as they arise, I will implement human capital management that links our human resources strategy to business.

Fujisawa

That is an impressive emergency response.

I see how the company is caring for its employees, but how is it responding to human rights issues, including those in the supply chain? Toyota Tsusho is also a manufacturer, so the company should be careful in this respect. Human rights awareness in Japan is low compared to that in other countries, and despite so many technical interns being accepted from overseas in particular, supervision and management seem to be quite lax, so it is important to pay close attention.

Fujisawa

So, you have finally entered the execution phase of the human resources strategy. From my position as an outside member of the board, I will lend my expertise to overcome any obstacles standing in the way of execution, so that we can work together to make Toyota Tsusho a truly global company.

Sustainability Management

Stance on Sustainability

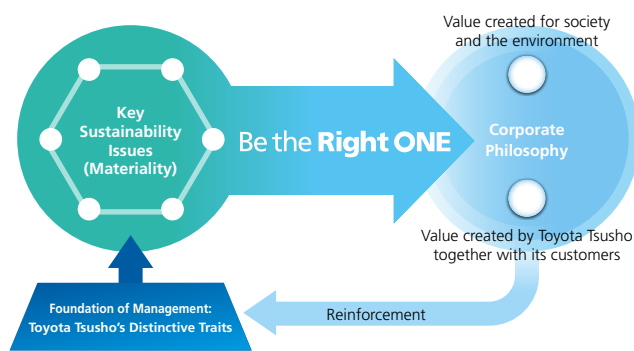
The Toyota Tsusho Group has positioned its corporate philosophy of “Living and prospering together with people, society, and the planet to be a value-generating corporation that contributes to the creation of prosperous societies” as its highest unchanging concept, which should be handed down through the generations. The group has enhanced its corporate value by engaging in environment-friendly businesses and developing human resources who are valuable to and contribute to society.

The world today is facing such problems as abnormal weather related to climate change, forest destruction, resource exhaustion, and human rights issues. When conducting business activities, the environment and society do not simply need to be “considered,” rather, they are “prerequisites” for engaging in business, essentially making them targets for our business today. For companies, environmental and social issues are both risks and opportunities. In this context, Toyota Tsusho is developing its conventional corporate social responsibility (CSR) activities and enhancing its initiatives aimed at realizing a sustainable society with a long-term perspective based on ESG viewpoints.

For the Toyota Tsusho Group, sustainability is synonymous with good management. In striving toward the manifestation of our corporate philosophy, which expresses the group’s reason for

existence and ideal image and clarifies the group’s determination to engage in management, we define sustainability as the generation of economic value while maintaining and enhancing environmental and social value, which will enable the group to continue experiencing sustainable growth.

While engaging in sustainable management, Toyota Tsusho identified Key Sustainability Issues (Materiality) that it will address with priority. Focusing on these six Materialities, we are tackling various social issues to achieve our corporate philosophy by pursuing our Global Vision to “Be the Right ONE” and become an irreplaceable and one-and-only presence.

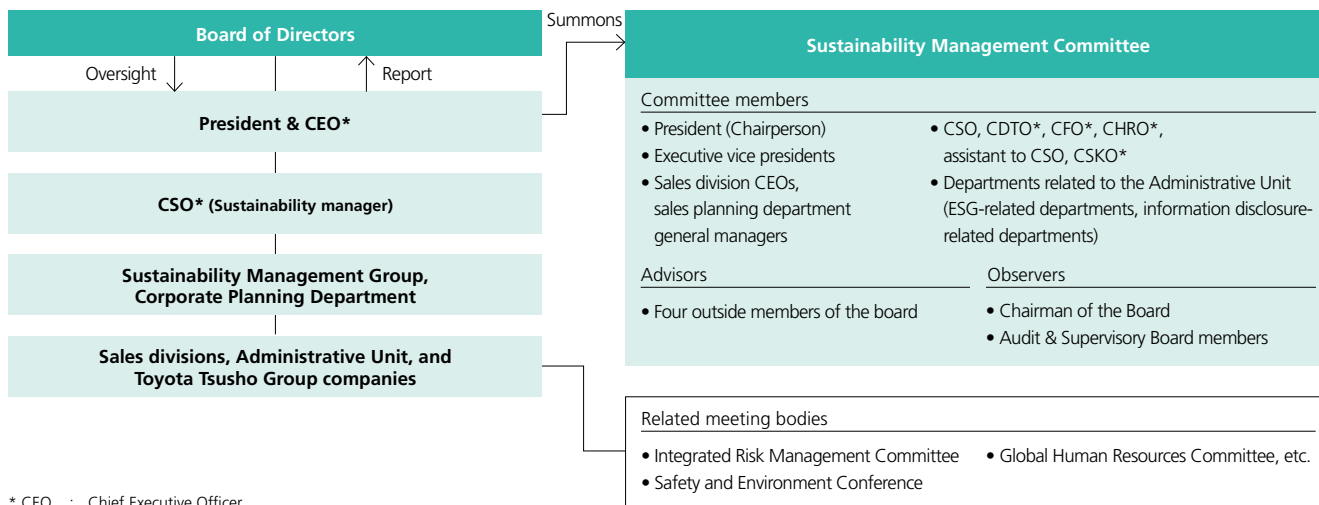


Promoting Sustainability Management

Promotion Structure

The Toyota Tsusho Group has conducted activities under the leadership of Toyota Tsusho’s Corporate Planning Department based on the idea that sustainability is synonymous with good management. To promote

the further enhancement of the group’s stance on sustainability, Toyota Tsusho established within its Corporate Planning Department the specialized Sustainability Management Group in April 2019.



* CEO : Chief Executive Officer
 CDTO : Chief Digital & Technology Officer
 CSO : Chief Strategy Officer
 CFO : Chief Financial Officer
 CHRO : Chief Human Resources Officer
 CSKO : Chief Safety & KAIZEN Officer

Sustainability Management Committee

Toyota Tsusho holds a Sustainability Management Committee meeting annually to discuss, decide on, and promote our sustainability strategies and policies. The committee is summoned by the president & CEO, who serves as the chair of the committee, and the Sustainability Management Group of the Corporate Planning Department serves as the secretariat under the CSO. Attendees include the president, executive vice presidents, sales division CEOs, relevant officers of the Administrative Unit, and other key members of the committee.

Two outside members of the board (outside directors) with insight particularly in the area of sustainability had participated and provided advice since the fiscal year ended March 31, 2018. But starting in the fiscal year ending March 31, 2023, all four outside directors have been participating in committee meetings, as we strengthen our structure so that we can utilize broad knowledge from outside the company in the area of sustainability management. Furthermore, the chairman of the Board of Directors and Audit & Supervisory Board members participate in the meetings as observers.

Sustainability promotion measures are planned and formulated by the Sustainability Management Group of the Corporate Planning Department, approved by the Sustainability Management Committee, then implemented by each organization. Based on the idea that sustainability is synonymous with good management, formulation and review of each basic policy and Materiality, as well as key issues from the perspectives of environmental value, social value, and economic value, are discussed and decided on by the Sustainability Management Committee while incorporating an

independent and outside perspective. Contents discussed by the Sustainability Management Committee and responses to other key issues such as human rights and climate change are reported as appropriate to the Board of Directors and actions are taken.

At the Sustainability Management Committee meeting held in December 2021, the main topics of discussion were: Understanding domestic and international trends in sustainability, analyzing the impact of climate change on our company (including our response to the TCFD recommendations), and human rights due diligence in our supply chains, among other ESG issues. The committee also revised some of the Materiality KPIs that the company established in 2020 as indicators of how the Toyota Tsusho Group's business activities are contributing to the realization of the UN Sustainable Development Goals (SDGs).

As for the promotion of sustainability in business activities, the division CEOs and the CSO reported on the progress of integrating sustainability and Materiality into their division and department strategies and shared their review of this fiscal year, progress in KPI implementation, and future targets and issues, thereby facilitating discussions to further solve issues.

The outside directors participating as advisors pointed out that "sustainability initiatives are not a goal to strive for, but essential rules for conducting business." We will further accelerate our sustainability management as a corporate group and make efforts to achieve the sustainable growth of the company and contribute to solving social issues on a company-wide scale.

Sustainability Implementation Timeline







2005	2012	2017	2018	2019	2020	2021	2022
CSR Committee established	Supply Chain CSR Behavioral Guidelines established	Acquisition of third-party guarantees regarding greenhouse gas emissions and water usage from Lloyd's Register Quality Assurance Ltd. (LRQA) commenced	Key Sustainability Issues (Materiality) to be addressed by the Toyota Tsusho Group with priority identified based on the SDGs	Sustainability Management Group established in the Corporate Planning Department Sustainability Management Committee established	Materiality KPIs set Formulate basic policy for human rights	PDCA started on the established KPIs	Basic policy for human rights, environmental policy, and supply chain and sustainability behavioral guidelines revised


Key Sustainability Issues (Materiality)

To clarify the social issues that it needs to focus on based on its management strategies, the company has identified the Key Sustainability Issues (Materiality) that it needs to be aware of as it pursues the realization of its corporate philosophy and Global Vision. In the process of identifying those Materialities, we were engaged in repeated discussions, while taking into consideration the opinions of management and other internal and external stakeholders.

The Toyota Tsusho Group's Materialities correspond to 11 of the SDGs. The company is achieving sustainable growth and contributing to solutions to social issues and the realization of the SDGs by each employee engaging in business activities with an awareness of these Materialities. To clarify the objectives, we have been setting Materiality KPIs since 2020.

List of KPIs for Key Sustainability Issues (Materiality)

Materialities	KPIs
<p>Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society</p> 	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Revenue (sales) from products and services that will lead to zero traffic casualties <p>Qualitative KPIs</p> <ul style="list-style-type: none"> • Measures for the elimination of traffic casualties • Promotion of safe and comfortable mobility services
<p>Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies</p> 	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Proportion of renewable energy in the Toyota Tsusho Group's total electric power generating capacity • Expansion of the renewable energy business in Africa • Sales of products and services that contribute to energy saving and CO₂ emissions reduction • The Toyota Tsusho Group's global market share of electrified vehicles • Greenhouse gas emissions: Carbon neutrality by 2050
<p>Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing</p> 	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Volumes handled in the metal resource recycling business • Plastic recycling volume <p>Qualitative KPIs</p> <ul style="list-style-type: none"> • Measures for the development of a recycling-based society
<p>Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations</p> 	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Africa Division revenue (sales) <p>Qualitative KPIs</p> <ul style="list-style-type: none"> • New investment in developing countries, including countries in Africa
<p>Begin everything we do with ensuring safety and compliance and continue to be an organization trusted by society</p> 	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Lost work time incident rate: Seeking zero accidents <p>Qualitative KPIs</p> <ul style="list-style-type: none"> • Development of occupational safety and health systems • Reinforce compliance • Reinforce internal controls • Promote internal and external communications
<p>Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills</p> 	<p>Qualitative KPIs</p> <ul style="list-style-type: none"> • Reinforcement of human resources development • Creation of workplaces that offer meaningful work • Respect for human rights • Active external activities

For details on the KPIs, please see pages 60–65 and 69. 

Toyota Tsusho has been setting Materiality KPIs since 2020 to provide concrete indicators of how its business activities are contributing to achieving the SDGs. We will continue to apply the PDCA cycle to solutions to social issues and undertake business with the degree of achievement of these KPIs in mind at all times.

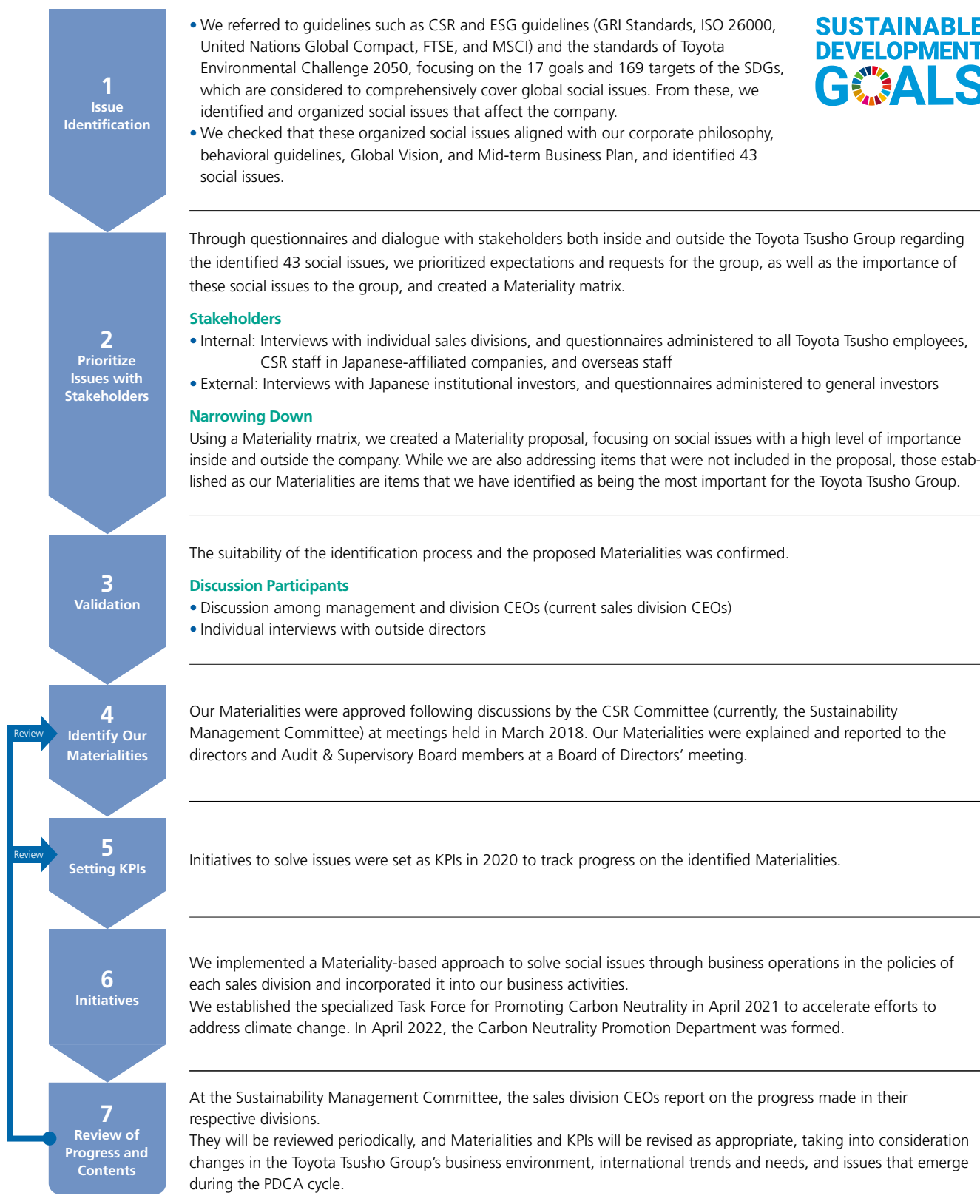
When setting the KPIs, numerous discussions were carried out with the sales divisions, including the division CEOs, to reflect the approaches for solving social issues through business operations based on the Materialities and the SDGs in the policies of each sales division. Furthermore, the Sustainability Management Committee reflected the opinions of management and outside directors in the KPIs. To indicate the direction the Toyota Tsusho Group should take, we either quantified and set quantitative targets for representative themes of our respective Materialities or identified qualitative targets with the expectation of soon switching to quantitative targets, making clear the actions that contribute toward solving the issues.

Furthermore, these Materialities are not intended to be unchanging, and they are reviewed periodically by the Sustainability Management Committee, taking into consideration changes in the

group's business environment and other factors, such as changing international trends and needs, and are appropriately revised. In a Sustainability Management Committee meeting held in the fiscal year ended March 31, 2022, greenhouse gas emissions reduction targets announced in July 2021 were approved for monitoring as Materiality KPIs.

We incorporated into our employee evaluation indicators “contribution to the development of a sustainable society and action taken with an awareness of our Materialities” to encourage individual employees to take action with an awareness of the need to solve social issues. In addition, in the fiscal year ended March 31, 2022, we invited a guest from the sustainability department of a leading company to give a lecture to our management and employees on that company's initiatives, and more than 600 people attended. Training on sustainability and Materialities is also conducted for new employees, including mid-career hires.

Process of Identifying Key Sustainability Issues (Materiality)



Initiatives for Addressing Key Sustainability Issues (Materiality)



Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society

The automotive industry has entered a once-in-a-century period of profound transformation.

The birth and evolution of advanced technologies, such as autonomous driving, artificial intelligence (AI), and the Internet of Things (IoT), are poised to greatly expand the potential of mobility. The Toyota Tsusho Group sees these changes as business opportunities and will aim to reduce the number of road accidents and achieve zero traffic casualties to contribute to the development of a safe and comfortable mobility society by utilizing material innovation and autonomous driving and advanced safe driving support technologies and engaging in such initiatives as improving the traffic infrastructure.



KPIs

Quantitative KPIs	Revenue (sales) from products and services that will lead to zero traffic casualties		
	Result for the fiscal year ended March 31, 2021	Result for the fiscal year ended March 31, 2022	Target for the fiscal year ending March 31, 2025
	110.0 billion yen	136.0 billion yen	216.0 billion yen

Contents: Reduction of accidents through vehicle maintenance status *kaizen* (continuous improvement), supply of collision prevention warning devices, onboard cameras, and electronic components for autonomous driving, and other initiatives

Change from the fiscal year ended March 31, 2021:

- Expansion of business related to in-vehicle electronics for reducing traffic accidents

Qualitative KPIs	<p>Measures for the elimination of traffic casualties</p> <ul style="list-style-type: none"> • Operation of a driving school business in India • Participation in the field test of the infrastructure cooperative hazard avoidance system "ITS Smart Pole" *1 	<p>Promotion of safe and comfortable mobility services</p> <ul style="list-style-type: none"> • Consideration of commercialization of the state-of-the-art autonomous truck driving project • Development of OTA *2 services (prevention of accidents and vehicle error)
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*1 A multifunction utility pole equipped with information technology devices such as cameras and sensors for detecting vehicles and pedestrians in the vicinity of traffic junctions, communication devices, and LED signboards

*2 Over-the-air: Remote software update function



Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

Climate change is a major issue that affects all life on earth.

To tackle this issue, the Toyota Tsusho Group is actively increasing sales of next-generation eco-cars (HEVs, PHEVs, BEVs, FCEVs, etc.), developing infrastructure such as hydrogen stations, reducing vehicle weight by using alternative materials, and securing lithium resources that support increased production of the automotive batteries essential for eco-cars. We are also using various innovative technologies and the knowledge we have accrued through our experience with renewable energy such as wind and solar power to contribute to the creation of a sustainable carbon neutral society. Our initiatives include reducing automobile CO₂ emissions and CO₂ emissions throughout product life cycles, including in the logistics business, and eliminating CO₂ emissions from factories/plants.

KPIs

Proportion of renewable energy in the company's total electric power generating capacity*1

Result for the fiscal year ended March 31, 2021	Result for the fiscal year ended March 31, 2022	Target for the fiscal year ending March 31, 2025
43%	45%	58%

Change from the fiscal year ended March 31, 2021:

- Expansion of the renewable energy business

Expansion of the renewable energy business in Africa

	Results for the fiscal year ended March 31, 2021	Results for the fiscal year ended March 31, 2022	Targets for the fiscal year ending March 31, 2025
Total power generation capacity	260 MW	263 MW	1,440 MW
Contribution to CO ₂ emissions reduction	600,000 tons/year	630,000 tons/year	3,200,000 tons/year

Change from the fiscal year ended March 31, 2021:

- Expansion of the renewable energy business in Africa

Sales of products and services that contribute to energy saving and CO₂ emissions reduction

	Result for the fiscal year ended March 31, 2021	Result for the fiscal year ended March 31, 2022	Target for the fiscal year ending March 31, 2025
Contents: Businesses such as molten aluminum supply (which reduces CO ₂ emissions by using recycled ingot), lithium, low power consumption electronic components (semiconductors, etc.)	272.0 billion yen	439.0 billion yen	595.0 billion yen

Change from the fiscal year ended March 31, 2021:

- Increase in demand for recycled aluminum and sales of bioplastics

Toyota Tsusho Group's global market share*2 of electrified vehicles*3

Result for CY2020	Result for CY2021	Target for CY2025
6.8%	7.0%	26.0%

Change from CY2020

- Increase in sales of electrified vehicles

*1 Renewable energy includes wind power (including offshore wind power), solar power, geothermal power, hydroelectric power, and wood biomass power

*2 A 2025 target was set based on sales results and governmental measures for promoting the widespread adoption of next-generation eco-cars in the Toyota Tsusho Group's sales regions.

*3 Electrified vehicles: HEVs, PHEVs, BEVs, FCEVs, etc.

Quantitative KPIs

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

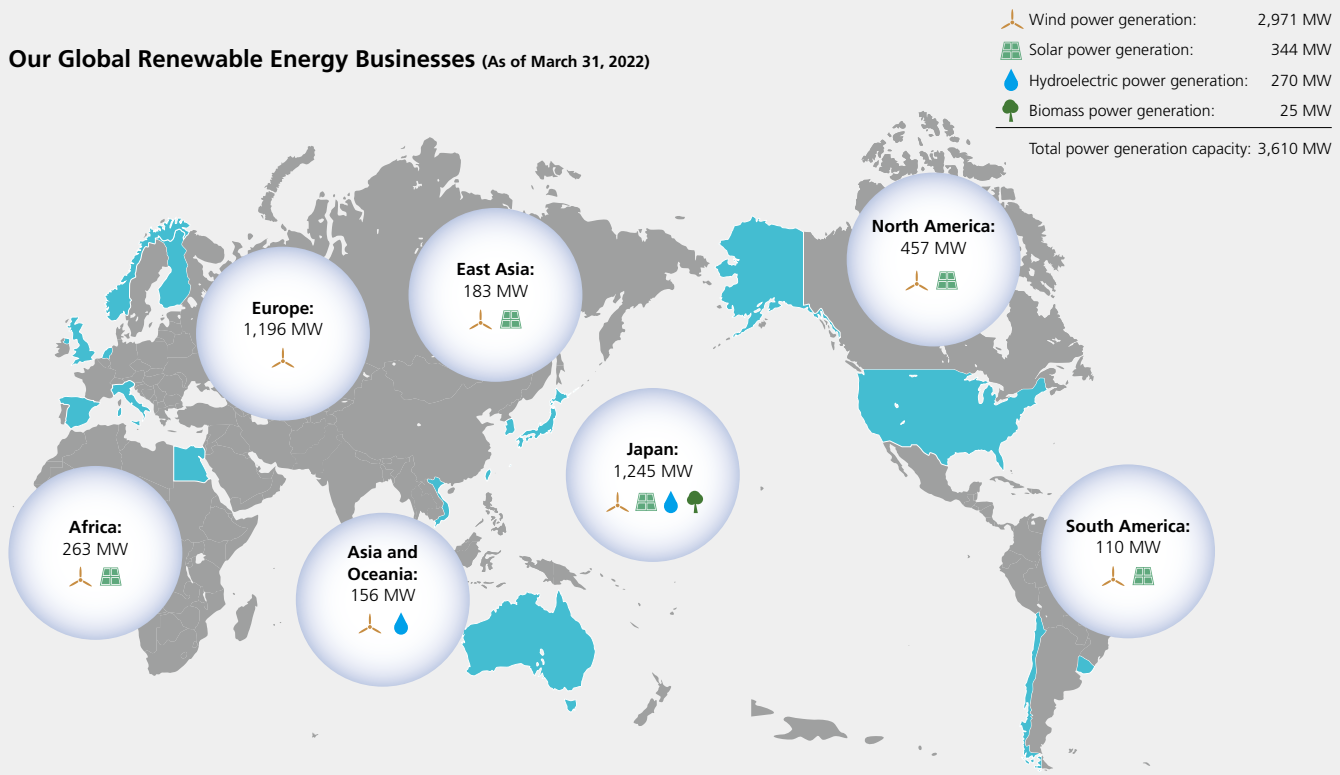
Quantitative KPIs	Greenhouse gas emissions*4: Carbon neutrality by 2050			
	Result for CY2019 (benchmark year)	Result for CY2021	Target for CY2030	Target for CY2050
	800,000 t-CO ₂	765,000 t-CO ₂ (4% reduction)	50% reduction from the results for CY2019	Carbon neutrality
	<ul style="list-style-type: none"> Achieve carbon neutrality by 2050 by implementing measures for reducing CO₂ emissions 			

*4 Scope 1 and Scope 2

Pick Up **A Renewable Energy Business with a Total Capacity of More than 3.6 GW**

Since starting a pioneering wind power generation project in the United States in 1987, the Toyota Tsusho Group has been promoting its renewable energy business. We have been expanding wind power generation to Europe, Asia, Japan, and Africa, and also started Egypt's first wind power IPP business in 2019. The group is the largest wind power generation operator in Japan. Besides wind power generation, the group began solar power generation in Korea in 2008 and has also built mega-solar power plants in the United States, as well as in the Hokkaido, Tohoku, and Kinki regions of Japan. Furthermore, starting in 2015, the group began operating a wood biomass power generation project, which is less affected by the weather than wind and solar power generation and can stably produce electricity. Then in 2018, the group invested in the Tokyo Electric Generation Company, Incorporated, which is involved in small hydroelectric power generation projects in Japan, to achieve energy source diversification. Also, the group will accelerate its Renewable Energy strategy by making Eurus Energy Holdings Corporation a wholly owned subsidiary.

