

Be the **Right ONE**

Integrated Report 2021

Fiscal year ended March 31, 2021



Be the Right ONE

At Toyota Tsusho, our goal is to become an
irreplaceable and one-and-only
presence for our business partners and stakeholders.

Inclusion in SRI Indices

Since July 2021, Toyota Tsusho has been included in the following socially responsible investment (SRI) indices.



FTSE4Good

FTSE4Good Index Series*1



FTSE Blossom
Japan

FTSE Blossom
Japan Index*1

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering
Women Index (WIN) *2



S&P/JPX
Carbon Efficient Index

*1 Toyota Tsusho Corporation met the requirements for inclusion in the FTSE Blossom Japan Index, created by global index provider FTSE Russell (registered trademark of FTSE International Limited and the Frank Russell Company), and became a constituent stock. The FTSE4Good Index Series was created by FTSE Russell to measure corporate performance from the perspective of ESG. The FTSE Blossom Japan Index is 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, 2021

- Climate change: B
- Water security: B
- Forests (Timber): B
- Forests (Palm oil): B-
- Forests (Soy): C



Quality Assurances Regarding Environmental Performance Data

The quality of some of the Toyota Tsusho Group's data regarding energy-related CO₂ emissions and water consumption has been assured by Lloyd's Register Quality Assurance Ltd. (LRQA).

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 environmental, social, and governance (ESG) information, to deepen the understanding of stakeholders regarding the company. When preparing this report, we referred to the International Integrated Reporting Framework advocated by the Value Reporting Foundation (VRF), the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI), the Environmental Reporting Standards of the Ministry of the Environment in Japan, and the ISO 26000 Guidance on Social Responsibility. In addition to reporting on management strategies, business performance, and business activities, the Integrated Report also covers topics such as Toyota Tsusho's contributions to resolving social issues and contributions to local communities through business with the hope of increasing understanding of our efforts to achieve sustainable growth. 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 Toyota Tsusho'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 Toyota Tsusho's management 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.



► Further Information Regarding Financial Results

For further information regarding our financial results for the fiscal year ended March 31, 2021, please see "Financial Highlights for the Fiscal Year Ended March 31, 2021."

<https://www.toyota-tsusho.com/english/ir/presentation/earnings-presentations/2020.html>



► Information Related to Sustainability

For further information on the environment, society, social contributions, conflict minerals, and other ESG-related topics, please refer to the Sustainability section on the Toyota Tsusho website.

<https://www.toyota-tsusho.com/english/csr/>



► Online Integrated Report

A digital book version and PDF version of integrated reports are available on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/ir/library/integrated-report/>

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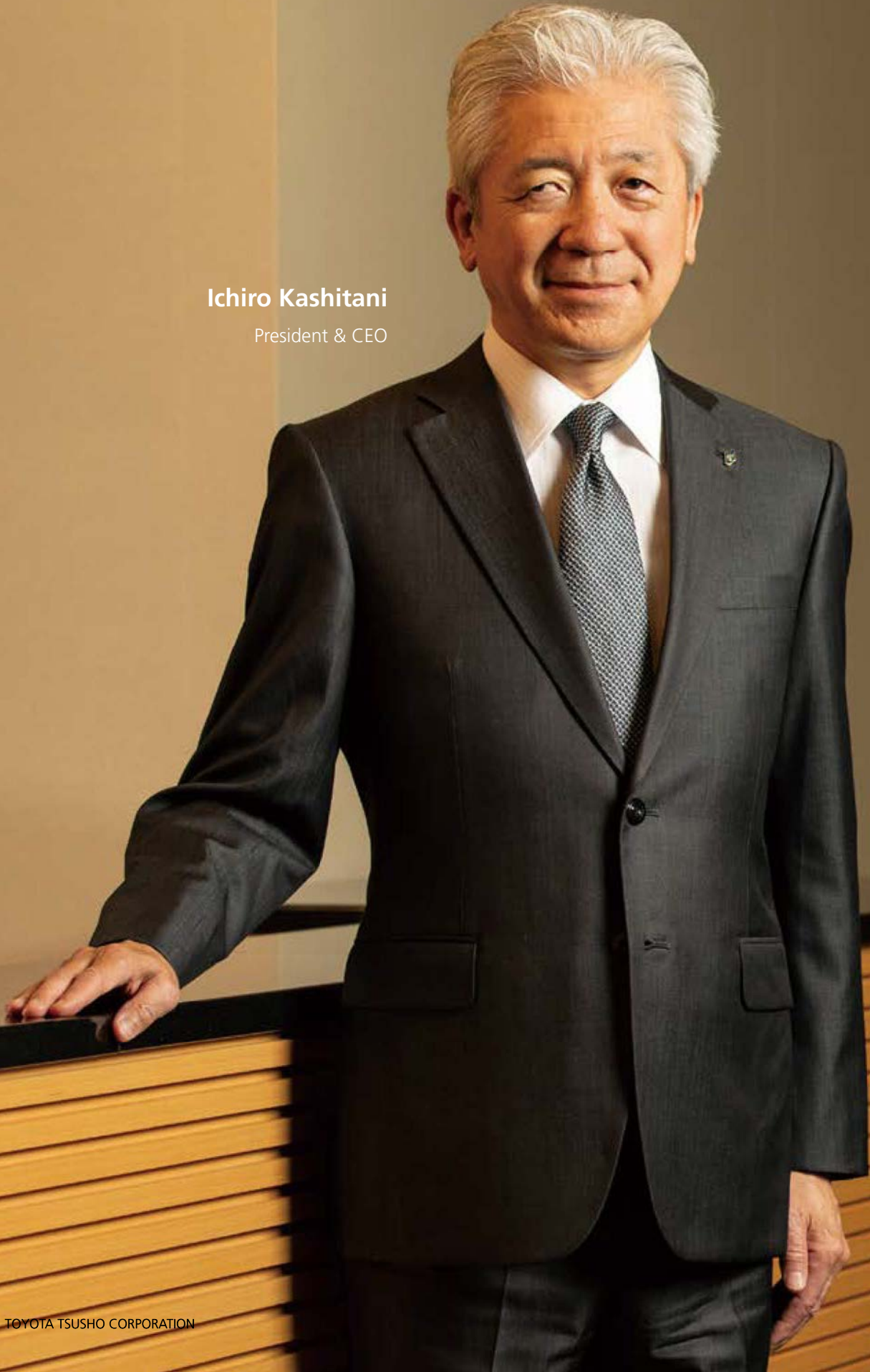
Be the Right ONE

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

President & CEO's Message

Ichiro Kashitani

President & CEO



Pursuing value creation that contributes to the development of prosperous societies and striving to “Be the Right ONE.”

With the end of the COVID-19 pandemic still not in sight, I would like to express my sincerest condolences for those around the world who have passed away, and I offer my best wishes to those who are currently battling the disease. I would also like to express my greatest gratitude for those in the medical and other professions who are working on the frontline to safeguard people’s lives and lifestyles.

■ Realizing true value even during a crisis

Since the novel coronavirus disease (hereafter referred to as COVID-19) became prevalent in 2020, I have made it my top priority as a leader to protect the health and safety of our employees and their families, and only then do what we can to ensure business continuity.

By conducting business in this challenging environment, we realized various things. One thing that we reaffirmed while fulfilling our mission to maintain supply chains is that reinforcing a business continuity plan (BCP) is a never-ending task. We were able to leverage the deep and wide-ranging networks with various customers that we have built up and the accumulation of knowledge in different business domains when the COVID-19 pandemic threatened normal supply routes. Moreover, I believe that it was precisely because we had BCP mechanisms supported by steady

plan development and *kaizen* (continuous improvement) that the group was able to fulfill its intention not to deplete supplies or suspend production lines.

Something else that we realized was the strong resilience when faced with change in the economic environment of business relating to the “economy of life,” which is said to be essential business, which protects the day-to-day activities and lives of people and includes electric power and energy, logistics, IT infrastructure, chemical products, insurance, and healthcare. For the past several years, we have been working to expand our business portfolio from the Mobility domain and Resources & Environment (R&E) domain to the Life & Community (L&C) domain, and this has led to the stability of our business results. Reaffirming the importance of building a business portfolio with medium- to long-term perspectives and ambitions has been an important outcome for us.

■ Basic management policies under the COVID-19 crisis: Grow and become stronger in ways distinctive of Toyota Tsusho

As our struggle against COVID-19 continued, including the emergence of variants, I put forth basic management policies under the COVID-19 crisis. Companies around the world including Toyota Tsusho are aware that they are facing a major point of divergence that will draw a clear line between future growth or decline. For this reason, I would like to again explain the policies that will be essential for the Toyota Tsusho Group to continue growing based on our realizations from the previous fiscal year.

① Continuing business while protecting the safety and health of employees and their families

This axis will remain unchanged into the future. This fiscal year, we will promote even further reform of new normal work practices. We will develop work environments that facilitate work through the best mix of work practices and innovations in offices that employ digital technologies and pursue further reforms to make work more meaningful. As we implemented these initiatives, in 2021 the company was selected for the first time as a Health & Productivity Stock Selection.

② Ensure supply chain continuity

To fulfill our mission and roles as a trading company of preventing the shutdown of customer production lines and meeting their needs, we will strive to make further advances including continuing reinforcement of BCPs to enhance supply chain resilience and securing flexibility in supply chains. To this end, steady preparations during normal times, including engaging in on-site communications and building trusting relationships with relevant parties and continuing to explore while demonstrating curiosity and inquisitiveness, will be essential. It is necessary that we comprehensively practice Toyota Tsusho’s distinctive traits expressed as a “commitment to expertise, effort, and hands-on work.”

③ Pursuit of lean management: Becoming strong individuals and a strong organization

We will increase our practice of lean cash flow management that thoroughly eliminates waste. In addition, the individuals who carry out these initiatives will strive to become strong individuals as professionals with enhanced expertise, and these strong individuals

President & CEO's Message

will join together and engage in teamwork to create a strong organization. I believe that to do this, work practice reforms and digital transformation (DX) will be important.

④ Continue to take on new challenges

Even during the pandemic, we will continue to tackle the business challenges that are essential for the development of a sustainable society including the "economy of life" to build an ambitious portfolio. We will rigorously screen new investment projects with an eye toward the future with the same ambition as for our business portfolio.

Pursuing value creation that resolves social issues and contributes to the development of prosperous societies in the future

Sustainability Management

If you look across global society, you can see that awareness is rising rapidly concerning worldwide common issues, particularly problems relating to climate change. The United States has returned to the Paris Agreement, which seeks to curtail global warming, and movements toward carbon neutrality, which began to germinate only one year earlier, have become a major groundswell and have started to impact the actions of national governments, companies, and individuals around the world.

Amid this major trend, we are strategically seeking to create value distinctive to the Toyota Tsusho Group that goes beyond simply resolving social issues. The embodiment of this is represented by four material issues for achieving both resolutions to social issues and corporate growth and by our four priority areas that are linked to them.

The aspiration for sustainability management that goes beyond solutions to social issues is based on the belief that the role that we should play is not limited to resolving issues, but extends to the creation of even better and prosperous societies in the future. To give an example, when Sony launched the Walkman, it was not so much because there was an issue that needed to be addressed, but because new value and prosperity could be created by enabling people to pass the time more enjoyably and happily if they could listen to music while walking or jogging. I believe that to achieve the sustainability management that we seek and contribute to the creation of prosperous societies as provided in our corporate philosophy, this type of perspective regarding the creation of enjoyment and happiness will also play a role.

For details, please see the section entitled "Sustainability Management" on page 23. [>](#)

Pursuing value creation that goes beyond resolving social issues.



■ Passing down a better global environment to the children of the future

Promoting Carbon Neutrality

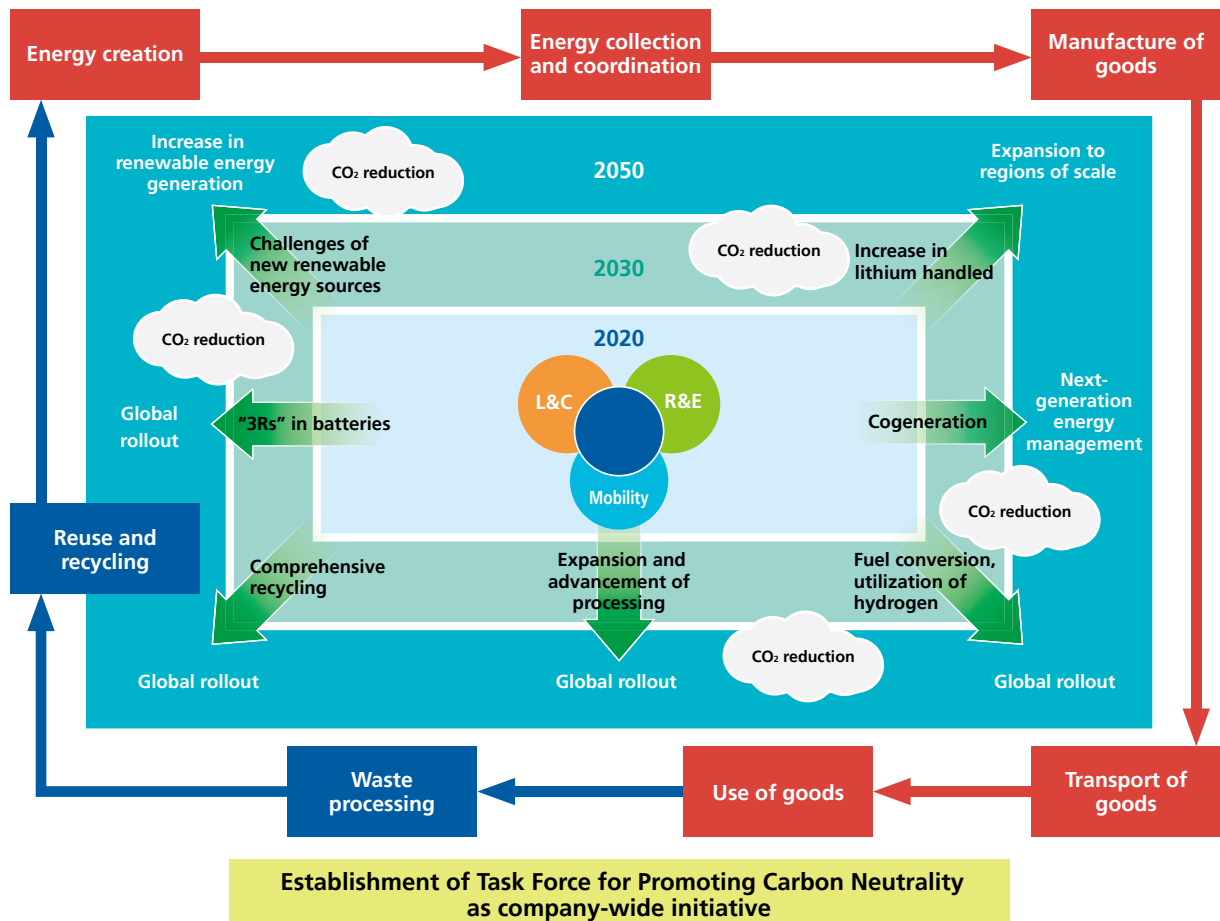
The Toyota Tsusho Group is involved in businesses that support the circular economy throughout each stage of the industrial lifecycle including energy creation, energy collection and coordination, manufacture of goods, transport of goods, use of goods, waste processing, and reuse and recycling as part of its initiatives to contribute to the transition to a decarbonized society (see figure below). We have been cultivating know-how in these businesses since the 1970s in the automobile recycling business 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.

To expand the results that we have previously achieved even further and accelerate future undertakings, we established the Task

Force for Promoting Carbon Neutrality in April 2021 under the slogan "passing down a better global environment to the children of the future." Furthermore, in July we set and declared specific quantitative targets for contributing to the transition to a decarbonized society. The Toyota Tsusho Group will seek to cut greenhouse gas emissions from its business activities by 50% compared to 2019 by 2030 and to achieve carbon neutrality by 2050. We will work to expand the circular economy and achieve carbon neutrality in each stage of the industrial lifecycle through organic growth of existing businesses while taking on the challenges of new business including fuel conversion and hydrogen utilization through collaboration with partners both inside and outside the Toyota Group.

For details, please see the feature entitled "The Toyota Tsusho Group's Initiatives for Achieving Carbon Neutrality" on page 56. [▶](#)

The Toyota Tsusho Group's initiatives for contributing to the transition to a decarbonized society



Target-exceeding investment for future growth

Mid-term Business Plan

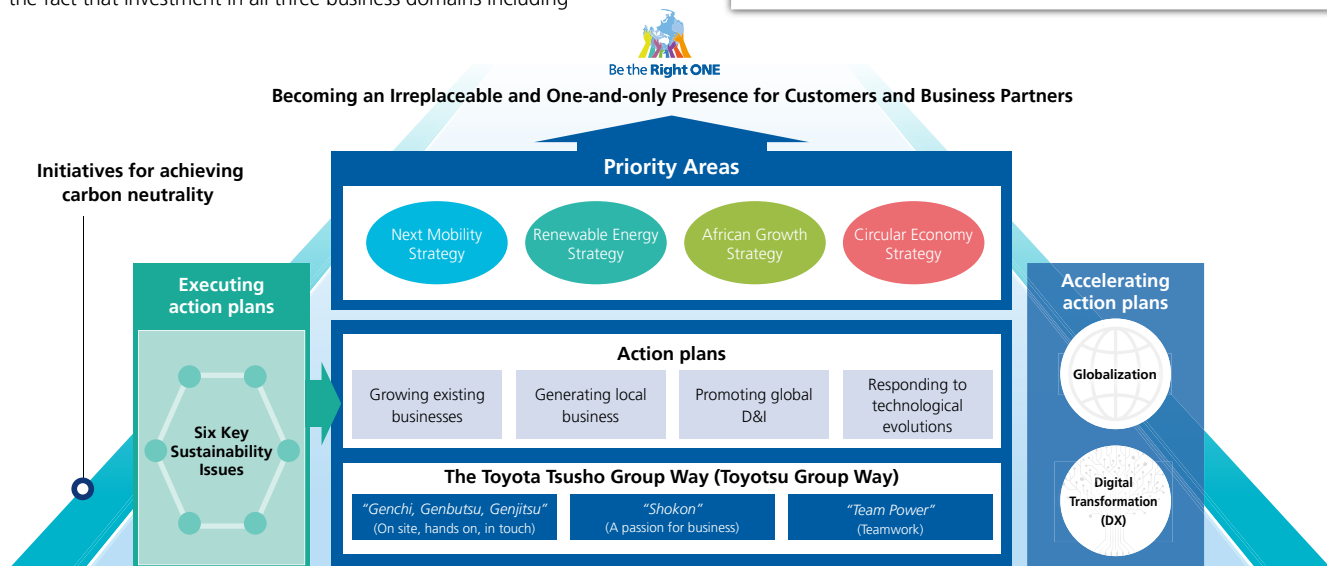
Next, I would like to report on the progress of our most recent three-year Mid-term Business Plan (MTP). The MTP updates company targets every year on a rolling basis, but looking to the three years from the fiscal year ended March 31, 2019 to the fiscal year ended March 31, 2021, current profit attributable to owners of the parent reached only 134.6 billion yen, missing our target of 160.0 billion yen. But our ROE was 10.1%, our net debt-equity ratio (net DER) was 0.68 times, and our risk assets-to-risk buffer ratio (RA/RB) was 0.7, meaning that we achieved the targets that we had set for each of them. As for shareholder returns, we achieved a dividend payout ratio of 25% or more, increased dividends for 11 consecutive years, and will seek to make it 12 consecutive years this fiscal year.

Concerning investment over the three years, the initial target was 330.0 billion yen, but our actual investment was 495.4 billion yen. The largest amount of the investment was in the R&E domain, and the fact that investment in all three business domains including

Mobility and L&C exceeded the initial plan indicates our attitude toward tackling challenges. Under our policy of continuing to boldly take on challenges even under the unknown environment precipitated by the COVID-19 crisis, we have sowed the seeds for future growth over the medium to long term while maintaining solid financial foundations.

At the same time, we believe that target-exceeding investment must be accompanied by a strong commitment to maintaining financial discipline. We have maintained the lessons from the crisis when the company fell into the red in the fiscal year ended March 31, 2016, and when making investment decisions, we engage in extensive deliberation from a variety of perspectives based on our experience from that time.

For details, please see the section entitled "Mid-term Business Plan Ending March 31, 2024" on page 28. [>](#)



Securing the lithium essential for electrification and reinforcing the connected business

Next Mobility Strategy

The automobile industry is right in the middle of extreme changes centered on four areas summarized by the term CASE*1. Of these four areas, the most extreme changes are observed in electrification, represented by the E of CASE, in response to the major global trend toward achieving carbon neutrality. Our policy is to take advantage of business opportunities by identifying areas in which the group can demonstrate its superiority with a view to electrified vehicles in general including BEVs, HEVs, PHEVs, and FCEVs, that are expected to disseminate widely in industrialized nations in the future.

Our lithium-related business supplies raw materials for the lithium-ion batteries (LiBs) that are essential for electrified vehicles. We plan to increase the production capacity of the lithium carbonate

production business at Salar de Olaroz in Argentina from 17,500 tons annually today to 42,500 tons in 2022. We are constructing a lithium hydroxide manufacturing plant in Naraha-machi, Fukushima Prefecture, with production slated to start in 2022.

The element of CASE that I focus on is C, or connected. In February 2021, we acquired 51% of the shares of TOYOTA Connected Middle East FZCO, which engages in the connected services business in the Middle East region, through a third-party allocation of shares. Following the acquisition, the company name was changed to Toyota Tsusho Connected Middle East FZCO.

*1 CASE is short for "connected, autonomous, shared & services, and electric."

▶ Investment for establishing a leading position in the future

Renewable Energy Strategy

The most direct contributions to achieving carbon neutrality are from the renewable energy business. The Toyota Tsusho Group is developing the renewable energy business in Japan and overseas centered on Eurus Energy Holdings Corporation. In addition to wind power generation facilities in Japan, we operate wind power generation facilities in six countries in Europe and in Egypt, the United States, Uruguay, Australia, and South Korea and solar power generation facilities in the United States, Chile, and South Korea. As of March 31, 2021, our total generation capacity was 3,420 MW, and we have set a target of increasing this to 4,900 MW in the fiscal year ending March 31, 2024. We are currently developing our first overseas

hydroelectric power generation business in Vietnam and have established a consortium for joint development in Japan to expand into offshore wind power, and we are working to expand our business domains.

Based on the belief that our recent business development will eventually lead to the establishment of a leading position for us in the field of renewable energy, demand for which is expected to grow, we will continue to make investments that maintain a balance with the risks while pursuing further expansion into new countries and business domains as a competitive clean electric power provider.

