

# Human Capital Report 2023

Fiscal year ended March 31, 2023

# Contents

<b>I.</b>	<b>Message from CHRO – Human Capital Management at Toyota Tsusho</b>	<b>… p. 3</b>
<b>II.</b>	<b>Philosophy / Vision</b>	<b>… p. 5</b>
<b>III.</b>	<b>Initiatives for Human Capital Management</b>	<b>… p. 9</b>
	1. Human capital development	… p. 10
	2. Health and productivity management	… p. 15
	3. Diversity, Equity & Inclusion (DE&I)	… p. 18
	4. The right people for the right job	… p. 25
	5. Respect for human rights	… p. 27
<b>IV.</b>	<b>Human Capital Metrics</b>	<b>… p. 31</b>
	1. Compliance and ethics	… p. 32
	2. Costs	… p. 32
	3. Organizational health, safety and well-being	… p. 33
	4. Workforce availability	… p. 34
	5. Productivity	… p. 34
	6. Recruitment, mobility, and turnover	… p. 35

# **I. Message from CHRO – Human Capital Management at Toyota Tsusho**

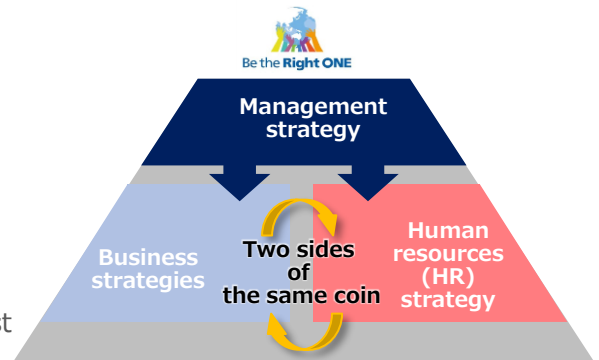
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# I. Message from the CHRO – Human Capital Management at Toyota Tsusho

## Our Vision

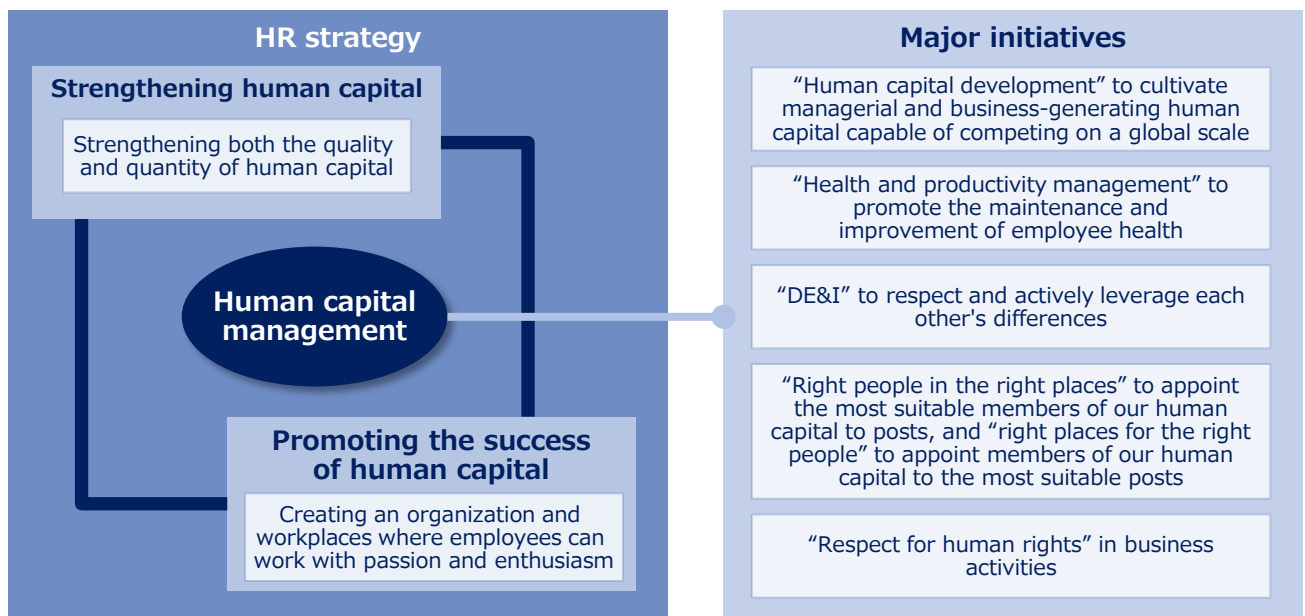
Now that it has been about 15 years since the concept of “ESG” first appeared, the source of competition among companies has shifted more and more from “goods” and “money” to “people.” In these circumstances, we believe that our business strategies and HR strategy, which form the foundation of our management strategy, are two sides of the same coin. We consider the promotion of an HR strategy linked to our business strategies to be the key to our growth.

To achieve this, we view our employees as “human capital,” and believe that it is essential to have an environment and corporate culture that continuously increases their value and a system that makes the most of each individual. Our vision is to realize “People Company Toyotsu,” and be a value-generating corporation that contributes to the creation of prosperous societies by enhancing the value of our human capital.



## HR Strategy to Realize “People Company Toyotsu”

We are promoting measures to realize “People Company Toyotsu” from the following perspectives, focusing on strengthening human capital (strengthening both the quality and quantity of human capital) and promoting the success of human capital (creating an organization and workplaces where employees can work with passion and enthusiasm).



This Human Capital Report contains a series of initiatives to enhance the value of our human capital and our company. I hope it will help you to better understand the objectives of our human capital management.



Chief Human Resources Officer (CHRO)