Our Global Renewable Energy Businesses (As of March 31, 2022)



Note: Only operational projects are displayed



Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

Natural resources are not limitless.

We must reduce our impact on the environment by efficiently using and reusing these resources. As a trading company involved in manufacturing, the Toyota Tsusho, as well as the entire Toyota Tsusho Group, considers it a vital mission to consider the environment and secure and stably provide resources. To effectively use these limited resources, we will turn waste into resources. We will develop recycling businesses including recovery and processing of recyclable resources from scrap generated from end-of-life vehicles (ELVs), in the market, and at plants, secure resources through urban mining, and reuse used vehicles and parts, thereby contributing to a recycling-based society.

KPIs

Volumes handled by the resource recycling business in the metals sector

	Result for the fiscal year ended March 31, 2021	Result for the fiscal year ended March 31, 2022	Target for the fiscal year ending March 31, 2025
Contents: Business of Green Metals, Inc., molten aluminum business, ELV recovery business, industrial waste processing business, and valuable metal scrap recycling business	6,170,000 tons	6,340,000 tons	9,190,000 tons

Change from the fiscal year ended March 31, 2021:

- Increase in Green Metals and ELV businesses driven by replacement demand for recycled materials

Plastic recycling volume

	Results for the fiscal year ended March 31, 2021	Results for the fiscal year ended March 31, 2022	Targets for the fiscal year ending March 31, 2025
PLANIC Co., Ltd.	—	—	Equivalent to 700,000 vehicles*
Toyotsu PET Recycling Systems Co., Ltd.	—	—	Equivalent to 2 billion PET bottles

Change from the fiscal year ended March 31, 2021:

- Relevant two related plastic recycling companies scheduled to begin operations in 2022

* Converted as raw material for vehicle underbody covers

Quantitative KPIs

Qualitative KPIs

Measures for the development of a recycling-based society

- Development of products using sustainable materials derived from wood-based washi paper. Launch of the *KAMITO* Project
- Development of stockings made from recycled nylon and reduction in the use of plastic by Fukusuke Corporation
- Elimination of plastic packaging and switch to recycled materials



Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations

The Toyota Tsusho Group undertakes local infrastructure development, industrial development, job creation, and other measures to solve social issues in developing countries in Africa and other regions through its automotive business and other business activities.

In Kenya, for example, we have been working as a strategic business partner of the country to support the realization of its national vision. Using this experience as a pilot model, we will promote the autonomy of the people who live there by developing basic infrastructure to improve living environments and providing opportunities for occupational training, while achieving growth of the Toyota Tsusho Group.



KPIs

Quantitative KPIs	Africa Division revenue (sales)		
	Result for the fiscal year ended March 31, 2021	Result for the fiscal year ended March 31, 2022	Target for the fiscal year ending March 31, 2025
	860.0 billion yen	1,133.0 billion yen	1,494.0 billion yen

Change from the fiscal year ended March 31, 2021:

- Expansion of business, mainly in the automotive sector but also in non-automotive sectors, in line with the African Growth Strategy

Qualitative KPIs	New investment in developing countries including countries in Africa



Begin everything we do with ensuring safety and compliance, and continue to be an organization trusted by society

All corporate activities are supported by social trust and sustained by social confidence.

The Toyota Tsusho Group does its utmost to ensure safety in related companies and the safety of all workers. We are constantly engaged in activities that earn society's trust and confidence, such as conducting safety education activities at plants and offices using our practical safety workshops and ensuring high levels of quality that guarantee safety and security.

In our day-to-day operations, we define specific codes of conduct for all sites and offices, both in Japan and overseas, and strictly comply with laws and regulations such as those concerned with preventing corruption or anticompetitive behavior. We are improving our management transparency and enhancing our corporate governance.

KPIs

Quantitative KPIs

Lost work time incident rate*: Seeking zero accidents	
Results for the fiscal year ended March 31, 2021	Results for the fiscal year ended March 31, 2022
0.78	0.61

* A calculation of the number of fatalities and injuries resulting from industrial accidents per million hours of actual work
Scope: Main domestic and overseas affiliated companies

Results

- Thoroughly implemented Bad News First & Fast
- Prevented similar accidents by disseminating accident case studies
- Implemented year-on-year *kaizen* (continuous improvement) through activities aimed at zero accidents, such as providing support for *kaizen* to entities that have safety issues

Qualitative KPIs

Development of occupational safety and health systems

- Provided e-learning on safety in the workplace
- Selected for the Health & Productivity Stock Selection for the second consecutive year as a result of Health Challenge Eight promotion and other initiatives

Reinforce internal controls

- Strengthened Board of Directors' functions (enriching discussions by the Board of Directors, effectively utilizing independent outside officers, etc.)

Reinforce compliance

- Conducted legal training for officers
Topic: "Addressing Legal Compliance in the ESG/SDGs Era"
- Distributed Legal Department newsletter (monthly)

Promote internal and external communications

- Engaged in initiatives such as providing training-related materials in order for major overseas sites to become self-reliant in safety activities, thus boosting internal communication about safety activities

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Based on the beliefs that safety and compliance are the cornerstones for all work and that safety management is a matter of human resources development, Toyota Tsusho conducts safety and health education not just for Toyota Tsusho Group employees but, upon request, also for the employees of suppliers.

We conduct rank-based safety and health training for new employees, mid-level employees, managers, and executives and are expanding the scope of education by conducting training for persons involved in operations at suppliers.

To heighten employee sensitivity to danger by having them experience hazardous work, in 2009 we established a Practical Safety Workshop at Toyota Steel Center Co., Ltd. The workshop offers simulations of 62 different types of hazards, including being squeezed between objects and dangers involving heavy items.

Educational materials on predicting six types of hazards have also been prepared. Workshop attendance is also open to the personnel of suppliers who take part in Toyota Tsusho's Safety and Health Cooperation Council. The workshop serves to raise awareness regarding safety and health. Despite the effects of the COVID-19 pandemic, a total of 299 persons participated in these workshops in the fiscal year ended March 31, 2022, and the cumulative number of participants since their establishment reached 9,983 persons.

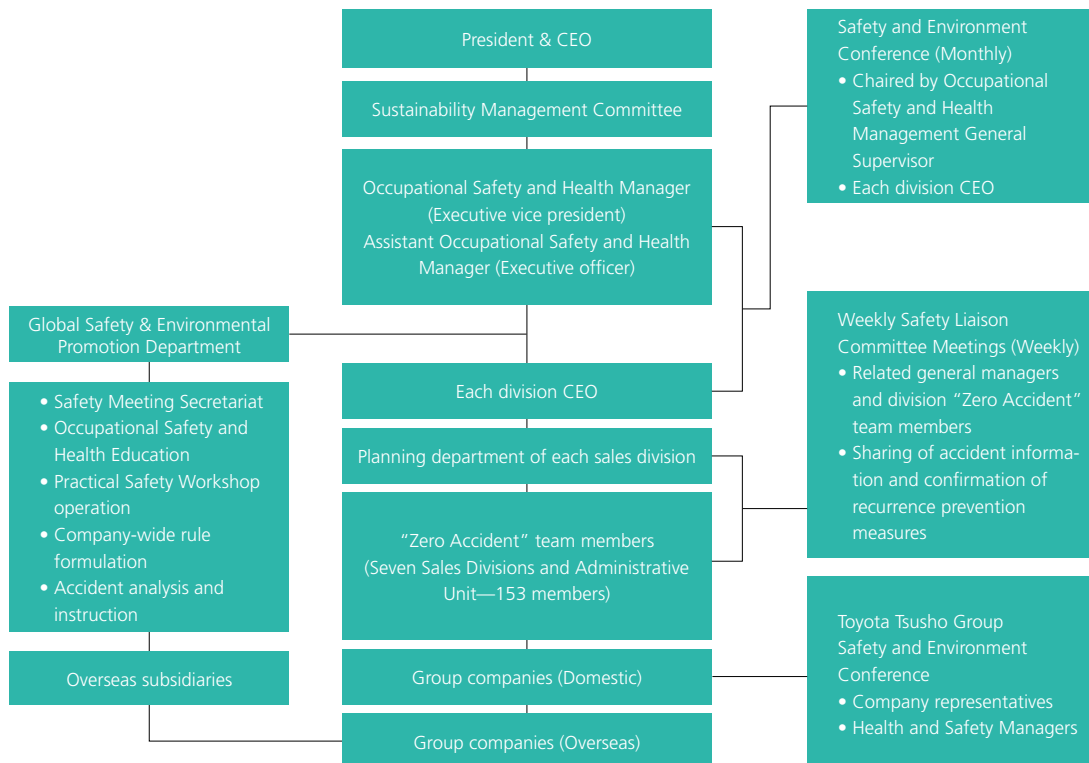
Taking into consideration that since Toyota Tsusho is a trading company and much of its work takes place in offices, in the fiscal year ended March 31, 2017, we began conducting Office Safety Workshops and taking measures to raise awareness of safety regarding office work. More than 750 participants from the Toyota Tsusho Group have attended these workshops to date.



For information on health and safety policies, please see "Occupational Health and Safety Initiatives" on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/sustainability/social/safety-health.html>

Toyota Tsusho Group Safety Management System (As of April 2022)



Compliance Policy

As its basic policy on compliance, Toyota Tsusho endeavors to ensure that executives and employees perform their duties following laws, regulations, the company's Articles of Incorporation, and corporate ethics.

In July 2016, Toyota Tsusho enacted its Global Code of Conduct & Ethics (COCE), which defines the company's behavioral guidelines, based on a decision by the Board of Directors in April of the same year.

The COCE was formulated by a team of Toyota Tsusho Group employees from Japan and overseas. The company issues the President & CEO's Message and COCE Booklet in various languages (currently, 23 languages) and has made it available on the company intranet. Knowledge of the booklet has been thoroughly disseminated through the COCE global network, and both executives and employees have pledged to follow the COCE.

▶ Global Code of Conduct & Ethics (COCE)

- 1 We are committed to **"ANZEN"** to create a safe and healthy work environment.
- 2 We will comply with all applicable laws and regulations; including anti-corruption, anti-trust, and competition law, and trade laws and regulations.
- 3 We are committed to accurate financial reporting.
- 4 We are accountable for compliance with all company rules.
- 5 We will act with integrity, honesty, and transparency, and protect and develop trust among all stakeholders.
- 6 We will contribute to the sustainable development of society.
- 7 We will promote and pursue environmentally friendly corporate activities.
- 8 We will add value through innovation and **"Kaizen"** (continuous improvement).
- 9 We will respect human rights.
- 10 We will embrace diversity and inclusion within our company and society.

We require all officers and employees to report any concerns about possible COCE violations through the proper channels, and we guarantee that no retaliatory actions or measures will be taken against the whistleblower pursuant to internal regulations. The proper channel includes supervisors and the Administrative Unit, as well as our global whistleblower system, which accepts anonymous reporting in more than 160 languages.

On-site inspections by the planning department of each sales division and internal audits by the Audit Department also carefully look for COCE violations.

We also fully utilize the latest digital tools, such as IT and AI, to analyze a massive amount of data on expenses, sale and purchase accounting and financial statements, etc., and monitor for signs of improper conduct so we can prevent and discover them early. These analysis results are also utilized in the aforementioned on-site inspection activities and internal audits.

If there is a concern about a possible COCE violation, the Compliance & Crisis Management Department, together with related departments such as the Legal Department and the Global Human Resources Department, thoroughly investigate the case and take appropriate action based on the Incident Response Manual, under the supervision of the Board of Directors. To maintain our compliance-related initiatives at the highest level, we will continue to regularly evaluate and validate the current basic policies, the COCE, and the effectiveness of various compliance measures and improve them as needed.

The number of COCE violations in the Toyota Tsusho Group in Japan and overseas in the fiscal year ended March 31, 2022, is shown here below. Note that there were no violations seriously affecting our group's operation.

Total Number
of Violations

27

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Corruption Prevention

1. Basic Policy

The Toyota Tsusho Group has firmly declared an anti-corruption stance in our Global Code of Conduct & Ethics (COCE), which makes the prohibition of corrupt acts and money laundering the basis of our anti-corruption policy.

2. Supervision by the Board of Directors

Upon COCE violations, the Compliance & Crisis Management Department, together with related departments such as the Legal Department and the Global Human Resources Department, thoroughly investigate the case and take appropriate action based on the Incident Response Manual, under the supervision of the Board of Directors. Furthermore, at the Integrated Risk Management Committee Meeting held once every quarter and chaired by the Board of Directors and the member of the board & CFO, the policy for our global compliance activities including anti-corruption initiatives is reported along with the status of activities and violations in the current fiscal year.

3. Specific Initiatives

The Toyota Tsusho Group has established bribery prevention rules and implementation guidelines and is endeavoring to prevent bribery by ensuring that there are no breaches of the bribery regulations of any country, including the Foreign Corrupt Practices Act of the United States, the Bribery Act 2010 of the United Kingdom, and the Unfair Competition Prevention Act of Japan.

4. Training

The Laws & Ordinances Handbook for Executives and a compliance manual for employees also clearly describe the prohibition of corrupt acts and are distributed in handbooks and other forms to all executives and employees, respectively. Also, to ensure full understanding and thorough dissemination of the requirements, we offer an e-learning course that is mandatory for all executives and employees.

5. Individual Response to COCE Violations

To handle emergencies when a COCE violation occurs, the Toyota Tsusho Group has established emergency response guidelines (in a form of notification) and the Compliance & Crisis Management Department takes appropriate action at the appropriate time together with the related departments.

6. Examples of Uncovered Corruption

In the fiscal year ended March 31, 2022, there were no corrupt acts uncovered inside Toyota Tsusho, and thus there were no payments of fines or penalties.

Whistleblowing System

The whistleblowing system was expanded and extended from its previous form, in which reporting was only possible through internal reporting lines and external lawyers, by adding a dedicated external reporting line. This reporting line, created in November 2017, offers multilingual support (currently, in more than 160 languages), and makes it easier for employees to report or consult on matters related to COCE violations, including all forms of corrupt acts and human rights violations, by providing a global service with greater anonymity and confidentiality. Notices or reports on all whistleblowing information and the status of responses are sent to Audit & Supervisory Board members, and furthermore, a whistleblowing system that allows whistleblowers to notify directly to Audit & Supervisory Board members has been established to ensure independence from management.

Activities to Raise Compliance Awareness

Toyota Tsusho offers various types of training and seminars, including mandatory e-learning and compliance events held in conjunction with the Business Ethics Month of October to ensure compliance with laws and regulations and the internalization of specific codes of ethical conduct in the day-to-day work of its executives and employees. In addition, we obtain pledges from all executives and employees and review compliance status.

Tax Governance Policy

The basic policy of Toyota Tsusho and the Toyota Tsusho Group is to comply with the tax laws and regulations of individual countries, under the responsibility of the CFO and following the COCE, and to appropriately satisfy global tax obligations.

We attach great importance to conducting all our business activities properly and rationally. We will expand our business and build a global structure in line with our business objectives, and we will not intentionally avoid taxes using tax havens. We strive to comply with the laws, regulations, and tax conventions of individual countries, as well as with international taxation rules, appropriately reporting income and paying taxes. We build fair relationships with tax authorities in the regions in which we do business by appropriately disclosing information and engaging in constructive dialogue. Under our basic policy, we strive to eliminate double taxation and appropriately utilize tax incentives to achieve appropriate tax costs.



For information on specific compliance initiatives, please see "Compliance" on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/sustainability/governance/compliance.html>



Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills

The Toyota Tsusho Group promotes diversity and inclusion (D&I) as a management strategy. We are striving to create work environments that bring out the strengths of diverse personnel by undertaking reforms to implement more flexible and productive ways of working.

Also, we are working to develop human resources who can create business from a global perspective and who can achieve success in the global market, and we are providing occupational training opportunities to local communities and actively developing human resources within and outside the company who are valuable to and contribute to society.

Starting with our company, we are taking measures to eliminate child labor and forced labor from our entire supply chain, thereby improving the labor environment from various perspectives as a company that values and protects people.



Be the Right ONE

Human Resources Development Principle

We seek to “Be the Right ONE” by undertaking business with awareness by each individual of solving social issues and by providing value unique to Toyota Tsusho. To do this, we identify and nurture individuals with strengths distinctive to Toyota Tsusho. We practice the optimal assignment of personnel and build optimal and powerful teams by enabling each person to become a strong individual.

KPIs

Qualitative KPIs

Reinforcement of human resources development

- Through the provision of opportunities, optimal personnel assignment, and global networking, accelerate the development of aspiring human resources around the world who can take the initiative in management and engage in joint creation with others

Results

- Held the Global Human Resources Committee with the objective of developing and securing personnel to meet the requirements for key positions at domestic and overseas sites at all consolidated subsidiaries
 - Strengthened selective training to develop global management personnel
- New webinars were also provided for past participants to help them expand their global network and pass on the “uniqueness of Toyota Tsusho” to future generations

Respect for human rights

- Reinforce D&I so that everyone can trust and acknowledge one another and learn from each other

Results

- Revised the Toyota Tsusho Group Basic Human Rights Policy and published on our website
- Initiated human rights due diligence efforts for all consolidated subsidiaries to address human rights risks that impact society through the group’s business activities

Creation of workplaces that offer meaningful work

- Promote new work styles and workplace innovations
- Invigorate communications within organizations and shift to flexible and highly productive organizations

Results

- Started office reform toward realizing new work styles that reflect the identity of Toyota Tsusho in the new normal era
- Increased number of participants in the Hybrid Communication Program, a training program designed to improve communication in the workplace
- Continued the *Ikiwaku* Project* as part of organizational development

Active external activities

- Provide functions for problem-solving based on *Genchi, Genbutsu, Genjitsu*, and provide global networks (For the health and safety of employees, their families, and members of the community)
- Activities and growth with deep ties to local communities through participation in volunteer activities and other programs
- Support the development of human resources who will be responsible for the future through programs such as the company’s foreign study scholarship program

Results

- To maintain our annual initiative to deliver picture books to children in Asia, even despite the COVID-19 pandemic, 300 employees worked together, resulting in the donation of 300 picture books.

* For information on the *Ikiwaku* Project, please see page 71.



For the Toyota Tsusho Group Human Rights Policy, please see “Respect for Human Rights” on Toyota Tsusho’s website.
<https://www.toyota-tsusho.com/english/sustainability/social/human-rights.html>

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Reinforcement of Human Resources Development

Basic Approach

Toyota Tsusho practices the Toyota Tsusho Group Way, which adopts as its keywords “*Shokon*” (a passion for business), “*Genchi, Genbutsu, Genjitsu*” and “Team Power” (teamwork). We conduct various educational and training programs and strive to enhance employee skills so that they can independently and dynamically think and take action. We make use of diverse human resources who can respond flexibly to the company’s changing business environment and look ahead to a better future, and we prioritize the development of human resources capable of creating global-scale business and human resources able to interact with their counterparts at other leading global companies to continuously achieve active value creation with our global partners.

Educational Programs

Our educational programs, which serve as development forums for strong individuals capable of independent thought, action, and continuous growth are made up of three parts: On-the-job training, off-the-job training (seminars and courses), and self-improvement. Every year, each employee develops a future career plan and discusses with a supervisor how to achieve the plan through business assignments and the use of training programs for skill development. In recent years, the programs have been shifting to e-learning.

1) On-the-job Training

On-the-job training (OJT) is actively and systematically incorporated into human resources development from the perspective that *Genchi, Genbutsu, Genjitsu* leads to individual growth. Young employees are dispatched overseas as interns, representative employees, or are seconded to group companies to gain experience, and programs for personnel exchanges outside the group and among departments are actively implemented.

2) Off-the-job Training

In various types of training, top management and officers deliver messages based on their expectations to participants and their own experiences to raise participants’ awareness by helping them realize that training starts with addressing their own mindset. This is combined with post-training session follow-ups in the form of interviews and counseling to improve the effectiveness of those trainings.

3) Self-improvement

To support employees in raising their skills and qualifications from the minimum necessary to professional expertise, we are expanding programs that subsidize online education and schools (for business and language) to encourage employee self-improvement.

Development of Global Management Talent

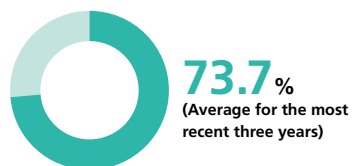
We offer leadership programs for potential successors to global management positions within our global talent management structure. Under the Global Advanced Leadership Program (GALP), our highest level of in-house program, we collaborate with top global business schools to develop the program and propose future management strategies through training that lasts approximately six months. The Leadership Development Program (LDP) is a subsidiary program in which employees propose new business strategies for each overseas region and aim to realize them. In both programs, participants hone their leadership skills as future managers by aligning the company’s vision with their personal aspirations. The global network cultivated through these training programs is an invaluable asset that lasts long after the training, and periodic webinars for alumni are not only designed to strengthen relationships but also to encourage the sharing of new knowledge.

We also established the Overseas Language Intern Program for junior employees to develop talented people who can handle the operations of a trading company that conducts the majority of its business overseas. Participants in this program undergo language training for approximately one year at an overseas university or

language school and then spend up to a year in practical training at an overseas group company under the guidance of expatriates from Japan. This program not only provides language skills but also familiarizes participants with local culture, customs, and business practices, and promotes active career development and job rotations.