▶ Laying the foundations to capture growth potential

African Growth Strategy

As a part of our Africa strategy, we added three new pillars—“Connected,” “MaaS (Mobility as a Service),” and “HR Support & Development” for advancing the cultivation of local talent—to the existing six pillars that we have been promoting in our Mobility domain. Of these, the first two take advantage of the phenomenon known as leapfrogging, commonly seen in many African countries, where cutting-edge technologies are deployed and developed, skipping over phased development. Through Mobility 54 Investment SAS, which invests in and provides financing to mobility-related start-ups in Africa, we are investing in companies that engage in the logistics digital platform business or asset financing business with a focus on automobiles and motorcycles.

Initiatives concerning global health include vehicles for refrigerated transport of vaccines (WHO certified), which are expected to be used for the last mile delivery of vaccines in developing countries, and cooperation with a company developing the drone logistics business for delivery of blood products to healthcare facilities and

other applications.

In the renewable energy field, more than one year has elapsed since the start of operation of Egypt’s first wind power IPP*² project, and in Kenya, we are promoting the mini-grid business in non-electrified regions while seeking to expand deployment areas in the future.

The African continent has the world’s youngest population, with an average age of 19.7 years*³, and it is a region with tremendous growth potential over the medium to long term when it comes to production and consumption with the start of operation of new trade frameworks such as the African Continental Free Trade Agreement. Toyota Tsusho, acting primarily through group company CFAO, is developing business in the healthcare and retail fields and seeks to achieve growth by laying the foundations for responding to the needs of a rapidly rising middle class.

*2. Independent Power Producer

*3. Source: United Nations, World Population Prospects 2019

Strengthening Our Toyota & Suzuki Business through the Nine Pillars

① Product Line-up Reinforcement	② Knock-down Business Promotion	③ Supply Network Optimization
④ Total Fleet Management Enhancement (B2B)	⑤ Operations Fortification (B2C)	⑥ Value Chain Expansion
NEW ⑦ Connected (Connected Business Augmentation)	⑧ MaaS (MaaS Solidification)	⑨ HR Support & Development

▶ Behind-the-scenes support contributes to promotion of a circular economy

Circular Economy Strategy

I believe that a circular economy is an important element for the formation of a sustainable society. The circular economy business undertaken by the Toyota Tsusho Group creates new value through reverse supply chains linking existing “venous” businesses, such as waste processing and recycling, and “arterial” businesses, including production. In this way, our business can be said to be the commercialization of the circular economy. The Toyota Tsusho Group has engaged in circular economy business since the 1970s through the recovery and dismantling of end-of-life vehicles (ELVs) and proper processing of materials and parts for recycling. In non-automotive areas, we established one of Japan's largest recycled plastic processing companies with a business partner and plan to commence operations in early 2022. Through this and other initiatives, we are fully demonstrating Toyota Tsusho's distinctive trait of behind-the-scenes support in circular economy businesses.

In the Mobility domain, as LCA*⁴ becomes increasingly important, we are conducting research and development of technologies to cut greenhouse gases throughout the product life cycle. Group company Toyota Metal Co., Ltd. has an automobile recycling research center and is researching vehicle structures that are easy to dismantle and appropriate and efficient dismantling technologies. In the future, we will develop business areas where we can demonstrate our peerless superiority, such as in the “3Rs” (rebuild, reuse, recycle) of automotive batteries, to become a comprehensive and leading circular economy provider.

*4. Abbreviation for Life Cycle Assessment. LCA is a method of quantitatively assessing the environmental impact of a product or service throughout its entire life cycle (resource extraction, material production, product production, logistics, use, disposal, and recycling) or a particular stage of that life cycle.

■ The drive to reform management and business

Digital Transformation (DX) and Globalization

In 2020, advances in DX were made with the expansion of working from home and increased attention on raising business efficiency. Also, globalization was re-examined in conjunction with the worldwide imposition of restrictions on travel.

The Toyota Tsusho Group is implementing DX in the drive to accelerate progress in the four strategies, and in April 2020 we appointed a chief digital & technology officer (CDTO) and established the DX Acceleration Department as a cross-division organization. It is our understanding that DX is more than just a tool for using digital technology to reform management and business. The new department will consolidate initiatives within the group and disseminate information on best practices. As of April 2021, more than 300 projects are underway, and we are undertaking “DX1.0,” which seeks to contribute to lean management through higher efficiency and automation, “DX1.5,” which creates added value and new value, and “DX2.0,” which takes on the challenges of creating new business domains through business investment and other means. With “Strong,” “New,” and “Enjoyable” as the key concepts, we plan to implement reforms distinctive to Toyota Tsusho.

Concerning globalization, another issue that we have been addressing as a strategy, our awareness of the need for the

“glocalization” of human resources has become even stronger. In response to the restrictions on travel during the pandemic, we have been working to localize management in formats other than top-down from Japan to other countries. This means reviewing the earlier practice of dispatching personnel from Japan and posting them to other countries to serve as the managers of local business sites and companies to implement personal transfers within regions or from one foreign country to another. We plan to focus our efforts on building structures for recruiting and developing local management human resources in each region, delegating authority to allow for autonomous management, and having the Head Office in Japan perform comprehensive governance.

We also need to investigate mechanisms that can increase diversity and inclusion (D&I) along with “glocalization.” If we can enhance the diversity of human resources through glocalization, this will lead to deepened perspectives regarding inclusion, and that in turn will make us more sensitive to identify new trends in society quickly, improve risk management and resilience, and facilitate development as an organization. Building mechanisms that increase D&I will lead to the greater vitality of our organizations and business.

■ Ongoing innovations to ensure the effectiveness of governance during the COVID-19 pandemic

Corporate Governance

As of the General Meeting of Shareholders in June 2021, the Board of Directors comprised a total of nine members including four outside members. The presence of outside members on the Board of Directors is essential for supervision of management from the perspective of shareholders without any unwritten rules or tacit knowledge in deliberations by the Board. In addition to performing this supervisory function, the outside board members have diverse backgrounds, and we believe that the composition of the Board is in line with our business, which is broadly based on our Mobility, R&E, and L&C domains. The outside board members are Kumi Fujisawa, who has human and information networks developed through interactions with start-up companies and networks as well as insights into social changes gained through these interactions; Kunihito Koumoto, who is versed in the importance of the scientific approach and manufacturing; Didier Leroy, who has real-world experience in the

automobile industry and managing a global company; and Yukari Inoue, who has experience in corporate management as the president of a Japanese subsidiary of a global company with a deep understanding of B2C business.

Due to the pandemic, it has become difficult to conduct the on-site visits by outside directors that we implemented in the past, and instead, we have conducted online virtual tours and discussions with employees. In addition, we have continued to hold meetings for dialogue (for reporting the business summaries, strategies, and progress of each division) with outside members of the Board and Audit & Supervisory Board members following the conclusion of Board of Directors' meetings, and we have implemented various innovations so that the outside board members can effectively perform their supervisory functions.

For details, please see the section entitled "Corporate Governance" on page 76. [▶](#)

■ Work worthwhile engaging in and pride that pave the way to "Be the Right ONE"

I believe that one of the roles of a business enterprise is the continuous development of human resources that contribute to society. In this respect, after a series of conversations, I feel a profound responsibility for responding to those new employees who just joined us straight out of university and who show a strong desire to find themselves contributing to society.

The business strategies of the Toyota Tsusho Group, which have been linked to our material issues, are management strategies themselves intended to enhance our corporate value in response to expectations from our shareholders and investors, and simultaneously, are of great encouragement to group employees seeking purpose in engaging in their work.

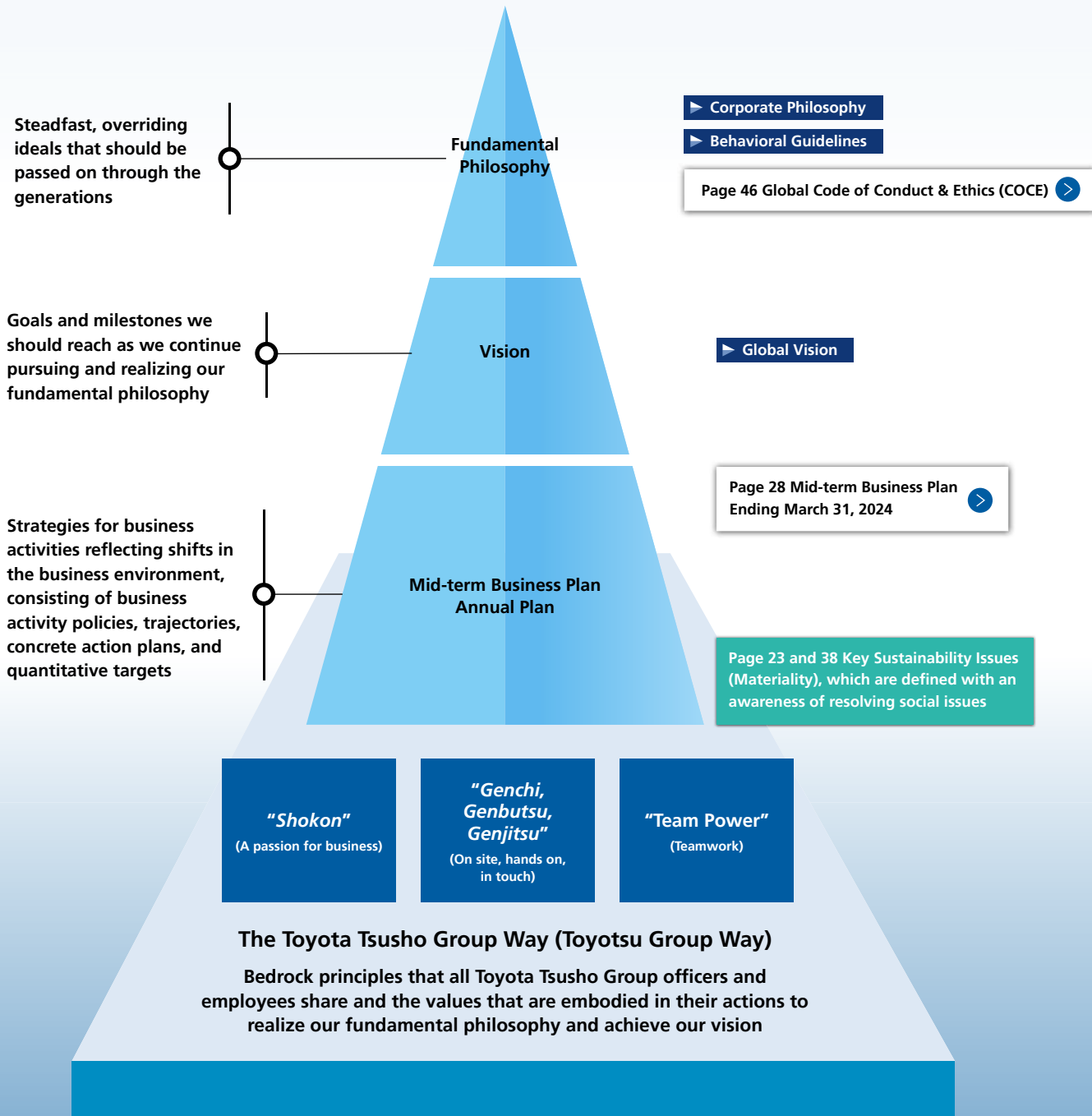
I also believe there is a close correlation between increasing corporate value and cheering on our group employees, because "Be the Right ONE," in other words, pursuing the creation of value by each one of our employees, paves the way to work engagement and pride as a member of the Toyota Tsusho Group.

Both engagement in worthwhile work and pride in doing so invigorate our organization and turn into driving forces capable of foreseeing the future and leading our group toward change in a highly unpredictable business environment. As president, I am determined to unify these driving forces and strive to increase corporate value. Going forward, I very much hope for your continued support and guidance.



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

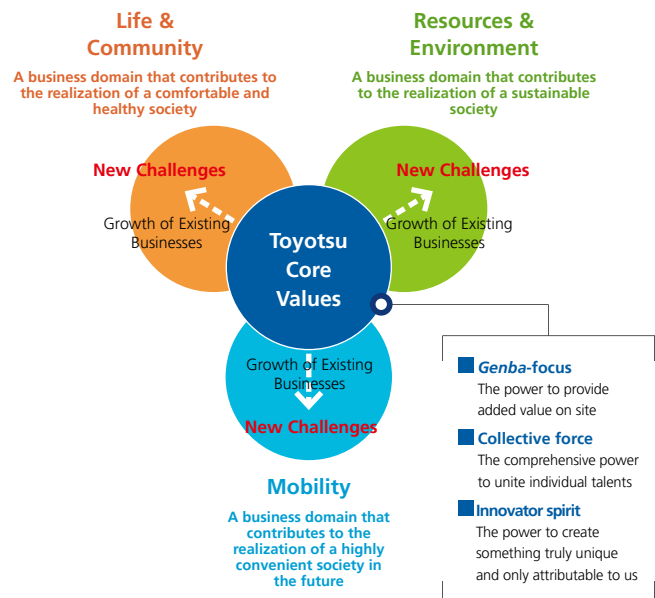
The Toyotsu Core Values are the manifestations of strengths we should optimize and apply for achieving our Global Vision, with the Toyotsu Group Way serving as a foundation. With the Toyotsu Core Values, we will focus our efforts on three core business domains.

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**.



Path to Value Creation

The company has long developed its business with functions tailored to customers' needs and with original added value by leveraging its general trading and project management company functions, such as information collection and the logistics and financial functions necessary to import/export and broker domestic business transactions. We are also engaged in the development and investment business, working with partners all over the world to accelerate investment in fields in which future growth is expected.

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, 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 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.



Stepping up overseas forays as Toyota globalizes

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

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

1948 Establishment



1983
Former Tomen Electronics Corporation established



1986
Began aggregation and consolidated shipping to the United States



2003
Former Toyota Tsusho Electronics Corporation established



1987
Former Tomen Group starts an electric power business



1964
Start of automobile export to Kenya



1970
Toyota Metal Co., Ltd. established



2004
Green Metals, Inc. established



Metals Division



Global Parts & Logistics Division



Automotive Division



Machinery, Energy & Project Division



Chemicals & Electronics Division



Food & Consumer Services Division



Africa Division

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 and new technology development, along with renewable energy, African growth, the circular economy, and other areas in which both social needs are high and growth potential is great.



CFAO Group. All rights reserved.

▶ Our distinctive traits acquired in the process of growth

▶ Our distinctive traits acquired through the pursuit of becoming a global company

▶ Our distinctive traits as a member of the Toyota Group

Distinctive Traits of Toyota Tsusho Established Over Time



2012
Elematec Corporation converted to a subsidiary



2012
Lithium production and development started in Argentina



2017
NEXTY Electronics Corporation established

Next Mobility



2012
Eurus Energy Holdings Corporation converted to a subsidiary



2020
Toyota Green Energy LLP established

Renewable Energy



2016
CFAO becomes a wholly owned subsidiary



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

African Growth



2018
PLANIC Co., Ltd. established

Circular Economy

Current Process for Acquiring a Competitive Edge

Toyota Tsusho's Distinctive Traits

Based on our DNA, which is a combination of the Toyota Group and a trading company, we developed Toyota Tsusho's distinctive traits in the process of growing into a global company. The company aims to achieve differentiation with other companies by converting this into a strategy and leveraging its business development and thereby continuing to create value that is unique to Toyota Tsusho.

History of development

Our Distinctive Traits Acquired in the Process of Growth

- Supporting customers through our role behind the scenes
- Fundamental stance of commitment to expertise, effort, and hands-on work



We launched a local supply chain so that our customers and partners, including companies of the Toyota Group, could dedicate themselves to manufacturing when entering markets overseas. Furthermore, we also took other actions, including energy procurement. Also, we honed our business management know-how overseas, including proprietarily establishing and operating manufacturing subsidiaries, reducing costs, implementing *kaizen* (continuous improvement), solving problems, and engaging in dialogue with local employees.

Our Distinctive Traits Acquired through the Pursuit of Becoming a Global Company

- Supplement areas of insufficiency through strategic M&As
- Embody D&I through the M&A integration process
- Knowledge acquired through lessons learned from failures in the investment process



We traversed a non-linear pattern of growth owing to large-scale M&As that conformed to our direction for the future. This included substantial expansion outside the automotive sector thanks to the merger of Kasho Company, Ltd. and Tomen Corporation and the rapid development of business domains and regions in which we operate in Africa through the conversion of CFAO into a wholly owned subsidiary. Also, when carrying out mergers and equity participation, we enhanced our own strengths by respecting and integrating the traits and corporate cultures of these partner companies as diverse perspectives.

Our Distinctive Traits as a Member of the Toyota Group

- External utilization of the knowledge acquired within the Toyota Group
- Passing on of knowledge acquired outside the group to within the group



We are improving profit margins by employing a management philosophy that calls for *kaizen* and the use of a plan-do-check-act (PDCA) cycle, as well as Toyota Production System (TPS) know-how, not only in our own company but at the companies in which we have invested. We are contributing to the enhancement of the Toyota Group's presence and its revenues by maximizing the use of the sales network, marketing resources, and subsidiary management forged by partners outside of the Toyota Group, including Kasho Company, Ltd., Tomen Corporation, and CFAO.

Business Risks and Opportunities

Because we globally conduct business activities, we are impacted by megatrends and changes in the global environment and society. Although these may be risks to our business operations, solutions to the social issues that incidentally arise pose opportunities for us to not only achieve growth but also to realize our corporate philosophy.



Changes in the environment surrounding the automobile industry (CASE)

In the automobile industry, which is in the midst of what is said to be a once-in-a-century structural transformation, CASE is an acronym for new technological advances in the areas of connected, autonomous, shared & services, and electric. In tandem with the electrification of automobiles themselves (the transition to HEVs, PHEVs, BEVs, and other platforms), we are also seeing a transformation in energy infrastructures and materials.

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



Increase in impact from climate change

Global warming is advancing primarily due to an increase in greenhouse gas emissions. In addition to an increase in irregular weather conditions and a rise in seawater levels, there is a risk of impact on various natural environments and society. As one measure, we are quickly transitioning from power generators and products that use petroleum and coal to energy and products, including renewable energies and plant-based products, that do not emit CO₂.

Risks

- Shift from existing materials to reduce vehicle weights 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 plant-based new materials, including new materials and bio-plastics to reduce vehicle weights
- Expansion of the renewable energy business, which is led by wind power, and demand for new energy sources such as hydrogen



Development of emerging countries

Population levels and the middle class are rapidly increasing in emerging countries. Amid this backdrop, the increase in the middle class in Africa is expected to rise to around 500 million people by 2030, versus the 350 million people in 2010. Referred to as the final frontier, this market is being focused on due to expectations for expansion in consumer spending. Meanwhile, issues in the region include dependence on the resources development business and creating jobs for the young. There is a wide range of demand for industrial development and promotion.

Risks

- Highly volatile currencies accompanying unstable 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, plants, and infrastructure that addresses industrial development and promotion



Increase in recycling momentum

We are seeing the expansion of a circular economy, which is characterized by, among other things, an increase in recycling opportunities for electronic devices including automobiles and rare metals, strenuous efforts to avoid using natural resources, viewing disposed of products, raw materials, and other materials as new resources, and recycling these materials to create products. The global movement toward a circular economy has been picking up speed, as illustrated by the Basel Convention, ratified by a total of approximately 190 countries and regions, adding dirty waste plastic as a target for restrictions in 2019.

Risks

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

Opportunities

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

Growth Strategies for Key Sustainability Issues (Materiality)

For its Key Sustainability Issues (Materiality), the Toyota Tsusho Group has selected four social issues that it, more than any other company, can help resolve by leveraging its strengths, and two other issues that will form the foundations for supporting growth. The four social issues are also connected to the priority areas in our current Mid-term Business Plan. By maximizing focus on these issues, we can realize our unique value creation and growth as we target our vision of “Be the Right ONE” to be a business that is indispensable to society and our customers.

Growth Strategies for Priority Areas



Next Mobility Strategy

We launched the NEXT Mobility Development Department and the NEXT Technology Fund Department, which are company-wide organizations, and we are creating new business opportunities by taking both hands-on and venture business approaches to handling CASE technologies.

Top-priority Issues for Both Resolving 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 view the once-in-a-century period of profound transformation that the automobile industry has entered as a business opportunity and will undertake initiatives such as improving traffic infrastructure by using material innovation, support technologies related to autonomous driving and advanced safe driving, and others. Through this, we aim to reduce the number of road accidents and achieve zero traffic casualties and contribute to the development of a safe and comfortable mobility society.



Circular Economy Strategy

By combining the functions of group companies, we are commercializing the collecting, dismantling, fragmenting/sorting, and recycling of ELVs. In 2018, we also jointly established Japan's largest recycled plastic processing company, and in 2020 we launched a polyethylene terephthalate (PET) bottle recycling company.

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

To effectively use limited resources, we will develop circular economy businesses, including those that recover and process reusable resources from scrap generated from ELVs and scrap from the marketplace and plants, and contribute to the formation of a recycling-based society by securing resources through urban mining and transforming waste into resources such as by reusing used vehicles and parts.

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

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 as well as social norms, such as those concerned with preventing corruption or anticompetitive behavior. We are improving our management transparency and enhancing our corporate governance.

For further information, please see pages 23 and 38. 

Growth Strategies for Priority Areas

Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automotive, manufacturing, and energy plant construction through the use of clean energy and innovative technologies

The Toyota Tsusho Group is actively increasing sales of next-generation eco-cars (HEVs, PHEVs, BEVs, and FECVs), developing infrastructure such as hydrogen stations, reducing vehicle weights by using alternate materials, and securing lithium resources that support increased production of the automobile batteries essential for eco-cars.



Renewable Energy Strategy

In addition to accelerating global development to reinforce our existing businesses, we also plan to expand our business domains, including diversifying our portfolio of power sources and conducting energy management. Toyota Green Energy LLP, which was established in June 2020 jointly by Toyota Motor Corporation and Chubu Electric Power Co., Inc., aims to supply electric power to the Toyota Group going forward.

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

We undertake local infrastructure development, industrial development, job creation, and other measures to resolve social issues in developing countries in Africa and other regions through our automotive business and other business activities.

In Kenya, for example, we worked as a strategic business partner in a national project aimed at supporting the realization of the country's national vision. We used the results as a pilot model to promote the autonomy of local residents and to support the growth of the Toyota Tsusho Group through initiatives such as improving living environments by developing basic infrastructure and providing opportunities for occupational training.



African Growth Strategy

We are accelerating business development focusing on the four pillars of mobility, pharmaceuticals, consumer goods, and plants. In particular, in the area of mobility, we are substantially broadening our lineup of compact vehicles through the alliance between Toyota Motor Corporation and Suzuki Motor Corporation. Moreover, we are rapidly expanding our sales network in South Africa, the largest market in the region, owing to our acquisition of Unitrans Motor Holdings (Pty) Ltd in 2019.