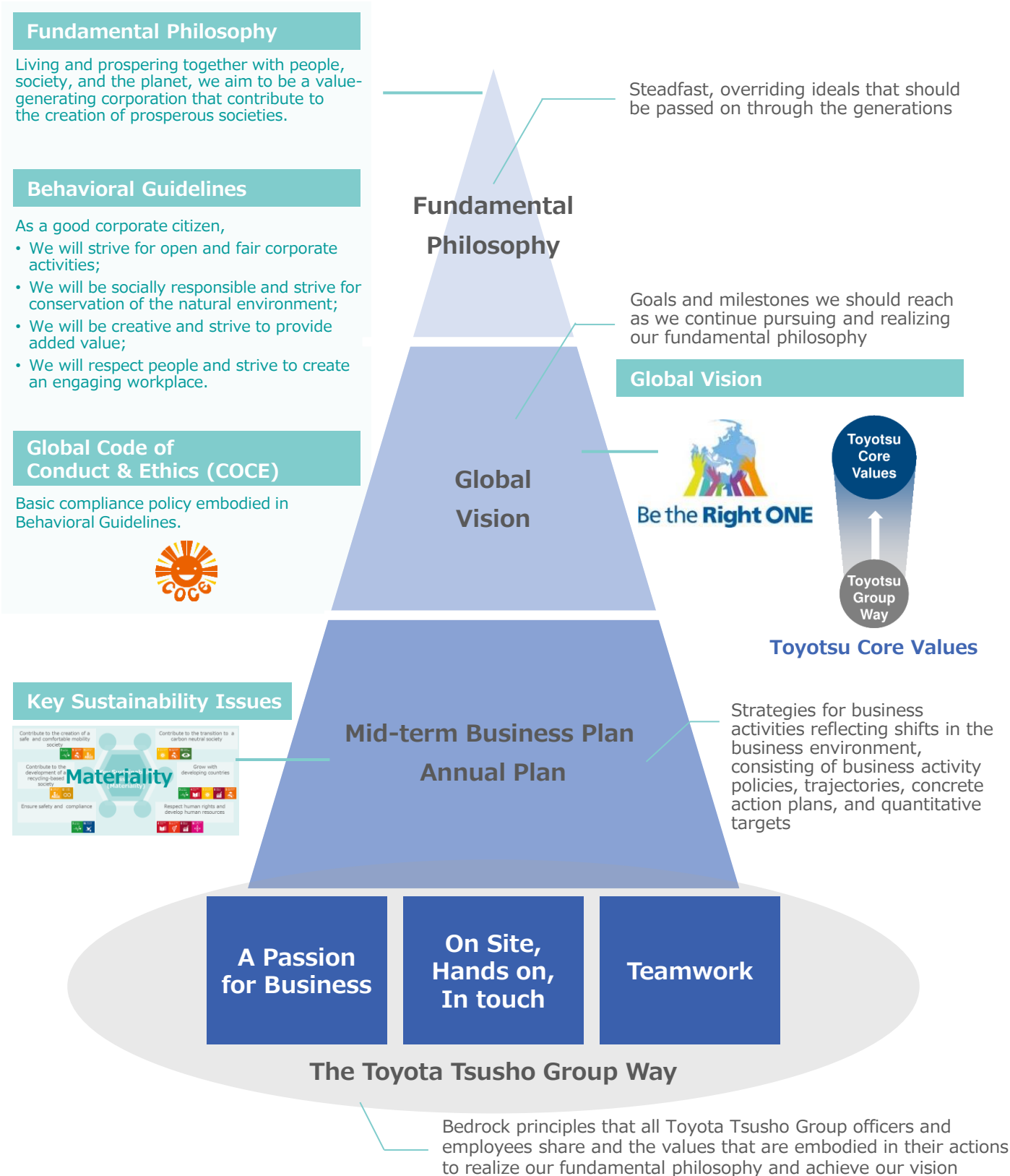
## **II. Philosophy / Vision**

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# II. Philosophy / Vision

## Philosophy system

In order to create the reality that the world demands, we have positioned our fundamental philosophy at the highest level and have built a group philosophy system that incorporates this into global vision, mid-term business plan, annual plan, and the group way to ensure that all executives and employees understand it.



# II. Philosophy / Vision

## Global Vision

The Toyota Tsusho Group will continue to pursue and strive to achieve our ideal of "Be the Right ONE".



### The Right ONE for you

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

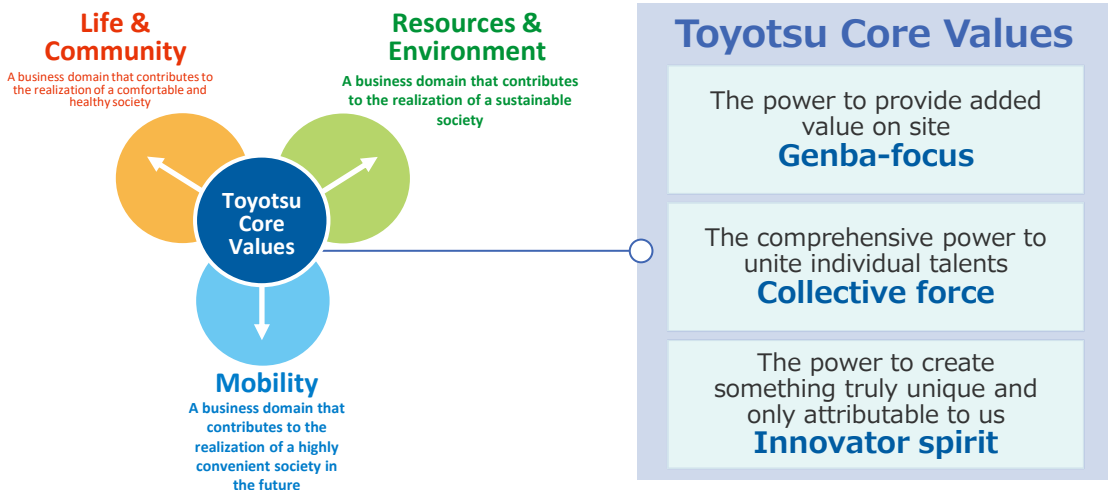
### The Right ONE for us

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.

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.



We will focus on **Toyotsu Core Values** and further enhance these elements while displaying and utilizing them.

## The Toyota Tsusho Group Way

Toyota Tsusho Group Way is the bedrock principle that all Toyota Tsusho Group officers and employees share and the value that are embodied in their actions to realize our fundamental philosophy and achieve our "Global Vision".

### The spirit of indomitability A Passion for Business The spirit of enterprise

Tackle every job with the pluck, perseverance, and passion to get things done right

Exercise ambition and imagination in anticipating trends, hone your perceptiveness in steering customers to new possibilities, and foster new functions and lines of business

#### Inquiring into the true needs of our customers

#### On Site, Hands on, In touch

#### Putting PDCA into practice

Step out into the field (On Site), see things for your -self (Hands on), and grasp what is happening to render sound business judgments and to adapt your approach to real-world circumstances (In touch)

Look beyond the established wisdom in illuminating problems and in tackling improvements, reforms, and transformations as circumstances warrant