In addition, we are promoting the Toyotsu Inno-Ventures Project (TIVP), a company-wide project with the mission of identifying and enhancing the seeds of new businesses to create new businesses for the company. This project aims to solicit business ideas with aspirations, conduct hypothesis verification and proof of concept (PoC), and then ultimately lead to business development within one of the company’s sales division. The fiscal year ending March 31, 2023, will mark the fourth year of this project, and we value each employee’s aspiration and proactive approach to management to contribute to solving social issues while being aware of the alignment of ideas and Materiality. This project instills a strong sense of ownership among participants and develops strong individuals who thoroughly pursue customer needs.

Average Rate of Overseas Experience* in the Eighth Year after Hiring



* Overseas experience: Overseas expatriate staff, interns, language interns, etc.

Average Annual Training Time per Employee (Results for the fiscal year ended March 31, 2022)



Creation of Workplaces that Offer Meaningful Work

Office Reform

Toyota Tsusho is advancing office reform to make the office a hub of communication as working from home becomes more common. The goal is to create new value and to foster and pass on our unique corporate culture through dialogue among employees that transcends organizational boundaries, the unintentional exchange of information, and the synergistic effects of teaching each other. We are remodeling a portion of our Head Office (Nagoya) to create a model floor and adding online booths. We plan to renovate each floor sequentially in the future.



Initiatives Utilizing Engagement

In addition to visualizing the state of the organization through engagement surveys, we hold workshops and lectures to encourage each employee to be passionate and active, with the aim of “building a strong organization.” We consider “dialogue” to be important in the world of living with COVID-19 and are tackling it accordingly. Furthermore, we offer a Hybrid Communication Program (a training program for acquiring hybrid communication skills, such as coaching) for middle management, aiming to bring out the initiative and best performance of each employee. The program was attended by a total of approximately 200 employees by the end of the fiscal year ended March 31, 2022.

The Advanced Hybrid Communication Program was newly established in the fiscal year ended March 31, 2022, providing opportunities to acquire skills at an even higher level.

Ikiwaku Project

This is an activity aimed at shifting each workplace to an organization that can sustainably increase productivity by actively working with diverse human resources. Employees at each workplace discuss relevant issues following four rules: 1) Share “your ideal self,” 2) Everyone must share their opinions, 3) Accept different ideas and values, and 4) Build consensus, cooperate, and co-create. Then, they create and execute action plans on their own.

Promotion of D&I

We firmly believe that respecting, accepting, and actively leveraging diversity will enhance the competitive advantage of the entire Toyota Tsusho Group. We are promoting D&I as a management strategy with the aim of building a strong organization by enabling each of our diverse employees to demonstrate their strong individuality and by influencing each other and growing together. Additionally, each division CEO sets annual D&I initiative targets, reports on progress and results at the Executive Officers Meeting and the Board of Directors, and also introduces a system to reflect human resources development in their evaluations.

Support of Work-Life Balance

In 2020, we received Platinum *Kurumin* certification from the Ministry of Health, Labour and Welfare as a company that supports childcare. We are fostering an environment in which diverse personnel can achieve work-life balance and work with passion, by for example enhancing our reduced working hour system for child-rearing and our flex-time system. We are also encouraging employees to take paid vacation leave and urging male employees to take childcare leave. Additionally, we are offering individual support in the form of consultations to employees who are returning from childcare leave.



Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Promoting Active Roles for Female Employees

Under the D&I Declaration by top management in 2014, we have been implementing measures in four axes: (1) Human resources measures, (2) Human resources development, (3) Environmental improvement, and (4) Fostering a company culture, with the advancement of women as one of our top priorities. We have implemented a mentoring program for female employees as part of our human resources development efforts. This program aims to develop and expand the pool of female next-generation leader candidates, thereby supporting them in raising career awareness, expanding their outlook, and solving issues. In recognition of these continuous efforts to promote women's activities, we were certified as "Eruboshi (Certification Stage 2)" in 2016 and selected as a "Semi-Nadeshiko Brand 2022" in the fiscal year ended March 31, 2022.



Selection from Among Diverse Career Paths

We reviewed existing job categories based on the details of work and introduced programs that allow all employees to select from among diverse career paths.

We have also introduced a variety of systems that respect the changes in employees' life stages and career perspectives, including the following:

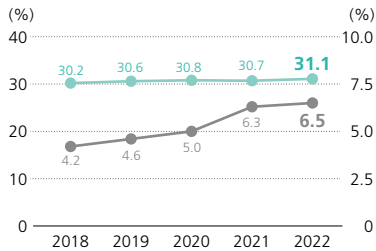
- Leave of Absence System for Employees Whose Spouses Are Posted Overseas: A system that allows employees to accompany their spouses when they transfer overseas by taking a leave of absence without resigning under certain conditions
- Career Bridge System: A system that offers reemployment to employees who are forced to quit due to a change of residence resulting from marriage or their spouse's transfer under certain conditions

Many employees who have taken a leave or resigned from their jobs and worked enthusiastically to improve themselves and advance their careers have returned to work for the company under these programs.

Labor Union and Global Human Resources Department Session with the CHRO for Considering Work Perspectives and Careers

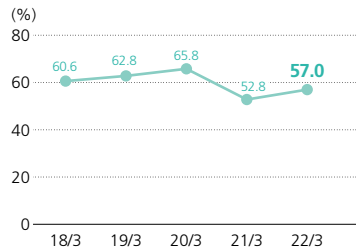
The Chief Human Resources Officer and employees participated in a panel discussion to consider anew how employees should face their jobs going forward and to think about self-determining careers while exchanging a variety of ideas.

Percentage of Female Employees/Female Managers



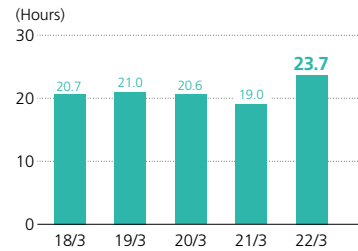
◆ Percentage of female employees
 ● Percentage of female managers (right scale)
 Scope of calculation: Toyota Tsusho Corporation
 For every year, as of April 1

Percentage of Paid Leave Used



Scope of calculation: Toyota Tsusho Corporation

Monthly Overtime



Scope of calculation: Toyota Tsusho Corporation

Respect for Human Rights

The Toyota Tsusho Group's corporate philosophy is "Living and prospering together with people, society and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies," and we are striving to solve social issues through our business activities.

"Be the Right ONE," which means being an irreplaceable and one-and-only presence for partners and stakeholders, forms our "Ideal Image" as part of our Global Vision. Accordingly, we recognize that it is an extremely important responsibility to understand the human rights issues of countries and regions in which we operate and take appropriate actions.

We have made "Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills" one of our Key Sustainability Issues (Materiality).

In March 2022, the revised Toyota Tsusho Group Human Rights Policy was reported to the Board of Directors.

This policy is positioned as the highest-level human rights policy in the Toyota Tsusho Group.

Human Rights Due Diligence

Toyota Tsusho has initiated human rights due diligence efforts for all of its consolidated subsidiaries from the fiscal year ended March 31, 2022, to address human rights risks that impact society through its business activities.

We analyzed the human rights risks of all consolidated subsidiaries worldwide from the three perspectives of business characteristics (business type), sites (countries), and products handled, based on the opinions of both internal and external experts. We have completed the identification of 93 companies that are considered to require prioritized risk assessment by the company.

We will review the status of the management of specific human rights risks at all 93 companies through questionnaires to identify those companies that require further review and action. We will then conduct an on-site inspection of their human rights management in the presence of a third-party organization. The status of this process and the evaluation results will be reported to the Sustainability Management Committee.

Active External Activities

Positioning people (education), society (welfare), and the earth (environment) as the three key themes for our social contribution activities, Toyota Tsusho is proactively involved in initiatives that contribute to the creation of prosperous societies.

Activity Example 1

As a member of local communities, Toyota Tsusho has been steadily carrying out locally rooted activities, such as regular clean-up of the areas surrounding the Nagoya and Tokyo Head Offices.



Activity Example 2

As a social contribution activity that can be undertaken by each employee amid the COVID-19 pandemic, we held an app-facilitated walking event in which the company delivered school lunches to children in Africa and Asia through an NPO according to the number of participants who achieve a certain number of steps per day. Toyota Tsusho continues to promote this activity as a way to combine the well-being of employees and social contribution.



Activity Example 3

By providing tours of the Toyota Tsusho Group-operated hydrogen station in Nagoya's Atsuta Ward and mobile hydrogen station in Nakagawa Ward, as well as briefings by our employees on our hydrogen business and through other efforts to support "The High School Student Hydrogen & Energy Project" for Nagoya high school students studying and conducting research on hydrogen and fuel cells, Toyota Tsusho has been proactively supporting education.



Pick Up

Health and Productivity Management

Toyota Tsusho is actively undertaking health and productivity management, with the president & CEO holding ultimate responsibility. Health and productivity management is the strategic management of health from a business perspective, based on the idea that measures aimed at maintaining and promoting the health of employees provide them with greater vitality and invigorate the organization, ultimately contributing to greater productivity for the companies that employ them. In October 2017, Toyota Tsusho's top management issued the Toyota Tsusho Group Employee Health Management Declaration, announcing the company's commitment to promoting health and productivity management both within and outside the company. In March 2022, Toyota Tsusho was selected for the second consecutive year from among the companies listed on the Tokyo Stock Exchange for the Health & Productivity Stock Selection for strategically working on managing employee health from a management perspective.

Going forward, the entire Toyota Tsusho Group will undertake health management while focusing on its vision for the future to create workplaces in which each individual can work with vitality, leading to sustainable corporate growth.



Toyota Tsusho Group Employee Health Management Declaration

We of the Toyota Tsusho Group recognize that the physical and mental health of our employees is our most important asset. Thus, we welcome and respect the diversity of our employees and declare that we will strive to achieve work environments that provide peace of mind and opportunities for active participation by all. We also declare that we will unwaveringly adhere to our corporate principles and strive to become a value-creating entity by contributing to society through ever-better ways of doing business.

Environmental Management/Supply Chain Management

■ Toyota Tsusho Group's Environmental Policy

1. To pass on a better global environment to the children of the future, as a responsible corporate citizen, the Toyota Tsusho Group strives to reduce its impact on the environment by preventing and reducing environmental pollution as follows, while placing a high priority on not disturbing the global environment in conducting business.

- Contribute to the transition to a carbon neutral society, reduce greenhouse gas emissions through our business activities, and aim for carbon neutrality by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies
- Strive to preserve forests and biodiversity
- Save resources and energy, and improve efficiency
- Effectively use water and reduce the amount used in water-stressed regions

2. We promote environment-related businesses, such as the efficient use of waste and the preservation of natural resources, and contribute to the realization of a recycling-based economy and society, while reducing the discharge of waste through our business activities, in collaboration with our affiliates and business partners.

3. We comply with all environmental requirements, including environmental laws and regulations and industry guidelines.

4. We participate in activities to reduce our impact on the environment by establishing an environmental management system and implement *kaizen* (continuous improvement) of these activities through periodic review and the application of creative ideas.

5. We enhance environmental awareness among employees by providing environmental training and promoting a thorough understanding of our environmental policy.

■ Toyota Tsusho Group Biodiversity Guidelines

Basic approach

We recognize the importance of biodiversity and will seek to conserve biodiversity from both a global and long-term perspective.

Contributing through the creation of new businesses

When creating new businesses, we will aim to ensure that biodiversity can be maintained alongside our business activities by implementing risk assessment and clarifying traceability.

Cooperating with society

We will seek to create collaborative relationships with governments, international organizations, NPOs, suppliers, customers, and a wide range of other groups that work to ensure biodiversity.

Information disclosure

We will disclose our voluntary biodiversity initiatives alongside our corporate activities, and share the results of these initiatives and the monitoring results with society; in this way, we intend to contribute to the development of sustainable societies.

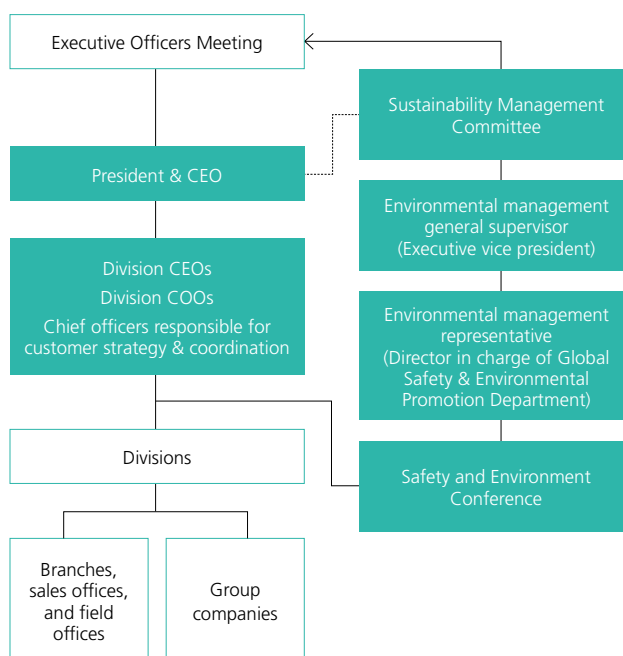
Structure for Promoting Environmental Management (As of April 2022)

The Toyota Tsusho Group's environmental management systems conform to the ISO 14001 standards in Japan and are managed following the Environmental Management Rule Book (voluntary standards) overseas. We perform periodic internal audits globally to raise the level of environmental management.

The Safety and Environment Conference, with attendance by executive officers, is held regularly for reporting on the Toyota Tsusho Group's environmental preservation programs and communicating and sharing information on statutory amendments and other matters. In the event of an environmental near miss, the case is reported, and countermeasures are shared at this meeting to establish preventive measures.

In 2021, our ISO 14001:2015 certification was renewed through approval by external audits and made valid until December 31, 2024. ISO 14001 certification has been acquired by 68 domestic subsidiaries and 139 overseas subsidiaries.

Toyota Tsusho Group's Environmental Management



Initiatives to Reduce Our Impact on the Environment

For our current business framework, we quantitatively evaluate the degree of risk of environmental pollution being caused by our business operations including all equipment and the level of worksite control to reduce our risk of environmental pollution.

We also evaluate our adherence to environmental laws and regulations every six months and implement double checks on legal observance for key issues through internal and external audits.

For any new investment projects, we make efforts to conserve the environment and reduce our impact on it by investigating and evaluating the possible environmental effects of such investment in advance.

CDP

Toyota Tsusho has been participating in CDP since the fiscal year ended March 31, 2017. CDP, which is an international NGO that was established in London in 2000, calls on participating companies to disclose strategies for climate change and specific figures on the amounts of greenhouse gases emitted. As a representative of institutional investors with total operational assets reaching 106 trillion U.S. dollars, CDP sends questionnaires to companies, analyzes and evaluates their responses, and discloses scores. Scores are ranked according to eight levels: A, A-, B, B-, C, C-, D, and D-.

CDP Evaluation Results for the Fiscal Year Ended March 31, 2022



Climate change	Water security	Forests		
		Timber	Palm oil	Soy
A-	A-	A-	B	B

Supply Chain Management

The Toyota Tsusho Group has constructed a globally diverse value chain and believes that sustainability and CSR that take into consideration human rights, labor environments, and the natural environment must be promoted throughout all supply chains in each region.

In 2012, Toyota Tsusho formulated the Supply Chain CSR Behavioral Guidelines to foster a common understanding of sustainability and CSR, coordinate CSR initiatives, and realize mutual sustainable growth with suppliers. These guidelines were revised in 2019 and 2022 to clarify the common understanding we have with our suppliers in response to the increased awareness of human rights and environmental issues and the identification of the Toyota Tsusho Group's Materialities.

In the 2022 revision, we mainly clarified our stance on human rights and the environment further as well as changed the name of the guidelines to the Supply Chain Sustainability Behavioral

ISO 50001

Toyota Tsusho acquired ISO 50001:2018 (energy management systems) certification in 2020. The scope of the certification covers business sites in Japan (18 sites in 11 prefectures) subject to notification requirements as specified businesses under the Energy Conservation Act as well as employee benefit facilities. We created energy management standards for each site and periodically confirm their implementation status by conducting energy-saving audits to encourage energy-saving measures.



Biodiversity Guidelines

Toyota Tsusho formulated the Toyota Tsusho Group Biodiversity Guidelines in December 2015 (revised in December 2019). For details, please see page 74.



For information on management, initiatives, and performance data regarding the environment, please see "Environment" section on Toyota Tsusho's website.
<https://www.toyota-tsusho.com/english/sustainability/environment/>

Guidelines. The contents of the guidelines have been reported to the Board of Directors. We will continue to update the guidelines as appropriate in response to changes in the external environment.

In line with the 2022 revision, we again shared our guidelines with approximately 1,400 suppliers that have transactions with us exceeding a certain amount and asked them to put the guidelines into practice. In addition, we will conduct monitoring based on the guidelines. Specifically, we will conduct risk analysis, and for those suppliers identified to be at high risk, we will review their compliance status through questionnaires on their implementation status and, if necessary, on-site audits.



For additional information on the Supply Chain Sustainability Behavioral Guidelines, please see "Supply Chain" page on Toyota Tsusho's website.
<https://www.toyota-tsusho.com/english/sustainability/social/supply-chain.html>

At a Glance



Metals Division

P.78



Automotive Metal Sheet Products	Processing and distribution of metal sheets for automobile production (automotive steel sheets and non-ferrous metals)
Metal Products	Processing and distribution of metal products used for automobile production and other purposes, and energy and infrastructure-related metal businesses
Non-ferrous Metals	Processing and distribution of non-ferrous metal ingots, materials and products, price hedging, and development of rare metal and rare earth resources
Resources Recycling	Molten aluminum supply and compliant collection and recycling of waste metal from factories and markets, ELVs, and other materials

Market Environment As the demand for resources recycling and carbon neutrality increases, customers have high expectations for the global expansion of integrated vein and artery businesses, which are one of our division's strengths. Along with those expectations, there is a rising demand for reforms to our business continuity plans (BCP), given the ongoing disruptions to our supply chains caused by natural disasters, the COVID-19 pandemic, and the state of society. We expect to see growing needs for diverse products and functions tailored to individual regions.



Global Parts & Logistics Division

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Global Parts	Construction of optimized supply chains with mixed loading and supply-and-demand management functions in the export/import and global procurement of parts
Logistics and Module	Logistics services linked to customer production activities, automotive parts assembly services such as overseas tire and wheel assembly and operation of technopark businesses to support the overseas expansion of small and medium-sized businesses
Materials & Auto Parts/Accessories	Provision of integrated functions ranging from planning, development, and materials procurement to production and sales of automotive interior and exterior parts and accessories
Business Development	New business creation with a focus on environmental solutions, aircraft parts, airport management, and fuel cells

Market Environment In conjunction with instability in supply chains due to natural disasters and the effects of the COVID-19 pandemic, customer expectations of the division concerning business continuity plans (BCP) have increased. Furthermore, the environment of the automobile industry, which is our division's primary market, is changing as progress is made in the development of next-generation mobility. We are being called on to create competitive new technologies, products, and services that contribute to the realization of carbon neutrality.



Automotive Division

P.82



Automotive Distributors	Operation of automotive distributors to import and sell products in designated markets on behalf of manufacturers
Automotive Dealers	Operation of automotive dealers under distributors in which dealers provide comprehensive retail services including after-sales services
Value Chain Business Related to Automotive Sales	Building of comprehensive automotive value chains, primarily in countries in which the division conducts distribution businesses, with small-scale and medium-scale vehicle assembly, vehicle installation and conversion, used car sales, and captive financing and leasing in addition to spare parts supply and after-sales services

Market Environment The division's primary markets are emerging countries, where progress in motorization is expected to generate demand for automobiles. Meanwhile, the entire automobile industry is accelerating its electrification efforts in order to contribute to the global trend of carbon neutrality. Amid this paradigm shift, we are being called on to supply services that have a high level of added value and that can help solve local social issues.



Machinery, Energy & Project Division

P.84



Machinery	Domestic and international trading in manufacturing and logistics equipment, parts, tools, and construction equipment, primarily for the automotive industry and provision of integrated support functions for related design, repair, and installation
Energy Infrastructure Solutions	Development and operation of renewable energy businesses including wind, solar, hydroelectric, geothermal, and biomass energy and the development and operation of energy-related businesses as a whole Development and operation of infrastructure including airports, ports, and electric power and businesses involved in the supply of fuels including LNG and biodiesel

Market Environment The automotive industry is on the cusp of a once-in-a-century profound transformation, and automobile electrification is progressing rapidly. Moreover, in order to reduce global greenhouse gas emissions, measures for creating a carbon neutral society will proceed at a rapid pace. For example, markets for renewable energy including offshore wind power are expected to expand rapidly and ships are switching from diesel fuel to clean fuels including LNG and biofuel.



Chemicals & Electronics Division

P.86



Automotive Materials	Global implementation of integrated functions ranging from the procurement of raw materials to parts processing, sales, logistics, and molding, and the provision of customer-oriented technology
Chemicals	Production and sales of a wide range of products from detergent raw materials, sanitary materials, and packaging materials to solvents, iodine, and fine chemicals, operation of manufacturing businesses for these products, handling of industry-leading biomass plastics, and development of the plastic recycling business
Electronics	Sales of electronics components incorporated into vehicles, consumer electronics, information and communications devices, and industrial equipment, development and sales of software, and global rollout of information and communication technologies (ICT) services

Market Environment As ICT services are being fully integrated into a wide range of industries, chemicals and electronics demand is increasing and needs are diversifying, particularly in emerging countries. Moreover, rising environmental awareness around the world is expected to increase the demand for environmentally friendly technology and products. The automotive industry is developing new technologies and materials to make vehicles electrified, more lightweight, and environment friendly, and it is accelerating innovation in autonomous driving and other next-generation mobility technologies.



Food & Consumer Services Division

P.88



Food & Agribusiness	Grains: Contribution to the stable supply of grains based on expertise gained from a leading volume of grain handling in Japan and development of produce collection businesses overseas Foods: Meet diversifying needs for foods and develop businesses that help solve social issues in the agriculture and aquaculture fields
Life Style	Insurance: Operating property and casualty insurance and life insurance agencies in Japan and overseas, expanding overseas operations by establishing insurance brokerages, and brokering insurance for foreign companies Textiles: Planning, production, logistics, and sales of products from raw materials to textiles and fiber products Living environment: Development of apartments for rent and sales, planning and sales of housing materials, and operation of overseas hotel residences Healthcare and medical: Operation of overseas healthcare-related businesses, rehabilitation businesses, and nursing care product business

Market Environment The COVID-19 pandemic shows little sign of stopping, and geopolitical risks are becoming manifest, resulting in soaring prices for various resources such as crude oil and grains. Furthermore, a greater focus on protecting the environment is rapidly spreading worldwide, resulting in sporadic changes. We are being called on to respond in a flexible and timely manner to changes in consumer needs.



Africa Division

P.90



Mobility	Automobile sales and after-sales services, used car sales, small- and medium-scale vehicle assembly, construction and agricultural machinery import, wholesale, and leasing throughout Africa, automobile production support, local parts production, distributor businesses, and next mobility/Mobility as a Service (MaaS) businesses through investment in start-ups
Healthcare	Wholesaling of pharmaceuticals mainly in western Africa, production of pharmaceuticals in North Africa, and retailing of pharmaceuticals in East Africa
Consumer	Manufacture and wholesale of consumer goods (cosmetics, beverages, etc.), shopping mall and supermarket development and operation
Infrastructure	IT businesses, including system development, integration, and maintenance, and infrastructure businesses, including port development and renewable energy

Market Environment The African market, which is the focus of the division, has experienced accelerated growth since 2018, and sustainable growth is expected to continue in the future. In the medium term, Africa is expected to post a growth rate higher than the global average. This expansion is projected to increase the middle class from 350 million people in 2010 to about 500 million people by 2030.