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

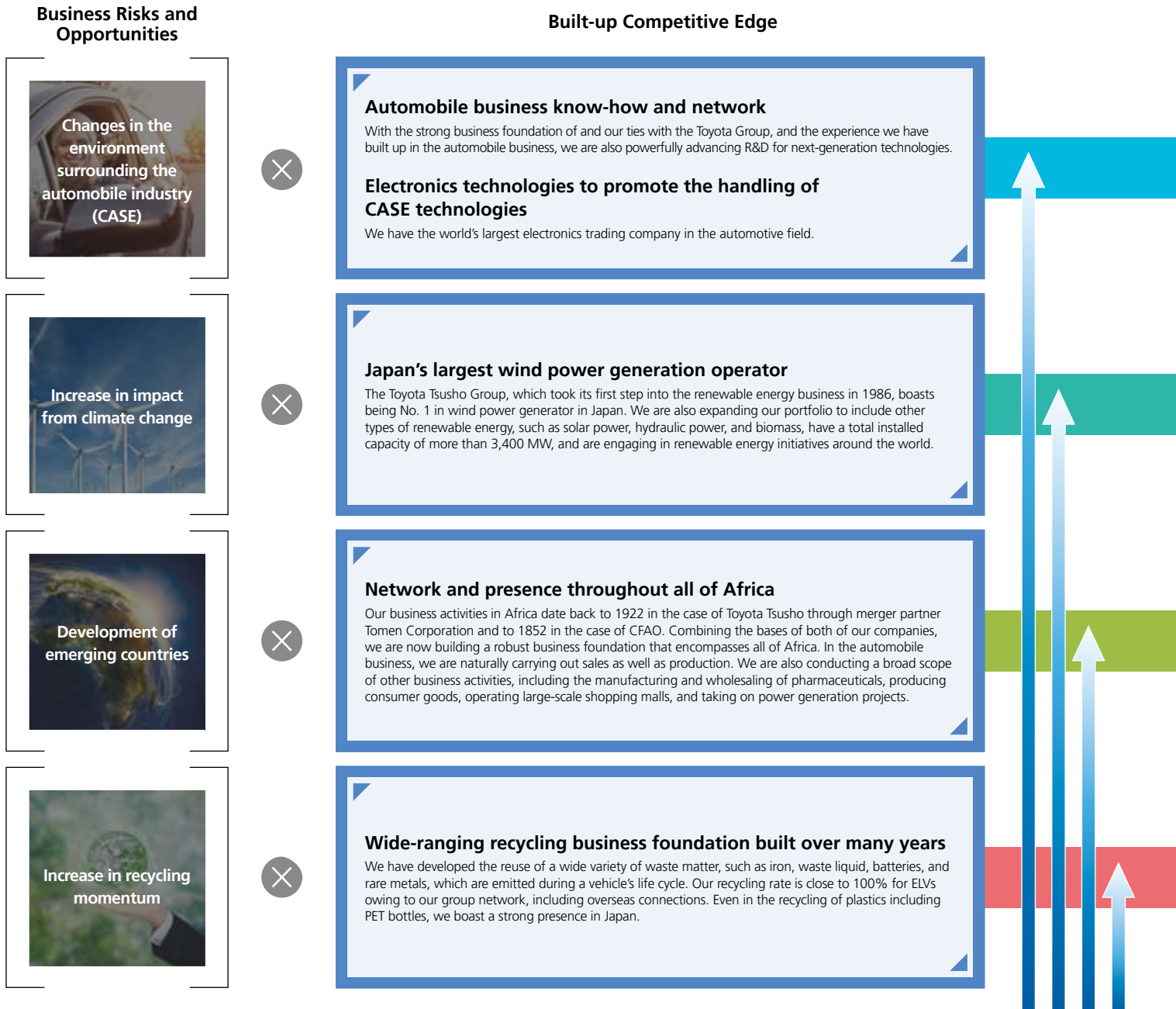
The Toyota Tsusho Group promotes D&I as a management strategy. We are striving to create work environments that bring out the strengths of diverse personnel by undertaking reforms to implement more flexible and productive ways of working.

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.

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

Unique Toyota Tsusho Value Creation

To address changes in the business environment and social issues, we have set forth four priority areas in which we can strongly leverage our competitive edge formed thus far and the distinctive traits of Toyota Tsusho, and we are implementing growth strategies in these four priority areas. We aim to be an irreplaceable and one-and-only presence that can “Be the Right ONE” for our business partners and stakeholders by continuing to provide unique value to our customers and society.



Toyota Tsusho's Distinctive Traits

Our **Distinctive Traits** Acquired in the Process of Growth

Our **Distinctive Traits** Acquired through the Pursuit of Becoming a Global Company

Growth Strategies for Key Sustainability Issues (Materiality)

Next Mobility Strategy

We launched the NEXT Mobility Development Department and the NEXT Technology Fund Department, which are company-wide organizations, and we are creating new business opportunities by taking both hands-on and venture business approaches to handling CASE technologies. Through Mobility 54 Investment SAS, which was established in October 2019, we are accelerating our Mobility as a Service (Maas) and CASE business initiatives in Africa and helping resolve mobility society issues.

Renewable Energy Strategy

In addition to accelerating global development to reinforce our existing businesses, we also plan to expand our business domains, including diversifying our portfolio of power sources and conducting energy management. We established the Task Force for Promoting Carbon Neutrality in April 2021 and, from that time, we have been promoting and accelerating company-wide efforts toward businesses that help reduce CO₂ emissions throughout the industrial lifecycle.

African Growth Strategy

We are accelerating business development focusing on the four pillars of mobility, pharmaceuticals, consumer goods, and plants. In January 2019, we entered a contract to develop the Namibe Port business in Angola. By developing the logistics infrastructure that is essential for economic development locally, we are continuing to contribute toward recovery and economic growth for the country.

Circular Economy Strategy

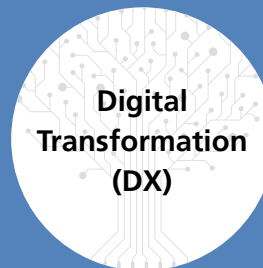
By combining the functions of our group companies, we are commercializing the collecting, dismantling, fragmenting/sorting, and recycling of ELVs. With an awareness of the industrial lifecycle, we will expand the scope of our businesses to include reverse engineering, changing our model from conventional “waste treatment and reuse” to “manufacturing design.” In this way, we aim to turn rubbish into resources globally.

Transforming the foundation of management



Globalization

We aim to implement globalization underpinned by our people, organizations and systems, and business activities to transfer authority to operating sites outside Japan.



Digital Transformation (DX)

Along with establishing the position of chief digital & technology officer (CDTO) as the person in charge of company-wide DX, we also set up the DX Acceleration Department, which collaborates with the sales divisions to improve operational productivity and create new value for customers.

We aim to be an irreplaceable and one-and-only presence for our business partners and stakeholders.



Be the Right ONE

Our Distinctive Traits as a Member of the Toyota Group

Investment Cycle Management

To achieve sustainable growth, we believe it is important to appropriately manage risk and to 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 our 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 the problems faced by our business companies and to replace assets.

Regarding new investment projects, major policy is decided by 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/Investment and Loan Committee. At the Investment and Loan Meeting, chaired by the CFO, we use our own TVA*1 (capital efficiency) and RVA*2 (risk income) indicators, and conduct assessments of climate change and other environmental risks using our own 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 investments in order to accelerate the investment decision-making process.

After investments are made, the administrative unit and the sales division concerned jointly and continuously monitor and support projects facing issues ("check and support"). In addition to independent monitoring by the sales divisions, the administrative unit also monitors through balance sheet 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 Toyota Value Achievement (TVA): An indicator, based upon the concept of return on invested capital (ROIC), that verifies that a certain revenue scale is achieved corresponding to the invested capital.
 *2 Risk adjusted Value Added (RVA): An indicator that verifies that obtained revenue is appropriate for the risk.
 *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 planned value at time of investment for two consecutive periods, decide to either restructure or exit.

Monitor results including NPAT by sales divisions

The administrative unit and sales divisions collaborate in "check and support" activities

Results monitoring based on BS/PL standards

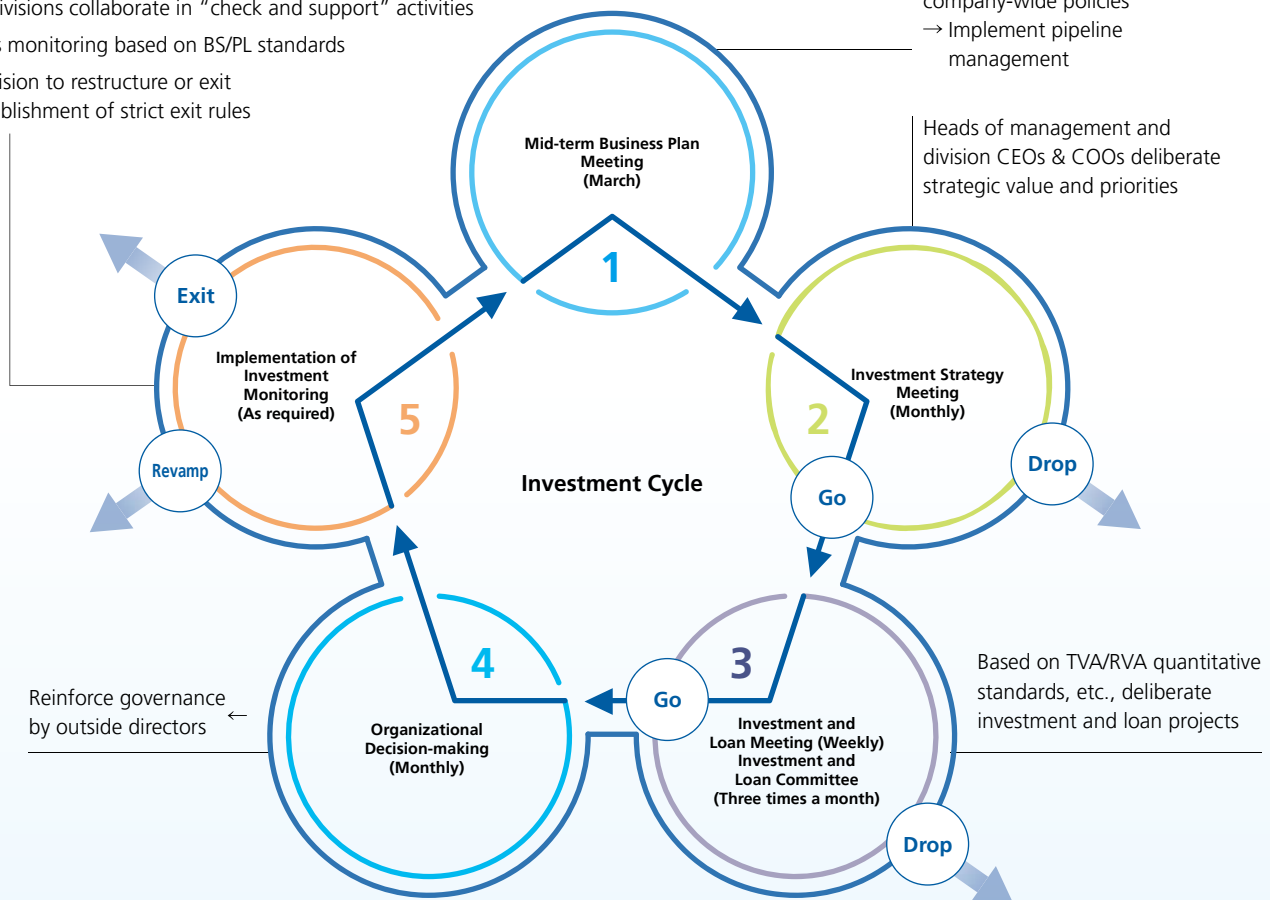
→ Decision to restructure or exit
 → Establishment of strict exit rules

Formulate and approve sales divisions' policies based on company-wide policies
 → Implement pipeline management

Heads of management and division CEOs & COOs deliberate strategic value and priorities

Based on TVA/RVA quantitative standards, etc., deliberate investment and loan projects

Reinforce governance by outside directors



Risk Management


Toyota Tsusho defines “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. To implement the Risk Management Basic Policy in a concrete manner and conduct the administrative operations of the Integrated Risk Management Committee, in April 2021 we established the Enterprise Risk Management Group in the Investment and Credit Department. To address risks faced by the group as a whole, we are establishing and reinforcing consolidated risk management systems by working closely with each department and group company.

Regarding the management of financial risks, the company regularly measures its risk assets and endeavors to ensure that risk assets are balanced by the risk buffer on a consolidated basis. Risk assets are calculated by multiplying risk asset principle based on each account on the balance sheet by the risk weight indicated by the maximum expected loss ratio, while the risk buffer is defined and calculated as the group’s total financial corporate strength. We are striving to maintain a sound and stable financial position by continuing to increase the risk buffer based on profit for the year attributable to owners of the parent. In addition, we conduct country risk management to prevent an excessive accumulation of risk by evaluating the total amount of risk assets and keeping this total beneath the upper limit determined for each country. In the fiscal year ended March 31, 2021, we again maintained risk assets within the scope of the risk buffer.

We also introduced Risk adjusted Value Added (RVA) as a measure of risk profitability with the aim of securing returns commensurate with risks.

Individual finance-related risks are managed as described below.

Business Investment Risk

For details, please see pages 20, 33, and 42. 

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, the company establishes transaction policies to prevent losses such as reviewing transaction conditions, protection of accounts receivable or withdrawal, and conducting individually focused management.

Market Risk

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.

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.

Occupational Safety & Health Risk and Environmental Risk

We establish management rules or guidelines concerning occupational safety & health and environmental risk and appropriately identify and manage these risks.

Value Creation and Preservation Measures

Risk Management

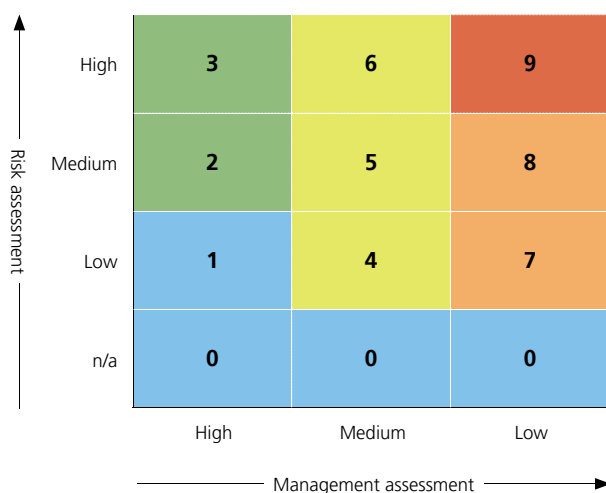
Meetings of the Integrated Risk Management Committee, which was established in April 2020, is attended by heads of the planning department of each sales division and personnel from departments and officers responsible for major risk management in Japan as well as administrative personnel responsible for each area from overseas. The committee discusses a wide range of quantitative and qualitative risks, works to identify global risks and problems, and deliberates on and carries out necessary measures. The committee also formulated Check 10, a list of management items that require particular

attention from among credit, market, human resources and labor, information security, business investment, compliance, occupational safety & health and environmental risks. The Check 10 items are assessed and scored on two-axis—risk and management systems—and a heat map is prepared to support visualization of risks and improve vulnerabilities in risk management. When making improvements, the departments responsible for risk mentioned above provide support as needed. We plan to expand these measures and raise the level of risk management within the group.

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	Global Human Resources Department
Information security	Unattained items in the All Toyota Security Guideline (ATSG)	IT Strategy Department
Scandals	Corruption prevention/Compliance	Legal Department
Logistics	Logistics compliance	Global Logistics Management Department
Occupational safety/ Environmental accidents	Accidents resulting in lost work time/ STOP6 accidents/Environmental compliance	Global Safety & Environmental Promotion Department

Two-axis Matrix of Risk and Management Systems



Sustainability Management

Stance on Sustainability

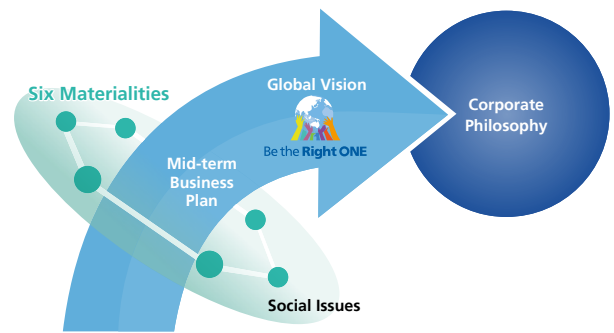
The Toyota Tsusho Group has positioned its corporate philosophy of living and prospering together with people, society, and the planet, and to be a value-generating corporation that contributes to the creation of prosperous societies, as its highest unchanging concept, which should be handed down through the generations. The Toyota Tsusho 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, making them essentially targets for our business today. 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 environmental, social, and governance (ESG) viewpoints.

For Toyota Tsusho, sustainability and good management are the same. Thus, when working to realize its corporate philosophy, which clarifies Toyota Tsusho’s determination to engage in management while displaying the Toyota Tsusho Group’s reason for existence and ideal image, sustainability can be defined as creating economic value while establishing the environment and society as prerequisites, thereby

enabling the group to continue to grow sustainably with society.

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.

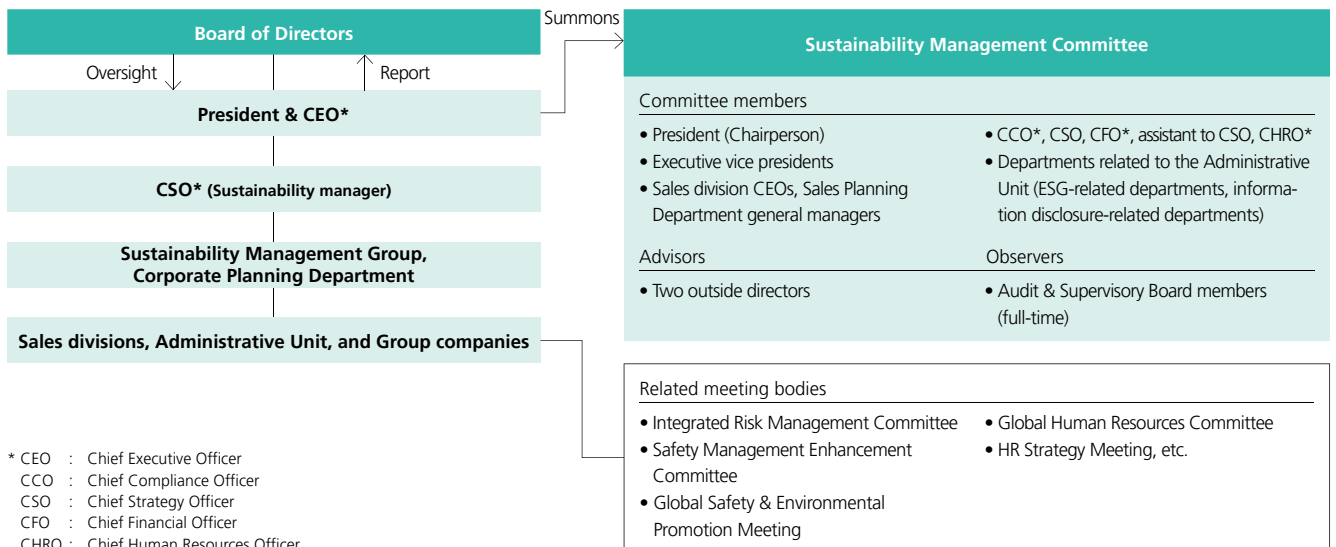


For information on our corporate philosophy and behavioral guidelines, please see page 11. For details on the Global Code of Conduct & Ethics (COCE) (10 creeds), please see page 46.

Sustainability Promotion Structure

Toyota Tsusho has conducted CSR activities under the leadership of the Corporate Planning Department based on the idea that sustainability should be linked to management strategy. To promote the further enhancement of its stance on sustainability, it established the Sustainability Management Group within the Corporate Planning Department in April 2019.

The CSR Committee has also been reorganized into the Sustainability Management Committee, which discusses, decides on, and promotes sustainability strategies. Content to be discussed by the Sustainability Management Committee and response to other issues such as climate change will be reported as appropriate to the Board of Directors and action will be taken.



* CEO : Chief Executive Officer
 CCO : Chief Compliance Officer
 CSO : Chief Strategy Officer
 CFO : Chief Financial Officer
 CHRO : Chief Human Resources Officer

Sustainability Implementation Timeline

2005	2009	2012	2017	2018	2019	2020	2021
CSR Committee established	Corporate Planning Department takes a central role in CSR activities and strengthens initiatives in cooperation with other involved departments	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 (Please see page 25.)	Sustainability Management Group established in the Corporate Planning Department Sustainability Management Committee established	Materiality KPIs set	PDCA started on the established KPIs

Key Sustainability Issues (Materiality)

The Toyota Tsusho Group 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 to clarify those social issues that it needs to focus on based on its management strategies.

In the process of identifying those issues, we engaged in repeated discussions while taking into consideration the opinions of management and other internal and external stakeholders.

The Toyota Tsusho Group's Materialities are related to 11 of the United Nations' Sustainable Development Goals (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 set key performance indicators (KPIs) for our respective Materialities in 2020.

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 resolve social issues. In 2020, we invited outside experts to give lectures to our management and employees to enhance their awareness of sustainability, and more than 500 people attended. Training on sustainability and the company's Materialities is also conducted for new employees.