#### Individual Initiative

#### Teamwork

#### Cooperation

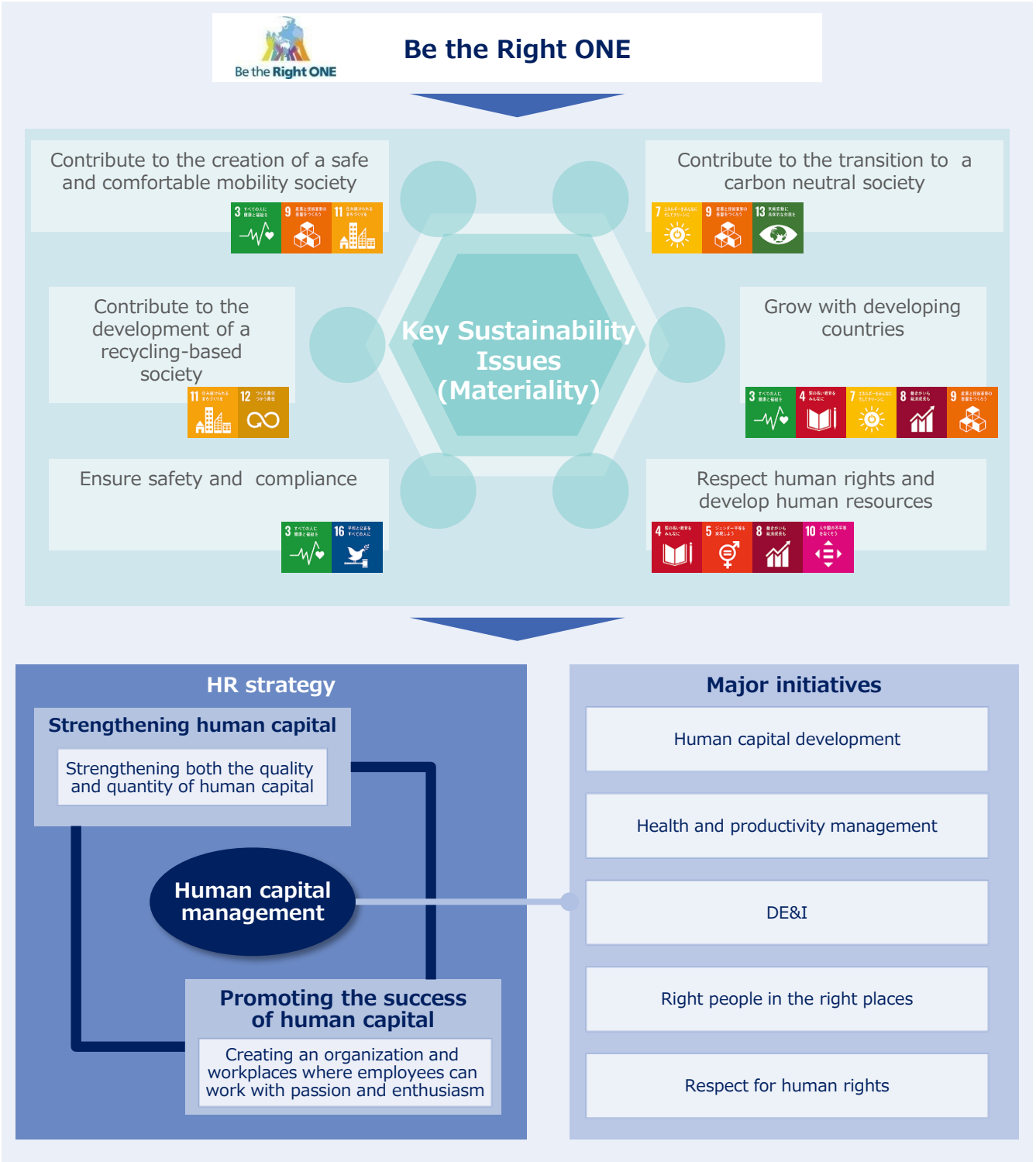
Set goals for yourself and work autonomously to achieve those goals Bring a sense of professionalism to your work and strive continuously to hone your capabilities

Nurture mutual trust with colleagues through dialogue, exchange, and sensitivity Pursue overall-optimum solutions by encouraging each individual to assume a sense of personal commitment for work, while retaining open-minded flexibility and to secure the participation of colleagues in tackling the work

# II. Philosophy / Vision

## Framework of Toyota Tsusho's Human Capital Report

We have been engaging in the six Key Sustainability Issues (Materiality) as a management strategy towards the realization of "Be the Right ONE." The solution to Materiality requires Strengthening human capital (Strengthening both the quality and quantity of human capital) and Promoting the success of human capital (Creating an organization and workplaces where employees can work with passion and enthusiasm). Based on this recognition, our human resources strategy aims to develop strong individuals through "human capital development" and "health and productivity management," and to build strong organizations through "DE&I," "The Right People for the Right Jobs," and "respect for human rights." Enhanced engagement of our employees resulting from these initiatives will enable us to achieve "Be the Right ONE." This report explains purposes, policies, case examples, indicators, and results of the series of initiatives.





## **III. Initiatives for Human Capital Management**

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1. Human capital development
2. Health and productivity management
3. Diversity, Equity & Inclusion (DE&I)
4. The right people for the right job
5. Respect for human rights

# **1. Human capital development**

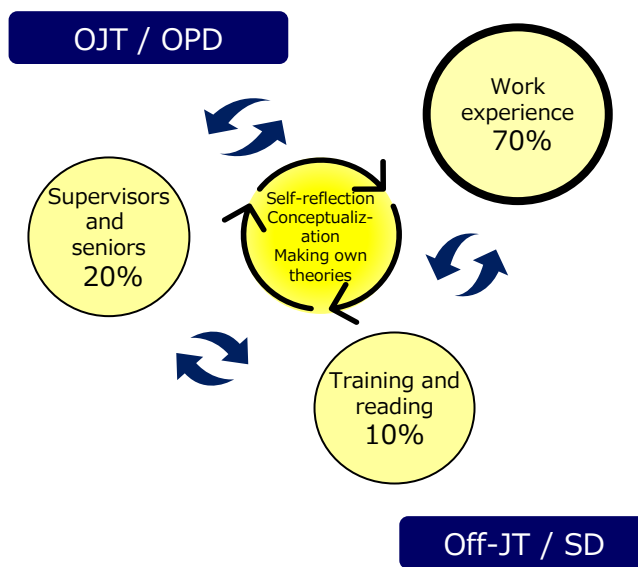
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# 1. Human capital development

## Purpose and Policy

Toyota Tsusho practices the Toyota Tsusho Group Way, which adopts as its keywords "Shokon" (a passion for business), "Genchi, Genbutsu, Genjitsu" (on site, hands on, in touch), and "Team Power" (teamwork). We strive to enhance employee skills through various educational and training programs so that they can independently and actively think and take action. We also 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 and managing global-scale business to continuously achieve active value creation with our global partners.

The Lominger model states that 70 percent of personal growth comes from work experience, 20 percent derives from advice and feedback from superiors and seniors, and 10 percent comes from training and books. Based on that model, we offer opportunities for OJT and OPD (On the Project Development: growth through assignment as a project leader, etc.), as well as Off-JT and SD (Self Development: self-learning). In this way, we have structured a cycle that accelerates growth as a Toyotsu Person. With an emphasis on the cycle in which employees apply what they have gained through self-learning as well as work experience to their jobs, we have structured the way in which we develop human capital as shown below.