Metals Division



Using material innovation in the mobility field as the starting point, we will contribute to the solution of social issues such as the achievement of a circular economy and carbon neutrality.

Executive Vice President, CEO for Metals Division **Akihiro Sago**

Business Model and Mid-term and Long-term Strategies

The Metals Division views steel and non-ferrous metals as products with unique properties and functions rather than simple materials. This approach allows us to provide optimal products and logistics matching the needs of both suppliers and users. Furthermore, through restructuring our SBUs* into four—Automotive Metal Sheet Products, Metal Products, Non-ferrous Metals, and Resources Recycling—we have made possible swift and specialized responses to a broad range of customer needs from both the “arteries” and the “veins,” with such responses being suited to each industry and product.

Specifically, to respond to the drastic changes in the world, the division continues to create and offer new business values in both automotive and non-automotive industries, synergizing functions, technologies, and markets, as well as procurement capabilities with the global network we have developed and our diverse processing and logistics functions available on a global basis.

In its mainstay automotive-related field, the division is developing its existing functionalities in response to the changing needs of this era of profound transformation in the automotive industry, and it is striving to create new functions and businesses to lead the revolution in vehicle weight reduction and electrification. Armed with these functionalities, the division is also taking an expansive view of the mobility

society of the future and actively addressing the new needs of customers and tomorrow’s society to further grow business.

In its non-automotive businesses, the division is generating synergies with its automotive-related businesses. At the same time, because of the breadth of the non-automotive business field, the division is developing new markets and businesses in areas in which Toyota Tsusho is strong, such as recycling and materials development, focused on areas that lead to the solution of social issues, including the transition to a carbon neutral society and recycling resources.

Furthermore, initiatives targeting the division’s management base include more than just the introduction of digital tools in the DX field. We are also focusing on measures that lead to new value creation through the leveraging of digital technologies. The division has been significantly advancing its efforts to implement work-style reforms in this era of coexistence with COVID-19 pandemic and is striving to create work environments receptive to flexible work modes and diverse ways of thinking.

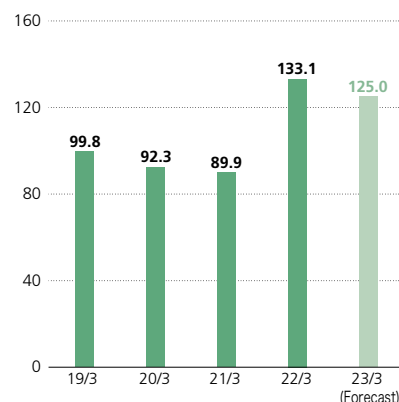
Through these wide-ranging initiatives, the division is developing existing businesses while exploring new businesses and has established a well-balanced business structure that is resilient to change to achieve its mid- to long-term goals.

* Strategic Business Unit

Business Performance and Forecast

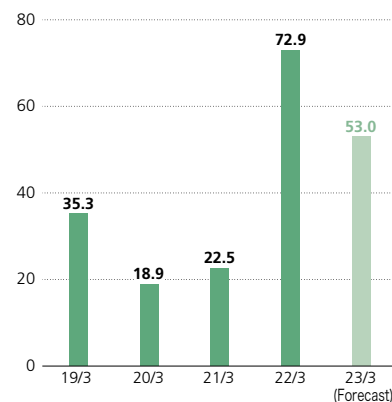
Gross Profit

(Billion yen)



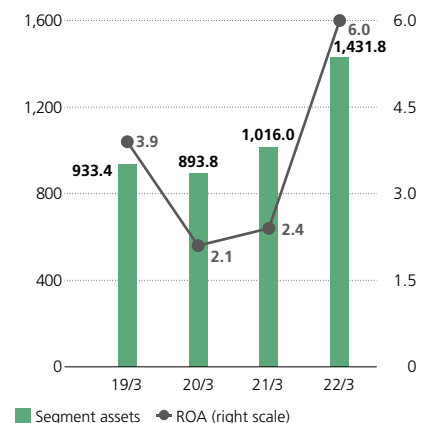
Profit for the Year Attributable to Owners of the Parent

(Billion yen)



Segment Assets/ROA*

(Billion yen)

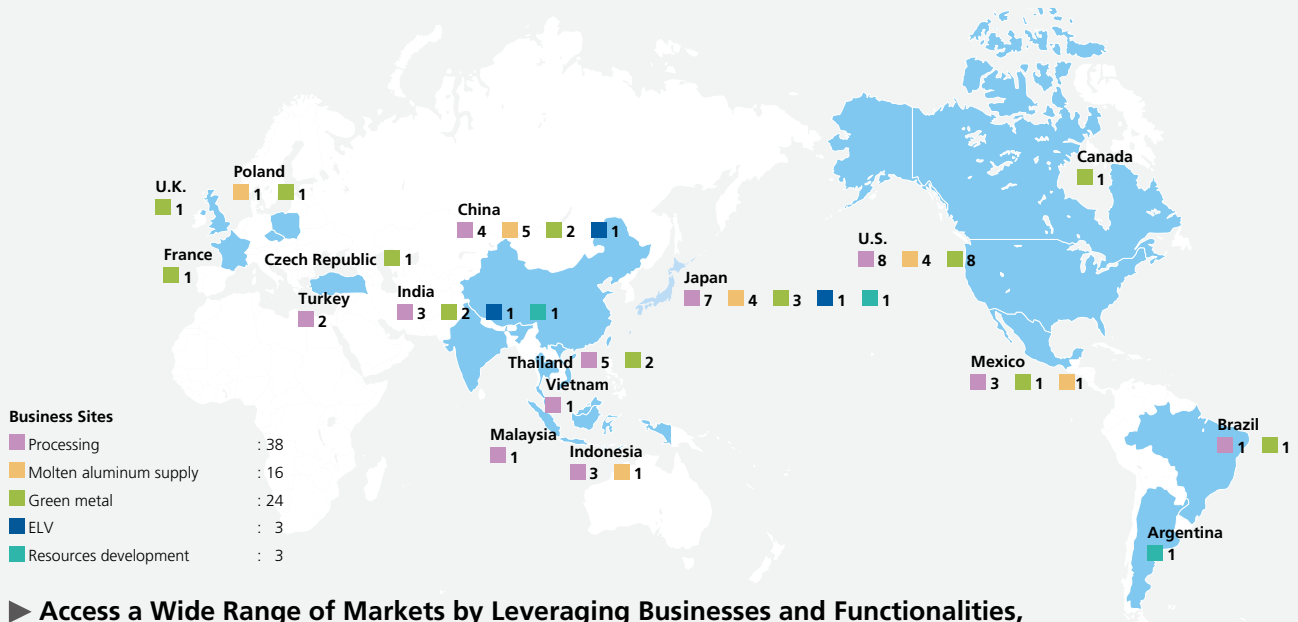


* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

► Metals Division's Business Portfolio

As a multi-materials organization, the division now has a total of 84 highly functional business sites in 17 nations and plans to continue to expand its scope of operations.



► Access a Wide Range of Markets by Leveraging Businesses and Functionalities, from Both the "Arteries" and the "Veins"



Feature 1 We are developing our businesses in response to comprehensive logistics needs, including the processing of each product globally in the automotive and other fields. In addition, we support our customers' day-to-day production activities through the handling of multi-materials. Furthermore, we are also advancing efforts in the resource development business (lithium, rare earth resources), which supports the future electrified society.

Feature 2 We are accelerating collaboration with strategic partners in each region around the globe while expanding our company's unique businesses and simultaneously reducing our environmental burden, as called for by society. We are also advancing our contribution to the future of society through the construction of a sustainable resources recycling business.



Global Parts & Logistics Division



We will change the concepts of production, transportation, and connection to fulfill our responsibilities to the future society and achieve sustainable growth.

CEO for Global Parts & Logistics Division **Jun Eyama**

Business Model and Mid-term and Long-term Strategies

The Global Parts & Logistics Division will apply its integration functions in our areas of strength—including our global network, logistics infrastructure, supply-and-demand management, and assembly—and work together with partners that have technological capabilities to change the concepts of production, transportation, and connection to fulfill our responsibilities to future society and achieve sustainable growth.

The division has 167 sites operated by 110 subsidiaries in 38 countries around the world. By using these sites and our logistics networks and by establishing an optimally integrated parts logistics system, the division has established a global automobile parts supply chain.

In the area of production, our operations include tire and wheel assembly and other assembly businesses, a production business for airbag cushions and other parts, as well as an interior and exterior parts and accessories business covering all aspects of operations from planning and development through raw materials procurement and processing. Furthermore, we aim to achieve circular manufacturing in the medium to long term by recycling and reusing the materials used.

In the area of transportation, we successfully serve the diverse needs of our customers by using our global logistics network and supply-and-demand management functions. In addition, we promote

CO₂ reduction in the field of logistics by working with partners that have digital technologies in areas such as logistics optimization and the development and reuse of packaging materials used in transportation.

In the area of connection, we combine the division's unique business partner network, manufacturing and logistics functions, and our systems for managing global supply chains to provide solutions that meet frontline needs and achieve tasks such as the central management of data, contributing toward solving issues faced by customers not just in the automotive industry but also other industries.

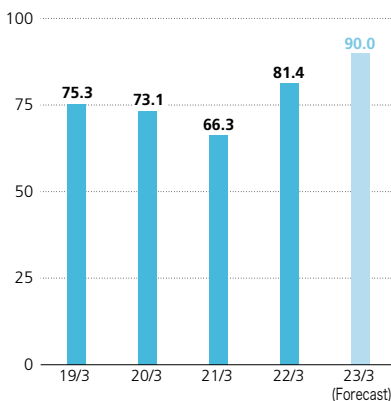
To achieve these, we will continue to focus on the identification of cutting-edge technologies and new materials and the development of new functions. In addition, the division is promoting business diversification by finding new business partners and customers and seeking to expand our network, including in the field of environmental solutions.

Toward achieving carbon neutrality, we connect people, products, technologies, and society in environmentally friendly ways and contribute to the development of a next-generation mobility society.

Business Performance and Forecast

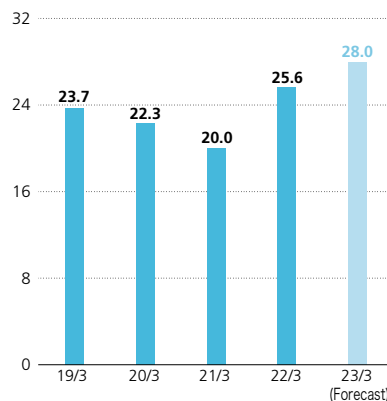
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

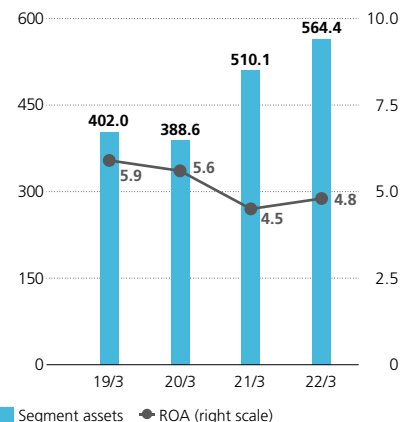
(Billion yen)



Segment Assets/ROA*

(Billion yen)

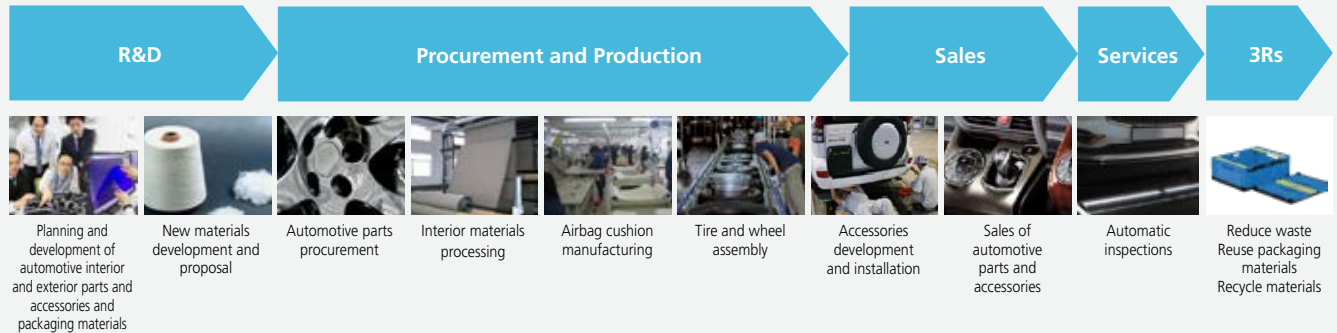
(%)



* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

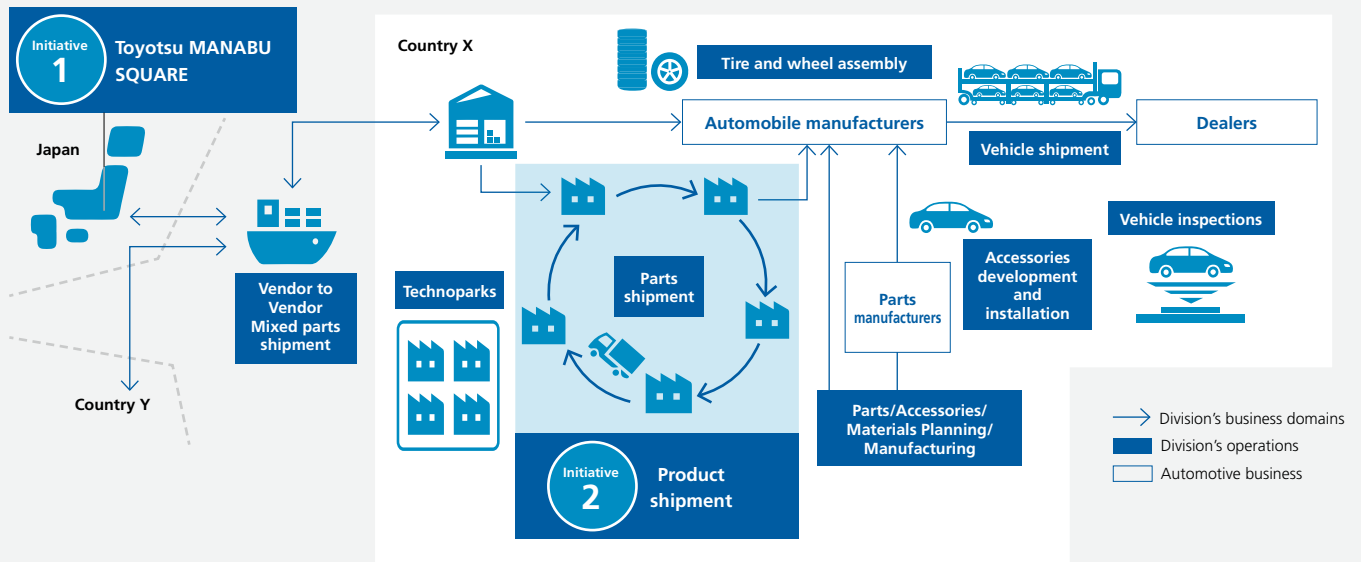
- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

Automotive Value Chains Provided by the Global Parts & Logistics Division



Business Lines of the Global Parts & Logistics Division

Automotive Businesses



Non-automotive Businesses



Initiative 1

Toyotsu MANABU SQUARE

In anticipation of the spread of battery electric vehicles (BEVs), we opened this facility to enable visitors to experience the differences between internal-combustion-engine vehicles and BEVs. Using cutaway models, disassembled parts, panels, and other items, we are exhibiting and introducing changes in vehicles, differences in parts and structures, Toyota Tsusho's carbon neutrality initiatives, and other themes to promote activities that will help solve issues and problems in the automobile industry. The facility contributes to the automobile industry and initiatives for addressing environmental issues.

Initiative 2

Shipment and Delivery Optimization

We practice measures such as reducing the number of truck trips through mixed loading and joint deliveries and reducing driving distance by using optimal route planning. By introducing systems for eliminating logistics inefficiencies and reducing environmental impact, which are key issues for the logistics industry, we aim to optimize logistics across the entire industry and contribute to the creation of a sustainable society.



Automotive Division



We aim to become the world's most reliable mobility business organization by generating our added value in both products and services in markets undergoing innovation.

CEO for Automotive Division **Shigeru Harada**

Business Model and Mid-term and Long-term Strategies

The Automotive Division exports passenger cars, commercial vehicles including trucks and buses, industrial vehicles, and spare parts primarily produced by Toyota Group automobile and transport equipment makers, in Japan and overseas to countries around the world. The division operates a distributor business and dealer businesses through a global network that spans 150 countries. By building community-based automobile sales systems that provide sales, spare parts, and after-sales service operations and by creating “best in town” dealers that are trusted by customers, the division is working to create a safe and reassuring mobility society.

As moves toward achieving carbon neutrality accelerate around the world, the division will seek to provide functions tailored to the distinctive features of individual regions and markets. In particular, in emerging regions such as Asia and Latin America, where further growth is expected, we are deeply involved in the broad mobility value chains from upstream to downstream including small- and medium-scale vehicle assembly, sales, captive financing and leasing, after-sales services, and used vehicle distribution and sales. By providing services, with a high degree of added value, we seek to contribute to the development of societies and economies.

To accurately assess recent and constantly changing social and economic trends, such as the new normal brought about as a result of the COVID-19 pandemic, the electrification of automobiles, and geopolitical destabilization, the division is exploring its business fields and searching for new business fields so that we can provide services that meet diversifying needs.

In March 2021, our company became the first in the world to obtain the World Health Organization (WHO)'s Performance, Quality and Safety Prequalification (PQS) for our refrigerated vehicles for transporting vaccines. To supply vaccines to as many people as possible, we are taking active measures in the global health field by developing cold chains.

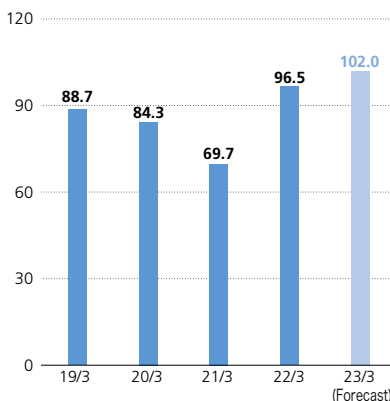
In this manner, we are providing value in four areas—mobility value (the pursuit of safety, security, and comfort), social value (creation of employment and resolution of healthcare issues), environmental value (contributions to the environment and ecosystems), and economic value (revitalization of local economies)—to contribute to the realization of a sustainable society.

Furthermore, the division serves as a good business partner on the front line across countries and regions for identifying non-automotive business opportunities to drive the expansion of business fields for Toyota Tsusho as a whole.

Business Performance and Forecast

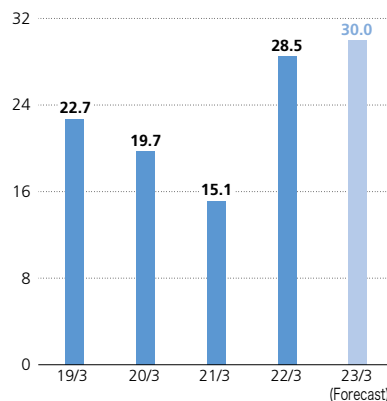
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

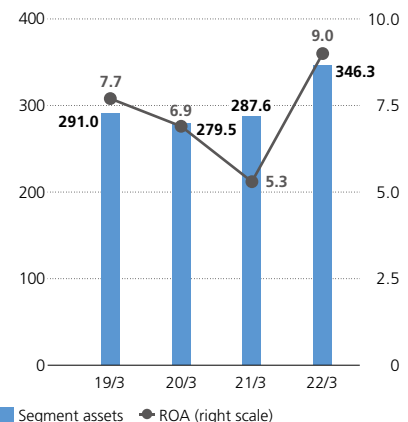
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

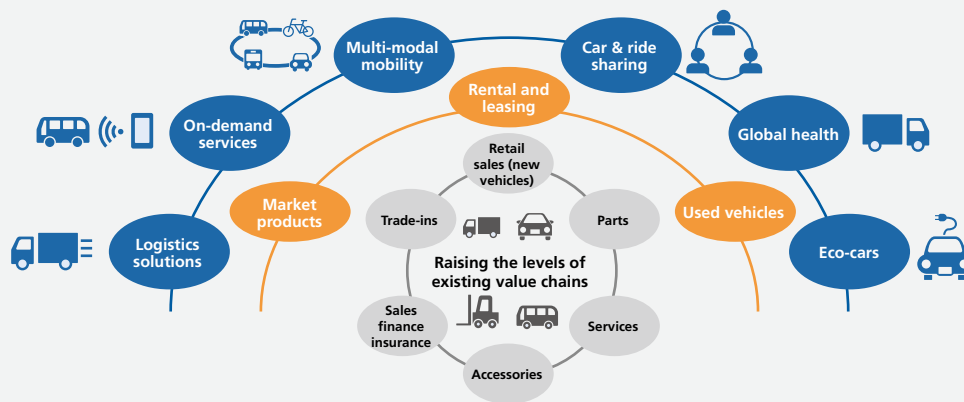
Worldwide Operations and Regional Strategies



Build and Expand the Mobility Value Chain



Respond to Diversifying Lifestyles and New Mobility Needs



Feature 1

The division currently operates distributors, dealers, and other related businesses and is expanding services in 48 countries and regions with a focus on emerging countries that are expected to experience full-scale motorization in the future. Going forward, we will focus on and actively develop markets in which we can provide added value.

Feature 2

We are increasing the division's added value and developing business opportunities in broad-ranging value chains from upstream to downstream including the "3S" (sales, spare parts, and after-sales service) operations of dealers. We are also acquiring knowledge in new mobility service areas and working to help solve various problems related to the transportation of people and goods.



Machinery, Energy & Project Division

Through enhanced competitiveness, continuously improved efficiency, and human resources development, we will realize a highly productive organization, while accelerating management that responds to the needs of a next-generation mobility society and contributes toward building a sustainable society through achieving carbon neutrality.



CEO for Machinery, Energy & Project Division **Yasuhiro Nagai**

Business Model and Mid-term and Long-term Strategies

The Machinery, Energy & Project Division is engaged in the machinery business and the energy and infrastructure solutions business.

In the machinery business, the division provides integrated support capabilities for production equipment, mainly for the automotive industry. In its non-automotive business, the division sells industrial machinery, analytical instruments, textile machinery, and other equipment around the world. In addition to establishing a new business foundation using DX and creating new businesses in CASE fields such as battery products, we are also striving to reduce CO₂ emissions from manufacturing centered on energy-saving environmental diagnosis to achieve a carbon neutral society.

In the energy and infrastructure solutions business, we are undertaking efforts such as renewable energy development toward achieving a carbon neutral society and infrastructure development that contributes toward the creation of a sustainable society.

The division is expanding renewable energy power generation businesses around the world, including wind, solar, hydroelectric, geothermal, and biomass. We provide competitive renewable energy through further power development, including virtual power plants (VPPs*) and decentralized power sources, while not only promoting development in Africa and other emerging countries but also strengthening our power generation business, such as through offshore wind power initiatives. We also provide necessary solutions to mitigate our customers' negative

environmental impact, including the switching of ship fuels to LNG and supplying high-quality and clean fuels such as biodiesel. In Miyazaki Prefecture, we are growing cedar container saplings through a partnership with the Miyakonojo Forest Owners Association for promoting the circular usage of forest resources.