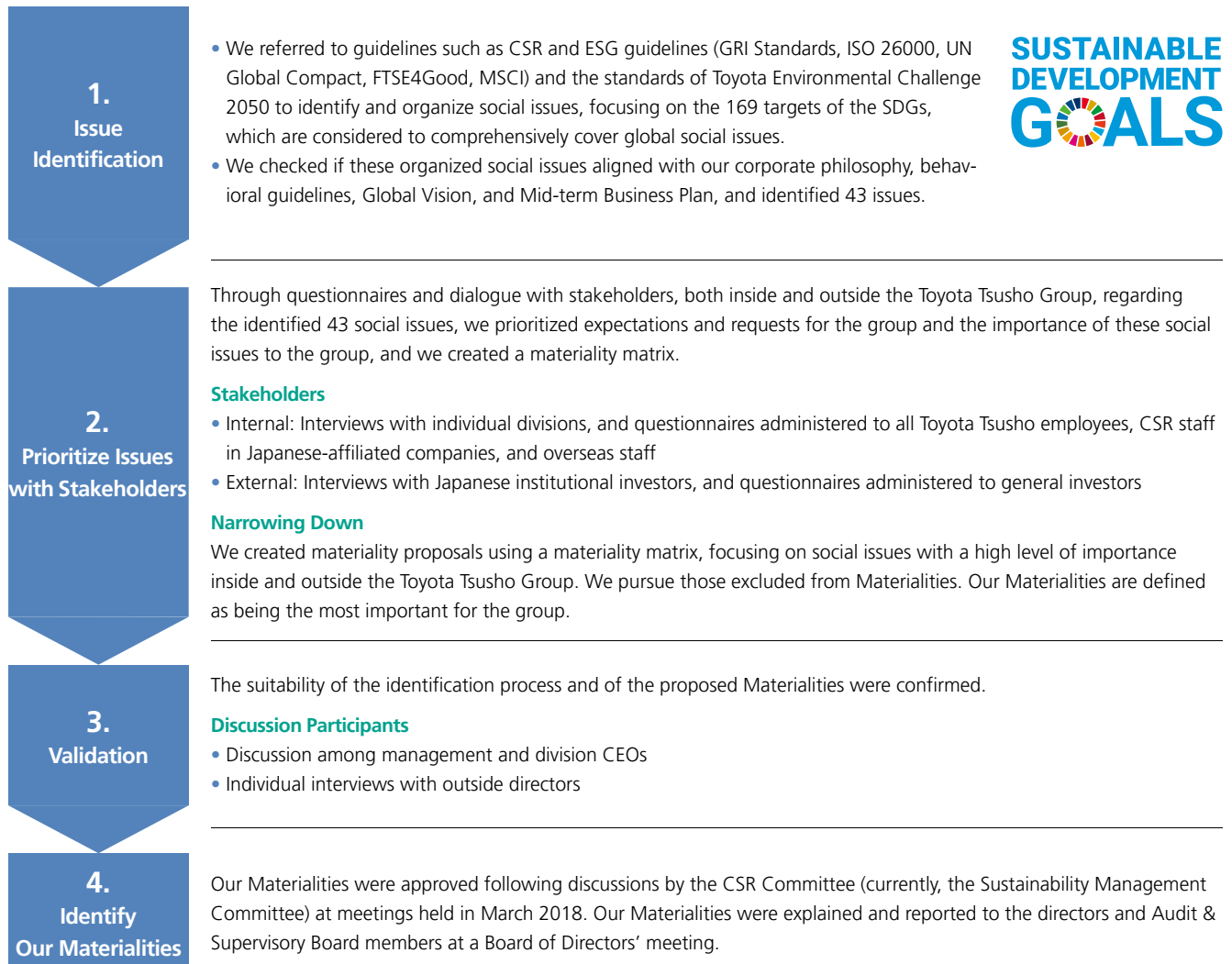
These Materialities are not intended to be unchanging. They will be reviewed periodically by the Sustainability Management Committee, taking into consideration changes in the Toyota Tsusho Group's business environment and other factors, such as changing international trends and needs, and will be appropriately revised. In last year's Sustainability Management Committee, a proposal was made and approved to change the materiality direction our company should take from "Contribute to the transition to a low-carbon society" to "Contribute to the transition to a carbon neutral society."

For information on initiatives relating to individual Key Sustainability Issues (Materiality), please see page 38.

The Toyota Tsusho Group's Key Sustainability Issues (Materiality)



Key Sustainability Issues (Materiality)



Setting KPIs and Incorporating Them into Sales Divisions' Policies

Toyota Tsusho set Materiality KPIs in 2020 to provide concrete indicators of how the company's business activities are contributing to the realization of the SDGs. Going forward, we will 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, repeated discussions were carried out with sales divisions including division CEOs to reflect the approaches for resolving social issues through business based on the Materialities and the SDGs in the policies of each sales division.

Furthermore, discussions were held with our management and outside directors in the Sustainability Management Committee, and their opinions were reflected 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 switching to quantitative targets in the near future, making clear the actions that contribute toward resolving the issues.

Contributions by Outside Members of the Board



Kumi Fujisawa

Outside Director

Established IFIS Limited in 1995 and sold it to S&P in 2000. After joining SophiaBank Limited as a director, she was appointed representative director of the company in 2013. At present, she concurrently holds the positions of director of Investment Trusts Association, Japan, public governor of the Japan Securities Dealers Association, director of the Shizuoka Bank, Ltd., director of Creek and River Co., Ltd., and others. She was appointed director of Toyota Tsusho Corporation in June 2014.

Great expectations toward aggressive stance represented in “economy of life”

Looking back on changes that have occurred since I was appointed as an outside member of the Board, I think it can be said that Toyota Tsusho’s governance has made significant progress. As the social demands made of listed companies become increasingly stringent, opportunities for deliberation among independent officers including outside directors and Audit & Supervisory Board members have increased and it is now possible to unreservedly raise issues and questions from a third-party perspective with management for discussion. In addition, during the COVID-19 pandemic in the fiscal year ended March 31, 2021, an emergency task force was established to conduct crisis management and safety management for our employees working in countries around the world, provide comprehensive support, and report on conditions. Holding various meetings including meetings of the Board of Directors online had already started, and quickly caught on. This provided us with an opportunity to prove our ability to respond to crises.

It can be said that the role of an outside member of the Board is to provide advice that will contribute to enhancing corporate value. Strategies concerning ESG investment, which are becoming a major trend around the world, will be an important issue in the future. It is necessary to review measures concerning climate change, not just in the direct natural energy business segment, but starting with strategies in all corporate activities. Also, gender equality and related issues are an area where there is still significant room for Toyota Tsusho to take action. For Toyota Tsusho, which conducts business in markets around the world, ESG is not something that can simply be reacted to passively but must be addressed actively, and the company has a responsibility to play a role in global sustainability. The new phrase, “the economy of life,” expresses Toyota Tsusho’s readiness to fulfill this role, and I have high expectations in this regard.



Didier Leroy

Outside Director

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

Offering support in business model development by utilizing experiences of business reform and human resources development

Companies all around the world have faced unpredictable challenges and have had to react in emergencies. And business has changed, the way of working has changed, and customer expectations and behaviors have also changed. Toyota Tsusho Corporation immediately developed many activities to protect our employees and to support society and our business partners all around the world. More than ever, our corporate values have become strong foundations for reacting very quickly, with agility and resilience. Extremely difficult conditions will create a huge gap between the best companies and the others. Opportunities in “the world post-COVID-19” will be important, but only for the companies who understand the needs of changes and the real new expectations of customers. The employees’ challenging spirit and the “Customer First” organization culture at Toyota Tsusho Corporation will give real advantages to achieve “Be the Right ONE” and provide value to society. It is a great honor, for me, to be a member of the company’s Board of Directors.

I am fully aware of the importance and responsibilities of an outside director in contributing to the company’s performance now and in the future. I want to use my Toyota experience in business reform and human resources development to help Toyota Tsusho Corporation anticipate the needs of transformation and challenge the management team to establish our future business model. I am willing to work diligently with the management team to reinforce our corporate values. Corporate values must inspire, engage, and energize our employees, and will be one of 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 Director

He 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 the University's Graduate School of Engineering. After appointment as a fellow of the Toyota Physical and Chemical Research Institute, he became a senior researcher of the Public-Interest Incorporated Foundation Nagoya Industrial Science Research Institute in 2018. He was appointed director of Toyota Tsusho Corporation in June 2018.

Attention directed to efforts to create a decarbonized society, examined from scientific and technological perspectives

In addition to pursuing benefit for ourselves, we need to engage in economic activities that will create social value useful to the people of the world. This is in agreement with the Five Main Principles of Toyota, and is in line with the spirit of altruism of Jacques Attali as well as the teachings of Mahayana Buddhism. It is an important mindset that we need to be constantly aware of in order to survive and grow in a COVID-19 society.

The most important mission that we have been given is to reduce CO₂ emissions in order to mitigate global warming and climate change and create a sustainable society. In order to save the world from destruction and give our descendants a bright future, I would like Toyota Tsusho to make even greater efforts to conduct business in a way that will lead to the realization of a decarbonized society. Toyota Tsusho has adopted a policy of developing the renewable energy business with a focus on wind power, and I expect the company to take the initiative in conceiving and developing business, not passively but actively, in areas such as hydrogen energy, batteries, and the "3Rs" business. I view very highly the creation of the Task Force for Promoting Carbon Neutrality in April 2021 as an organization that straddles the sales divisions to promote decarbonization, and I look forward to observing its energetic action in the future.

I will do my very best to provide support from scientific as well as technological perspectives for corporate value enhancement through value creation by Toyota Tsusho.



Yukari Inoue

Outside Director

After joining Procter & Gamble in 1985, she worked as marketing director of Procter & Gamble North America and later became representative director and president of Cadbury Japan K.K. (currently, Mondelēz Japan Limited). She has served as Vice President & Managing Director Japan, Korea, Taiwan & Hong Kong, Kellogg Japan G.K. since 2013. She was appointed director of Toyota Tsusho Corporation in June 2020.

Boosting motivation to become "helmet-wearing trading company people"

This was my first year as an independent outside member of the Board, and during the year I became convinced of the strengths and potential of Toyota Tsusho. There have been restrictions due to COVID-19, and I have not been able to physically visit worksites, but I have been able to gain an understanding of what the leaders of each division are seeking through a considerable number of online meetings. The quality of briefings conducted before Board of Directors' meetings has been high, and by asking questions from various angles I have come to understand the essence of the issues. In addition, I have engaged in several discussions regarding the optimal status of the Board of Directors itself with the open and inclusive support of the chairman and president. I am grateful for the environment where I am able to express opinions as a representative of general shareholders without being judged.

Toyota Tsusho is unique among general trading companies. As an organization of "helmet-wearing trading company people," Toyota Tsusho goes to the *Genba* and works to directly solve customer problems and persistently address social issues with a sense of ownership. I believe that it would be beneficial if this attitude and its results were more broadly recognized outside the company, but the corporate culture emphasizes substance over appearance, and I understand that this too is one of Toyota Tsusho's distinctive traits.

Because global conditions are chaotic and the outlook for the future is uncertain, I believe it is right for Toyota Tsusho to move forward while focusing its resources in four priority areas and that this will lead to the creation of corporate value that contributes to the sustainable growth of society. As a member of the Board of Directors, I will continue to help the executive team make decisions and remove obstacles and will do my best to inspire their courage.

Mid-term Business Plan Ending March 31, 2024

Implementing Lean Management and Accelerating Initiatives in the Four Priority Areas Unique to Toyota Tsusho

At Toyota Tsusho, we use our Mid-term Business Plan (MTP) to produce programs and action plans that are both highly accurate and grounded in reality. Furthermore, we review and revise our MTP yearly, setting the next three years as the planning period, to ensure that major environmental changes with the potential for widespread impact are always reflected in our plans.

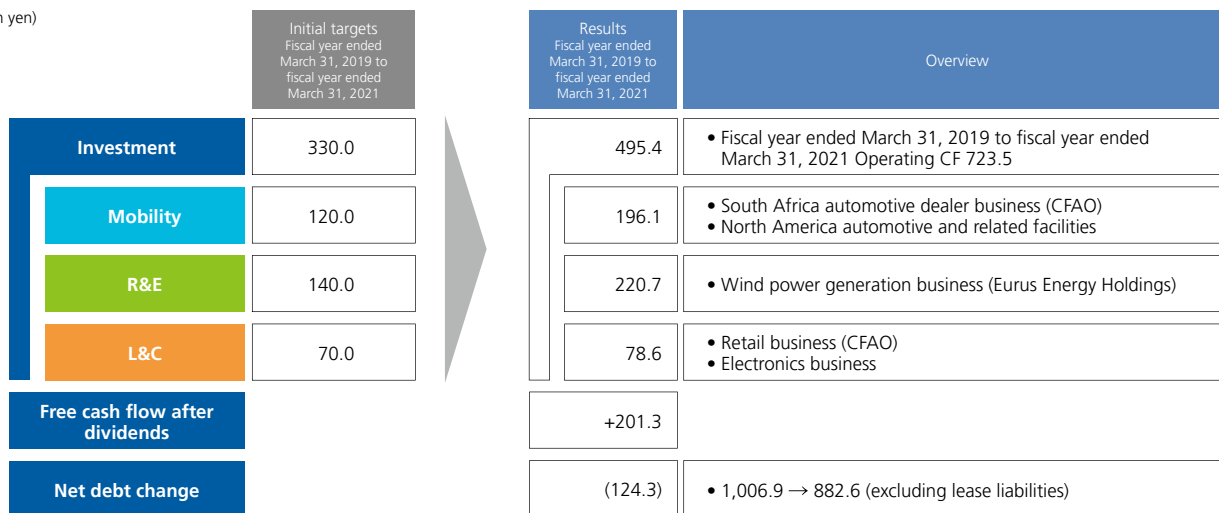
Review of the Mid-term Business Plan Ended March 31, 2021

Investment Plan

Reviewing the investment plan announced in May 2018 for the Mid-term Business Plan ended March 31, 2021, a total of 330.0 billion yen had been planned for the three years from the fiscal year ended March 31, 2019 to the fiscal year ended March 31, 2021. In terms of our three business domains, the plan was for investments, based on our Toyotsu Core Values, of 120.0 billion

yen in Mobility, 140.0 billion yen in Resources & Environment (R&E), and 70.0 billion yen in Life & Community (L&C). The actual results show that investment in Mobility surpassed the plan by 76.1 billion yen, in R&E by 80.7 billion yen, and in L&C by 8.6 billion yen, meaning that the investments surpassed our plan in all three business domains.

(Billion yen)

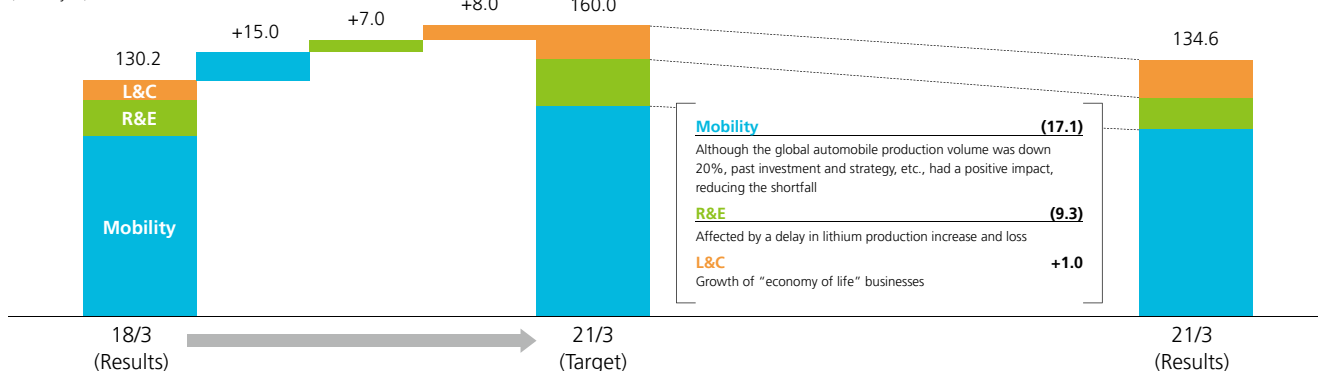


Profit Attributable to Owners of the Parent

Meanwhile, profit attributable to owners of the parent fell short of the target by 25.4 billion yen. In the Mid-term Business Plan from three years ago, the planned profit attributable to owners of the parent was 160.0 billion yen for the fiscal year ended March 31, 2021. In our three business domains, increases of 15.0 billion yen for Mobility, 7.0 billion yen for R&E, and 8.0 billion yen for L&C had been planned. Although the results in Mobility were adversely affected by the COVID-19 pandemic, the strategy we had been implementing had a

positive impact, resulting in a shortfall of only 17.1 billion yen vis-à-vis the indices set up three years ago, less than the decline anticipated to be caused by the pandemic. In R&E, a delay in lithium production increase and stagnating market prices resulted in a shortfall of 9.3 billion yen. Meanwhile, in L&C, “economy of life” businesses such as healthcare and IT helped boost our results during the pandemic, producing an average of 1.0 billion yen.

(Billion yen)



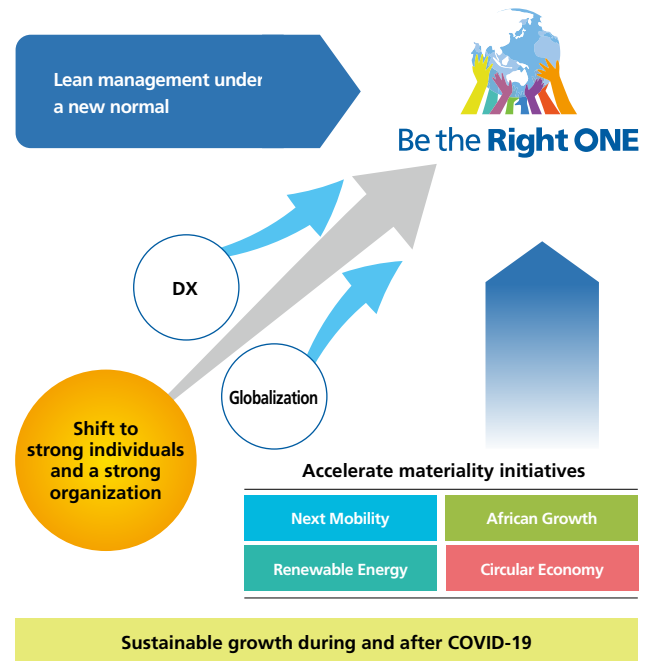
In Creating the Mid-term Business Plan Ending March 31, 2024

The basic policy for the Mid-term Business Plan ending March 31, 2024, during the COVID-19 pandemic consists of the four points listed below.

Basic Management Policies under the COVID-19 crisis

Continuing business while protecting the safety and health of employees and their families	Ensure supply chain continuity
Pursuit of lean management	Continue to take on new challenges

First, all of us must become strong individuals, and then we will promote transformation into a strong organization by joining together, and implement lean management under a new normal. Various social issues must be solved. We must accelerate initiatives centered on our four priority areas containing the Key Sustainability Issues (Materiality) to be resolved. Additionally, we must grow sustainably in a world coexisting with COVID-19 or a post-COVID-19 world, and aim to become an irreplaceable and one-and-only presence for our business partners and stakeholders, i.e., achieving our goal of “Be the Right ONE.”

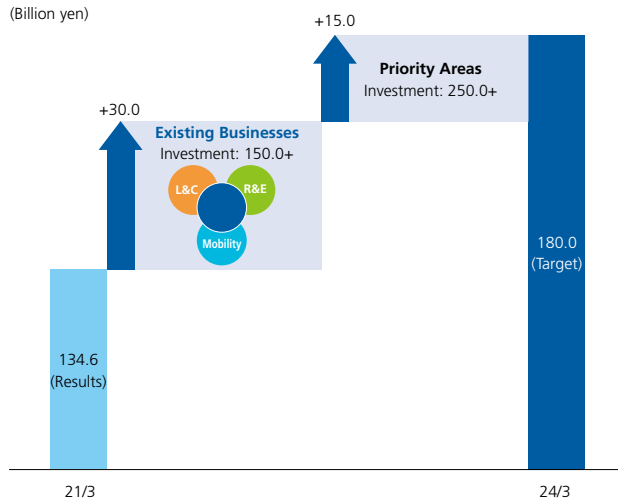


Mid-term Business Plan Ending March 31, 2024

While steadfastly working on our existing businesses, we will develop the four priority areas linked to materiality—next mobility, renewable energy, African Growth, and a circular economy—aiming to make a major leap in three years.

Profit Attributable to Owners of the Parent

(Billion yen)



The four priority areas to become drivers for future growth

(Billion yen)	FY2021–FY2023	
	Investment	Profit attributable to owners of the parent (change)
Existing Businesses	150.0+	+30.0
Next Mobility	20.0+	+6.0
Renewable Energy	140.0+	(2.0)
African Growth	80.0+	+9.0
Circular Economy	10.0+	+2.0
Total	400.0+	+45.0

Group Strategy and Results

Mid-term Business Plan Ending March 31, 2024

Plan in Individual Areas

By promoting the aforementioned strategies and policies, we set profit attributable to owners of the parent target for the fiscal year ending March 31, 2024 to 30.0 billion yen for existing businesses starting in the fiscal year ended March 31, 2021 and 180.0 billion yen total, or an increase of 15.0 billion yen, for the four priority areas. As for investment, we are planning 150.0 billion yen or more and 250.0 billion yen or more, respectively, for the two categories.



Next Mobility

Investment: 20.0+ billion yen; Profit attributable to owners of the parent: +6.0 billion yen

In our Next Mobility Strategy, we plan to invest 20.0 billion yen or more and aim to increase profit attributable to owners of the parent by 6.0 billion yen, to contribute to the realization of a safe and comfortable mobility society.

As a major policy, in 2023 we will increase production capacity for lithium carbonate, a raw material for onboard LiBs, at the Salar de Olaroz facility already operating in Argentina, by approximately 2.5 times the current level in the future. In conjunction with this increase, we will work on ensuring a stable supply toward the full-scale adoption of next-generation eco-cars.

Additionally, we are working on connected, autonomous, shared & services, and electric (CASE) applications by providing a service that safely, securely, comfortably, and conveniently connects vehicles through communication.



Salar de Olaroz (Argentina)



Renewable Energy

Investment: 140.0+ billion yen; Profit attributable to owners of the parent: -2.0 billion yen

In our Renewable Energy Strategy, we will invest 140.0 billion yen or more to contribute to the transition to a decarbonized society. As a competitive and clean electric power business, we are making proposals suitable to individual regions, such as wind, solar, hydro, geothermal, and biomass power generation businesses, to further expand into new countries and areas of business.

Profit attributable to owners of the parent is planned to fall short by 2.0 billion yen because of the impact of large-scale upfront investments in projects such as a power generation and transmission business in Hokkaido and offshore wind power.

Meanwhile, in Vietnam, we are participating in an overseas hydropower generation business for the first time, as well as steadily expanding our business in the renewable energy sector, in addition to wind power, by utilizing the know-how of our partner the Tokyo Electric Generation Company, Incorporated.



Ngoi Phat Hydropower Plant (Vietnam)



Offshore wind power (Concept image)



Existing Businesses

In our existing businesses, we are planning to invest 150.0 billion yen or more, primarily to increase facility capacity to support an increase in the number of automobiles produced.

As for profit attributable to owners of the parent, we are planning for several increases. The first is 15.0 billion yen to accelerate Toyota Tsusho's distinctive traits established over time, based on measures for

reinforcing and strengthening our supply chain, which has been a standing initiative. In addition, 5.0 billion yen will be invested to expand our "economy of life" businesses, such as our medical business and handling grain; and 10.0 billion yen to implement lean management under a new normal and promote DX.



African Growth

Investment: 80.0+ billion yen; Profit attributable to owners of the parent: +9.0 billion yen

In our African Growth Strategy, we are aiming to invest 80.0 billion yen or more and increase profit attributable to owners of the parent by 9.0 billion yen. In the automotive sector, we are adding "Connected," "MaaS," and "HR Support & Development" to our policy to further increase our presence in the African market and contribute to the development of the region. Outside the automotive sector, in healthcare, we are strengthening and expanding our value chain, particularly in wholesale, and deploying it into English-speaking regions and the North African market to expand our business. In retail, we are increasing the number of stores by roughly 2.5 times. In infrastructure, we are cross-pollinating businesses by leveraging the capabilities developed by our corporate group.