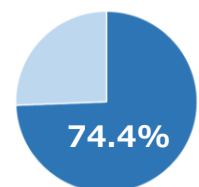


Theme	Examples of major initiatives and results
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OJT / OPD	<ul style="list-style-type: none"> <li> <b>Growth through assignment as a project leader, etc.</b>            We assign work to employees such as planning and execution of growth strategies for existing businesses, planning and execution of new businesses around core business models, and vision planning and penetration. Assignments also include work to gain experience in merger and PMI (Post Merger Integration), management support for affiliates, and functional enhancement, as well as work to gain leadership experience in multiple divisions, different cultures, and different industries.         </li> <li> <b>Overseas Dispatch of Junior Employees</b>            We strive to offer each employee an opportunity to work overseas within eight years of hiring, aiming to develop a global mindset through practical overseas experience.         </li> </ul>
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### Overseas Experience within Eight Years of Hiring (average for the last three years)

\* Overseas experience: Employees deployed overseas, business trainees, language students, etc.



# 1. Human capital development

## Theme

## Examples of major initiatives and results

Off- JT /SD

- **Development of managerial and global human capital**

- ✓ **GALP (Global Advanced Leadership Program)**

With management officers being mobilized to attend, employees selected from around the world are attending the Global Advanced Leadership Program (GALP) as our top global six month management training program to "learn about the world, the Company and oneself." As action learning, we hear individual ambitions and offer advice on next generation management strategies as a group to train employees to become global leaders who have high ambitions and can work actively amongst diverse cultures.

We are also setting up an information sharing opportunity based on innovation as "alumni activities" for former GALP students to enable continuous interaction via our global network.



- ✓ **LDP (Leadership Development Program)**

One step below GALP is the "Leadership Development Program (LDP)," a program that coordinates with overseas startups to offer innovative business strategy proposals. The LDP trains human capital to be full of entrepreneurial spirit and leadership to manage the group in the future.

- ✓ **Overseas Language Intern Program**

As a trading company, Toyota Tsusho frequently posts employees to overseas assignments. We have put in place an Overseas Foreign Language Study system for personnel in charge of specific tasks to further develop human resources who can handle such postings. Participants study languages for around one year at an overseas university or language education institution. This system therefore functions as a program that enables participants to also experience local customs and cultures, while helping to vitalize career development and the practice of job rotation.

# 1. Human capital development

## Indicator and Result

### Total training time

Hours

	2020	2021	2022
Human capital development	53,973	68,221	91,698

### Total number of participants

Person

	2020	2021	2022
	3,032	3,262	3,454

### Average training hours per employee

Hours/year

	2020	2021	2022
	17.8	20.5	27.7

# 1. Human capital development

## Column – Provision of value by materializing ideas

**Toyotsu Inno-Ventures Project** – Accelerate new business development by in-house business competition and its support program–

The **Toyotsu Inno-Ventures Project (TIVP)** is a company-wide project with the mission of identifying and enhancing the seeds of new business to create new businesses.

Ideas for new business are solicited from within the company and proof of concept (PoC) verification is performed, ultimately leading to business development within a sales division.

FY2022 marked the fifth year of this project. We value each employee's aspiration and proactive approach to management to contribute to resolving social issues while being aware of the consistency between ideas and Materialities.

This project instills a strong sense of responsibility among participants and develops strong individuals who earnestly pursue customer needs. Since the launch of this project, new services that have been developed include the "**BunkerNote**," "**Streams**," and "**cycle use of forest resources**."



**Toyotsu**  
**Inno-Ventures**  
**Project**



## **2. Health and productivity management**

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## 2. Health and productivity management

### Purpose and Policy

#### Health and productivity management

We have disclosed the health management declaration and been strategically practicing health management from a business perspective, based on the idea that measures aimed at maintaining and promoting the health of employees enhance their engagement and invigorate the organization, ultimately contributing to greater productivity for the company.

Having positioned "Increasing Health Literacy\*" especially as a top-priority issue, we have been working on the issue with various measures under our Three Guiding Principles of Health Management.

### 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.

President & CEO Ichiro Kashitani

### Three Guiding Principles of Health Management

#### Employee Health

We will support our employees in acquiring awareness and knowledge of health issues so that they can pursue self-initiative in maintaining and improving their physical and mental wellbeing.

#### Improvement of Workplace Vitality

We will support the establishment of work environments that facilitate mutual respect for the working style of each member of our diverse workforce and in which each person can actively participate, based on our "Diversity, Equity & Inclusion" policy. We aim to maximize organizational vitality and performance by revolutionizing our approach to work.

#### Social Contribution

With the active participation of each employee healthy in both physically and mentally, we will strive to endlessly contribute to the achieving of a prosperous society for an irreplaceable future through wholesome business activities around the world.

\* All employees independently keep and manage their own health conditions.



## 2. Health and productivity management

Theme	Examples of major initiatives and results
1. Employee Health	<ul style="list-style-type: none"> <li> <b>Lifestyles Challenge 8 Program</b>            Employees are awarded one point for each of the eight lifestyle factors (appropriate weight, exercise, alcohol, smoking, breakfast, snacking, sleep, and stress), with eight being a perfect score. We use the average score of our employees as a KPI for evaluating health management and implement plans to improve the KPI. In the fiscal year ended March 31, 2023, the KPI was 5.34 points. Our target is to raise this to 6.5 points by the fiscal year ending March 31, 2026.         </li> </ul>
2. Improvement of Workplace Vitality	<ul style="list-style-type: none"> <li> <b>Work-style Reforms</b>            We have been implementing various initiatives based on the basic policy of reducing long working hours after joint consideration by labor and management. These initiatives include turning off all lights at 8:00 p.m. to encourage employees to go home earlier, gradually lowering the upper limit of the 36 Agreement, improving employees' knowledge and awareness of labor management, and encouraging employees to take paid holidays once a month as well as refreshment leave*.             We respect the diverse work styles of our employees and support work styles that suit each individual's lifestyle through initiatives such as office renovations, shortened core hours for our flextime system, and the expansion of our teleworking system.         </li> </ul>
3. Social contribution	<ul style="list-style-type: none"> <li> <b>Countermeasures against COVID-19</b>            A COVID-19 Headquarters has been established since January 2020, and in parallel with the implementation of infection countermeasures, such as monitoring the infection situation and responding to individual cases, we have continued to create a safe working environment for employees by holding in-house seminars, conducting workplace inoculations for a total of 23,000 employees (including those at group companies), and promptly sharing and posting related information via the company intranet.         </li> </ul>

### Selected as a Health & Productivity Stock by Health & Productivity Stock Selection 2023



In March 2023, Toyota Tsusho was selected by the Health & Productivity Stock Selection for the third consecutive year from among the companies listed on the Tokyo Stock Exchange as a Health & Productivity Stock for its strategic effort in handling employee health from a management perspective.