Concerning infrastructure development, we are helping emerging countries solve social issues. In areas where we have a strong presence—the Middle East, Africa, and other regions with emerging countries—we are developing infrastructure in many segments, such as through business proposals, finance, basic engineering, equipment procurement, and construction, while also providing operation of infrastructure, including airports, seaports, and water-related facilities.

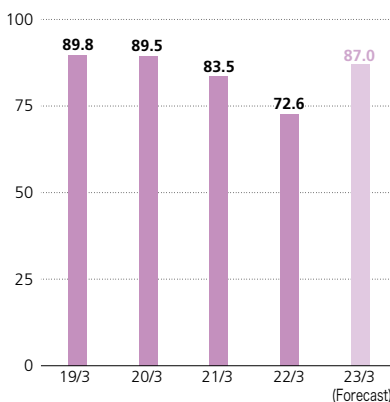
Against the backdrop of the profoundly changing external environment, such as change in automotive industrial structures due to vehicle electrification, the rapid expansion of renewable energy markets toward achieving a carbon neutral society, and diversified needs in Middle East, Africa, and other emerging countries, the division strives to achieve sustainable growth by taking on challenges in new business domains and solving customers' problems with an awareness of the need to solve social issues, while making the revenue base of its current business leaner and more formidable.

* A virtual power plant connects distributed power sources via a network and adjusts the balance of electricity supply and demand.

Business Performance and Forecast

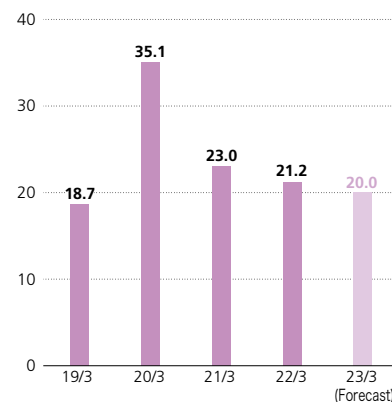
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

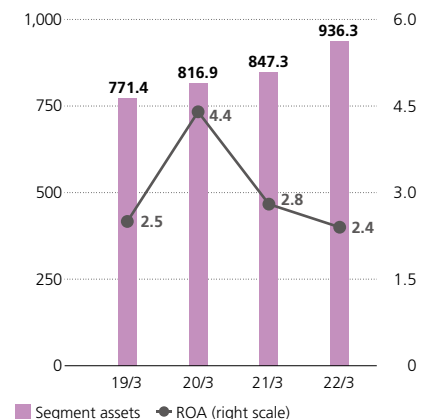
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)

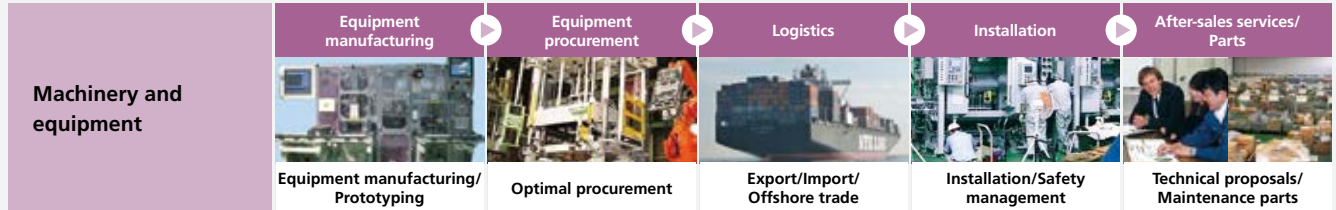


* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies
- Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations

► An Integrated Support Function for Machinery and Equipment

Feature 1



► Strengthening the Renewable Energy Business

Feature 2

Example of Power Generation, Transmission, and Storage Business in Northern Hokkaido, Japan

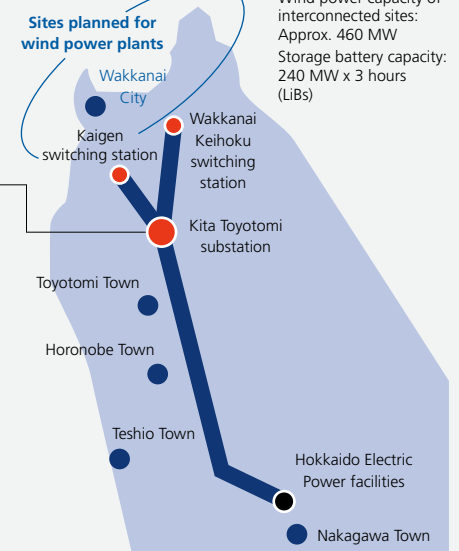
Wind power station



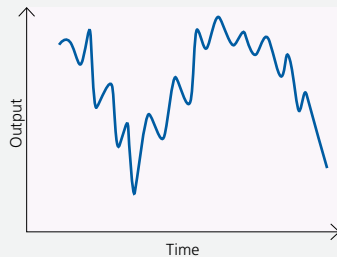
Storage battery system



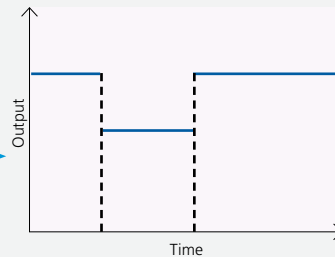
Overview of transmission routes



Before output shaping with storage batteries



After output shaping with storage batteries



- By constructing power lines, the division contributes to making renewable energy more available for regions where the environmental condition works favorably to wind power generation but the power grid system connecting the generation is vulnerable.
- Storage battery systems, by providing both charging and discharging, supplement the unstable power generation from wind, enabling a steady supply of renewable energy without burdening electric power systems.

Feature 1

The division not only procures and sells various types of machinery and equipment but also provides comprehensive support services from planning, proposals, and technological development to quality control, efficient logistics, installation, and after-sales services, significantly contributing to the building of customers' production systems.

Feature 2

The division raises operation rates and lowers its operation cost by analyzing an abundance of operation data of wind power stations and by providing effective maintenances. The division continues to endeavor to be an operator that provides solutions, such as the stability and cost-effectiveness required for the renewable energy.



Chemicals & Electronics Division



We provide customers with further added value by connecting people, technologies, and services to contribute to the creation of a prosperous and comfortable society based on the further evolution of chemicals and electronics.

CEO for Chemicals & Electronics Division **Akio Hamada**

Business Model and Mid-term and Long-term Strategies

The Chemicals & Electronics Division conducts business in three fields—automotive materials, chemicals, and electronics—and has the advantage of possessing wide-ranging networks and a wealth of knowledge. By combining these strengths with new technologies and positioning decarbonization as one of its top priorities, the division intends to focus on 1) measures for creating a new mobility society, 2) circular economy businesses that reduce the impact on the natural environment, and 3) businesses that contribute to the economy of life (EoL), as it works as one to expand in domains that will be strongly demanded by society in the future.

In the automotive materials business, the division is concentrating on globally establishing battery supply chains for local production for local consumption in anticipation of growing battery demand. From the perspectives of decarbonization and recycling businesses, the division is striving to establish a car-to-car recycling system and plans to initiate the stable supply of recycled materials from recycler PLANIC Co., Ltd., in which it has invested and which is scheduled to start operations this year. Also, the division will use recycled materials, such as automobile shredder residue, waste materials from automobile parts plants, and dismantled automobile parts, to contribute to decarbonization. Furthermore, it aims to contribute to the development of optics for use in next-generation automobiles by applying its vehicle-lamp optical lens technologies.

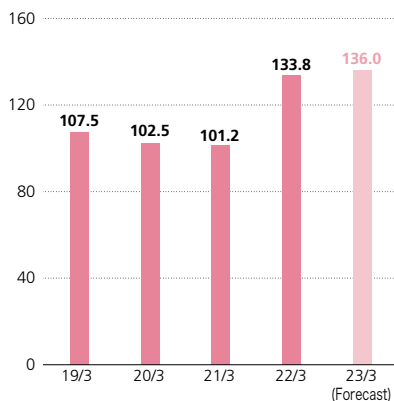
In the chemicals business, the division handles a wide range of chemical products, such as detergent raw materials, sanitary materials, and packaging materials, and strives to expand its business even further by leveraging its well-advanced sales network. With regard to the production and sales of the important resource iodine, of which the division has a large share in the global market, the division is strengthening its value chains through activities such as the manufacture and sale of iodine compounds. Furthermore, it is working to establish new businesses to become an industry leader in raw material recycling and conversion, such as by promoting plastic resource recycling and the widespread use of plant-derived biomass plastics.

In its electronics business, the division is Japan's largest trader of electronic devices and supplies electronic devices and software globally. With keen foresight when it comes to changing technologies, the division is developing technologies for environment-conscious vehicles and developing electronic devices and services for connected cars. It is also readying advanced infrastructure and developing and commercializing services for a society that will be based on autonomous driving. The division is not only globalizing networking businesses that connect people and products but also strengthening business creation by combining know-how, functions, and technologies for realizing a smart society. By converging the domains of electronic devices and ICT, it is also contributing to the creation of new value and a sustainable society.

Business Performance and Forecast

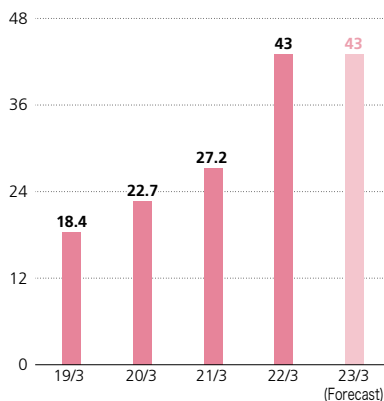
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

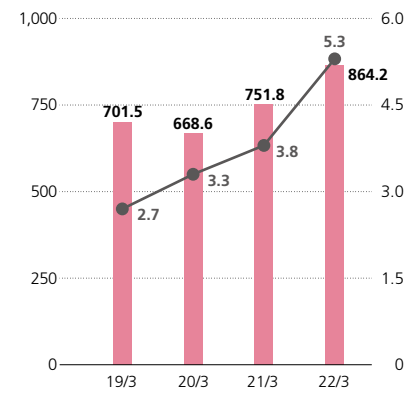
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

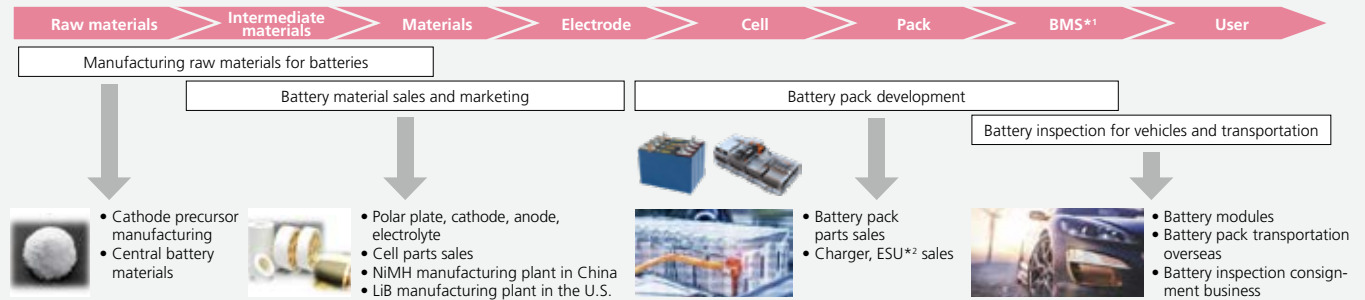
- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

► Initiatives in the Automotive Materials Business

Feature 1

Development and Development-assistance Business

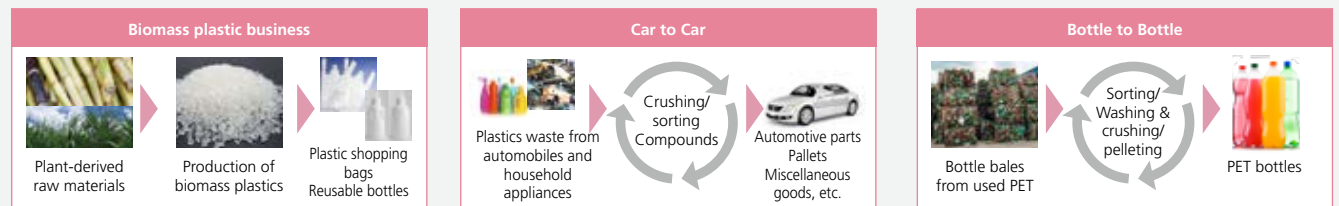
Problem-solving proposals at all stages of the value chains



*1 Battery Management System
*2 Electricity Supply Unit

► Initiatives in the Chemicals Business

Feature 2

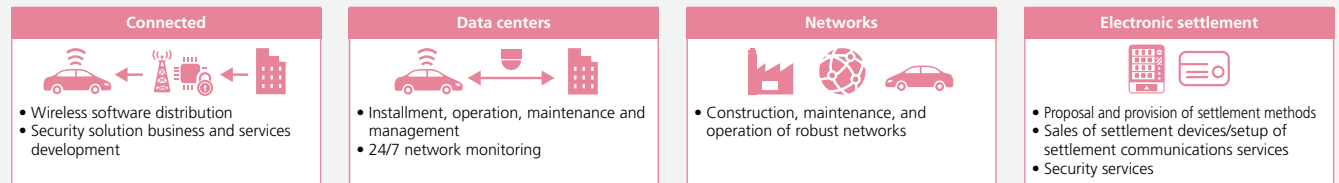


► Initiatives in the Electronics Business

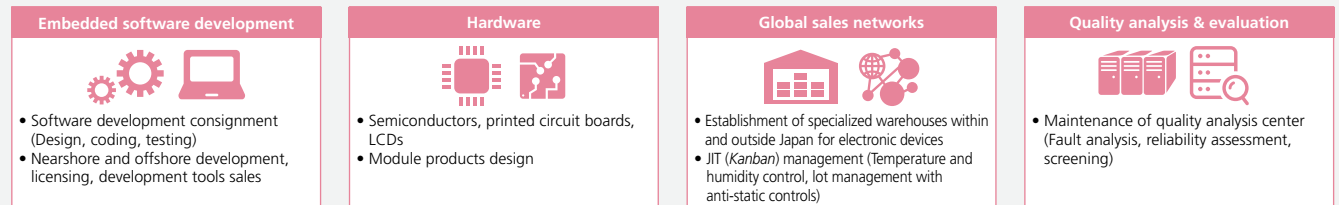
Feature 1

Feature 2

Information Industry Business Domain



Electronic Devices Business Domain



Feature 1

To respond to what is said to be a once-in-a-century profound structural transformation in the automobile industry, we are using our wide-ranging knowledge in the automotive materials business as a strength to provide functions that integrate processes from product development and design to production as well as technology that has our customers in mind. In the electronics business, we sell products that have the strengths of semiconductors with state-of-the-art technology and embedded software technology, design and develop modular products, and are engaging in the MaaS* business.

* Mobility as a Service

Feature 2

We are accelerating our initiatives related to carbon neutrality and circular economy businesses to maintain sustainable growth with society. In the chemicals business, we handle industry-leading biomass plastics and are developing the plastic recycling business. In the electronics business, we are responding to the electrification of automobiles by reinforcing our power semiconductor and engineering functions.



Food & Consumer Services Division

We aim to protect people's lives and healthy and prosperous lifestyles, as well as create new value for society, by helping to solve social issues through our business activities.



CEO for Food & Consumer Services Division **Hiroshi Yonenaga**

Business Model and Mid-term and Long-term Strategies

The Food & Consumer Services Division is engaged in a diverse range of businesses in six business fields, contributing to the healthy and prosperous lifestyles of people through global markets. The division is also actively working to realize a sustainable society.

In the grain business, the division's strengths are its many years of experience and expertise in the grain silo business in Japan. Globally, it is primarily enhancing initiatives for the stable supply of environmentally friendly Brazilian grain and will continue to link its knowledge with its assets, functions, and global network to further expand its businesses.

In the food business, the division is committed to safety management unique to Toyota Tsusho at manufacturing and processing centers and food service companies in Japan and overseas to supply high-quality products. The division also responds flexibly to increasingly diverse customer needs while working to reduce food loss by optimizing the value chain, starting with the consumer.

In the insurance business, the division's strengths are class-leading sales agencies in Japan and its insurance brokerage business overseas. While also increasing support for the renewable energy business, which is of high interest for carbon neutrality initiatives, the division is providing end-to-end services, ranging from risk analysis to insurance arrangement.

In the textile business, the division is using its strength as a comprehensive supplier that handles everything from materials development to production and sales to actively reduce apparel loss and environmental impacts, which includes ensuring traceability, recycling clothing and industrial materials, and developing materials and products made from recycled resources.

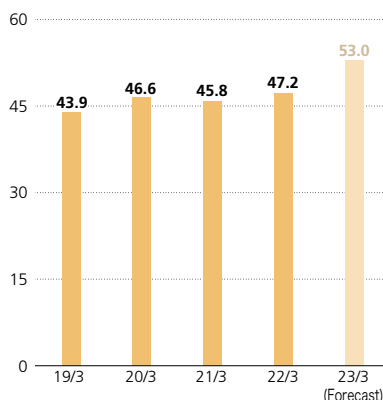
In the living environment business, the division is making effective use of hotel residences to support companies that are expanding operations overseas as well as company-owned real estate and is implementing renovation rental projects. The division is also providing infrastructure with an emphasis on differentiated products and services to support the lives of consumers and the activities of businesses in Japan and overseas while developing communities where people can lead secure, comfortable, and healthy life styles.

In the healthcare and medical business, the division is reinforcing the rehabilitation business, nursing care products business, and other businesses intended to help solve social issues in Japan. The division is also contributing to the development of local healthcare in India by developing the hospital business and building connections with peripheral businesses to provide Japanese healthcare technologies and services.

Business Performance and Forecast

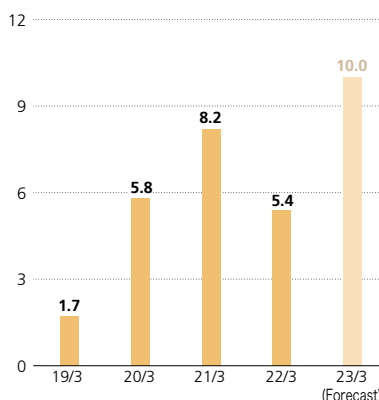
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

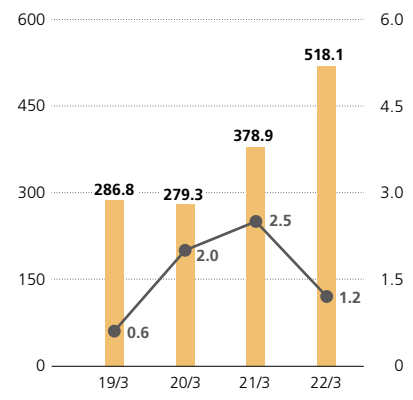
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

- Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

▶ Contributing to a Sustainable Society through Business Activities

Feature 1

Food & Agribusiness SBU

Sustainable Supply of Marine Resources



The Food & Agribusiness SBU developed an automated juvenile bluefin tuna size measurement service that utilizes AI and IoT technologies. The service is expected to improve efficiencies during the process of sizing cultured fish in breeding tanks and significantly improve productivity in the aquaculture industry.

Stable Supply of Grain Raw Materials



The SBU is taking a long-term approach to the concentrated allocation of management resources, in line with predicted population trends, to ensure stable supply systems. In consideration of the environment as well, it has stopped procurement of materials from agricultural land developed through illegal forest destruction.

Reducing Food Loss



In collaboration with affiliates and partners, the SBU is working to extend food validity dates while continuously improving logistics and optimizing supply and demand. By eliminating waste in supply chains, it will be able to contribute to the reduction of food loss.

Life Style SBU

Sustainable Materials



The Toyota Tsusho Group sources Fairtrade-certified cotton with end-to-end coverage from procurement of raw cotton through to manufacture and sales. It is also working to expand awareness of Fairtrade products through all processes from production to consumption.

Sustainable Cities and Lifestyles



The SBU is contributing to the creation of sustainable cities and life style through trade in environment-conscious products and disaster mitigation products, including solar power systems, storage batteries, and waterproof sheeting, and through effective utilization of company-owned real estate.

Risk Insurance Offerings



The SBU's insurance business provides everything from risk analysis to insurance arrangements for renewable energy businesses. It helps ensure the sustainability of customers' businesses through new risk insurance offerings such as cyber risk insurance and COVID-19 insurance.

▶ Protecting Lives and Lifestyles, and Expanding Business Globally

Feature 2

Sakra World Hospital

In 2014, the Toyota Tsusho Group worked with partners to open the Sakra World Hospital in India. Connecting digital services and clinics operated by the Toyota Tsusho Group in Africa, it will provide remote treatment to improve medical services at both those clinics and the hospital in India. In this way, the group will contribute to improving the safety quality, and efficiency of healthcare in the countries concerned.



Pharmaceutical Wholesaling Business in India

In 2021, the Toyota Tsusho Group entered the pharmaceutical wholesaling business through investment in India's Skites Pharma Private Limited. It is building systems in India for the timely delivery of pharmaceutical products to hospitals and pharmacies.



Grain Business in Brazil

In central and northeastern Brazil, the Toyota Tsusho Group is using its grain infrastructure business, starting with company-owned warehouses and export terminals, to strengthen the stability of grain procurement and supply systems. The group aims to contribute further to the stable supply of grain globally. Also, its cottonseed oil production and sales business is one of the leading businesses in Brazil in terms of the quality and quantity of cottonseed oil handled.



AXIA Business

In 2014, the Toyota Tsusho Group started operating serviced apartments for Japanese expatriates and business travelers in Indonesia. The group developed and started operating AXIA II serviced apartments in 2016. To further meet the needs of customers, the group also launched a project for the AXIA III serviced apartments for families using its experience operating safe and secure housing.



Bungasari Flour Mills Indonesia

Since 2012, the Toyota Tsusho Group has been involved in the flour milling industry in Indonesia, which continues to experience remarkable economic development and where the group is contributing to the increased production and improved quality of processed foods made from wheat flour. To move from a Jakarta-centric focus and redress the imbalance with the regions, several new plants will be opened in the main regional cities.



On-site Medical Clinic Business

In Thailand, the Toyota Tsusho Group is collaborating with leading government-owned medical institutions to operate medical clinics inside plants of the Toyota Group. By providing highly reliable, convenient, and reasonably priced healthcare, the Toyota Tsusho Group is helping to reduce medical expenses and improve the health of employees.





Africa Division



In line with the “WITH AFRICA FOR AFRICA” philosophy, we will contribute to Africa’s economic growth and industrialization, and respond to its expanding middle class, with the goal of establishing the No. 1 presence in Africa.

CEO for Africa Division **Richard Bielle**

Business Model and Mid-term and Long-term Strategies

The Africa Division currently has a network encompassing all 54 countries in Africa with a total of approximately 22,000 employees and engages in a diverse range of businesses in four business fields. With diversifying its business portfolio, strengthening partnerships with global brands, integrating value chains, and promoting carbon neutrality as its business strategies, the Africa Division is contributing to Africa’s economic growth and industrialization, and responding to the expanding middle class.