Toyota Starlet



Healthcare business (Kenya)



Circular Economy

Investment: 10.0+ billion yen; Profit attributable to owners of the parent: +2.0 billion yen

Based on our Circular Economy Strategy, which is intended to contribute to the realization of a circular economy and recycling-based society, we will invest 10.0 billion yen or more to effectively utilize limited natural resources. In the automotive sector, by expanding the handling volume of ELVs recycling and the volume of metals handled by Green Metals, Inc., we are aiming to increase profit attributable to owners of the parent by 2.0 billion yen. We are also engaged in the "3Rs"—rebuild, reuse and recycle—of batteries, etc., which are crucial parts of next-generation eco-cars.



ELVs recycling (Toyota Metal Co., Ltd.)

Investment: 150.0+ billion yen; Profit attributable to owners of the parent: +30.0 billion yen

Acceleration of Toyota Tsusho's distinctive traits established over time: +15.0 billion yen

Development and production preparation → Procurement → Logistics and assembly → Sales and service



Take on new challenges in our "economy of life" businesses: +5.0 billion yen



Medical business



Grain business



Iodine business



Logistics business

Implementation of lean management, etc. +10.0 billion yen

Financial Strategy



Securing a Stable Financial Base, and Appropriately Making Growth Investments and Securing Shareholder Returns

Member of the Board and CFO
Hideyuki Iwamoto

Q.1 Can you provide a review of the financial results for the fiscal year ended March 31, 2021 and an earnings forecast for the fiscal year ending March 31, 2022?

In the consolidated results for the fiscal year ended March 31, 2021, gross profit was 607.6 billion yen, operating profit was 213.0 billion yen, and profit attributable to owners of the parent was 134.6 billion yen.

Due to the impact of COVID-19, it was difficult at the time of the announcement of the financial results for the fiscal year ended March 31, 2020 to make a full-year earnings forecast for the fiscal year ended March 31, 2021. In the end, we ended up surpassing the target of 80.0 billion yen announced in June 2020, and even the 120.0 billion yen that resulted from a subsequent upward correction made based on factors such as a recovery in the number of automobiles produced.

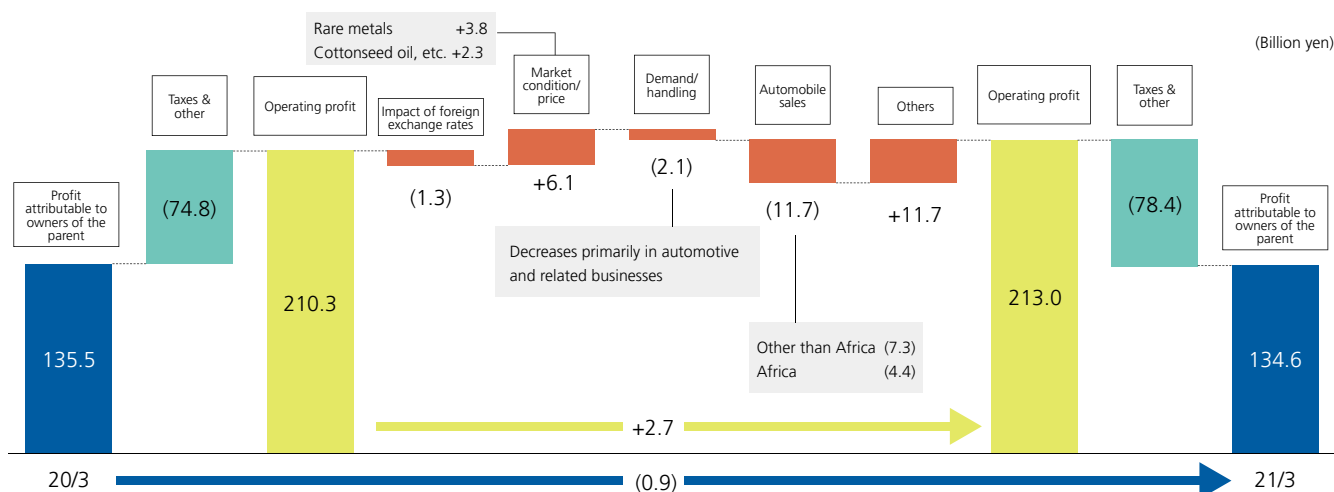
Gross profit was down 32.2 billion yen compared with the previous fiscal year, primarily affected by worldwide decreases in both automobile manufacturing-related handling and sales in the first half of the fiscal year.

Meanwhile, selling, general and administrative expenses (SG&A) decreased by 30.1 billion yen compared with the previous fiscal year, and as a result, we were able to recover operating profit to 213.0 billion yen, up by 2.7 billion yen compared with the previous fiscal year. The figure below shows the individual factors behind the increases and decreases in operating profit.

Profit attributable to owners of the parent was down 900 million yen, affected by factors such as the sale of affiliated company common stock by the Machinery, Energy & Project Division posted in the previous fiscal year. This resulted even though the share of profit (loss) of investments accounted for using the equity method had improved.

Consolidated Operating Results

	Results for FY2019	Results for FY2020	Change	(Billion yen) FY2021 forecasts
Gross profit	639.8	607.6	(32.2)	650.0
Operating profit	210.3	213.0	+2.7	232.0
Profit before income taxes	224.8	221.4	(3.4)	240.0
Profit for the year attributable to owners of the parent	135.5	134.6	(0.9)	150.0



Profit attributable to owners of the parent for each division is detailed below.

Metals Division

Profit in the Metals Division was up 3.6 billion yen (18.7%) over the previous fiscal year to 22.5 billion yen, largely as a result of an increase in the share of profit (loss) of investments accounted for using the equity method, despite decreased automobile manufacturing-related handling.

Global Parts & Logistics Division

Profit in the Global Parts & Logistics Division was down 2.3 billion yen (10.3%) from the previous fiscal year to 20.0 billion yen, largely as a result of a decrease in the volume of automobile parts handled.

Automotive Division

Profit in the Automotive Division was down 4.6 billion yen (23.7%) from the previous fiscal year to 15.1 billion yen, largely as a result of a decrease in automotive sales handled by overseas automotive dealers.

Machinery, Energy & Project Division

Profit in the Machinery, Energy & Project Division was down 12.1 billion yen (34.6%) from the previous fiscal year to 23.0 billion yen, largely as a result of gains on the sale of common stock in affiliated companies in the power generation business during the previous fiscal year.

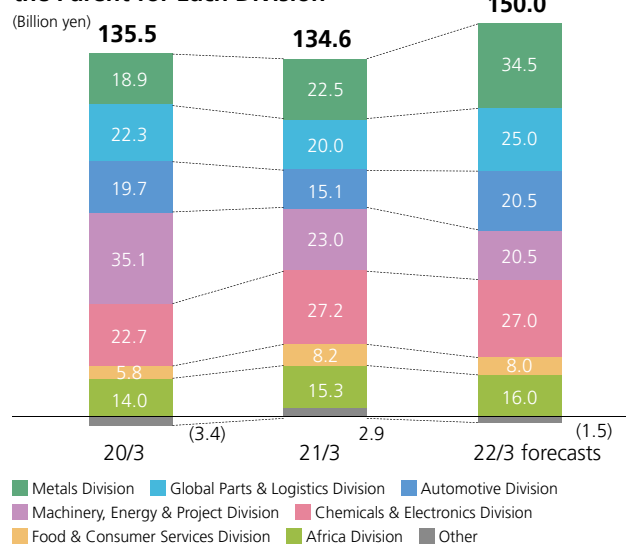
Chemicals & Electronics Division

Profit in the Chemicals & Electronics Division was up 4.5 billion yen (20.0%) from the previous fiscal year to 27.2 billion yen, largely as a result of increases in the handling of electronic and automotive materials.

Food & Consumer Services Division

Profit in the Food & Consumer Services Division was up 2.4 billion yen (40.5%) from the previous fiscal year to 8.2 billion yen, largely as a result of increased demand in the grain business and impairment loss recognized in the food business during the previous fiscal year.

Profit Attributable to Owners of the Parent for Each Division



Africa Division

Profit in the Africa Division was up 1.3 billion yen (9.6%) over the previous fiscal year to 15.3 billion yen, largely as a result of the effects of new consolidated subsidiaries.

For the fiscal year ending March 31, 2022, we are projecting profit attributable to owners of the parent to reach 150.0 billion yen, largely as a result of increased gross profit thanks to an increase in the number of automobiles produced and decreased sales and administrative expenses achieved by implementing lean management.

Q.2 Can you tell us about risk management to secure a stable financial base?

To achieve the growth investment and continued profit return planned in the Mid-term Business Plan, we recognize that securing a stable financial base is an important management issue.

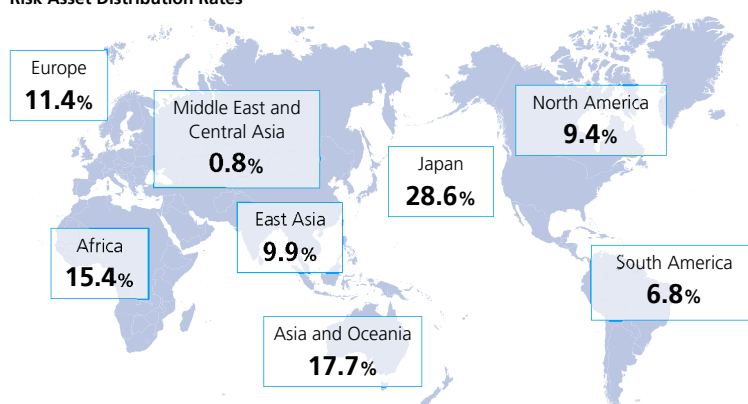
In terms of risk management related to our financial base, we also conduct country-by-country risk management to prevent an excessive accumulation of risk, by evaluating the total amount of risk assets (RA)* and keeping this total beneath the upper limit determined for each country. We are also striving to maintain a sound and stable financial position by continuing to increase the risk buffer (RB)* based on profit attributable to owners of the

parent. For the management status in each major region of the world, please see the map below.

In this way, based on RA and RB, which are our unique risk management indexes, we are aiming for stable growth while maintaining financial soundness. We are promoting a financial strategy focused on the efficient use of assets and on fund procurement commensurate with our asset base.

Specifically, Toyota Tsusho's financial policy is to maintain an ROE of 10% or more and a net DER of 1.0 times or less. Maintaining an RA/RB* ratio of less than 1.0 is also one of our financial policies.

Risk Asset Distribution Rates



RA (risk assets) and RB (risk buffer)

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.

Risk assets

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, 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 risk weight of currency exchange fluctuation by currency

Risk buffer

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

Group Strategy and Results

Financial Strategy

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 to then use the cash created to maintain a balance between investment in growth and shareholder returns. As a result of these continued initiatives, for the fiscal year ended March 31, 2021, our ROE was 10.1%, our net DER was 0.68 times, and our RA/RB was 0.7, achieving our financial policy target (ROE of

10–13%, net DER of 1.0 times or less, and RA/RB of less than 1.0) in the Mid-term Business Plan established in 2018. As for fund procurement, our basic policy is to conduct procurement commensurate with our asset base, taking interest rate fluctuation risk and financial risk into consideration. We borrow from financial institutions and issue commercial papers and company bonds while working to ensure appropriate liquidity and maintain financial stability.

Q.3 Can you provide some specifics on appropriate growth investments? Please also tell us about your future investment strategy.

Our company's policy is to invest within the bounds of operating cash flow.

To achieve sustainable growth, we believe it is important to appropriately manage risk and to generate reliable results from investments. Rather than investments aimed at short-term profit, our company's basic approach is rooted in a long-term strategy of investing in sectors that have high market growth potential, enable Toyota Tsusho to demonstrate its distinctive traits, and can lead to the expansion and strengthening of the group's value chain.

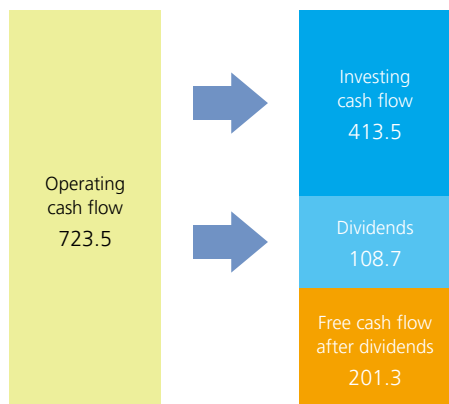
Regarding business investment risk management, as described in Investment Cycle Management (page 20), many steps are taken before an investment is executed. These include discussions about the direction with management, verification by administrative unit and the sales division concerned to improve investment accuracy, and various kinds of prior examination (such as that regarding environmental aspects, safety management structures, and realization of efficient production sites when investing in production entities [manufacturing, processing, storage, logistics, etc.]). After investments are made, we monitor and determine whether they are producing the planned returns by strictly applying internal quantitative standards (yellow and red cards based on balance sheet and profit/loss). As for future investment strategies, Toyota Tsusho's

materiality is linked to the SDGs as described in the Mid-term Business Plan for the fiscal year ending March 31, 2024. In renewable energy and the circular economy, our goal is to make investments that are especially friendly to the environment. As a result of promoting lean cash flow management that thoroughly eliminates waste for the three years starting with the Mid-term Business Plan established in 2018, our operating cash flow has increased significantly and the total operating cash flow for the coming three years is expected to reach at least 600.0 billion yen. Within the bounds of operating cash flow, we plan to invest at least 150.0 billion yen in our existing businesses, at least 20.0 billion yen in our Next Mobility Strategy, at least 140.0 billion yen in our Renewable Energy Strategy, at least 80.0 billion yen in our African Growth Strategy, and at least 10.0 billion yen in our Circular Economy Strategy. Additionally, we are aiming to keep our free cash flow after dividends positive and achieve the Mid-term Business Plan ending March 31, 2024.

For details on the investments in the Mid-term Business Plan ending March 31, 2024, please see pages 30 and 31.

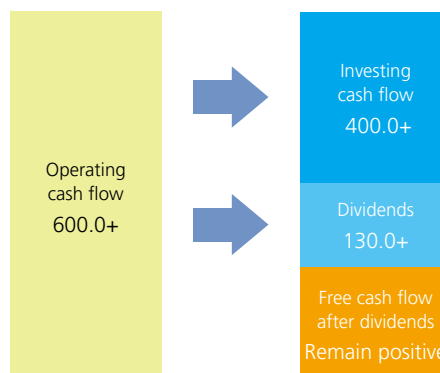
Results for the Past Three Years (FY ended Mar/19 – Mar/21)

(Billion yen)



Mid-term Business Plan (FY ending Mar/22 – Mar/24)

(Billion yen)



Q.4

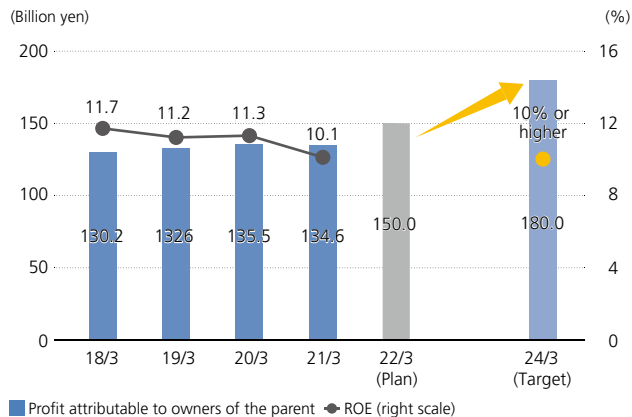
Please tell us about Toyota Tsusho's shareholder returns policy.

Starting with the fiscal year ended March 31, 2020, we changed our shareholder returns policy to: "We will endeavor to maintain a stable dividend and increase the dividend per share, with a consolidated dividend payout ratio of 25% or more as a basic policy." The annual dividend per share for the fiscal year ended March 31, 2021 was 112 yen with a payout ratio of 29.3%, which marked our 11th consecutive increase in dividends. Although our results were down from the previous fiscal year, we focused intently on "working to increase the dividend per share," thereby boosting the actual dividend payout while maintaining positive cash flow after dividends.

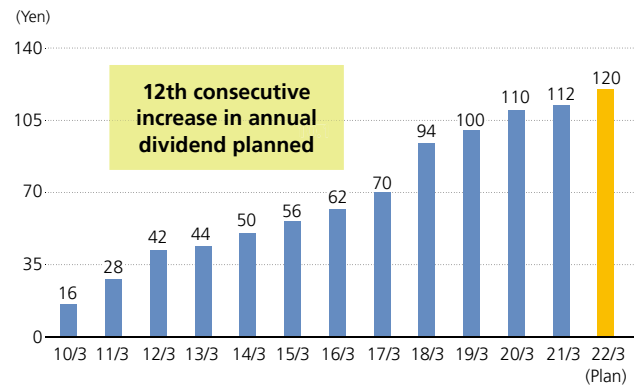
We are planning 150.0 billion yen for profit attributable to owners of the parent for the fiscal year ending March 31, 2022, and plan to increase the annual dividend per share by 8 yen from the previous fiscal year to 120 yen with a consolidated payout ratio of 28.1%, which will mark our 12th consecutive increase in dividends.

Backed by a sound financial position, we will strive to create new revenue bases. Additionally, we will endeavor to operate our business keeping in mind capital efficiency such as the ROE, and work to enhance our corporate value and achieve stable shareholder returns to respond to our shareholders' expectations.

Profit Attributable to Owners of the Parent/ROE

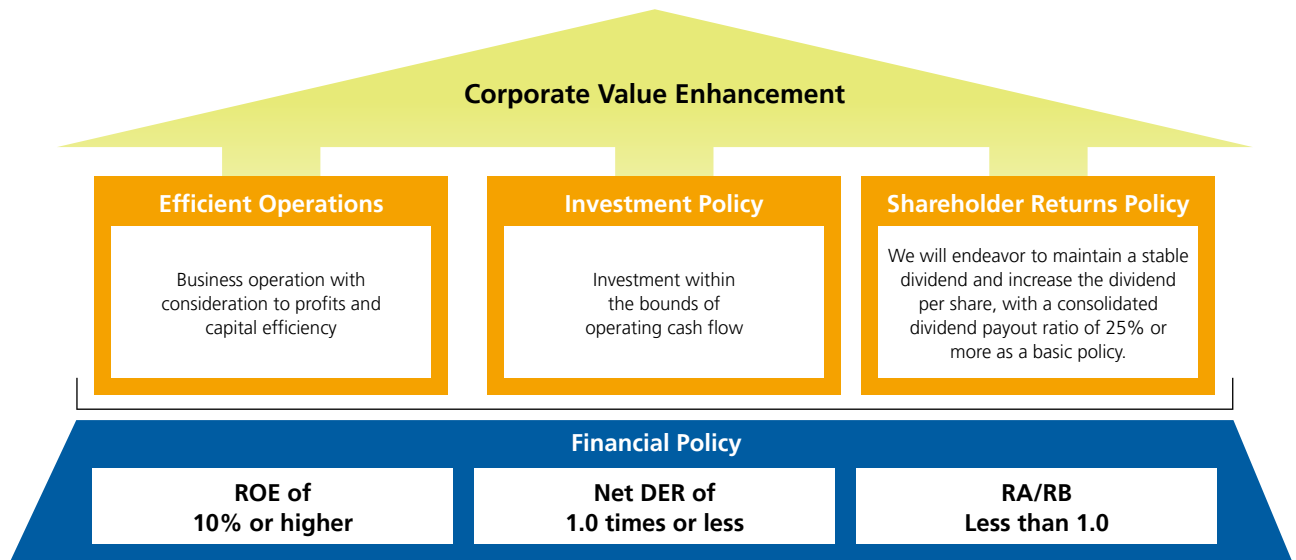


Annual Dividends per Share



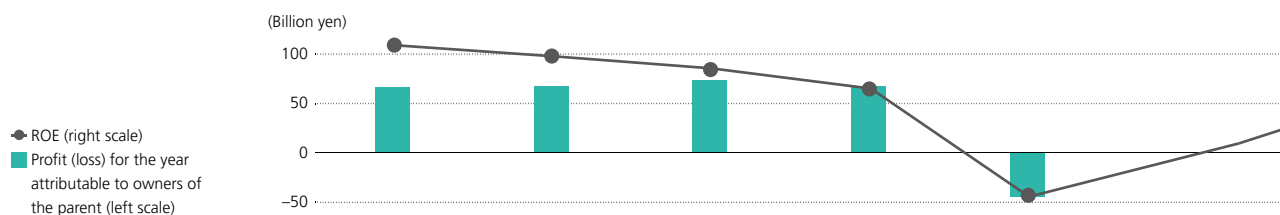
Approach to Enhancing Corporate Value

We will secure a stable financial base, and will appropriately make growth investments and secure shareholder returns.



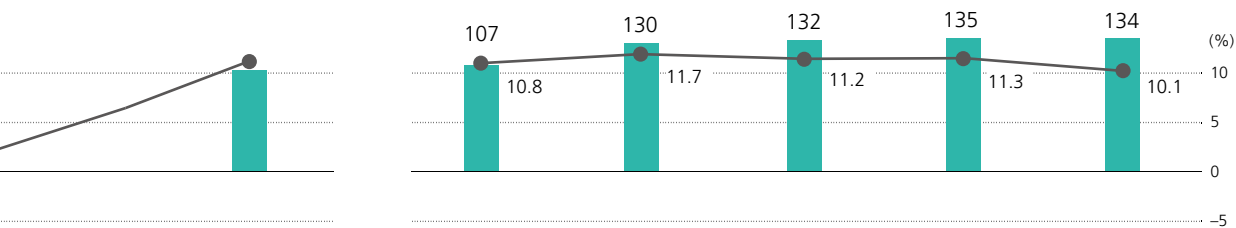
Financial Summary

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



	Japanese GAAP				
	2012/3	2013/3	2014/3	2015/3	2016/3
Results of Operations:					
Revenue* ¹	¥5,916,759	¥6,304,354	¥7,743,237	¥8,663,460	¥8,170,237
Gross profit	343,999	403,888	582,498	634,572	616,042
Selling, general and administrative expenses	251,596	288,013	421,177	465,115	475,742
Operating profit* ¹	92,403	115,875	161,321	169,456	140,299
Share of profit (loss) of investments accounted for using the equity method	15,396	17,646	13,783	4,060	(5,676)
Profit (loss) for the year attributable to owners of the parent* ¹	66,205	67,432	73,034	67,571	(43,714)
Financial Position at Year-end:					
Total assets* ¹	¥2,837,428	¥3,592,368	¥4,072,728	¥4,533,693	¥3,952,100
Total equity* ¹	751,747	920,043	1,156,080	1,304,483	1,055,777
Net interest-bearing debt	672,137	998,626	1,088,974	1,233,559	1,102,786
Cash Flows:					
Net cash provided by operating activities	¥ 63,782	¥ 124,156	¥ 133,937	¥ 169,100	¥ 308,338
Net cash used in investing activities	(58,771)	(323,389)	(135,587)	(199,512)	(170,839)
Net cash provided by (used in) financing activities	97,358	223,374	5,356	108,247	(225,202)
Cash and cash equivalents at the end of year	354,755	391,352	412,032	499,157	399,191
Per Share:					
Earnings (losses) per share attributable to owners of the parent* ¹					
Basic earnings (losses) per share	¥189.34	¥192.58	¥208.01	¥192.23	¥(124.26)
Diluted earnings (losses) per share* ²	–	192.42	207.82	192.10	–
Cash dividends for the year	42.00	44.00	50.00	56.00	62.00
Dividend payout ratio* ³	22.2%	22.8%	24.0%	29.1%	–
Financial Measures:					
Return on equity (ROE)	10.7%	9.6%	8.4%	6.4%	(4.3)%
Ratio of equity attributable to owners of the parent* ¹	22.6%	21.2%	23.9%	24.8%	22.5%
Net debt-equity ratio (Net DER) (times)	1.05	1.31	1.12	1.10	1.24
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 years ending March 31, 2017 is based on both Japanese standards (Japanese 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 ¥110.71=U.S.\$1, the approximate exchange rate prevailing on March 31, 2021, which was the final business day of financial institutions in the fiscal year ended March 31, 2021.