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

\* Paid holidays with welfare allowance, which employee can take every 5 years of enrollment

## **3. Diversity, Equity & Inclusion**

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# 3. Diversity, Equity & Inclusion

## Purpose

We respect and accept differences, such as in gender, age, nationality, and other attributes, and promote making the most of these differences under our management strategy for DE&I. We will create diverse ideas and synergy to flexibly cope with the changing business environment and diversifying customer needs and to reinforce the competitiveness of our entire corporate group for sustainable growth in the future.

## Policy



We have expanded our business and operating regions through mergers and partnerships with a variety of companies. As such, we have a globally diverse workforce of approximately 67,000 employees. In this setting, DE&I efforts are centered on the following three themes.

1. Opportunities for diverse human capital
2. Work-style improvements and work-life balance
3. Fostering a corporate culture that leverages diversity and changes people's mindset

Theme	Examples of major initiatives and results
1. Outstanding performance of diverse human capital	<ul style="list-style-type: none"> <li>• <b>Development of global human capital</b> We are promoting the development and advancement of human resources with an eye toward business "glocalization" from a globally optimized perspective, including the selection of employees from overseas affiliates for general manager positions at our head offices.</li> <li>• <b>Promoting active roles for female employees</b> We support the development and continuation of the careers of female employees through a mentoring program for developing female leaders, a leave of absence system for employees whose spouses are posted overseas, and a career bridge system* among other measures.</li> <li>• <b>Provision of diverse career paths under the new human resources management system</b> With the classification between global and regional positions being according to whether or not they require relocation, we provide opportunities for employees to be active based on their abilities and career aspirations through a personnel system in which the scope of work they can be responsible for is shared.</li> <li>• <b>Career development workshop to support the success of mid-career and older employees</b> We provide mid-career and older employees with opportunities to envision their career objectives and support the transformation of their awareness and behavior to remain active in their careers. This program focuses on employees' own awareness through multifaceted communication with supervisors and the Global Human Resources Department rather than one-way learning through lectures.</li> </ul>
2. Work-style improvements and work-life balance	<ul style="list-style-type: none"> <li>• <b>Provision of diverse work styles</b> We have introduced flexible work options for employees, including a flextime system, a work-from-home system, and a shortened working hour system for childcare. We also encourage our employees to take paid holidays and especially male employees to take childcare leave.</li> </ul>

\* A system that provides employees who have left the company due to marriage or a change of residence following the transfer of their spouses with the opportunity to return to the company to play an active role

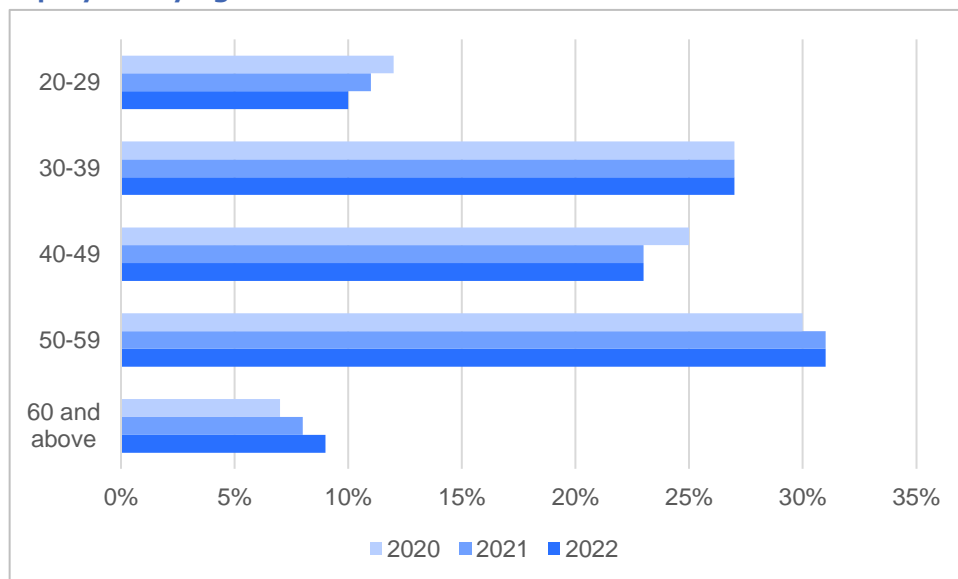
## 3. Diversity, Equity & Inclusion

Theme	Examples of major initiatives and results
<p>3. Fostering a corporate culture that leverages diversity and changes people's mindset</p>	<ul style="list-style-type: none"><li><b>Periodic review at Executive Meetings</b><p>Division CEOs set DE&amp;I annual initiative targets for their organizations and provide opportunities to report on progress and results at the Executive Officers Meeting and Board of Directors meetings. In doing so, they raise employee awareness of the need for diverse individual advancement as well as reflect achievements in their evaluations.</p></li><li><b>Office reform</b><p>We are striving to improve job satisfaction by not only keeping offices clean and tidy but also by creating places where employees can meet and innovate.</p><div data-bbox="372 569 823 911"></div><p data-bbox="434 930 765 957">Head Office (Nagoya) 11th floor</p><div data-bbox="879 565 1330 907"></div><p data-bbox="946 930 1263 957">Head Office (Tokyo) 19th floor</p></li></ul>
	<ul style="list-style-type: none"><li><b>Ikiwaku Project</b><p>We are engaged in activities for the sustainable increase of organizational productivity through the lively work of diverse human resources. Employees discuss issues within the organization in small groups, such as by office or group, and voluntarily formulate and implement action plans to solve them under four guidelines: share your ideal self; everyone shares their own opinions; accept different ideas and values; build consensus, cooperate, and co-create.</p></li><li><b>Evolution HUB</b><p>We have established the "Evolution HUB" consisting of organizational development professionals. We contribute to the creation of strong individuals and organizations through cross-organizational collaboration opportunities (coaching, dialogue meetings, etc.).</p></li><li><b>Engagement survey</b><p>We visualize the state of each organization through an engagement survey, and then hold workshops, lectures, and other events to encourage employees to be passionate and active.</p></li><li><b>HCP (Hybrid Communication Program)</b><p>We provide training for members of middle management to acquire communication skills, including coaching, to maximize the autonomy and ability of each employee they manage. A total of approximately 300 employees participated in the training up to the fiscal year ended March 31, 2023.</p><p>Through the Advanced HCP, launched in September 2021, we are producing human resources who can practice the human resource development methods learned in the HCP at an even higher level. Participants work as in-house coaches after completing the training.</p></li><li><b>"Lead the SELF" independent career program</b><p>Each employee reflects on their mid- to long-term career vision and considers milestones toward the realization of their aspirations and values, as well as actions to contribute to their organization.</p></li></ul>

### 3. Diversity, Equity & Inclusion

#### Indicator and Result

##### Employees by age



\* Data concerning directly employed employees including those seconded to other company (excluding the members of the board, temporary staff, and those seconded from other companies)

##### Gender ratio

%

	2020	2021	2022
Men	70	71	70
Women	30	29	30

\* Data concerning directly employed employees including those seconded to other company (excluding the members of the board, temporary staff, and those seconded from other companies)

##### Gender ratio of managers

%

	2020	2021	2022
Men	95.0	93.7	93.5
Women	5.0	6.3	6.5

#### Initiatives promoting the cultivation and active involvement of female leaders

Our Women's Mentoring Program (WMP) has been implemented on an ongoing basis for female employees since 2015 in order to nurture and expand the pool of next-generation female leadership candidates. Managers from other departments within the company and external women with management experience serve as mentors, promoting career awareness, expanding viewpoints, and helping employees to address issues.