In the automotive business, which is the core of the mobility field, we will increase the number of countries where assembly production is performed, expand our product lineup targeted at the middle class, strengthen sales efforts utilizing CFAO Motors South Africa, which is South Africa’s largest automobile dealer, and encourage the adoption of eco-cars such as HEVs and PHEVs. Furthermore, we will develop business in the MaaS* field through Mobility 54, a corporate venture capital specializing in start-ups in Africa, to support comprehensive development of industries centered on mobility.

In the healthcare field, the Africa Division is delivering pharmaceuticals in 22 African countries and producing licensed pharmaceuticals in Morocco and Algeria. In March 2022, we also invested in East Africa’s leading retail pharmacy chain and ventured into the field of retail pharmacy. By increasing the number of countries where we conduct

business, creating new services and achieving the creation of a unified value chain spanning local production, wholesale, and retail of pharmaceuticals, we will promote initiatives that contribute to the health of Africa’s people.

In the consumer field, we will promote local production of consumer goods, such as cosmetics and beverages, and expand our business of operating shopping malls through a partnership with Carrefour S.A. We will enhance production of merchandise and further increase the number of stores, contributing to industrialization and employment creation in Africa through local procurement, production, and sales.

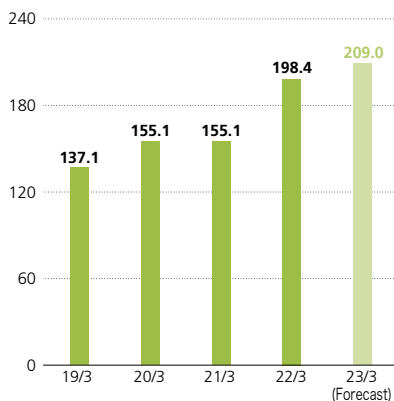
In the energy, infrastructure, and technology fields, we are developing projects that make the most of the potential of African nations and the strengths of partner companies, mainly in renewable energy businesses (such as wind, solar, and geothermal) and a port development business. We will contribute to Africa through energy- and infrastructure-related development indispensable to economic development. In addition, we are introducing solar power generation systems installed on the rooftops of group offices and facilities established in African countries and working to adopt renewable energy for our electricity consumption.

* Mobility as a Service

Business Performance and Forecast

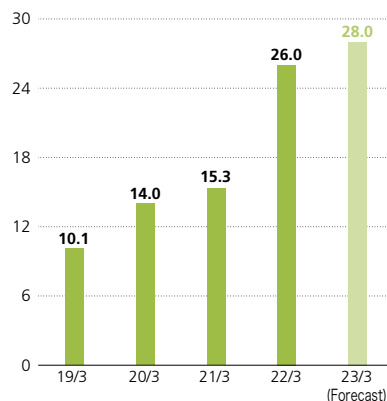
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

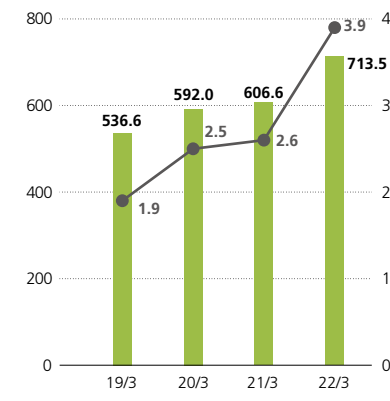
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

- Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations
- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

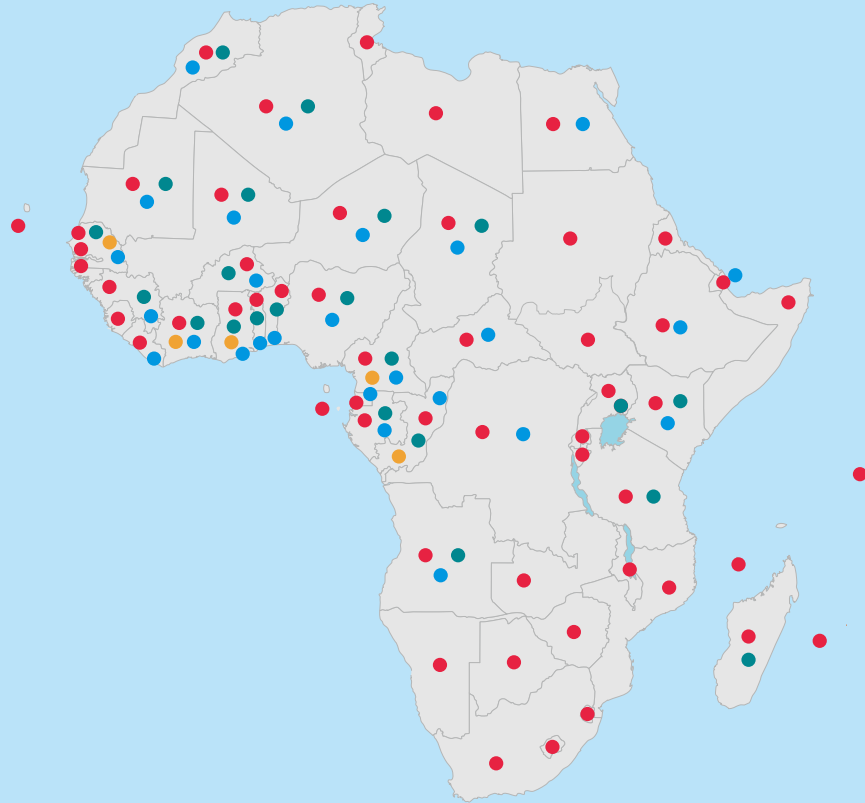
Toyota Tsusho's Group Vision for Africa

Feature 1

Businesses



WITH AFRICA FOR AFRICA



Network Covering All of Africa

Feature 2

- Mobility SBU
- Healthcare SBU
- Consumer SBU
- Infrastructure SBU

Feature 1

Based on the "WITH AFRICA FOR AFRICA" philosophy, the Toyota Tsusho Group seeks to grow with the people and communities of Africa while further reinforcing and expanding business foundations. Aiming to be a true leading group, we are looking beyond business creation to contribute to the autonomous growth of the continent through proactive measures to develop human resources and make social contributions.

Feature 2

Through the merger between Toyota Tsusho, which has created a network based on the automobile distributor business, primarily in East and South Africa, and CFAO, which has a history of more than a century and a solid presence in western and Francophone Africa, we will conduct efficient and strategic business throughout the continent.

Messages from Outside Members of the Board



Kumi Fujisawa

Outside Member of the Board

Established IFIS Limited in 1995. After joining SophiaBank Limited as a director, she was appointed representative director of the company in 2013. She currently holds multiple posts, including as chairperson of the Institute for International Socio-Economic Studies, Ltd., director of The Shizuoka Bank, Ltd., director of Net Protections Holdings, Inc., and director of CellSource Co., Ltd. She was appointed director of Toyota Tsusho Corporation in June 2014.

Strong expectations for further evolution in awareness and initiatives for sustainability

ESG investment has become a common investment strategy for institutional investors to focus on the quality of a company's performance. In the same way, we have been increasingly discussing business from a mid- to long-term perspective at Toyota Tsusho.

Some things like human resources strategy and carbon neutrality cannot be achieved from a short-term perspective. In addition to discussing these matters in meetings of the Board of Directors, we have developed mechanisms for discussion and frank exchange of opinions in a range of settings, including separately between outside directors and at off-site gatherings of all executive officers and above. This has helped to quickly raise awareness over this past year that efforts for sustainability across the entire company are essential for the business.

This changing awareness is supporting decarbonization initiatives and supply chain transformations in industrialized nations, and business expansions focused on improving the quality of life in emerging countries. However, it is also evident in efforts toward diversity and inclusion that go beyond the gender and nationality of employees, so I have strong expectations for further evolution in awareness and initiatives going forward.



Didier Leroy

Outside Member of the Board

Joined Renault S.A. in 1982. He subsequently served as president of Toyota Motor Manufacturing France S.A.S., president of Toyota Motor Europe NV/SA, and executive vice president of Toyota Motor Corporation. He is presently chairman of Toyota Motor Europe NV/SA. He was appointed director of Toyota Tsusho Corporation in June 2018.

Supporting the company to improve agility and to prepare for the future by utilizing experiences in business reform and human resources development

One word is defining the current worldwide condition: UNCERTAINTY.

The world is facing unpredictable challenges. The COVID-19 pandemic, the tense conflict in Ukraine, the urgency to protect and even to save the planet... every day we have new evidences that the world will never be like before.

The world is changing. The society is changing. The customers are changing. The ways of working are changing. Toyota Tsusho Corporation must change to anticipate the future customer needs and behaviours. It will be a very big challenge for many companies, but also, a real opportunity for the most agile companies.

Toyota Tsusho Corporation has strong corporate values and strong foundations to build the future. To anticipate the future changes of the society, we need to continue to focus on "Customer First" and to reinforce our agility.

More than ever before, it will be very important to "Be the Right One." The capability of Toyota Tsusho Corporation to provide appropriate solutions to the society will be the key differentiator for the future.

It is a great honour for me to be a board member of the company. I am fully aware of the importance and responsibilities of an outside director in this very uncertain period.

I want to use my Toyota experiences in business reform and human resources development to improve Toyota Tsusho's agility and challenge the management team to establish our future business model. Our employees will be, more than ever before, the key enablers for our future growth.

Strong leadership is truly essential to make this happen. I can assure you more than ever that with ENERGY, PASSION, and a FIGHTING SPIRIT, NOTHING is impossible.



Kunihiro Koumoto

Outside Member of the Board

Received a Ph.D. in industrial chemistry from the University of Tokyo Graduate School of Engineering in 1979. Later, he served as associate professor of the Faculty of Engineering, University of Tokyo, professor of the School of Engineering, Nagoya University, and professor of Nagoya University's Graduate School of Engineering. After being a fellow of the Toyota Physical and Chemical Research Institute, he became a senior researcher at the Nagoya Industrial Science Research Institute in 2018. He was appointed director of Toyota Tsusho Corporation in June 2018.

Focused on efforts to create a carbon-zero society from scientific and technological perspectives

The most important mission that we have been given is to reduce CO₂ emissions to prevent global warming and a climate crisis, create a sustainable society, and offer our children and grandchildren the hope of a bright future. However, economic activity has been adversely affected, and global initiatives toward a carbon-zero society have been unavoidably set back, by pandemic-related reductions in the flow of people and goods, a supply-and-demand imbalance due to the situation in Ukraine, and other events.

In the middle of this, Toyota Tsusho is not only focused on carbon neutrality businesses such as its renewable power generation, EV battery-related, and hydrogen utilization businesses but also on economy of life businesses such as in the medical/healthcare domain and food/water domain. The company is to be commended for these widespread efforts to create, continue, and expand its global businesses while working ambitiously and intently to contribute to achieving the SDGs.

I will continue to do my very best to provide support from a scientific and technological perspective to enhance corporate value for Toyota Tsusho through the creation of social value.



Yukari Inoue

Outside Member of the Board

After joining Procter & Gamble in 1985, worked as marketing director of Procter & Gamble North America and later became representative director and president of Cadbury Japan K.K. (currently, Mondelez Japan Limited). She currently holds the additional posts of vice president & managing director Japan, Korea, Taiwan & Hong Kong, Kellogg AMEA, and external director of Suntory Beverage & Food Limited. She was appointed director of Toyota Tsusho Corporation in June 2020.

Sharing my experience to increase awareness of Toyota Tsusho and its values among people around the world

My entire career has been involved with the consumer goods business, covering household goods, personal care, confectionary and foods, etc., at multinational companies, where corporate images have played critical roles. In order to further promote Toyota Tsusho's corporate value, I try to understand people's mindset and behavior changes and share my thoughts in the board meeting. For example, when the importance of corporate brand is increasing its importance for making a choice in the context of BtoB business, we need to not only increase awareness of the Toyota Tsusho company name but also embed the vision and purpose of the company.

Last year, when supplying refrigerated vehicles for the transport of COVID-19 vaccines in Africa, I suggested the idea of painting the "Toyota Tsusho" company brand and the "WITH AFRICA FOR AFRICA" philosophy on the vehicles.

"*Tsusho* (trading)" basically means going to multiple locations to do business. It is a beautiful word used in an active sense to describe the creation of new value through self-driven efforts. I am committed to sharing my experience and ideas to increase awareness of Toyota Tsusho and its values among as many people around the world as possible.

Corporate Governance

Basic Approach

The corporate philosophy of Toyota Tsusho is “Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.” The Toyota Tsusho Group has established behavioral guidelines as a fundamental code of conduct for realizing this philosophy in a legally compliant and appropriate manner as a good corporate citizen.

In keeping with its fundamental philosophy, the company has set forth the Basic Policies on Establishing Internal Control Systems to pass on and add depth to the Toyota Tsusho Group Way (Toyotsu Group Way), which articulates the unique values, beliefs, and bed-rock principles of the Toyota Tsusho Group, implementing value creation from a customer perspective, and fulfilling our social mission by establishing systems that ensure proper business processes are followed.

Reflecting these basic policies, the company is actively driving forward the further improvement of management efficiency and transparency, full-fledged compliance, and the soundness of its financial position. Also, while the company is in full compliance with the various principles in Japan’s Corporate Governance Code, we are seriously addressing further enhancement to make the content of our actions more substantive, as well-rounded corporate governance is essential for continued corporate growth and raising our corporate value in the medium and long term.

The company believes that providing all its stakeholders with satisfactory added value and contributing to society through its businesses will accelerate the sustainable growth of the Toyota Tsusho Group and thereby lead to corporate value enhancement.

Corporate Governance Structure

Toyota Tsusho has adopted the system of a company with an Audit & Supervisory Board to ensure transparent and sound management, and it has also introduced an executive officer system to improve management efficiency and strengthen internal control.

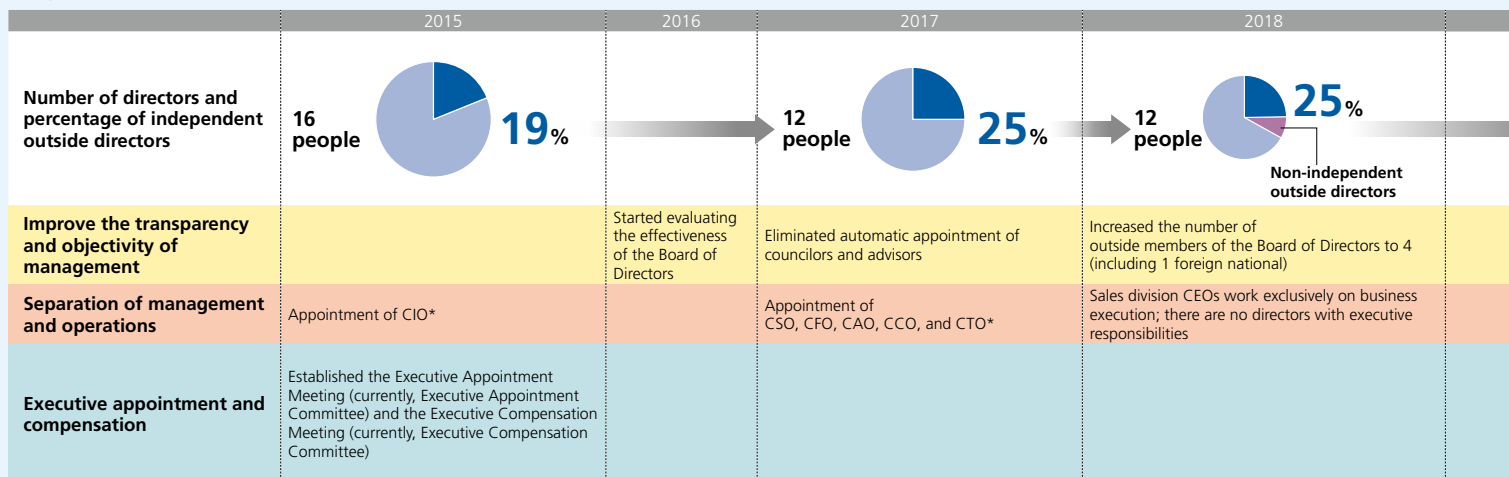
The company carries out consolidated management based on a divisional organization that comprises seven sales divisions under the leadership of divisional CEOs and the Administrative Unit.

For independence, a non-executive director continues to serve as chairman of the Board of Directors as well as chairperson of the Executive Compensation Committee and the Executive Appointment Committee. Three executive officers are also members of the board: The president & CEO, the Chief Strategy Officer, and the Chief Financial Officer. At least one-third of the members of the board are independent outside members to strengthen the soundness of management and the

functioning and quality of the Board of Directors, which serves to make decisions on top-priority management issues and monitor the execution of business. The CEOs of sales divisions and the heads of the Administrative Unit are appointed as executive officers to enable fast-paced management that is in close contact with frontline operations. The company is further enhancing its diversity, and currently has four outside members of the board (outside directors) with highly specialized knowledge and consisting of a foreign national, an individual from a research organization, and two women.

The company aims to boost its expertise and the speed of its decision-making by having established Chief Digital & Technology Officer (CDTO), Chief Strategy Officer (CSO), Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO), and Chief Safety & KAIZEN Officer (CSKO) positions as the persons with ultimate

Corporate Governance Transformation Trends



* As of April 2022, chief officer positions consist of a CDTO, CSO, CFO, CHRO, and CSKO.

Summary of Corporate Governance Structure (As of June 24, 2022)

Organizational Format	Company with an Audit & Supervisory Board
Directors	8
Outside Members of the Board	4 (of which one is a foreign national and two are women) Note: 3 are independent members
Chairman of the Board of Directors	Non-executive director chairman of the board
Audit & Supervisory Board Members	5
Audit & Supervisory Board Members (Outside)	3 Note: All three are independent Audit & Supervisory Board members
Voluntary Committees	Executive Compensation Committee Executive Appointment Committee Note: Both are chaired by the non-executive director chairman of the board and have five members: Three independent outside members of the board and two internal members of the board
Bodies for Reinforcing Supervisory Functions	Conference for dialogue between executive officers of the sales divisions and outside officers (held with each sales division once a year) Made up of outside members of the board and Audit & Supervisory Board members (outside) (twice a year) Management discussions on major topics by members of the board (three times a year)

responsibility for their respective functions to facilitate the exercise of high levels of specialization and to reinforce governance functions, as well as to clarify roles and responsibilities.

As a measure to further fortify the supervisory functions of outside directors, dialogue is carried out between the executive officer of each sales division and outside directors. This serves as an opportunity for outside directors to deepen their understanding of the respective business as well as a chance to provide advice from the

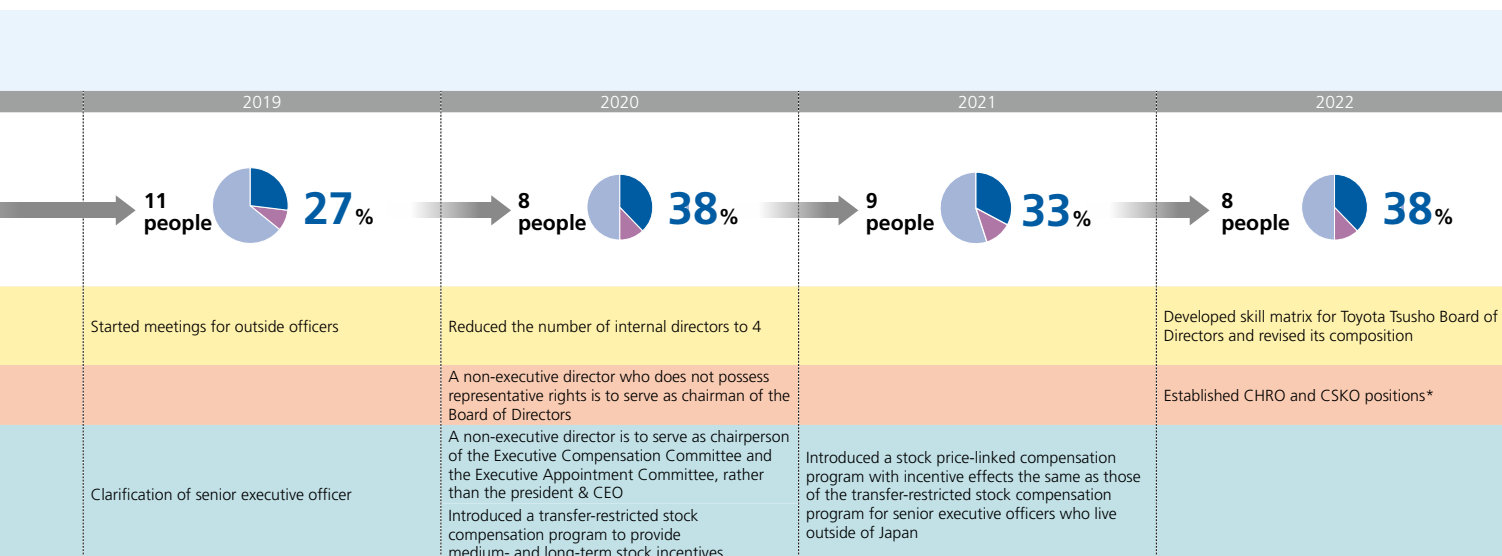
perspective of an external party. In addition to on-site inspection of domestic subsidiaries, the outside officers (outside members of the board and Audit & Supervisory Board members (outside)) have also been remotely inspecting overseas subsidiaries (tire assembly business in Thailand and rare earth business in India) in light of the COVID-19 pandemic. Meetings for outside officers are also held twice a year so that they can freely and openly exchange opinions among themselves.

Management Discussions with Outside Members of the Board and Audit & Supervisory Board Members

Management discussions, for a free and open exchange of opinions on major management-related topics, have started to be held three times a year after Board of Directors' meetings. In addition to members of the board, executive officers with a connection to the topic of discussion also participate in lively discussions, with the results reflected in mid-term business plans.