Millions of Yen	Millions of Yen					Thousands of U.S. Dollars
2017/3	IFRS					2021/3
	2017/3	2018/3	2019/3	2020/3	2021/3	2021/3
¥7,919,663	¥5,797,362	¥6,491,035	¥6,762,702	¥6,694,071	¥6,309,303	\$56,989,458
578,887	570,872	606,282	638,428	639,885	607,626	5,488,447
432,231	411,235	414,042	420,657	430,164	400,086	3,613,819
146,656	133,669	182,696	215,197	210,370	213,058	1,924,469
10,254	10,476	11,368	4,336	(2,489)	7,523	67,952
102,597	107,903	130,228	132,622	135,551	134,602	1,215,807
¥4,096,843	¥4,212,064	¥4,310,043	¥4,441,464	¥4,545,210	¥5,228,004	\$47,222,509
1,151,969	1,223,513	1,362,187	1,389,616	1,372,491	1,658,015	14,976,199
1,050,229	1,101,974	1,006,990	988,475	1,032,494	993,462	8,973,552
¥ 193,769	¥ 159,770	¥ 215,098	¥ 210,796	¥ 267,809	¥ 245,055	\$ 2,213,485
(130,428)	(127,525)	(92,498)	(137,546)	(173,910)	(102,176)	(922,915)
(28,343)	5,656	(128,741)	(24,909)	(53,679)	24,073	217,441
430,517	426,208	423,426	465,861	496,372	677,478	6,119,393
Yen	Yen					U.S. Dollars
¥291.56	¥306.64	¥370.08	¥376.89	¥385.25	¥382.56	\$3.45
291.56	306.63	–	–	–	–	–
70.00	70.00	94.00	100.00	110.00	112.00	1.01
24.0%	22.8%	25.4%	26.5%	28.6%	29.3%	–
11.0%	10.8%	11.7%	11.2%	11.3%	10.1%	–
24.0%	24.9%	27.3%	26.9%	26.3%	28.1%	–
1.07	1.05	0.86	0.83	0.86	0.68	–
Thousands of Shares	Thousands of Shares					–
354,056	354,056	354,056	354,056	354,056	354,056	–

*1 All items names within the above table represent IFRS categories. The IFRS category names 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) attributable to owners 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 Figures for diluted earnings (losses) per latent share for the fiscal year ended March 31, 2012 is not presented as there were no latent shares with a dilution effect. 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, and 2021 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.

Initiatives 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 automobile 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 mobility potential. The Toyota Tsusho Group sees these environmental changes as business opportunities and will undertake initiatives such as improving traffic infrastructure by using material innovation, autonomous driving and advanced safe driving support technologies, and other means. Through this, we aim to reduce the number of road accidents and achieve zero traffic casualties and contribute to the development of a safe and comfortable mobility society.



KPIs

Sales revenues from products and services that will lead to zero traffic casualties

Quantitative KPIs	Breakdown: Apply <i>kaizen</i> (continuous improvement) to vehicle maintenance status to reduce accidents, supply collision prevention warning devices, onboard cameras, and electronic components for autonomous driving, and take other measures	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
		110.0 billion yen (Up 27.0 billion yen from FY2019)	107.0 billion yen	149.0 billion yen

(Change from the fiscal year ended March 31, 2020)

Expansion in businesses related to in-vehicle electronics

- Continue to contribute to the creation of a safe and comfortable mobility society through CASE-related businesses

Measures for the elimination of traffic casualties

- Driving school business in India, a country with a large number of traffic accidents
- Operation of safe driving training centers in Thailand

Promotion of safe and comfortable mobility services

- Truck platooning: Implementation of technology to enable truck platooning using driverless following vehicles
- Development of OTA services (prevention of accidents and vehicle error)

Pick Up

Achieving Technology to Enable Truck Platooning without Drivers in the following Vehicles on Expressways —Creation of a safe and comfortable mobility society

As part of demonstration tests for the societal implementation of truck platooning, subcontracted by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism, Toyota Tsusho successfully conducted the test of truck platooning with driverless following trucks between the Enshu-Morimachi Parking Area and Hamamatsu Service Area on the Shin-Tomei Expressway (approximately 15 km) on February 22, 2021.

Aiming to achieve the Japanese government's goal of "realizing autonomous driving technology that enables truck platooning with driverless following trucks on expressways by the end of FY2020," Toyota Tsusho has been developing vehicle technologies and conducting demonstration tests of systems that feature driverless following vehicles since FY2016.

The autonomous driving technology for truck platooning that was recently successfully demonstrated had a convoy of three large trucks, including two driverless following trucks, traveling at a speed of 80 km/h while maintaining an inter-vehicle distance of approximately nine meters.

Toyota Tsusho is striving to help solve the issues being faced by the logistics industry, including the shortage and aging of truck drivers, and the need to improve fuel efficiency. Our goal is to contribute to the creation of a new mobility society.



Three large trucks being driven on an expressway at a speed of 80 km/h while maintaining an inter-vehicle distance of approximately nine meters

Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automotive, manufacturing, and energy plant construction 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 alternate materials, and securing lithium resources that support increased production of the automobile batteries essential for eco-cars. We are also using the knowledge we have accrued through our experience with renewable energy such as wind and solar power together with various innovative technologies to contribute to the creation of a sustainable carbon neutral society by reducing automobile CO₂ emissions and CO₂ emissions throughout product lifecycles, including in the logistics business, and contributing to the elimination of CO₂ emissions from plants.



KPIs

	Proportion of renewable energy in the company's total electric power generating capacity*1		
	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
	45% (up 6% from FY2019)	55%	58%
	(Change from the fiscal year ended March 31, 2020)		
	• Increase renewable energy and decrease non-renewable energy		
	Expansion of renewable energy business in Africa		
	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
Total power generation capacity	260 MW (±0 from FY2019)	760 MW	1,400 MW
Contribution to CO ₂ emissions reduction	600,000 tons/year (±0 from FY2019)	1,700,000 tons/year	3,170,000 tons/year
	(Change from the fiscal year ended March 31, 2020)		
	• No new projects went into operation in the fiscal year ended March 31, 2021. Continue to work on expanding renewable energy businesses		
	Sales of products and services that contribute to energy saving and CO ₂ emissions reduction		
	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
Breakdown: Businesses such as molten aluminum production (which reduces CO ₂ emissions by using recycled ingot), lithium, biomass fuel sales, low power consumption electronic components (semiconductors, etc.)	229.0 billion yen (up 52.0 billion yen from FY2019)	230.0 billion yen	310.0 billion yen
	(Change from the fiscal year ended March 31, 2020)		
	• Expand the low power consumption electronics business		
	Toyota Tsusho's global market share*2 of electrified vehicles*3		
	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2025 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2025 (Established in the current term)
	7% (up 1% from FY2019)	17%	26%
	(Change from the fiscal year ended March 31, 2020)		
	• Increase the volume handled according to market needs		
Qualitative KPIs	Sales of products and services that indirectly contribute to CO ₂ emissions reduction		Reductions in CO ₂ emissions from group offices, plants, etc.
	<ul style="list-style-type: none"> Promotion of the environment-conscious transport business to reduce CO₂ emissions during transportation 		<ul style="list-style-type: none"> Switch to substantively 100% renewable energy for electricity used at all business sites in Japan Install solar panels at offices, plants, and automobile dealers

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

*2 Electrified vehicles: BEVs, HEVs, PHEVs, and FCEVs

*3 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.

Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

Pick Up

Establishment of a Dedicated Lithium Hydroxide Manufacturing Company

From the perspective of mobility, the widespread uptake of next-generation eco-cars is a key factor in reducing CO₂ emissions and combating climate change. Since the end of 2014, Toyota Tsusho and Orocobre Limited have been jointly producing lithium carbonate at the Salar de Olaroz facility in Argentina to provide a stable supply. As the electrification of automobiles accelerates, the demand for lithium is expected to keep growing. By enhancing our production capacity to meet the robust demand, we are aiming to build a long-term, stable lithium supply structure.

In 2018, we established Toyotsu Lithium Corporation, the first dedicated lithium hydroxide manufacturing company in Japan. The company aims to manufacture and sell lithium hydroxide, which is a raw material for LiBs, and is building a manufacturing plant in Naraha-machi, Fukushima Prefecture, at which it plans to start production in 2022.



Toyotsu Lithium's Naraha Plant under construction





Pick Up

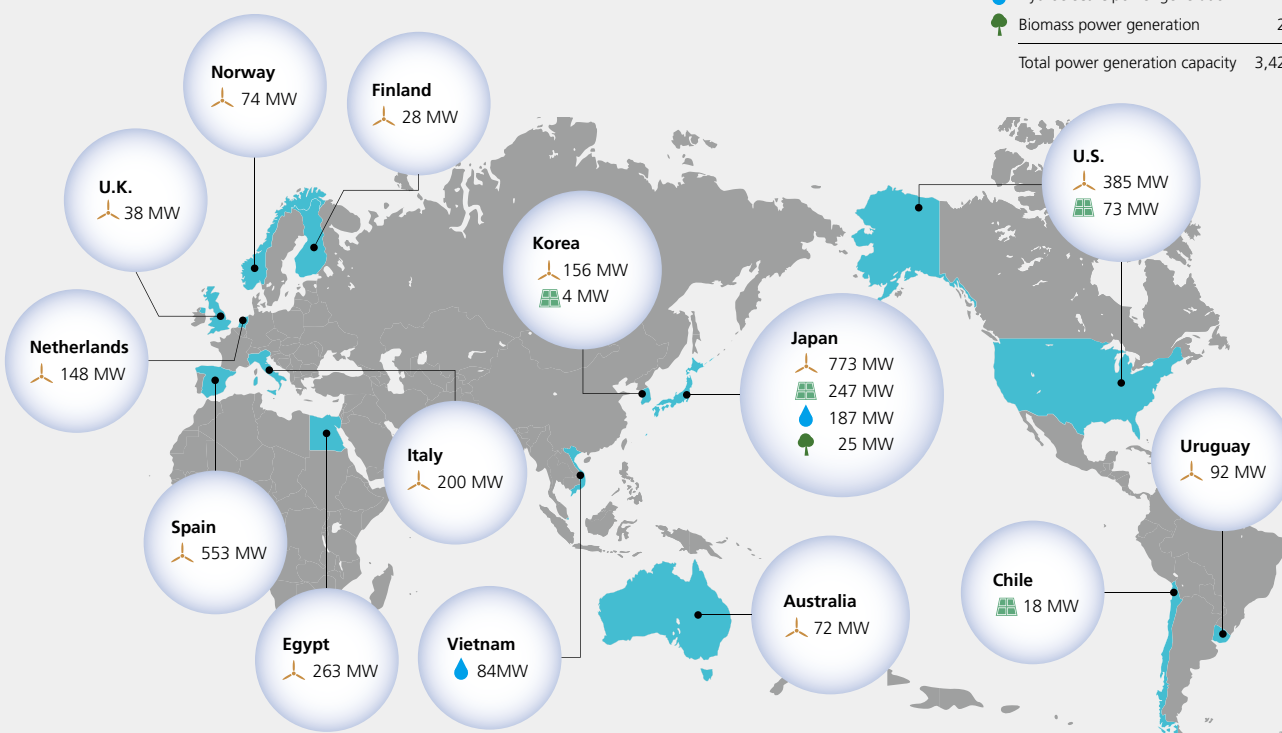
A Renewable Energy Business with a Total Capacity of More than 3,400 MW

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 generator in Japan. Besides wind power generation, the group began solar power generation in Korea in 2008 and has also built large-scale solar power plants (mega-solar plants) in the United States, as well as in the Hokkaido,

Tohoku, and Kinki regions in 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.

Our Global Renewable Energy Businesses (As of March 31, 2021)

	Wind power generation	2,782 MW
	Solar power generation	342 MW
	Hydroelectric power generation	271 MW
	Biomass power generation	25 MW
Total power generation capacity		3,420 MW



Note: Only operational projects are displayed.

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. The final report 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.

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

Governance

At Toyota Tsusho, we deliberate upon risks, business opportunities, and action plans related to the environment—including climate change—at the Global Safety & Environmental Promotion Meeting, which is held regularly once a year. Our PDCA improvement cycle is also checked at the meeting. The content of these deliberations is incorporated into our business activities via the representatives of the sales divisions and group companies who make up the meeting.

Business opportunities tied to climate change have been identified as one of our Materialities. The action plans for our Materialities are deliberated by the Sustainability Management Committee, which also meets regularly once a year, then reported to the Board of Directors as appropriate. The content of these deliberations is incorporated into our business strategies via the representatives of the sales divisions who make up the committee. From 2020, the committee has also been tasked with setting KPIs and has been reviewing their progress.

Overview of Climate Change-related Governance

Committee	Sustainability Management Committee	Global Safety & Environmental Promotion Meeting
Representative officers in charge	Chairperson: President & CEO CSO	Executive vice presidents
Responsible department	Corporate Planning Department Sustainability Management Group	Global Safety & Environmental Promotion Department

Global Safety & Environmental Promotion Meeting

Members: Environmental management representative (an executive vice president), related officers, planning department general managers, Officers of subsidiaries

Sustainability Management Committee

Members: President & CEO (chairperson), executive vice president, sales division CEOs, sales planning department general managers, CCO, CSO, CFO, assistants to the CSO, CHRO, departments related to the Administrative Unit (ESG-related departments, information disclosure-related departments)

Advisors: Two outside directors

Observers: Audit & Supervisory Board members (full-time)

Strategy

At Toyota Tsusho, we seek to comprehensively analyze and understand short-, medium-, and long-term business opportunities and risks related to climate change. Going forward, we intend to implement our initiatives and disclose information based on TCFD recommendations. To this end, we are currently discussing the use of both scenario analysis and internal carbon pricing.

At Toyota Tsusho, we believe that the shift to a carbon neutral society represents a business opportunity. In particular, our renewable energy business and lithium business for eco-cars overlap with our priority areas of our Mid-term Business Plan. Also, the move from using virgin materials to using recycled materials—which is intended to improve carbon efficiency—is also an opportunity for our metal recycling business.

Our group operates just one coal-related business—a coal-fired power plant in the Philippines. We are not engaged in any other coal-related businesses.

Risks and Opportunities

Risks include stricter regulations.

In the mobility field, the acceleration of electrification is also a risk. More specifically, there is a risk that distribution volumes will fall due to a decrease in the number of parts used, and there is a risk our existing assets will become obsolete due to changes in material composition. However, electrification will also give rise to new business opportunities. These include opportunities stemming from our Next Mobility Strategy, which is one of our priority areas, and opportunities based on new materials due to the need for weight reductions.

The shift to renewable energy also entails a risk that businesses based on fossil fuel resources will shrink. However, our expansion in onshore wind and solar power generation—which centers on Eurus Energy Holdings—is a major business opportunity. Various types of regulations such as fuel efficiency regulations, carbon taxes, and other national policies must also be counted as risks for our group. We will take steps such as promoting electrified vehicles while keeping abreast of the regulatory trends in each country.

Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

Risk Management

Given the characteristics of our businesses, we ensure that we manage environmental risks—which include climate change—to a high standard. Business opportunities and risks related to climate change are deliberated by the Global Safety & Environmental Promotion Meeting and the Sustainability Management Committee, and their members and responsible departments incorporate the contents 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 CSO takes part in the Investment and Loan Committee; the assistant to the CSO in the Investment and Loan Meeting; and the CSO, the assistant to the CSO, and general manager of the Corporate Planning Department in the Investment Strategy Meeting. Among the evaluation items at the Investment and Loan Committee and the Investment and Loan Meeting, there exist environmental risks.

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

At Toyota Tsusho, we have acquired ISO 14001, an international standard related to environmental management systems. The Head Office monitors the existing subsidiaries with manufacturing workplaces by carrying out internal environmental audits once every three years.

Going forward, we are considering using our six Materialities for evaluating projects in which we intend to newly invest or provide loans or increase our current investments. By comparing these projects against our climate change-related Materialities, we intend to evaluate the extent of both positive and negative influences.

Metrics and Targets

One of our Materialities is “Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automotive, manufacturing, and energy plant construction through the use of clean energy and innovative technologies.” We have set the following KPIs for this, and also use them as metrics and targets.

		Results for FY2020	Goals for FY2023
Quantitative Target 1	Renewable energy as a percentage of total power generation capacity	45%	58%
Quantitative Target 2	Expansion of renewable energy business in Africa	Total power generation capacity 260 MW	1,400 MW
		Contributions to CO ₂ reductions 600,000 tons/year	3,170,000 tons/year
Quantitative Target 3	Sales of products and services that contribute to energy savings and reductions in CO₂ emissions	229.0 billion yen	310.0 billion yen
		Results for FY2020	Goals for FY2024
Quantitative Target 4	Global market share of electrified vehicles	7%	26%
Quantitative Target a	Sales of products and services that contribute indirectly to the reduction of CO₂ emissions		
Quantitative Target b	Reductions in CO₂ emissions from group offices and plants, etc.		

For further details on Materialities and KPIs, please see page 39. [▶](#)

Additionally, as a long-term plan, in July 2021 we set a target to cut the greenhouse gas emissions through the business activities of the Toyota Tsusho Group by 50% below 2019 levels by 2030, and to achieve de facto carbon neutrality by 2050.

For further details on the carbon neutrality, please see page 56. [▶](#)

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 Group considers it a vital mission to consider the global environment and secure and stably provide resources.

To effectively use these limited resources, we will develop recycling businesses including recovery and processing of recyclable resources from scrap generated from ELVs, in the market, and at plants, secure resources through urban mining, and turn waste into resources such as by reusing used vehicles and parts, thereby contributing to a recycling society that promotes a circular economy by recycling waste.



KPIs

Quantitative KPIs	Volumes handled in the resource recycling business			
		Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
	Breakdown: 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 (up 80,000 tons from FY2019)	7,700,000 tons	8,890,000 tons
Quantitative KPIs	Plastic recycling volume			
		Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024* (Established in the current term)
	PLANIC Co., Ltd. (scheduled to commence operations in 2022)	—	Equivalent to 800,000 vehicles	Equivalent to 800,000 vehicles
	Toyotsu PET Recycling Systems Co., Ltd. (scheduled to commence operations in 2022)	—	Equivalent to 2 billion PET bottles	Equivalent to 2 billion PET bottles

(Change from the fiscal year ended March 31, 2020)

- The volume handled was maintained despite the effects of the COVID-19 pandemic. Contribute through our resource recycling businesses, by for example increasing the number of ELVs handled

* Due to a delay in start-up timing, the 2024 goal was not changed from the previous term.

Qualitative KPIs	Measures for the development of a circular economy society
	<ul style="list-style-type: none"> • Develop environment-conscious materials (recycling of airbag scraps) • Effectively use internally generated heat (hot water) from the adjacent Toyota Motor East Japan, Inc. plant to operate a paprika farm • Conduct business that contributes to the recycling of end-of-life batteries (the “3Rs” [rebuild, reuse, recycle] business for batteries)

Pick Up

Developing Agricultural Robots by Reusing Units from End-of-life Hybrid Electric Vehicles

Now that the automobile industry is said to have entered a once-in-a-century period of profound transformation, we must think about achieving a circular economy for next-generation automobiles. We are taking steps to apply the reverse-supply-chain framework we have been building to the life cycle of next-generation vehicles, as well.

We have built a “3Rs” (rebuild, reuse, recycle) framework for batteries and have been promoting its lateral deployment to reuse batteries in various applications that match their remaining capacity. In addition to onboard batteries, we have also been conducting demonstration tests to reuse Toyota Hybrid System (THS) units, especially their motors, in unmanned industrial machines such as agricultural sprayers and weed cutters. We began these tests at a vineyard in Hokkaido in November 2020, with the goal of commercialization in several years.

We will continue our efforts to contribute to the development of a recycling-based society through our circular economy business.



Agricultural robot that is reusing a THS unit

Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

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

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

In Kenya, for example, we worked as a strategic business partner in a national project aimed at supporting the realization of the country's national vision. We used the results as a pilot model to promote the autonomy of local residents and to support the growth of the Toyota Tsusho Group through initiatives such as improving living environments by developing basic infrastructure and providing opportunities for occupational training.



KPIs

Quantitative KPIs	Africa Division revenue		
	Results for the fiscal year ended March 31, 2021	Target for the fiscal year ending March 31, 2023 (Established in the previous fiscal year)	Target for the fiscal year ending March 31, 2024 (Established in the current term)
	860.0 billion yen (±0 from FY2019)	1,170.0 billion yen	1,157.0 billion yen

(Change from the fiscal year ended March 31, 2020)

- Sales of automobiles were adversely affected by the COVID-19 pandemic in the first half but recovered in the second half.
- Our healthcare business remained solid.

Qualitative KPIs	New investment in developing countries including countries in Africa
	<ul style="list-style-type: none"> • Support healthcare infrastructure including local pharmacies and hospitals (approximately 6,000 locations) through pharmaceutical wholesaling in 24 African countries and pharmaceutical manufacturing in Morocco and Algeria • Operate the international terminal business at Wattay International Airport in Laos • Contribute to improving standards of living and household incomes through the off-grid business (distributed power sources) using solar power and storage batteries in non-electrified regions of Kenya • Contribution to the resolution of social issues through Mobility 54 Investment SAS.

Pick Up **Establishing Methods for Refrigerated Vaccine Transportation and Contributing toward Improving the Rate of Vaccine Use in Developing Countries**

In March 2021, Toyota Tsusho, Toyota Motor Corporation, and B Medical Systems jointly obtained the World Health Organization (WHO)'s Performance, Quality and Safety (PQS) prequalification for refrigerated vehicles for transporting vaccines at the appropriate temperatures. This was the first time in the world the PQS prequalification was given to refrigerated vehicles for transporting vaccines.