### 3. Diversity, Equity & Inclusion

#### Indicator and Result

##### Percentage of independent outside directors

%

	2020	2021	2022
Independent outside directors	37.5	33.3	37.5
Non-independent outside directors	12.5	11.1	12.5
Others	50.0	55.6	50.0

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 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.

##### Statutory employment rate of people with disabilities

%

	2020	2021	2022
	2.59	2.60	2.62

Together with Toyotsu Office Service Corporation, a special subsidiary\* and Toyotsu Human Resource Corporation, an affiliated company\* in line with "Promotion of the Employment of Persons with Disabilities Law," we promote the employment of people with disabilities, whilst we engage ourselves to make our workplaces barrier free with barrier free elevators, multi purpose restrooms and Braille for feet. As a part of fringe benefits, we have massage rooms where therapists with visual impairment who have been well trained and eligible to work with a national license are able to work. We also have had special medical staff such as a certified clinical psychologist and a mental health social worker, who are capable of supporting those with disabilities.

In addition, we are bolstering the recruitment of both new graduates and mid-career employees at our head offices to instill and foster a culture of DE&I as the foundation for realizing "Be the Right ONE."

\* Duty to employ disabled persons (Article 43 of the Act to Facilitate the Employment of Persons with Disabilities, Article 9 of the Order for Enforcement of the Act, etc.)

- General employers must employ the number of people with disabilities that is equal to or larger than the number calculated by multiplying the number of regular employees by 2.3%, the mandatory proportion of disabled workers.
- The method for calculating the number of employees with disabilities is given below

Qualifying disabled workers	Part-time worker	Non part-time worker
Person with a severe physical or intellectual disability	1 person	2 person
Person with a physical or intellectual disability	0.5 person	1 person
Person with mental disability (no disability level classification)	0.5 person	1 person

\* A subsidiary that, subject to certain requirements, is considered jointly as a single operating entity for the purposes of calculating the parent company's percentage of employees with disabilities.

\* The subsidiary can be included in the actual employment calculation for the Group if the parent company with a special subsidiary company (tokurei-kogaisya) applies for and receives certification.

### 3. Diversity, Equity & Inclusion

#### Indicator and Result

##### Number of rehired retirees

Person

	2020	2021	2022
Number of rehired retirees	75	58	62

##### Reemployment program

Toyota Tsusho has set 60 as its mandatory retirement age. However, we set up the "partner system," a system for rehiring former employees who wish to work after retirement, and we restructured the compensation system to provide a broad compensation structure that recognizes the increasing diversity of rehired employees and compensates them according to their responsibilities and duties. Under this system, we meet a diverse array of work requests, such as by providing "retirement refresh leave" that allows employees to take 10 days off, as well as by allowing shorter working hours and side jobs.

##### Number of employees who took childcare leave

Person

	2020	2021	2022
Men	40	67	59
Women	59	43	46
Total	99	110	105

##### Support for childcare and promotion of childcare leave

Toyota Tsusho is promoting a variety of systems to help employees balance work and personal life, such as a flex time work system to support flexible working styles, a work from home system, and a system of reduced working hours that can be utilized until the employee's child completes the fourth grade at school. We also implement activities to support our employees rearing their children, such as introduction of a system that allows employees to take 20 days of paid childcare leave and "Childcare learning" (a system that supports the acquisition of skills and awareness through childcare experience), provision of intranet based information and platforms for information exchanging about childcare and work balance among employees who have children, as well as hosting family participation event "Welcome to Toyota Tsusho" to introduce the company to family members of our employees.

##### Number of employees who returned to the company under the Career Bridge System

Person

	2020	2021	2022
Returnees (aggregate)	22	26	32

This reemployment system aims to support the continuation of employees' careers if they are forced to quit company due to a change of residence resulting from marriage or their spouse's transfer, as well as securing talented personnel who have experience working at our company and have enthusiasm for improving themselves and working on advancing their careers.

##### Number of persons who used the Leave of Absence System for Employees Whose Spouses Are Posted Overseas

Person

	2020	2021	2022
Persons who took the leave (aggregate)	7	11	14

This system allows employees to take a leave of absence instead of quitting the company when they wish to accompany their spouses who are posted overseas for certain period. This is meant to support employees' career development and to retain experienced human resources.

### 3. Diversity, Equity & Inclusion

#### Column – Promote the roles of women in the company

We promote the creation of working environment in which all employees can realize their optimal work-life balance while making the most of their skills and inspiring one another to grow as a team. In order to promote the roles of women, we have established programs for selected female employees to raise awareness on their career and to nurture female leaders. Meanwhile we implement systems to support women staying on their career path, such as the career bridge system and the leave of absence system for employees whose spouses are posted overseas, with the aim of maintaining a rewarding and fulfilling work environment for female employees.

In recognition of these continuous efforts to create the decent working environment for female employees, we have been certified as “Kurumin” since November 2007 and were certified as “Platinum Kurumin” in March 2020. In addition to Kurumin certification, we received “Eruboshi Certification” in July 2016 and selected as a “Semi-Nadeshiko Brand 2022” in March 2022.

We will continuously engage in initiatives to create a rewarding and fulfilling working environment for not only women but for all employees.

Platinum Kurumin certification



Eruboshi certification



Semi-Nadeshiko Brand 2022





## **4. The right people for the right Job**

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## 4. The right people for the right Job

### Indicator and Result

Towards realization of "Be the Right ONE," we are working to create a system to realize "right people in the right places" to appoint the most suitable members of our human capital to posts, and "right places for the right people" to appoint members of our human capital to the most suitable posts, so that each and every employee can maximize their potential.