Topics Discussed in the Fiscal Year Ended March 31, 2022:

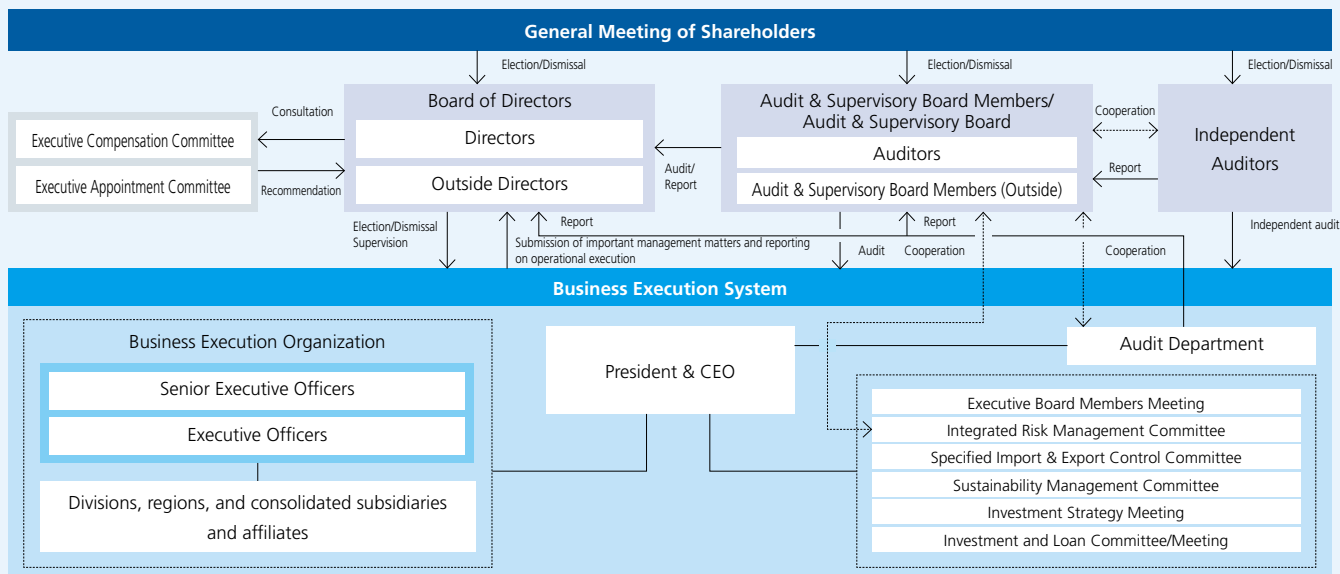
- (1) Human resources strategies (keynote address by Kumi Fujisawa, outside member of the board)
- (2) Renewable energy strategies for the medium and long term
- (3) Global human resources systems



Governance

Corporate Governance

Corporate Governance Structure (As of June 2022)



Board of Directors

The Board of Directors comprises eight directors, four of whom are outside members. The Board of Directors makes important management decisions, supervises the execution of business by directors, receives regular reports from division CEOs, and monitors execution conditions at each sales division. Furthermore, the Board of Directors periodically receives reports from division CEOs on the status of execution of business by the sales divisions and performs monitoring. The company has submitted notification that three of the four outside members of the board satisfy the criteria for independence as specified by Financial Instruments Exchanges. Moreover, the

independence of the Board of Directors is enhanced by having a non-executive director serve as chairman. Directors are appointed for a one-year term, and the Board of Directors in principle meets once a month. The company has established a support framework so that outside members of the board can satisfactorily fulfill their management and supervisory functions. The Board of Directors' Secretariat sends out materials earlier and provides preliminary explanations along with the proposing department to enhance their understanding of business details.

Main Agenda Items for the Board of Directors in the Fiscal Year Ended March 31, 2022

Topic	Main resolutions and reports	
Management strategy	<ul style="list-style-type: none"> Management mission statement Promotion of carbon neutrality Organization and structure of divisions, SBUs, and departments 	<ul style="list-style-type: none"> Mid-term Business Plan and profit plan for the fiscal year Promotion of sustainability
Corporate governance	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors Executive appointments and compensation Personnel policies and reports on initiatives Integrated risk management 	<ul style="list-style-type: none"> Verification of the significance of cross-holdings Audit reports by Audit & Supervisory Board members and the Audit Department Report on IR activities Board of Directors' annual agenda plan
Supervision of business execution	<ul style="list-style-type: none"> Progress of financial statements and profit plans Competing transactions and conflicting interest transactions Reports on status of compliance 	<ul style="list-style-type: none"> Status of investments Matters relating to Basic Policies on Establishing Internal Control Systems Reports on the progress of business execution by each division
Investments and loans	<ul style="list-style-type: none"> Renewable energy Business investments in Africa Liquidation of gas company 	<ul style="list-style-type: none"> Lithium business Battery business Mirai Creation Fund
Others	<ul style="list-style-type: none"> Agenda items for the General Meeting of Shareholders Concerns and responses to the situation in Ukraine 	<ul style="list-style-type: none"> Status of the COVID-19 pandemic Revision of main rules



Board of Directors



Meeting for dialogue between outside directors and officers of the sales divisions

Evaluating the Effectiveness of the Board of Directors



Overview of Evaluation of the Effectiveness of the Board of Directors

Toyota Tsusho evaluates the effectiveness of the Board of Directors annually to continue to maintain and improve the effectiveness of its corporate governance. Specifically, the company administers questionnaires to all members of the Board of Directors and then reports to the Board of Directors on its effectiveness after the questionnaire responses are analyzed and evaluated. An overview of the fiscal year ended March 31, 2022, and the evaluation results are as follows.

Overview of Evaluation Implementation (Fiscal year ended March 31, 2022)

Individuals who responded to the questionnaire	All Members of the Board (9 persons) and all Audit & Supervisory Board Members (5 persons)
Implementation method	Administer questionnaires to all Members of the Board and all Audit & Supervisory Board Members
Priority Agenda	Further improvement of the effectiveness of the meetings
Evaluation items	1) Composition of the meetings 2) Operation of the meetings 3) Agenda and deliberation processes of the meetings 4) Support system for the meetings 5) Evaluation of Members of the Board and Audit & Supervisory Board Members

Evaluating the Effectiveness of the Board of Directors

	Initiatives for the fiscal year ended March 31, 2022 (and their evaluations), taking into account issues in the fiscal year ended March 31, 2021	Initiatives for the fiscal year ending March 31, 2023, taking into account issues in the fiscal year ended March 31, 2022
Systems for supporting the Board of Directors (systems for supporting outside officers in exercising their functions)	Using one-to-one online video chat to provide explanations of the audit policy, etc., to outside members of the board by Audit & Supervisory Board members Evaluated as being improved and properly functioning	→
	Provided remote and on-site inspection opportunities for outside officers to deepen their understanding of Toyota Tsusho Group business (domestic, Thai, and Indian subsidiaries/affiliates) Evaluated as properly functioning, but on-site inspections should be prioritized	→ Restart on-site inspections by outside officers depending on whether COVID-19 is brought under control
	Continued meetings for dialogue by outside officers with the CEOs and COOs of sales divisions, and continued holding meetings for outside officers Evaluated as being improved and properly functioning	→
	On-site inspection by outside members of the board and Audit & Supervisory Board (outside)	Proposals from outside members of the board Participation of all outside directors in the Sustainability Management Committee Holding of meeting for dialogue with outside officers about cybersecurity
Composition of the Board of Directors	Externally released the skill matrix for all members of the Board of Directors Various opinions about the appropriate number of independent outside members of the board	→ Start investigation into the appropriate number of independent outside members of the board
Operation of meetings of the Board of Directors		Secure time for substantive discussion on contributing to the improvement of corporate value Revise resolution and approval category, and delegate authority concerning execution of Board of Directors approvals and reports for minor issues Incorporate market trends, customer expectations, and competitors' strategies into approvals and reports of each sales division
Agenda and deliberation processes of the Board of Directors	The Chief Compliance Officer (CCO) issued timely reports concerning compliance and risk, and the Audit Department reported directly to the Board of Directors Evaluated the reporting work as properly functioning, but regular reports should be made on safety as well	→ Regularly report on safety at Board of Directors' meetings
	Held management discussions on major topics after Board of Directors' meetings (Aug. 2021, Sep. 2021, Mar. 2022) Evaluated as being improved and properly functioning	→
	Off-site meeting among executive officers and outside directors	Accelerate sustainability management to contribute to the improvement of corporate value Increase opportunities for reports at Board of Directors' meetings on human rights policies and other matters concerning sustainability

Governance

Corporate Governance

Skill Matrix

The capabilities and experience of the directors and Audit & Supervisory Board members of the company are as below. Concerning the outside officers, the © mark designates an area of special expertise or insight that each officer has, and the company expects that this expertise and insight will be demonstrated in officers' roles in the management of the company. In addition to their expertise and wealth of experience, the Board of Directors comprises a diverse group of members in terms of gender, nationality, and so on, and the company has a structure that can flexibly adapt to various changes in the business environment.

		Name	Capabilities and experience of the directors and Audit & Supervisory Board members						
			Business management	Global	Sales/Marketing	Finance/Accounting	Legal/Risk management	Technology/Digital	ESG
Directors	Internal	Nobuhiko Murakami	○	○	○				○
		Ichiro Kashitani	○	○	○				○
		Hiroshi Tominaga	○	○		○		○	○
		Hideyuki Iwamoto	○	○		○	○		○
	Outside	Kumi Fujisawa	○	○					©
		Kunihito Koumoto		○				©	○
		Didier Leroy	○	©	○				○
		Yukari Inoue	○	○	©			○	
Audit & Supervisory Board Members	Internal	Kazumasa Miyazaki		○		○			○
		Kentaro Hayashi		○		○	○		○
	Outside	Yuichiro Kuwano					©		○
		Tsutomu Takahashi		○		©			○
		Seishi Tanoue		○					©

Board of Directors' Advisory Bodies (Executive Compensation Committee and Executive Appointment Committee)

Toyota Tsusho has established the Executive Compensation Committee and the Executive Appointment Committee as advisory bodies to the Board of Directors. Both committees are chaired by the non-executive director chairman of the board. Also, each committee comprises five members—three independent outside directors and two internal directors. The majority of each committee being made up of independent outside directors enhances the objectivity and transparency of each committee.

The Executive Compensation Committee investigates executive compensation programs, decision-making policies, and other important matters related to executive compensation, deliberates proposed executive compensation plans, and reports to the Board of Directors.

The Executive Appointment Committee deliberates policies regarding the appointment and dismissal of directors, Audit & Supervisory Board members, and senior executive officers. It also deliberates proposed executive personnel plans, as well as the formulation and operation of CEO successor plans and other important matters related to executives. After deliberating such, the committee reports to the Board of Directors.

<Members of Both Committees> As of June 24, 2022

Nobuhiko Murakami (Chairman of the Board)
 Ichiro Kashitani (President & CEO)
 Kumi Fujisawa (Independent outside director)
 Kunihito Koumoto (Independent outside director)
 Yukari Inoue (Independent outside director)

Reason for selection	Concurrent positions	Frequency of attendance
Served as an officer for Toyota Motor Corporation and SUBARU Corporation, mainly in global management and marketing. Has expertise in the automobile industry, with global experience in management. Appointed to provide objective advice and supervise directors from a standpoint distanced from the execution of business operations and without representative rights.	—	—
Worked in the Automotive Division and has been president & CEO since April 2018, demonstrating management prowess. Appointment as a director maintained so that he can apply his experience in global management and leadership toward enhancing corporate value.	—	Board of Directors' meetings 13/13
Mainly engaged in accounting, finance, and corporate planning and is currently CSO. Appointment as a director maintained because of his experience in global management and overall management knowledge, particularly management strategy, enhancing corporate value.	—	Board of Directors' meetings 10/10*
Mainly engaged in accounting, finance, and is corporate planning and is currently CFO. Appointment as a director maintained because of his experience in global management and overall management knowledge, particularly in finance, accounting, and risk management, enhancing corporate value.	—	Board of Directors' meetings 10/10*
Has experience and expertise in a wide range of fields, such as investment, international finance, and diversity, cultivated through activities at SophiaBank as representative director and at government ministries and agencies and public interest corporations. Appointment as an outside member of the board maintained with expectations that she will provide advice on new businesses and diversity management and will supervise directors.	Chairperson, Institute for International Socio-Economics Studies, Ltd. Director, The Shizuoka Bank, Ltd. Director, Net Protections Holdings, Inc. Director, CellSource Co., Ltd.	Board of Directors' meetings 13/13
Has a high level of academic knowledge cultivated as a researcher at universities and research institutes. Appointment as an outside member of the board maintained with expectations that he will provide advice on new businesses and other matters for advanced technological innovations and supervise directors.	—	Board of Directors' meetings 13/13
Has global management experience and expertise in the automobile industry cultivated as an officer of Toyota Motor Corporation and its affiliates. Appointment as an outside member of the board maintained with expectations that he will provide advice on all aspects of business, including in the Mobility field, and supervise directors.	Chairman, Toyota Motor Europe NV/SA	Board of Directors' meetings 13/13
Has consumer business management experience and expertise in a global company. Appointment as an outside member of the board maintained with expectations that he will provide advice on all aspects of business, including the Life & Community field, diversity management, and globalization, and supervise directors.	Vice president & managing director Japan, Korea, Taiwan & Hong Kong, Kellogg AMEA External Director, Suntory Beverage & Food Limited	Board of Directors' meetings 12/13
Has experience and knowledge of accounting, finance, and management strategy and a global perspective cultivated as a senior vice president and treasurer at the company's U.S. subsidiary. Appointment as an Audit & Supervisory Board member maintained because of his current role in which he appropriately supervises directors from an independent and neutral standpoint.	—	Board of Directors' meetings 13/13 Audit & Supervisory Board meetings 14/14
Served as general manager of the Enterprise Risk Management Department and senior vice president and CFO at the company's U.S. subsidiary and has experience and knowledge of risk management, accounting, and finance. Appointed as an Audit & Supervisory Board member because he is believed to be capable of supervising directors.	—	—
Has worked as an attorney-at-law and has experience and expertise in corporate law and compliance. Appointment as an Audit & Supervisory Board member (outside) maintained so that he can continue to appropriately supervise directors from an independent and neutral standpoint.	Takagicho Law Office (Representative lawyer) Director (Audit & Supervisory Committee member), Shobunsha Holdings, Inc.	Board of Directors' meetings 13/13 Audit & Supervisory Board meetings 14/14
Worked as a certified public accountant, served in key positions at KPMG AZSA LLC, and has experience and expertise in corporate accounting, auditing, and compliance. Appointment as an Audit & Supervisory Board member (outside) maintained so that he can continue to appropriately supervise directors from an independent and neutral standpoint.	Corporate Auditor, SKY Perfect JSAT Holdings, Inc. Member of the Board of Directors (Audit & Supervisory Committee Member), Mizuho Trust & Banking Co., Ltd.	Board of Directors' meetings 13/13 Audit & Supervisory Board meetings 14/14
Served as the president of Toppan Inc.'s U.S. subsidiary and as its Management Audit Office manager and member of its Audit & Supervisory Board and has global experience and knowledge. Appointment as an Audit & Supervisory Board member (outside) maintained because he is believed to be capable of appropriately supervising directors.	Audit & Supervisory Board Member, Tokyo Shoseki Co., Ltd.	—

* Hiroshi Tominaga and Hideyuki Iwamoto assumed office on June 24, 2021 (the date of the 100th Ordinary General Meeting of Shareholders). For this reason, the number of Board of Directors' meetings attended differs from that of other directors.

Audit & Supervisory Board

The Audit & Supervisory Board is made up of five members (three of whom are Audit & Supervisory Board members (outside)) who perform a checking function from an external viewpoint. All Audit & Supervisory Board members regularly exchange opinions with directors, including outside directors, executive officers, and an independent auditor, as well as the Audit Department and other entities. In this way, Audit & Supervisory Board members strive to ensure the legality, appropriateness, and efficiency of business execution. The Audit & Supervisory Board in principle meets once a month. Audits

conducted by Audit & Supervisory Board members are approved by the Audit & Supervisory Board. Per the audit policies and plans reported to the Board of Directors, Audit & Supervisory Board members implement audits on the execution of duties by directors of the company, emphasizing internal controls, mainly focusing on compliance and risk management. An audit is conducted regarding the appropriateness of the results of an accounting auditor audit. Also, full-time staff members are assigned to assist with the duties of Audit & Supervisory Board members, including outside auditors.

Governance

Corporate Governance

Functions and Roles of Committees and Meetings

Toyota Tsusho has established a variety of committees and meetings to strengthen its corporate governance. The company has created a company-wide meeting system to deal with issues that affect the entire company. Directors, senior executive officers, and executive officers consider countermeasures for each management issue and, where appropriate, consult the Board of Directors.

Integrated Risk Management Committee

For details, please see pages 36 and 68. [▶](#)

Sustainability Management Committee

For details, please see pages 56-58. [▶](#)

Investment Strategy Meeting

For details, please see pages 35 and 50. [▶](#)

Primary Company-wide Meetings

Committees	Role	Meeting frequency
Global Human Resources Committee	Shares information on succession plans and candidates for positions that are key to divisional and regional business strategies and discusses measures to fortify training	Once a year
Specified Import & Export Control Committee	Decides on the overall direction regarding transaction management and export and import of regulated goods	Once a year
Kaizen & Cost Reduction Promotion Committee	Promotes reductions in costs and shares and develops improvement case studies throughout the company	Once a year
Safety and Environment Conference	Discusses measures for enhancing safety management, promotes improvements to occupational safety and health activities, and promotes environmental management	Once a month
Carbon Neutrality Promotion Meeting	Discusses action plans, establishment of structures, and sharing of information for promoting carbon neutrality	Once a month

Details on Deciding the Compensation, etc., for Directors and the Calculation Method thereof, and the Decision Method

Decision policy and decision process

Compensation for directors of Toyota Tsusho shall consist of (i) fixed remuneration as basic compensation, (ii) bonuses (short-term incentives) as performance-linked compensation, and (iii) transfer-restricted stock compensation (medium- to long-term incentives). The ratio of fixed remuneration to performance-linked compensation is determined with a target ratio of 50:50. For performance-linked compensation, the ratio of “bonuses” to “transfer-restricted stock compensation” shall be determined at a ratio of 70:30. The directors are responsible for the final profit (including temporary and incidental gains/losses) of all Toyota Tsusho Group companies, and the amount of performance-linked compensation paid in each fiscal year shall be determined for each position with the consolidated profit for the year attributable to owners of the parent for the previous fiscal year as an indicator. However, outside directors are independent of operational management, and, therefore, they are paid fixed remuneration only and are not paid bonuses or transfer-restricted stock compensation. Audit & Supervisory Board members are also paid fixed remuneration only because they are independent so that they carry out audits appropriately.

Toyota Tsusho has established the Executive Compensation Committee as an advisory body to the Board of Directors with the majority of the committee members being independent outside directors. The committee is chaired by the chairman of the Board of

Investment and Loan Committee/Meeting

For details, please see pages 35 and 50. [▶](#)

Other Key Meetings

Meetings	Role	Frequency of meeting
Mid-term Business Plan Meeting/Executive Budget Meeting	Discusses business plans	Once a year
Executive Committee Meeting	Discusses important matters and shares information	Twice a month
Executive Officers Meeting	Information is exchanged, shared, and reported between senior executive officers and executive officers	Once a month
Senior Executive Officers Meeting	Shares information across sales divisions and overseas regions	Once a month

Directors, who has no representative rights and is not involved in operational management. The Executive Compensation Committee shall deliberate on the policy for determining the details of compensation for each director (hereinafter, “the policy”), the director compensation system, director compensation proposals to be submitted to the General Meeting of Shareholders, and other important matters concerning director compensation.

The Board of Directors shall determine the policy, the proposal on director compensation (bonuses for directors) to be presented to the General Meeting of Shareholders, and the compensation for each director in relation to transfer-restricted stock compensation, taking into account the result of such deliberations. The Board of Directors shall delegate the decision to the president & CEO from the standpoint of flexibly and agilely deciding the amount of compensation for each director in relation to fixed remuneration and bonuses. The president & CEO shall determine the amount of compensation for each director in accordance with the policy, taking into account opinions gathered during interviews with each member of the Executive Compensation Committee. The Board of Directors deems the compensation, etc., of each director for the current fiscal year is in line with said decision policy, having confirmed that it is consistent with the policy determined at a Board of Directors’ meeting and that the findings of the Executive Compensation Committee have been given due regard.

Method of deciding on compensation

[i] Fixed remuneration

Fixed remuneration shall be monthly compensation and shall be set at an appropriate level with reference to the remuneration data of other companies in the industry and taking into consideration the position and responsibilities of each director.

[ii] Bonuses

For each fiscal year, Toyota Tsusho shall determine the amount of bonuses to be paid to each individual by adjusting, as appropriate, 70% of the total amount of the specified performance-linked compensation for each position based on the responsibilities of the position and the performance of the duties for which the individual is responsible.

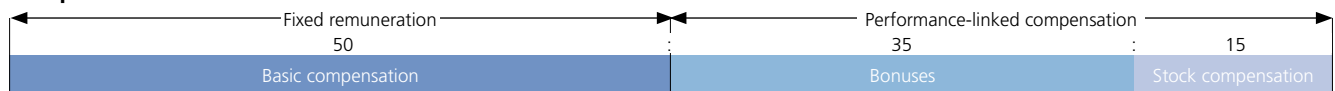
[iii] Transfer-restricted stock compensation

For each fiscal year, the amount of transfer-restricted stock compensation to be paid to each individual shall be determined by adjusting, as appropriate, 30% of the total amount of the specified performance-linked compensation for each position based on the responsibilities of the position and the performance of the duties for which the individual is responsible.

However, in cases in which it is not appropriate to grant transfer-restricted stock compensation to eligible directors, the full amount of the performance-linked compensation for eligible directors shall be paid as a bonus.

The transfer restrictions on transfer-restricted stock compensation for a director are lifted on the day on which he/she resigns from the company. Compensation to be provided to target directors to grant transfer-restricted stock to them will be a monetary claim, the total value of which will be not more than 200 million yen a year as a limit separate from the aforementioned fixed remunerations and bonuses for directors. The class of stock to be allocated will be common shares (those for which transfer restriction is imposed in an allocation agreement). The total number of shares to be issued or disposed of will be not more than 200,000 shares a year for target directors (as resolved by the Ordinary General Meeting of Shareholders held on June 23, 2020). The specific timing of provision and allocation to individual target directors will be determined by the Board of Directors based on deliberations by the Executive Compensation Committee.

Compensations Model for Each Director



Total Amount of Compensation and Other Remuneration for Each Executive Category, Total Amount per Type of Compensation, and Number of Executives

Executive category	Total amount of compensation and other remuneration (Millions of yen)	Total amount per type of compensation (Millions of yen)			Number of executives
		Fixed remuneration	Bonuses	Transfer-restricted stock compensation	
Directors/(Outside Members of the Board)	575 (57)	301 (57)	228 (—)	45 (—)	10 (4)
Audit & Supervisory Board members/ (Audit & Supervisory Board members (Outside))	126 (43)	126 (43)	— (—)	— (—)	5 (3)
Total/(Outside officers)	701 (100)	427 (100)	228 (—)	45 (—)	15 (7)

- Notes:
- No directors are serving concurrently as employees.
 - The above includes one director (not an outside member of the board) who retired at the close of the 100th Ordinary General Meeting of Shareholders held on June 24, 2021.
 - As per a resolution at the 99th Ordinary General Meeting of Shareholders held on June 23, 2020, 1) the maximum amount of fixed remuneration for directors is 600 million yen per year (including 90 million yen per year for outside directors), and 2) the stock compensation limit is 200 million yen per year (the total number of shares allotted is not more than 200,000 shares per year). There are eight directors (including four outside directors) as of the close of the General Meeting of Shareholders related to 1) above and four directors (excluding outside directors) as of the close of the General Meeting of Shareholders related to 2) above.
 - The remuneration limit for a member of the Audit & Supervisory Board was resolved at the 93rd Ordinary General Meeting of Shareholders held on June 20, 2014, to be 16 million yen a month. There are five Audit & Supervisory Board members including three Audit & Supervisory Board members (outside) as of the close of the General Meeting of Shareholders related to the resolution.
 - Total remuneration includes director bonuses totaling 228 million yen, subject to shareholder approval at the 101st Ordinary General Meeting of Shareholders held on June 24, 2022, to be paid to five directors.
 - Of the above remuneration, consolidated profit for the year attributable to owners of the parent for the previous fiscal year, which is a performance indicator related to bonuses and stock compensation, was 222.2 billion yen.
 - The above stock compensation is, as a reference value, the amount that is assumed (provisional) to be granted as a monetary claim to be used for payment in exchange for the transfer-restricted stock, which is the stock compensation for the current fiscal year.
 - Ichiro Kashitani, president & CEO of the company, will determine the fixed remuneration and bonuses for the current fiscal year for each Toyota Tsusho director based on a resolution of the Board of Directors. Please refer to "Decision policy and decision process" above for the details and reasons for the delegation.