In developing countries, approximately 20% of vaccines are discarded every year because of temperature changes during transport. This initiative is significant in that it contributes to the resolution of the social issue of ensuring effective utilization of vaccines in developing countries, and also demonstrates leadership in the transport sector related to global health, which has recently drawn increased awareness. The acquisition of PQS prequalification will also enable COVAX, an international framework aimed at equitable distribution of COVID-19 vaccines to developing countries, to hopefully begin using the refrigerated vehicles based on the acquired PQS prequalification for transporting vaccines.



Interior of the vehicle with a dedicated vaccine refrigerator installed

Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

of participants since their establishment reached 9,684 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, including those from group companies, have attended these workshops to date.



For information on health and safety policies, please refer to "Occupational Health and Safety Initiatives" on Toyota Tsusho's website. <https://www.toyota-tsusho.com/english/csr/social/safety-health.html>

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 of our executives and employees to report any concerns about a possible COCE violation through the proper channel, and we guarantee that no retaliatory actions or measures will be taken against the whistleblower. 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 COCE violation, the Legal Department, together with the related departments such as 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, 2021, is shown here to the left. Note that there were no violations seriously affecting our Group's operation.

Total Number of Violations

27

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

If any COCE violation occurs, the Legal Department and related departments such as 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 a quarter chaired by the member of the Board and executive vice president who is the CCO, 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. The reported content is then communicated by the Integrated Risk Management Committee to the Board of Directors.

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. Specifically, advance screening and approval of transactions involving governments, etc., advance screening and approval of the invitation of public officials, etc., and the reporting of entertainment/gifts for public officials, etc., are required. Additionally, to prevent money laundering, payments to a third country or third party are prohibited as a rule, and an approval procedure for obtaining special permission has been established. The status of compliance with these internal rules is also regularly monitored to ensure complete compliance and continuous improvement.

In the aforementioned approval procedure, we implement the due diligence steps listed below based on risk evaluation results involving existing and new agencies, etc. (agencies, agents, consultants, etc.), suppliers, joint enterprises, and joint business partners. Furthermore, we communicate the Toyota Tsusho Group's basic anti-corruption policy to all new business partners resulting from corporate acquisitions or the forming of joint ventures, as well as to existing business partners. After these partners have understood the group's strong anti-corruption determination, we conclude contracts containing antibribery clauses that oblige new business partners to prevent corruption including bribery, thereby preventing the occurrence of corruption.

- 3.1 Pre-contract confirmation of a bribery prevention system by obtaining a response to the Antibribery & Corruption Questionnaire
- 3.2 Checking bribery controversies of business partners using third-party organizations' risk and compliance databases
- 3.3 Obtaining a background check from a third party regarding bribery and corruption risks

For group companies, as well, we use the Corruption Perceptions Index (CPI) published by Transparency International to regularly (once every two years) evaluate their corruption risks, including bribery risks. Based on the risk evaluation results, we establish related internal rules, including bribery prevention rules in each country, while consulting local lawyers about each country's laws and regulations. We then implement similar initiatives such as establishing approving and reporting procedures, exercising due diligence in evaluating business partners, and providing e-learning by external organizations under contract. If a group company is found to pose an especially high level of risk, the Legal Department of the Head Office visits the local site to hold a hearing, etc., and provides guidance and support so that the aforementioned initiatives are properly designed, implemented, and executed. The Legal Department of the Head Office then monitors the implementation and execution status of those initiatives to prevent corrupt acts.

4. Training

The Laws & Ordinances Handbook for Executives and a compliance manual for employees also clearly describe the prohibition of the aforementioned corrupt acts and are distributed/delivered 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 (notification). If employees discover a COCE violation or recognize the risk of one, they must immediately report it to their direct supervisors. The reported content must then be reported immediately to the general manager of Toyota Tsusho's Legal Department, who is in charge of compliance, through the president or general manager of the company concerned. Upon receiving the report, the general manager of the Legal Department immediately reports the case to top executives, the CCO, CFO, and Audit & Supervisory Board members, as well as other related departments including the Global Human Resources Department and the Corporate Communications Department, and takes the appropriate actions, including providing the initial response and conducting the necessary investigation. The status of the actions taken and their results are reported to the CCO

Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

and Audit & Supervisory Board members. If an employee commits an act of improper conduct, we respond strictly following the procedure prescribed by our award and punishment rules, such as establishing a disciplinary committee. Furthermore, to prevent a similar COCE violation from occurring inside the group, we also share the case overview, true root cause, and recurrence prevention measures, etc., within the group once every quarter, utilizing them in providing compliance education within Toyota Tsusho and group companies.

6. Examples of Uncovered Corruption

In the fiscal year ended March 31, 2021, 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 directly sent to Audit & Supervisory Board members to ensure independence from management.

Also, Toyota Tsusho was registered as a business making a self-declaration of conformity under Japan's Consumer Affairs Agency's Whistleblowing Compliance Management System (self-declaration of conformity registration program) on April 24, 2020.

We will continue to develop and operate whistleblowing systems to ensure even greater reliability and effectiveness and will work to bolster compliance management and raise corporate value.



Note: The Whistleblowing Compliance Management System, based on the Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act, is designed to enhance the quality of whistleblowing systems and ensure people's safety and security. The system evaluates businesses that have appropriately established and are operating whistleblowing systems and works to promote other initiatives.

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, it obtains pledges from all executives and employees and reviews compliance status.

In the fiscal year ended March 31, 2021, we held training for various levels of the organization, including new employees, newly appointed managers, line managers, and executives, as well as for specific groups such as newly appointed executives at domestic Toyota Tsusho Group companies and employees soon to be stationed overseas. We also conduct training for executives and employees to raise awareness of topics such as insider trading, bribery prevention, cartels, supply chain CSR, and the COCE, as well as all forms of corrupt acts, via e-learning and information sessions. Additionally, we provide our executives with the Laws & Ordinances Handbook for Executives and our employees with a compliance manual, both of which are reviewed and revised every two years, so that the entire company workforce is familiar with and complies with important laws and regulations, as well as corporate ethics.

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.

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 on a global scale 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.

In our supply chain, we are taking measures to eliminate child labor and forced labor, 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 resolving 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	Creation of workplaces that offer meaningful work
	<ul style="list-style-type: none"> 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 <p>Results</p> <ul style="list-style-type: none"> An employee of an overseas subsidiary was appointed general manager of the Head Office for the first time. Selective training aimed at developing global management talent was continued using digital technology even in the middle of the COVID-19 pandemic. 	<ul style="list-style-type: none"> Promote new work styles and workplace innovations Invigorate communications within organizations and shift to flexible and highly productive organizations <p>Results</p> <ul style="list-style-type: none"> Started office reform toward realizing new work styles Continued the <i>Ikiwaku</i> Project* as part of organizational development
	Respect for human rights	Active external activities
	<ul style="list-style-type: none"> Reinforce D&I so that everyone can trust and acknowledge one another and learn from each other <p>Results</p> <ul style="list-style-type: none"> Established the Toyota Tsusho Group Basic Policy for Human Rights and published it on Toyota Tsusho's website Provided e-learning on basic policy for human rights and respect for human rights 	<ul style="list-style-type: none"> Provide functions and global networks for problem-solving based on <i>Genchi, Genbutsu, Genjitsu</i> (on site, hands on, in touch) (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 the company's foreign study scholarship program <p>Results</p> <ul style="list-style-type: none"> To maintain our annual initiative to deliver picture books to children in Asia, even in the middle of the COVID-19 pandemic, approximately 200 employees took the books home to prepare, resulting in the donation of 300 picture books.

* For information on the *Ikiwaku* Project, please see page 51.



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

Group Strategy and Results

Initiatives 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*” (on site, hands on, in touch), and “Team Power” (team-work). 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* (on site, hands on, in touch) 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

For various training programs, participants’ awareness is raised by developing an understanding of the importance of training based on a mindset that takes into consideration the values expected by top management, officers, and accounts of their experiences. At the same time, the effects are enhanced by conducting post-training follow-ups including interviews and counseling.

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

With globalization in recent years, we need respected and talented people who can interact with global partners on an equal footing. To develop such global management talent, we have created several selective training programs. Under the Global Advanced Leadership Program (GALP), our highest level of training, we are implementing programs in collaboration with top business schools in Japan and overseas. Toyota Tsusho employees and employees from domestic and overseas group companies participating in this program spend approximately six months in training to hone their multicultural leadership skills.

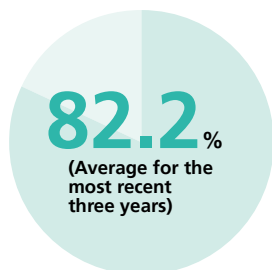
The Leadership Development Program (LDP) is a subsidiary program that seeks to foster talented people that will be responsible for future group management with the theme of resolving regional as well as national issues. The global networks developed through these types of training become lasting and irreplaceable assets, and by conducting periodic web seminars for

alumni we strengthen our relationships and encourage knowledge sharing.

Also, we 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 six months 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.



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

Human resources development

17.8 hours/year

Organizational development

11.3 hours/year

Total
29.1 hours/year

Pick Up

Toyotsu Inno-Ventures Project

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. The fiscal year ending March 31, 2022, marks the third year of this project, and ambitious employees have taken management initiative with an awareness of coordinating ideas with our Key Sustainability Issues (Materiality) and sought to contribute to resolving social issues. This project instills a strong sense of ownership among participants and develops strong individuals who exhaustively pursue customer needs.



Creation of Workplaces that Offer Meaningful Work

Office Reform

As moves toward teleworking spread, Toyota Tsusho is advancing office reform to create an in-office work environment conducive to co-creation with others. When employees meet face-to-face and engage in dialogue, we can expect the maximum level of synergistic effects to occur through mutual teaching. We remodeled part of the Head Office (Nagoya) to install a model floor, which we plan to expand to other floors there, as well as to the Tokyo Head Office.



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. During the fiscal year ended March 31, 2021, 78% of our workplaces implemented this initiative.



Promotion of D&I

As the business environment undergoes continuous change and customer needs diversify, Toyota Tsusho respects and acknowledges differences such as gender, age, and nationality. Based on a firm belief that actively using those differences will enhance the dominance of the entire group, we promote D&I as a management strategy. Additionally, the CEOs of each sales division set targets for D&I initiatives, report on progress and results at the Executive Officers Meeting and the Board of Directors, and introduce systems that reflect assessments according to the results.

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.



Group Strategy and Results

Initiatives Addressing Key Sustainability Issues (Materiality)

Promoting Active Roles for Female Employees

Under the D&I Declaration made by Toyota Tsusho's top management in 2014, we have been implementing measures to empower female employees from the following four viewpoints: 1) Company culture that promotes D&I, 2) Individual mindset reform, 3) System for supporting women's work style and work-life balance, and 4) Expansion of platforms and opportunities for women to excel. To nurture and increase the number of next-generation female leader candidates, we implemented mentoring systems in which female employees are mentored internally by general managers from other departments and externally by women who have served in managerial positions in other companies. In this way, we are promoting career awareness, expanding outlook, and supporting issue resolution.



Selection from Among Diverse Career Paths

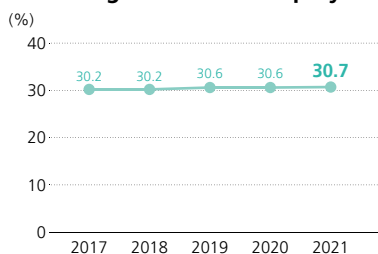
We reviewed existing job categories based on the details of work and introduced programs that allow all employees to select from among diverse career paths.

Labor Union and Global Human Resources Department Hold Panel Discussion with the CHRO to Consider Work Perspectives and Careers

The chief human resources officer (CHRO) 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.

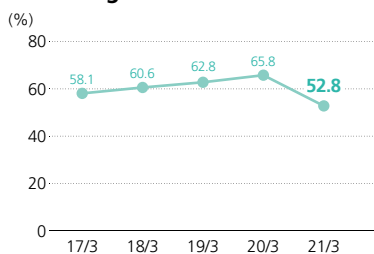


Percentage of Female Employees



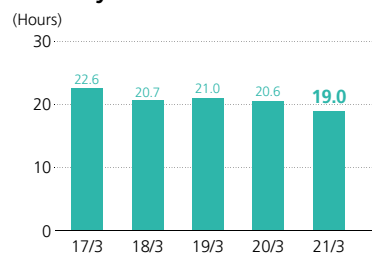
Scope of calculation: Toyota Tsusho Corporation
For every year, as of April 1

Percentage of Paid Leave Used



Scope of calculation: Toyota Tsusho Corporation

Monthly Overtime



Scope of calculation: Toyota Tsusho Corporation

Respect for Human Rights

At Toyota Tsusho, our Behavioral Guidelines stipulate that we "respect people and strive to create a dynamic and rewarding workplace," as part of our efforts to be a good corporate citizen. Our Global Code of Conduct & Ethics (COCE) specifies that we show respect for human rights. As we expand globally, based on these guidelines we support and respect international human rights principles, such as the International Bill of Human Rights; and, based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), we respect human rights. At Toyota Tsusho, we

support ISO 26000, a set of standards that seeks to maximize contributions to sustainable growth in the regions and countries in which businesses operate. Through local employment and local procurement, we aim to develop human resources and revitalize regional societies and economies, and so achieve coexistence and co-prosperity with local communities. In addition, we endeavor to protect the right to privacy of all people with whom we engage in the course of our company activities, and protect their right to freedom of expression.

Active External Activities

Positioning people (education), the earth (environment), and society (welfare) 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 in which each employee could engage even in the middle of the pandemic, Toyota Tsusho donated funds to NPOs, based on the number of employees who achieved their walking goals each day, participating in a walking event through a walking application.

As an activity cross-pollinating social contribution and the well-being of employees who tend to fall in an inadequate exercise due to the teleworking, the event drew many attentions and the participants.



Activity Example (3)

As a part of "The High School Student Hydrogen & Energy Project," for high school students in Nagoya city, who study and conduct research on hydrogen and fuel cells, the Toyota Tsusho Group's hydrogen station in Atsuta Ward and mobile hydrogen station in Nakagawa Ward hosted a series of plant tours for those students. The tours involves briefings from our employees on our hydrogen business, and we have been proactively working to support education for generations of the future.

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 Health Declaration, announcing the company's commitment to promoting health and productivity management both within and outside the company. In March 2021, Toyota Tsusho was selected for the first time from among the companies listed on the Tokyo Stock Exchange as a 2021 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 CSR

■ Toyota Tsusho Group's Environmental Policy

1. As a responsible corporate citizen, we strive to reduce the following impact on the environment by eliminating environmental pollution, while placing a high priority on not disturbing the global environment in conducting business.

- Address climate change issues, including reducing greenhouse gas emissions
- Preservation of forests and biodiversity
- Effective use of resources and energy
- Effective use of water and reduction of the amount of use 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-oriented economy and society 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 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.

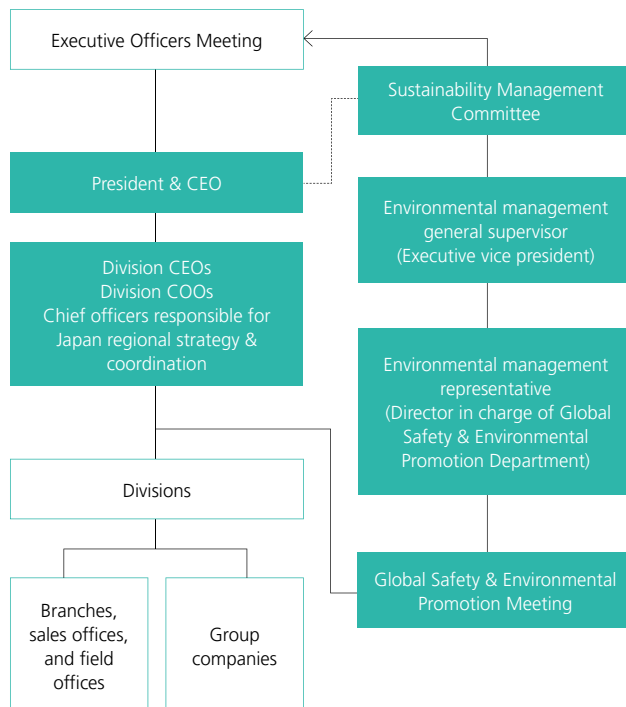
Structure for Promoting Environmental Management

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 (own standard) overseas. Both in Japan and overseas, we perform periodic internal audits to raise the level of environmental management.

The Global Safety and Environmental Promotion Meeting is held each year to report on the Toyota Tsusho Group's environmental preservation programs and provide notice and share information on statutory amendments. The Safety Management Enhancement Committee meets monthly, with attendance by corporate officers, to report on environmental accidents, to share information on countermeasures, and to take preventive measures.

In 2018, our ISO 14001:2015 certification has been approved through external audits and renewed until December 31, 2021. 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 caused by us 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 is an international NPO that was established in London in 2000. CDP calls on participating companies to disclose strategies on climate change and specific figures on the amounts of greenhouse gases emitted. As a representative of institutional investors with a total operational asset amount reaching U.S.\$106 trillion, 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, 2021

- Climate change: B
- Water security: B
- Forests (Timber): B
Forests (Palm oil): B-
Forests (Soy): C



Supply Chain CSR

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

In 2012, we formulated the Supply Chain CSR Behavioral Guidelines to foster a common understanding of CSR, coordinate CSR initiatives, and realize mutual sustainable growth with suppliers. To clarify common recognition with our suppliers, these guidelines were revised in January 2019 in response to increased awareness of human rights and environmental issues as well as in response to the identification of the Toyota Tsusho Group's CSR materialities.

In 2020, we conducted all-employee e-learning initiatives on sustainability for resolving social issues. The initiatives covered our Basic Policy for Human Rights and the current state of business and human rights around the world. More than 3,100 employees

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 the left page.



For information on management, initiatives, and performance data regarding the environment, please refer to the "Environment" section of Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/csr/environment/>



For additional information on the Supply Chain CSR Behavioral Guidelines, please refer to the "Supply Chain CSR" page on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/csr/social/supply-chain.html>

Feature

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

The Toyota Tsusho Group's Initiatives for Achieving Carbon Neutrality



We will drive the achievement of carbon neutrality, focusing on our five areas of strength.

Chief Digital & Technology Officer (CDTO)
Toshimitsu Imai

Quickening and Increasing Trend toward Carbon Neutrality and the Environment Surrounding the Toyota Tsusho Group

Having set decarbonization as one of its Key Sustainability Issues (Materiality), the entire Toyota Tsusho Group is promoting the achievement of global carbon neutrality. We participate in initiatives toward realizing a decarbonized society and circular economy, which will lead to carbon neutrality. These are business domains in which the group has long engaged, and we operate various related projects such as a wind power generation business, which has grown to be the largest in Japan.

Meanwhile, the tide has strongly turned toward the promotion of carbon neutrality for all of society. In Europe, which has overall high environmental awareness, the European Union (EU) announced the European Green Deal in December 2019 to make the EU a net-zero emitter of greenhouse gases. In October 2020, Japanese Prime Minister Yoshihide Suga issued a 2050 carbon neutrality declaration, and in 2021, the Biden administration, which has placed a high priority on environmental and energy policies, came into power.

From now on, green recovery based on environment-focused economic policies will be promoted toward restoring the global economy from the COVID-19 pandemic. The world is in the middle of a tectonic shift, and the promotion of carbon neutrality has entered its founding period.

This abrupt change is greatly impacting the mobility and energy industries, which are important business domains for the Toyota Tsusho Group, and transformation and disruption will occur in all types of industries, especially in the next 10 years leading up to 2030. The risks and opportunities for our group can be summarized as shown on the right.

Risks and Opportunities for the Toyota Tsusho Group

Risks: Existing businesses becoming obsolete and being disrupted due to being late in responding to environmental changes

- Tightening of regulations, such as fuel efficiency regulations and carbon taxes
- A fall in distribution volumes due to a decrease in the number of parts used stemming from the electrification of automobiles and changes in material composition, making our existing assets obsolete
- Shrinkage of businesses based on fossil resources as a result of the shift to renewable energy

Opportunities: Expanding our existing businesses and entering new businesses by taking the lead in transformation ahead of environmental changes

- Renewable energy business
- Lithium business (Increase in the number of next-generation eco-cars)
- Recycling business (Shift from using virgin materials to using recycled materials to improve carbon efficiency)
- Businesses in regions where we excel, such as Africa

Establishing a New Group-wide Organization and Investing Resources in Domains in Which We Can Lead the Transformation toward Carbon Neutrality

Against such a background, the Toyota Tsusho Group has positioned the promotion of carbon neutrality as a group-wide activity of the highest priority. Furthermore, judging that now is the time to shift our carbon neutrality initiatives into top gear, we established the Task Force for Promoting Carbon Neutrality in April 2021.

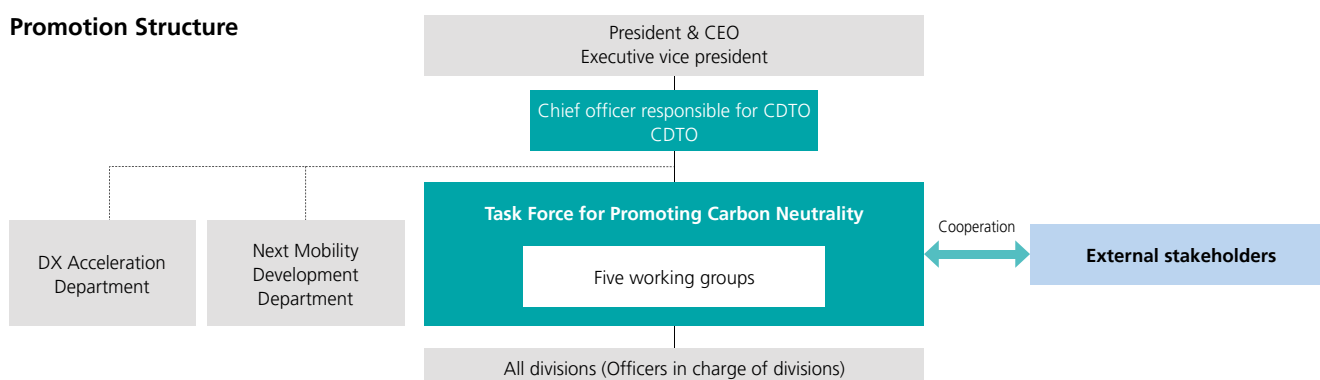
The origin of the Task Force for Promoting Carbon Neutrality was the desire to pass down a better global environment to the children of the future by promoting carbon neutrality. With the next tumultuous 10 years toward 2030 in mind, the task force will not only define the ideal image of our corporate group in 2050 but also create a roadmap for promoting carbon neutrality leading up to 2030.