### Policies of the right people for the right job

1. Reinforce the talent management process
2. "Glocalization" of personnel
3. Establish human capital data infrastructure
4. Promote inter division/function mobility

Theme	Examples of major initiatives and results
1. Reinforce the talent management process	<ul style="list-style-type: none"> <li>We strive to secure successor candidates for global key management positions which are clarified as important for consolidated management (global posts), with definitions of expected roles and required skills. Progress is shared and discussed in an annual company-wide meeting including management (the Global Human Resources Committee). In light of results of the meeting, we refine our efforts using the PDCA cycle to expand the pool of human capital.</li> </ul>
2. "Glocalization" of personnel	<ul style="list-style-type: none"> <li>We employ and develop local human resources in each area and transfer authority to them so that they can autonomously manage the business. We also reinforce governance to support their autonomous management.</li> <li>Among global key management positions*, we select posts that can be localized, and review these posts annually. We also select successor candidates and systematically develop them to raise the percentage of locally employed staff.</li> </ul>
3. Establish human capital data infrastructure	<ul style="list-style-type: none"> <li>We have been gradually introducing information system infrastructure to support the abovementioned processes.</li> </ul>
4. Promote inter division/function mobility	<ul style="list-style-type: none"> <li>We encourage inter division/function mobility in the company by establishing a system that enables employees who meet certain requirements to apply for a transfer to the organization they wish to join. When the needs of both are met, the applicant will be prioritized by the appointee organization in selecting its human resources. Specifically, we have introduced the following systems to promote internal transfers: Challenge Rotation, whereby human resources personnel coordinate transfers based on employees' wishes; and Challenge Post, under which employees apply for organizations with specific needs for human resources.</li> </ul>

### Indicator and Result

#### In-house appointment ratio

%

	2020	2021	2022
	100	100	100

\* Global key management positions: key positions for consolidated business management

## **5. Respect for human rights**

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# 5. Respect for human rights

## Purpose and Policy

### Respect for human rights

The Toyota Tsusho Group has been striving to solve social issues through our business activities under our fundamental 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." We recognize that it is an extremely important responsibility for us to understand and undertake appropriate actions in response to human rights issues of countries and regions in order to "Be the Right ONE." We set our idea, "Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills" as one of our Key Sustainability Issues (Materiality).

## Toyota Tsusho Group Human Rights Policy – Policy and basic concept

### 1. Our stance on international norms and laws

We believe that respect for human rights in accordance with international standards forms the foundation of our business worldwide, and consequently, we respect human rights based on the United Nations International Bill of Human Rights, including the "Universal Declaration of Human Rights" and the "Guiding Principles on Business and Human Rights."

Our Behavioral Guidelines stipulate that we "Will respect people and strive to create an engaging workplace," as good corporate citizens and our Global Code of Conduct & Ethics (COCE) specifies our respect for human rights and stresses our consideration for human rights.

We particularly strive to ensure that there is no discrimination against gender, age, nationality, race, skin color, ethnicity, religion, sexual orientation, disabilities, political views, or other factors in our workplaces, to establish policies to prohibit forced labor, child labor and unreasonably low wage labor, to eliminate inadequate employment and pay above the minimum wage in compliance with labor laws and regulations of countries in which we operate and to protect the right to privacy and freedom of expression of all individuals with whom we engage in the course of our company activities.

### 2. Scope of application

This policy applies to all officers and employees. We also expect all of our business partners, including suppliers, to understand and comply with this policy.

### 3. Human rights due diligence

We will strive to identify and prevent or mitigate any adverse impacts on human rights in our business through our human rights due diligence mechanisms.

### 4. Remediation and remedy

If we discover that our business activities have caused or are having an adverse impact on human rights, we will work to remediate or remedy them through appropriate procedures and dialog.

### 5. Grievance mechanism

We will endeavor to establish a reporting and grievance system to appropriately understand and respond to all human rights issues affecting our officers and employees or otherwise related to our business.

### 6. Education

We will provide appropriate education and training to officers and employees so that they are familiar and comply with this policy. Moreover, we will include this policy in our guidelines and other necessary procedures so as to firmly establish it in our business activities.

### 7. Progress confirmation and information disclosure

We will persistently review our efforts to respect human rights, track progress and disclose our findings in a timely manner through our website, etc.

### 8. Dialog / discussion with stakeholders

We will endeavor to consult with third-party organizations with human rights expertise regarding any adverse impact on human rights and engage in dialog and discussions with relevant stakeholders.

# 5. Respect for human rights

## Purpose and Policy

### Toyota Tsusho Group Human Rights Policy – Initiative for specific issues

#### Rights of children

We believe that the human rights of children—who will lead future generations—require particular consideration. To this end, we endorse children's rights-related treaties championed by international organizations and support UNICEF's "Children's Rights and Business Principles."

#### Rights of indigenous peoples


We recognize the unique culture and history of indigenous people in our business activities in the countries and regions where they reside. Further, we shall consider the rights of indigenous peoples stipulated in the laws and regulations of such countries and regions as well as in international norms, such as "United Nations Declaration on the Rights of Indigenous Peoples."

#### Our stance on security firm appointment

We recognize that the use of weapons in security operations carries a potential risk of human rights abuse. Accordingly, we will endeavor to respect human rights by supporting the laws and norms of countries and regions in which we conduct business, as well as related international agreements, when appointing security organizations and other entities as part of our business activities.

#### Prevention of modern slavery

We will endeavor to undertake measures to prevent the influence of modern slavery, such as forced labor and human trafficking, in our business activities.

Theme	Examples of major initiatives and results
1. Human Rights Policy	<ul style="list-style-type: none"> <li>The Human Rights Policy (approved by the Board of Directors on March 29, 2022) is positioned as the highest-level human rights policy in the Group.</li> <li>We inform suppliers of the Supply Chain Sustainability Behavioral Guidelines and ask them to put the guidelines into practice to further clarify our common understanding of sustainability, including our Group Human Rights Policy.</li> </ul>
2. Human Rights Due Diligence	<ul style="list-style-type: none"> <li> <b>Human Rights Due Diligence Process</b>  </li> <li> <b>Initiatives for Consolidated Subsidiaries</b> <p>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 human rights risks from the three perspectives of business characteristics (business type), sites (country), and products handled. We identified 93 companies that we considered to require prioritized risk assessment and surveyed these companies through questionnaires on the status of management of specific assumed human rights risks. Based on the results, we identified companies that we believe require further investigation and conducted interviews with them in the presence of a third-party organization to investigate their actual status. Although this process did not identify any human rights issues that are likely to emerge immediately, we will continue and strengthen our efforts to reduce human rights risks in the future. The status of this process and the evaluation results were reported to the Sustainability Management Committee.</p> </li> <li> <b>Initiatives for the Supply Chains</b> <p>We have been conducting human rights due diligence for human rights risks in the supply chains since the beginning of the fiscal year ending March 31, 2024. We analyze human rights risks from the three perspectives of business characteristics (business type), sites (country), and products handled, as we do for our consolidated subsidiaries, utilizing international indicators and tools. We will conduct questionnaires and on-site audits as necessary for suppliers that are identified as high-risk. Through these efforts, we will identify negative human rights impacts and work to prevent or mitigate them.</p> </li> </ul>

## 5. Respect for human rights

### Indicator and Result

#### Number and type of grievance filed

Case	2020	2021	2022
Harassment	0	1	7
Work environments	2	0	0
Others	0	0	0

### Compliance Consultation Desk

Toyota Tsusho has set up a Compliance Consultation Desk for consultations on and reporting of sexual harassment, power harassment, discriminatory language, and other human rights issues. The Consultation Desk determines whether an investigation is necessary and, if so, operates in such a way that anonymity and confidentiality are maintained, and that reporting personnel are not subject to retaliation. The reporting personnel is notified of the investigation's results as necessary.