Policies on Strategic Shareholdings

Maintaining and strengthening business and collaborative relationships with a variety of companies is necessary for the sustained enhancement of Toyota Tsusho's corporate value. Toyota Tsusho strategically holds limited shares of listed companies that are considered—from a medium- to long-term perspective—to be beneficial and important as significant business/collaborative partners. When making these determinations, Toyota Tsusho prioritizes profitability using unique indicators based on capital costs as well as building,

maintaining, and strengthening the business relationship with the partner concerned, contributing to and cooperating in regional and social development, and other factors. Reviews are conducted on whether holdings can be maintained and how many shares should be held and the results are reported once each year to the Board of Directors. Within that process, Toyota Tsusho reduces holdings of shares for which ownership is no longer meaningful.

Management Structure

Members of the Board * Representative Directors



Nobuhiko Murakami
Chairman of the Board



Ichiro Kashitani
Member of the Board*,
President & CEO



Hiroshi Tominaga
Member of the Board*



Hideyuki Iwamoto
Member of the Board*



Kumi Fujisawa
Outside Member of
the Board



Kunihito Koumoto
Outside Member of
the Board



Didier Leroy
Outside Member of
the Board



Yukari Inoue
Outside Member of
the Board

Senior Executive Officers

Ichiro Kashitani

President & CEO

Akihiro Sago

Executive Vice President, CEO for
Metals Division
Assistant to President, Chief Officer
Responsible for
Japan Regional Strategy & Coordination

Toshimitsu Imai

Executive Vice President, CDTO,
CEO for Europe Regions
Assistant to President, Chief Officer
Responsible for Tokyo Head Office,
Chief Officer Responsible for
Global Strategy and Management

Richard Bielle

CEO for Africa Division,
CEO for Africa Region
President of CFAO

Yasuhiro Nagai

CEO for Machinery,
Energy & Project Division
Regional Officer for
Emerging Regions

Hiroshi Tominaga

CSO, CEO for Emerging Regions
Chief Officer Responsible for CHRO, Officer
Responsible for Tokyo Head Office, Officer
Responsible for Japan Regional Strategy &
Coordination, Officer Responsible for Global
Strategy and Management

Hideyuki Iwamoto

CFO

Mitsuhiro Tsubakimoto

CEO for Asia Pacific Region
President of
Toyota Tsusho Asia Pacific Pte. Ltd.

Jun Eyama

CEO for Global Parts & Logistics Division

Hiroshi Yonenaga

CEO for Food & Consumer Services Division

Tatsuya Watanuki

CEO for East Asia Region
Representative of East Asia Region
President of Toyota Tsusho (China) Co., Ltd.

Shigeru Harada

CEO for Automotive Division

Akio Hamada

CEO for Chemicals & Electronics Division

Naoyuki Hata

CEO for North America Region
President of Toyota Tsusho America, Inc.

Makiko Hamase

CHRO, Assistant to CSO

CEO : Chief Executive Officer
CDTO : Chief Digital & Technology Officer
CSO : Chief Strategy Officer
CFO : Chief Financial Officer
CHRO : Chief Human Resources Officer
COO : Chief Operating Officer
CSKO : Chief Safety & KAIZEN Officer

Audit & Supervisory Board Members



Kazumasa Miyazaki

Audit & Supervisory
Board Member



Kentaro Hayashi

Audit & Supervisory
Board Member



Yuichiro Kuwano

Audit & Supervisory
Board Member (Outside)



Tsutomu Takahashi

Audit & Supervisory
Board Member (Outside)



Seishi Tanoue

Audit & Supervisory
Board Member (Outside)

Executive Officers

Naoji Saito

President of Toyota Steel Center Co., Ltd.

Kazumasa Kimura

COO for Africa Division
New Business Development,
Regional Officer for Africa

Shigeki Maeda

Regional Officer for Asia Pacific
President of
Toyota Tsusho (Thailand) Co., Ltd.,
President of
Toyota Tsusho Thai Holdings Co., Ltd.

Akinori Saito

CSKO

Yasuhiro Kakiyama

President of NEXTY Electronics Corporation

Tetsuya Ezumi

COO for Automotive Division

Kosuke Kunihiro

COO for Machinery,
Energy & Project Division

Motoya Hayata

Regional Officer for Emerging Regions
President of Toyota Tsusho Venezuela, C.A.,
Chairman & CEO of NovaAgri

Haruyuki Hattori

Regional Officer for North America
President of
Toyota Tsusho Mexico, S.A. DE C.V.

Kazuyuki Urata

COO for Chemicals & Electronics Division

Hiroki Nakayama

COO for Global Parts & Logistics Division

Yuichi Kanazawa

COO for Global Parts & Logistics Division

Michael T. Lavender

Regional Officer for North America
Senior Vice President of
Toyota Tsusho America, Inc.

Koji Minami

COO for Africa Division,
Regional Officer for Africa
Vice President of CFAO

Masaharu Katayama

COO for Metals Division

Futoshi Horisaki

COO for Global Parts & Logistics Division

Kazunori Sato

COO for Chemicals & Electronics Division

Toshiyuki Azeo

COO for Food & Consumer Services Division

Jun Karato

Assistant to CDTO

Takashi Hirobe

Regional Officer for Europe
President of Toyota Tsusho Europe S.A.
President of Toyota Tsusho U.K. Ltd.

Hiromasa Ishii

COO for Metals Division

Tatsuya Hirata

COO for Machinery,
Energy & Project Division

Eiji Matsuzaki

COO for Chemicals & Electronics Division,
Assistant to CDTO

Masato Ozaki

President of Toyotsu Chemiplas Corporation

Nobuaki Yahiro

Regional Officer for Asia Pacific
President of Toyota Tsusho India Private Ltd.

Takuro Akasaka

COO for Automotive Division

Shinichiro Otsuka

COO for Africa Division,
Regional Officer for Africa

Shigeharu Kato

COO for Food & Consumer Services Division

Kohei Okada

Assistant to CSO

Hiroshi Yanagisawa

COO for Metals Division

Yuko Kondo

Assistant to CFO

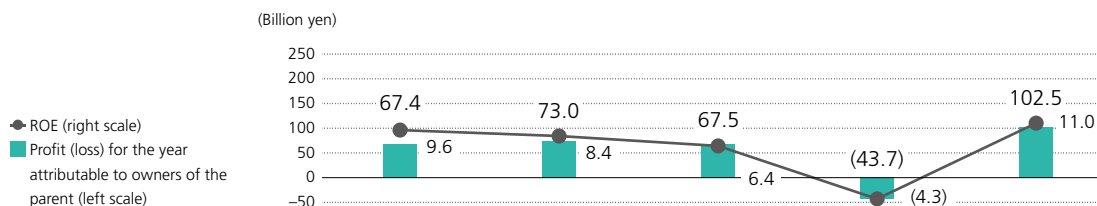
Yasushi Aida

Assistant to CFO

Note: Company names and titles are as of June 24, 2022.

Financial Summary

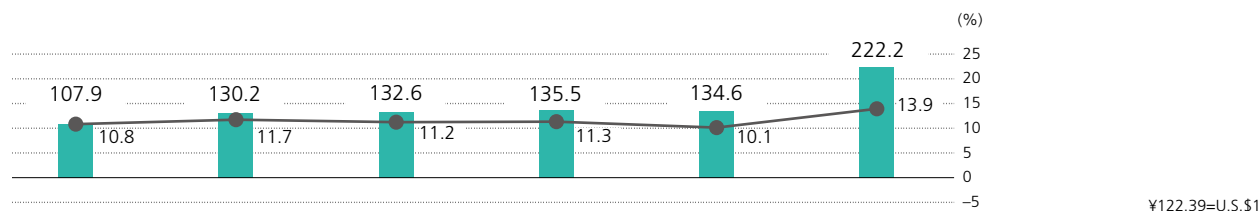
TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of and for the years ended March 31



	Millions of Yen				
	Japanese GAAP				
	2013/3	2014/3	2015/3	2016/3	2017/3
Results of Operations:					
Revenue* ¹	¥6,304,354	¥7,743,237	¥8,663,460	¥8,170,237	¥7,919,663
Gross profit	403,888	582,498	634,572	616,042	578,887
Selling, general and administrative expenses	288,013	421,177	465,115	475,742	432,231
Operating profit* ¹	115,875	161,321	169,456	140,299	146,656
Share of profit (loss) of investments accounted for using the equity method	17,646	13,783	4,060	(5,676)	10,254
Profit (loss) for the year attributable to owners of the parent* ¹	67,432	73,034	67,571	(43,714)	102,597
Financial Position at Year-end:					
Total assets* ¹	¥3,592,368	¥4,072,728	¥4,533,693	¥3,952,100	¥4,096,843
Total equity* ¹	920,043	1,156,080	1,304,483	1,055,777	1,151,969
Net interest-bearing debt	998,626	1,088,974	1,233,559	1,102,786	1,050,229
Cash Flows:					
Net cash provided by operating activities	¥ 124,156	¥ 133,937	¥ 169,100	¥ 308,338	¥ 193,769
Net cash used in investing activities	(323,389)	(135,587)	(199,512)	(170,839)	(130,428)
Net cash provided by (used in) financing activities	223,374	5,356	108,247	(225,202)	(28,343)
Cash and cash equivalents at the end of the year	391,352	412,032	499,157	399,191	430,517
Per Share:					
Yen					
Earnings (losses) per share attributable to owners of the parent* ¹					
Basic earnings (losses) per share	¥192.58	¥208.01	¥192.23	¥(124.26)	¥291.56
Diluted earnings (losses) per share* ²	192.42	207.82	192.10	–	291.56
Cash dividends for the year	44.00	50.00	56.00	62.00	70.00
Dividend payout ratio* ³	22.8%	24.0%	29.1%	–	24.0%
Financial Measures:					
Return on equity (ROE)	9.6%	8.4%	6.4%	(4.3)%	11.0%
Ratio of equity attributable to owners of the parent* ¹	21.2%	23.9%	24.8%	22.5%	24.0%
Net debt-equity ratio (Net DER) (times)	1.31	1.12	1.10	1.24	1.07

	Thousands of Shares				
Common Stock:					
Number of shares outstanding at year-end	354,056	354,056	354,056	354,056	354,056

Notes: 1. As of the fiscal year ended March 31, 2017, the company prepares its consolidated financial statements based on International Financial Reporting Standards (IFRS).
2. For the convenience of readers, consolidated financial statements in Japanese yen for the fiscal year ended March 31, 2017, are based on both Japanese generally accepted accounting principles (GAAP) and IFRS.
3. U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of readers outside Japan, at the rate of ¥122.39=U.S.\$1, the approximate exchange rate prevailing on March 31, 2022, which was the final business day of financial institutions in the fiscal year ended March 31, 2022.



¥122.39=U.S.\$1

Millions of Yen						Thousands of U.S. Dollars	
IFRS							
2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2022/3	
¥5,797,362	¥6,491,035	¥6,762,702	¥6,694,071	¥6,309,303	¥8,028,000	\$65,593,594	
570,872	606,282	638,428	639,885	607,626	759,237	6,203,423	
411,235	414,042	420,657	430,164	400,086	450,294	3,679,173	
133,669	182,696	215,197	210,370	213,058	294,141	2,403,309	
10,476	11,368	4,336	(2,489)	7,523	20,686	169,017	
107,903	130,228	132,622	135,551	134,602	222,235	1,815,793	
¥4,212,064	¥4,310,043	¥4,441,464	¥4,545,210	¥5,228,004	¥6,143,125	\$50,193,030	
1,223,513	1,362,187	1,389,616	1,372,491	1,658,015	1,942,860	15,874,336	
1,101,974	1,006,990	988,475	1,032,494	993,462	1,238,296	10,117,623	
¥ 159,770	¥ 215,098	¥ 210,796	¥ 267,809	¥ 245,055	¥ 50,137	\$ 409,649	
(127,525)	(92,498)	(137,546)	(173,910)	(102,176)	(157,333)	(1,285,505)	
5,656	(128,741)	(24,909)	(53,679)	24,073	44,901	366,868	
426,208	423,426	465,861	496,372	677,478	653,013	5,335,509	
¥306.64	¥370.08	¥376.89	¥385.25	¥382.56	¥631.63	\$5.16	
306.63	–	–	–	–	–	–	
70.00	94.00	100.00	110.00	112.00	160.00	1.30	
22.8%	25.4%	26.5%	28.6%	29.3%	25.3%	–	
10.8%	11.7%	11.2%	11.3%	10.1%	13.9%	–	
24.9%	27.3%	26.9%	26.3%	28.1%	28.2%	–	
1.05	0.86	0.83	0.86	0.68	0.71	–	
Thousands of Shares							
354,056	354,056	354,056	354,056	354,056	354,056	–	

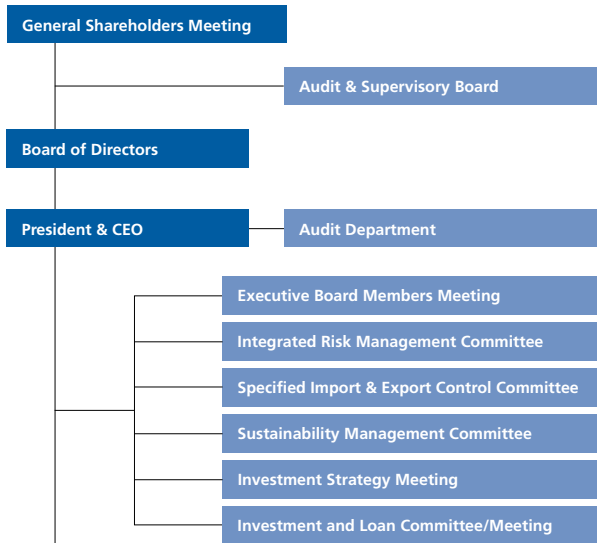
*1 All item names in the above table are IFRS categories. IFRS categories under Japanese GAAP are as follows: "Revenue" corresponds to "Net sales," "Operating profit" corresponds to "Operating income," "Profit (loss) for the year attributable to owners of the parent" corresponds to "Profit (loss) for the year attributable to shareholders of the parent," "Total equity" corresponds to "Total net assets," "Earnings (losses) per share" corresponds to "Profit (loss) per share," and "Ratio of equity attributable to owners of the parent" corresponds to "Shareholders' equity ratio."

*2 The figure for diluted earnings (losses) (Japanese GAAP) per share for the fiscal year ended March 31, 2016, is not presented as the company posted a net loss per share, although there were latent shares. Figures for diluted earnings (losses) per share for the fiscal years ended March 31, 2018, 2019, 2020, 2021, and 2022 are not presented as there were no latent shares with a dilution effect.

*3 The dividend payout ratio for the fiscal year ended March 31, 2016, is not presented, as the company posted a net loss.

Organizational Chart

(As of April 1, 2022)



- Administrative Unit**
- Compliance & Crisis Management Department
 - Kaizen & Cost Reduction Department
 - Global Logistics Management Department
 - Global Safety & Environmental Promotion Department
 - Next Mobility Development Department
 - Next Technology Fund Department
 - Carbon Neutrality Promotion Department
 - DX Acceleration Department
 - Corporate Planning Department
 - Corporate Communications Department
 - IT Strategy Department
 - External Affairs Department
 - Global Human Resources Department
 - General Affairs Department
 - Secretarial Department
 - Investment and Credit Department
 - Legal Department
 - Accounting Department
 - Business Accounting Department
 - Finance Department
 - Customer Strategy & Coordination

Overseas Branches & Offices

Overseas Affiliates

Domestic Branches

- Head Office (Nagoya)
- Tokyo Head Office
- Hokkaido Branch
 - Sapporo Office
- Tohoku Branch
- Niigata Branch
- Hamamatsu Branch
 - Shizuoka Office
- Toyota Branch
- Osaka Branch
 - Shikoku Office
- Hokuriku Branch
- Hiroshima Branch
- Kyushu Branch
- Nakatsu Office

Number of Domestic Sites	
Head Offices	2
Branches	9
Branch offices	3
Sub-branches	1
Offices	3

Number of Overseas Sites	
Branches and Offices	23
Affiliates	30

Metals Division

Metal Planning Department Automotive Metal Sheet Products SBU Automotive Metal Sheet Products Department 1 Automotive Metal Sheet Products Department 2 Automotive Metal Sheet Products Department 3 West-Japan Steel Products Department Metal Products SBU Bar, Wire Rod & Pipe Products Department Steel Products Sales Department	Metal Products Business Department East-Japan Steel Products Department Non-ferrous Metals SBU Non-ferrous Metals Business Department Resource Development Department Resource Recycling SBU Resource Recycling Department 1 Resource Recycling Department 2
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Global Parts & Logistics Division

Global Parts & Logistics Planning Department Business Development Department SCM Functional Department Global Parts SBU Global Parts Business Management Department Eastern Japan Global Parts Department Global Parts America & Europe Regional Department Global Parts Asia, Oceania & East Asia Regional Department Global Parts Sales Department	Logistics and Module SBU Logistics Business Department Module Business Department Techno Park Business Department Materials & Auto Parts/Accessories SBU Automotive Parts Department Accessory Business Development Department Functional Materials & Safety Business Department
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Automotive Division

Automotive Planning Department Toyota SBU America & Europe Automotive Department Asia, Oceania, Middle East & East Asia Automotive Department KD Business Department Multi Brand SBU Hino Automotive Department	Motor Brands Development Department Material Handling Machinery Department Value Chain SBU Automotive Customer Service Department Automotive Value Chain Business Development Department
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Machinery, Energy & Project Division

Machinery, Energy & Project Planning Department Machinery SBU Power & Drive Train Machinery Department Battery & Environment Machinery Department Automotive Body Machinery Department Industrial Machinery & Technology Department	Energy Infrastructure Solutions SBU Power Project Development Department Power Project Planning and Asset Management Department Energy Solutions Development Department Energy Infrastructure Project Department Carbon Neutral Fuels Department
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Chemicals & Electronics Division

Chemicals & Electronics Planning Department Automotive Materials SBU Global Automotive Materials Department Automotive Materials Project Development Department Next Mobility Chemical Materials Department Chemicals SBU Sustainable and Basic Chemicals Department Industrial Chemicals Department	Inorganic Chemicals Department Organic Chemicals Strategy & Management Department Electronics SBU Electronics Department Information Technology Business Department Software First Department Smart Society Business Development Department
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Food & Consumer Services Division

Food & Consumer Services Planning Department Food & Agribusiness SBU Agribusiness Department Osaka Food and Agribusiness Department Food Materials Department Food Marketing Department	Life Style SBU Textile Department Living Environment & Real Estate Department Insurance Department Healthcare & Medical Department
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Africa Division

Africa Planning Department Mobility SBU Africa Automotive Department	Toyota Africa Automotive Department Infrastructure SBU Healthcare SBU Consumer SBU	Overseas Affiliates
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Corporate Data

(As of March 31, 2022)

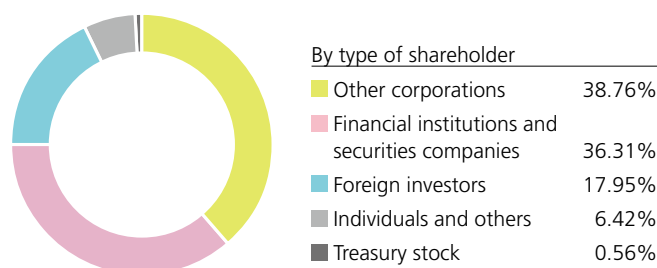
Name	TOYOTA TSUSHO CORPORATION
Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Established	July 1, 1948
Number of Employees	Parent company: 3,336 Consolidated: 65,218
Paid-in Capital	64,936 million yen
Common Stock	Authorized: 1,000,000,000 Issued: 352,061,641 (excluding 1,994,875 treasury stock)
Number of Shareholders	39,415
Stock Listings	Tokyo, Nagoya (Ticker code 8015)
Independent Auditors	PricewaterhouseCoopers Aarata LLC
Transfer Agent for Shares / Special Management of Accounts	Mitsubishi UFJ Trust and Banking Corporation
Address	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan Phone (toll-free within Japan): 0120-232-711 (Tokyo) 0120-094-777 (Osaka)
Handling Offices	All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation All branches nationwide of Nomura Securities Co., Ltd.
URL	https://www.tr.mufg.jp/english/

Major Shareholders

Name	Number of shares (Thousands)	Shareholding (%)
TOYOTA MOTOR CORPORATION	76,368	21.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	57,068	16.21
TOYOTA INDUSTRIES CORPORATION	39,365	11.18
Custody Bank of Japan, Ltd. (Trust Account)	17,874	5.08
MUFG Bank, Ltd.	8,098	2.30
Sumitomo Mitsui Banking Corporation	4,249	1.21
Nippon Life Insurance Company	3,522	1.00
State Street Bank West Client Treaty 505234	3,513	1.00
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,368	0.96
Towa Real Estate Co., Ltd.	3,205	0.91

Notes: 1. The percentage of shareholding is computed excluding 1,994,875 shares of treasury stock.
2. Towa Real Estate Co., Ltd. was renamed Toyota Fudosan Co., Ltd. on April 27, 2022.

Breakdown of Issued Shares



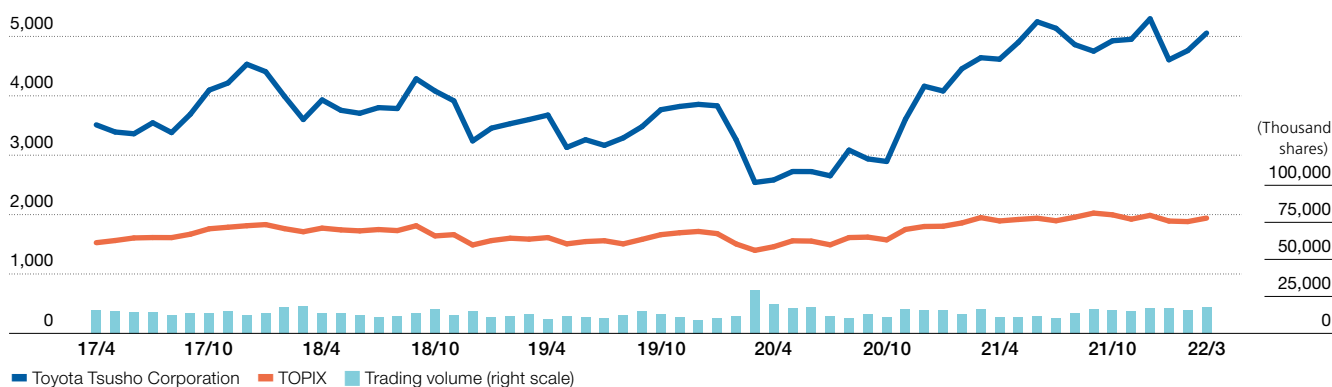
Credit Ratings

(As of March 31, 2022)

Rating and Investment Information (R&I)	Long-term	Short-term
Rating and Investment Information (R&I)	AA- (Stable)	a-1+
S&P Global Rating	A (Stable)	A-1
Moody's Investors Service (Moody's)	A3 (Stable)	-

Stock Price Range and Trading Volume

(Yen / Point)



TOYOTA TSUSHO CORPORATION

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URL: <https://www.toyota-tsusho.com/english/>



▶ **Further Information Regarding Financial Results**
<https://www.toyota-tsusho.com/english/ir/library/briefs/>



▶ **Information Related to Sustainability**
<https://www.toyota-tsusho.com/english/sustainability/>



▶ **Online Integrated Report**
<https://www.toyota-tsusho.com/english/ir/library/integrated-report/>



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