In November 2017, we launched a dedicated external reporting line with multilingual support in more than 160 languages, providing a global service with greater anonymity and confidentiality. In this way, we are working to establish internal reporting systems that make it easier for employees to report or consult on matters related to COCE violations, including corruption and human rights' violations.

## IV. Human Capital Metrics

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1. Compliance and ethics
2. Costs
3. Organizational health, safety and well-being
4. Workforce availability
5. Productivity
6. Recruitment, mobility, and turnover

# 1. Compliance and ethics

## Indicator and Result

### Number and type of concluded disciplinary action

Case	2020	2021	2022
Disciplinary dismissal	0	0	0
Others	2	2	1

### Percentage of employees who have completed training on compliance and ethics

%	2020	2021	2022
	100	100	100

## Activities to Raise Compliance Awareness

Toyota Tsusho offers various types of training and seminars, including mandatory e-learning 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.

The company also conducts training, e-learning, and information sessions for executives and employees on topics such as insider trading, bribery prevention, cartels, supply chain CSR, and the COCE to ensure that all personnel are fully aware of the prohibition of corruption in all forms. In addition, the company reviews, revises, and issues the Laws & Ordinances Handbook for executives and a compliance manual for employees every two years so that the entire company workforce is familiar with important laws to ensure strict compliance with laws, regulations, and corporate ethics.

# 2. Costs

## Indicator and Result

### Total workforce costs

Million Yen	2020	2021	2022
	39,330	41,169	41,042



### 3. Organizational health, safety and well-being

#### Indicator and Result

##### Lost time for injury

Hours

	2020	2021	2022
	0.00	0.00	0.00

##### Percentage of occupational accidents

%

	2020	2021	2022
	0.00	0.00	0.00

At Toyota Tsusho, industrial accidents that occur at Group workplaces are reported without delay according to the Toyota Tsusho Group Industrial Accident Reporting Standards.

Root-cause analysis and reoccurrence prevention measures are disseminated across all departments, with the aim of preventing similar accidents.

##### Percentage of people killed during work

%

	2020	2021	2022
	0.00	0.00	0.00

##### Average overtime work per month

Hour

	2020	2021	2022
	19.0	23.7	21.8

##### Absenteeism

%

	2020	2021	2022
Physical cause	0.12	0.19	0.25
Mental cause	0.28	0.48	0.52

\* Data concerning directly employed employees including those seconded to other company (excluding the members of the board, temporary staff, and those seconded from other companies)

## 4. Workforce availability

### Indicator and Result

#### Number of employees

Person

	2020	2021	2022
Members of the board and executive	60	58	57
Employees	3,680	3,648	3,630

\* No part-time staff employed

#### Full-time equivalents (FTE)

FTE

	2020	2021	2022
Calculated using our standard working hours of 7.75	2,782	2,796	2,700
Calculated using the general standard working hours of 8.00	2,695	2,709	2,688

\* Data concerning directly employed employees excluding those seconded to other companies (excluding members of the board and temporary staff)

## 5. Productivity

### Indicator and Result

#### Human capital RoI

	2020	2021	2022
	2.05	4.17	3.44

#### Calculation Formula

$$\text{Human capital RoI} = \frac{\text{Ordinary income}}{\text{Human capital cost}}$$

#### EBIT per employee and profit per employee

Million yen

	2020	2021	2022
EBIT per employee	30	63	53
Profit per employee	24	69	44

\* The number of employees is based on the FTE (calculated based on our standard working hours of 7.75).

## 6. Recruitment, mobility, and turnover

### Indicator and Result

#### Average time to fill vacant positions

Days	2020	2021	2022
	68.1	75.8	71.2

\* Total number of days required to hire employees who joined Toyota Tsusho as new university graduates in the relevant fiscal year. Calculated based on the number of days from the application date to the offer acceptance date. Recruiting of mid-career applicants is not included.

#### Average time to fill vacant critical business positions

Days	2020	2021	2022
	0	0	0

\* "critical business positions" in this article are a part of global key management positions which belong to Toyota Tsusho Corporation.

\* The result is zero with each fiscal year because new staff members can take up the positions immediately after they are vacated based on our successor plan for key posts.

#### Percentage of critical business positions filled internally

%	2020	2021	2022
	100	100	100

\* "critical business positions" in this article are a part of global key management positions which belong to Toyota Tsusho Corporation.

#### Turnover rate

%	2020	2021	2022
	4.0	4.4	5.2

\* Data concerning directly employed employees excluding fixed-term contract employees (excluding members of the board, temporary staff, and seconded employees from other companies)

#### Voluntary turnover rate

%	2020	2021	2022
	1.9	2.2	2.9

\* Data concerning directly employed employees excluding fixed-time contract employees (excluding members of the board, temporary staff, and seconded employees from other companies)



HCProduce

HC Produce Inc.  
SPACES Otemachi, Otemachi Building 2F floor,  
1-6-1, Otemachi, Chiyoda-ku, Tokyo

To Toyota Tsusho Corporation,

ISO 30414 Reaudit Results Notification

HC Produce Inc. ("HCPro"), as an Independent Assessment Body, through the following processes (1) to (4) in accordance with the International Standard on Human Capital Disclosure: ISO 30414, reaudited the conformity of Toyota Tsusho Corporation (Toyota Tsusho, non-consolidated) with ISO 30414 on data, systems, statements, and strategies certified by HCPro and Human Capital Management Institute, LLC ("HCMI") on 31 October 2022.

- (1) Interviews with Toyota Tsusho's leadership teams and employees
- (2) Assessment of Toyota Tsusho's data contents, guidelines, and systems
- (3) Assessment of Toyota Tsusho's statements clarifying strategies and internal guidelines
- (4) Assessment of Toyota Tsusho's external and internal reports for each metric of ISO 30414

In our opinion, the data, statements, systems, statement, and strategies referred to above fairly, in all material respects, the position of Toyota Tsusho as of 31st October 2023 results of their managements of Human Capital reporting, ended in conformance with ISO 30414 (Certification expiry date: 31 October 2025).

保坂 駿介

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HC Produce Inc.  
CEO Shunsuke Hosaka  
September 11<sup>th</sup> 2023



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