As a strategy of this roadmap for promoting carbon neutrality, we organized working groups in five areas to decisively invest resources into businesses in which our group is already leading transformation

in terms of experience, results, and know-how. These five areas are: 1) renewable energy and energy management, 2) batteries, 3) hydrogen and alternative fuels, 4) resource circulation and the “3Rs” (rebuild, reuse, recycle), and 5) the “economy of life.”

As a specific tactic to grow new businesses in these areas and the Toyota Tsusho Group itself, we will collaborate with affiliated companies within the group as well as with partner companies, participate in ecosystems, and synergize with DX, which is another major trend in addition to carbon neutrality. While maintaining our determination to promote carbon neutrality and the direction in which our group is proceeding, we will drive the achievement of carbon neutrality by upgrading our promotion strategy and tactics every year on a rolling basis.

Promotion Structure



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 our group set a concrete policy toward contributing to the transition into a decarbonized society. We 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) to net-zero to achieve carbon neutrality by 2050. In addition, we also plan to reduce greenhouse gas emissions by 50% below 2019 levels by 2030.

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), reducing CO₂ emissions from production processes and logistics operations, reducing emissions through technological innovation, and utilizing J-Credits*³ derived from the use of renewable energy.

The ability to accelerate and promote businesses that contribute to the reduction of greenhouse gas emissions throughout the entire industrial lifecycle is a strength of the Toyota Tsusho Group. All employees of our group will unite and work full force to contribute to the resolution of these social issues.

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

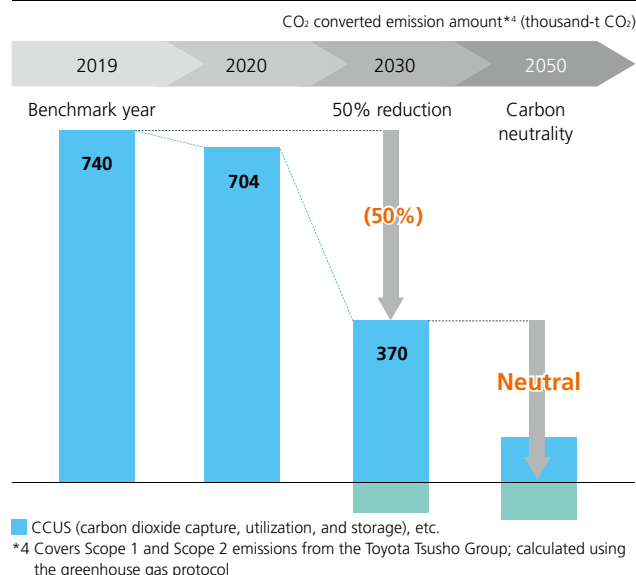
*2 Indirect greenhouse gas emissions from Toyota Tsusho’s use of purchased electric power and heat

*3 In 2019, J-Credits derived from the use of renewable energy resulted in the certified reduction of 2,649 tons of greenhouse gas.

Reduction Targets

- Carbon neutrality by 2050
- Reduction in greenhouse gas emissions by 50% below 2019 levels by 2030

Scope of application: Parent company and domestic/overseas consolidated subsidiaries (Scope 1 and Scope 2)
Note: For Scope 3, we are promoting concrete actions to reduce greenhouse gas emissions in the value chain, in cooperation with our suppliers and customers.



At a Glance



Metals Division

P.60



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 production and compliant collection and recycling of waste metal from factories and markets, ELVs, and other materials

Market Environment While responding to CASE in the automotive field is an ongoing trend, the demand for “resources recycling” and “carbon neutral” as social issues is increasing, and the needs of diverse products and functions that are regionally optimized are expected to expand.



Global Parts & Logistics Division

P.62



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 Department	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 planning (BCP) have increased. Furthermore, during this change in the automobile industry—the primary market for the division—we need to provide more competitive new technologies, products, and services created for next-generation mobility.



Automotive Division

P.64



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- 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 automobile needs. The automotive industry as a whole is undergoing a wave of technological innovation exemplified by CASE. It is imperative for the industry to meet expanding needs for new mobility services while also addressing social challenges.



Machinery, Energy & Project Division

P.66



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 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
Infrastructure Solutions	Development and operation of infrastructure including airports, ports, and electric power and businesses related to the supply of fuels including LNG and biodiesel

Market Environment As DX technologies including AI and the Internet of Things (IoT) proliferate, the automotive industry has entered a once-in-a-century period of profound transformation. Moreover, as demand for countermeasures against climate change increases globally, markets for renewable energy including offshore wind power are expected to expand rapidly and the shift away from diesel fuel as ship fuel and toward clean fuels including LNG and biofuel will proceed at a rapid pace.



Chemicals & Electronics Division

P.68



Automotive Materials	Global implementation of integrated functions ranging from the procurement of raw materials to parts processing, sales, logistics, and molding and of 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 bio-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.70



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 resolve social issues in the agriculture and aquaculture fields
Lifestyle	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 sale of products from raw materials to textiles and fiber products Living environment: Development of rental condominiums and apartments, planning and sale of housing materials, and operation of overseas hotel residences Medical and healthcare: Operation of overseas healthcare-related businesses, rehabilitation businesses, and nursing care product businesses

Market Environment The global spread of COVID-19, an unprecedented event, has precipitated major changes in the lifestyles and values of people around the world. During the pandemic, consumers who are reevaluating their day-to-day lives are increasing, and the ideals of existing products and services are being called into question. In addition, the value of giving consideration to the global environment is rapidly expanding, and we are being called on to increase transparency in supply chains and make flexible and timely responses to major changes in consumer needs.



Africa Division

P.72



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 in South Africa, and next-mobility/MaaS businesses through investment in start-ups
Healthcare	Wholesale of pharmaceuticals mainly in western Africa and production of pharmaceuticals in North Africa
Consumer	Manufacture and wholesale of consumer goods (cosmetics, beverages, etc.), shopping mall and supermarket development and operation, and agricultural businesses including fertilizer production and sales
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, experienced accelerated growth from 2018 into 2019, with sustainable growth 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



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 in and outside Japan.

In its mainstay automotive-related field, the division is developing its existing functionalities in response to changing needs in readiness for an 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 expanding sales chan-

nels outside the Toyota Group 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. As the result of the pandemic, the division has been significantly advancing its efforts to implement work-style reforms and is striving to create work environments receptive to flexible work modes and diverse ways of thinking.

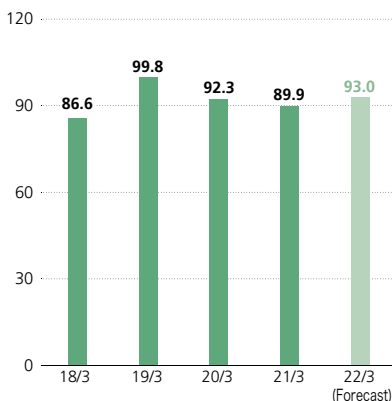
Through these wide-ranging initiatives, the division is developing existing businesses while exploring new businesses and has established a well-balanced business structure that is resilient to change to achieve its mid- to long-term goals.

* SBU: Strategic Business Unit

Business Performance and Forecast

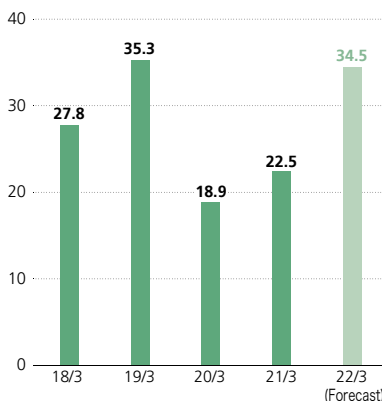
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

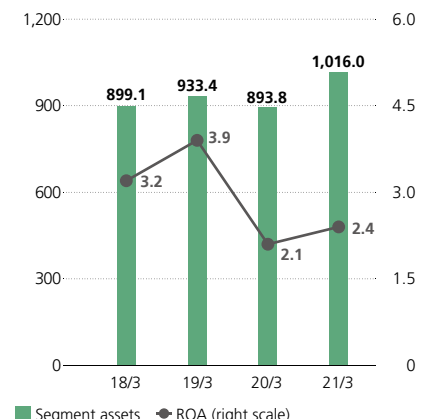
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



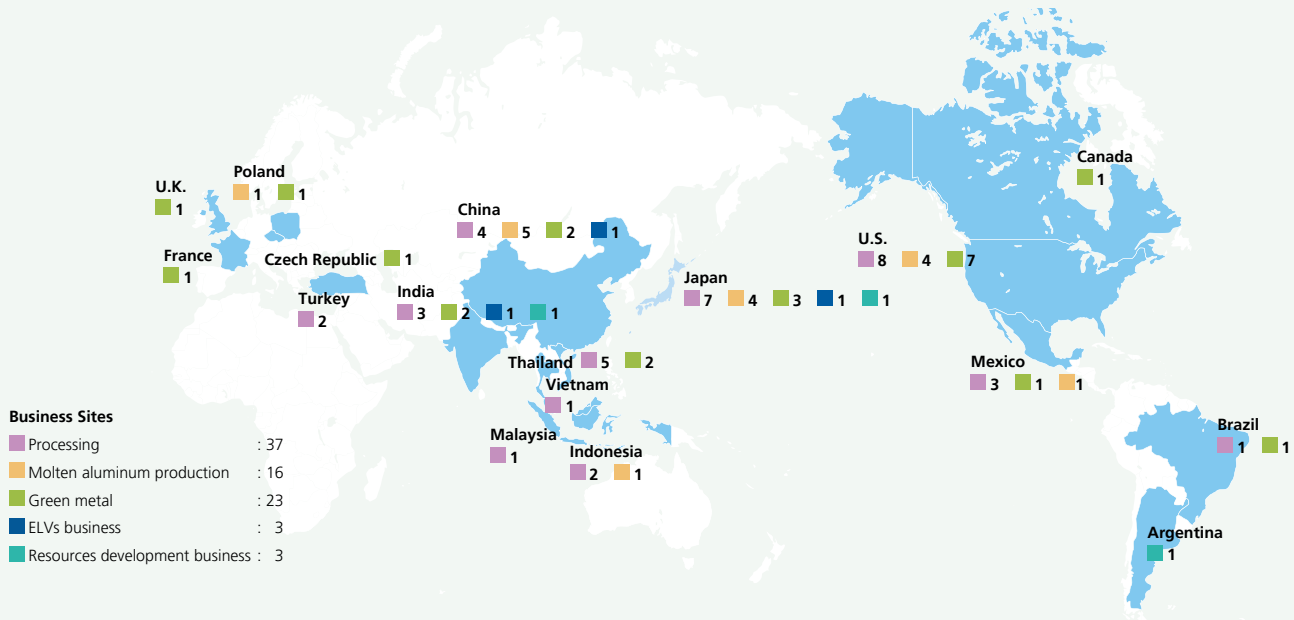
* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

Initiatives to Help Resolve Social Issues

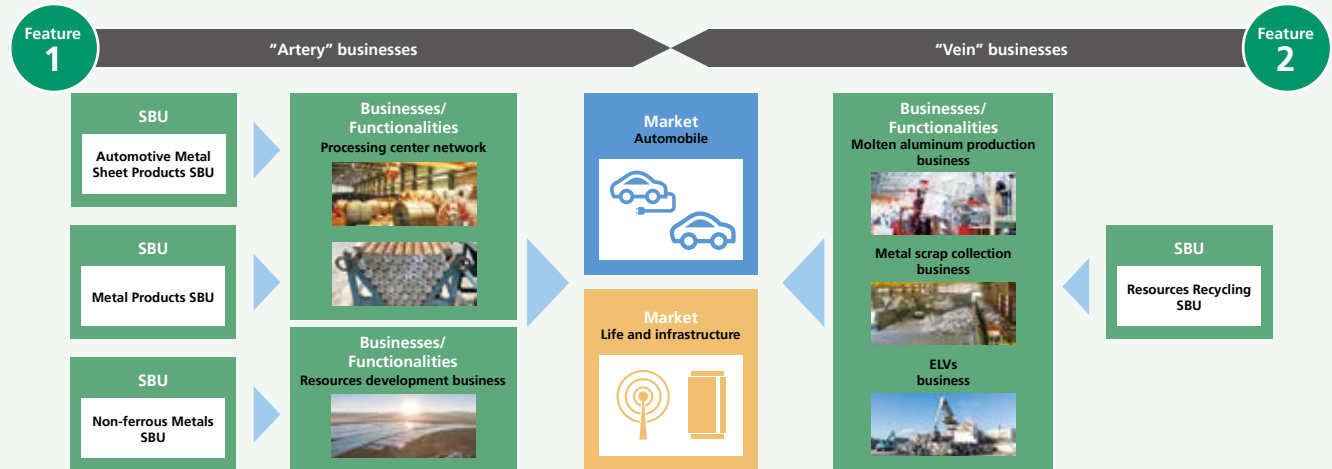
- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automotive, manufacturing, and energy plant construction through the use of clean energy and innovative technologies
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

► **Metals Division's Business Portfolio**

As a multi-materials organization, the division now has a total of 82 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 in Japan and abroad 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



Business Model and Mid-term and Long-term Strategies

The Global Parts & Logistics Division will demonstrate its integration functions in its areas of strength, including its global network, logistics infrastructure, supply-and-demand management, and assembly. It will also exceed the expectations of customers by creating a next-generation society with a focus on mobility to be a problem-solving division that grows along with its customers.

The division has 164 sites operated by 110 subsidiaries in 38 countries around the world. By using these sites and its logistics networks and by establishing an optimally integrated parts logistics system, the division has established a global automobile parts supply chain.

Other 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.

The division successfully serves the diverse needs of its customers by combining its global logistics network, supply-and-demand management functions, and unique manufacturing functions into an integrated function service.

As medium- to long-term initiatives in its core mobility field, Toyota Tsusho will maximize integration functions including product development, raw materials procurement, processing, supply-and-demand management, logistics, and assembly functions on a global scale by combining them with digital technology, thereby contributing to the development of a sustainable society.

Specifically, the division will pursue the advancement of systems for managing global supply chains tailored to changes in customer vehicle production methods such as the integration of vehicle platforms while providing new services such as global development of its logistics business.

Furthermore, initiatives for expanding the value chain will continue to focus on the identification of cutting-edge technologies and materials and the development of new functions.

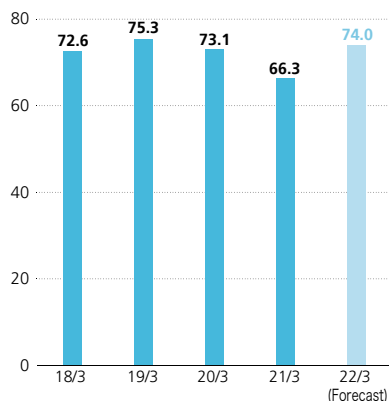
Regarding the diversification of business, the division will leverage its expertise and strengths developed through existing businesses to acquire new customers and business partners.

Moreover, the division will tackle the challenges of developing services in environmental solution areas including fuel cells to create a carbon neutral society.

Business Performance and Forecast

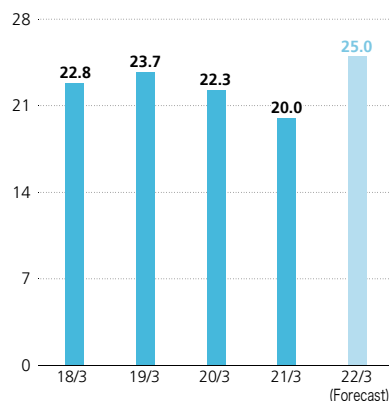
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

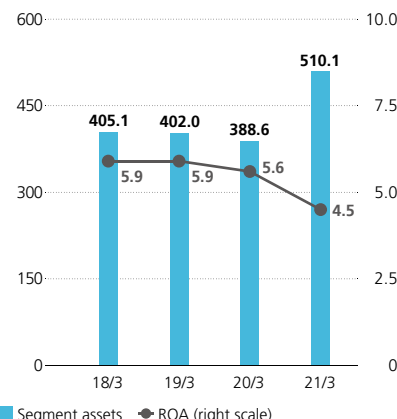
(Billion yen)



Segment Assets/ROA*

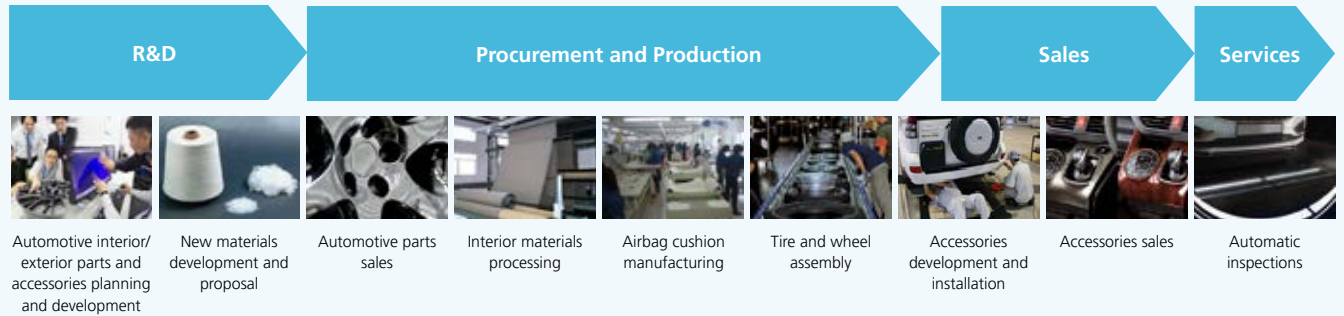
(Billion yen)

(%)



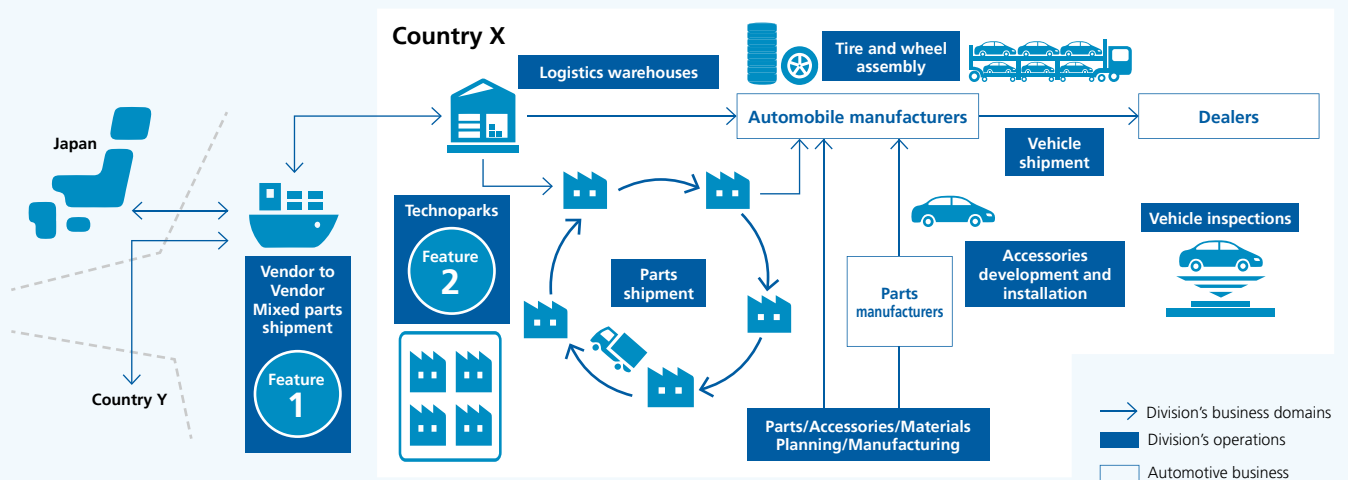
* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

► Automotive Value Chains Provided by the Global Parts & Logistics Division



► Business Lines of the Global Parts & Logistics Division

Automotive Businesses



Non-automotive Businesses



By using its logistics sites in countries around the world and combining the provision of optimal, integrated logistics with order-and-inventory management and other supply-and-demand management functions, the division offers parts logistics services that contribute to stable parts supply, reduce transportation costs, shorten delivery lead times, and minimize inventories. In its accessories and materials business, the division provides various forms of added value in areas ranging from product planning, design, and development to product supply, production preparation, and quality control.



The division has established systems to optimize manufacturers' supply chains through operations in the technopark, tire and wheel assembly, vehicle transport, accessory-and-conversion, and other businesses. As market needs change, the division continually creates new value by combining these various functions for customers in innovative ways.

Automotive Division



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 produced by automobile and transport equipment makers, primarily in the Toyota Group, in Japan and overseas to countries around the world. The division operates a distributor business and dealer businesses through a global network that spans 146 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.

In emerging regions such as Asia and Latin America, where further growth is expected, we are deeply involved in the broad automotive 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 address recent changes in social trends, such as changes in lifestyles in conjunction with the spread of COVID-19, the electrification

of automobiles for realizing a carbon neutral society, and rising concern regarding environmental and social problems, the division is expanding business fields so that we can provide means of mobility and services that meet diversifying needs.

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

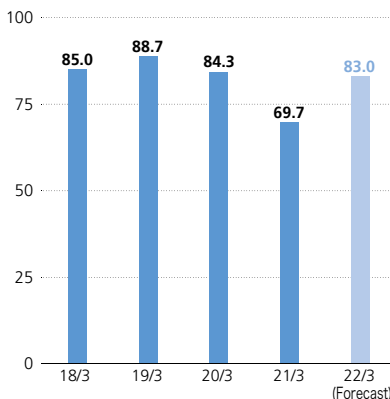
In this manner, we are providing value in four areas—mobility value (the pursuit of safety, security, and comfort), social value (creation of employments and resolution of healthcare issues), environmental value (contributions to the environment and ecosystems), and economic value (revitalization of 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

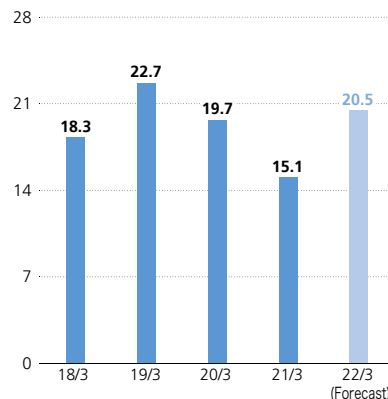
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

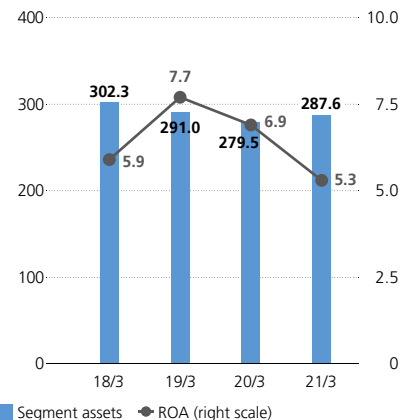
(Billion yen)



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.

Initiatives to Help Resolve Social Issues

- 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 automotive, manufacturing, and energy plant construction through the use of clean energy and innovative technologies

► **Worldwide Operations and Regional Strategies**

Feature 1

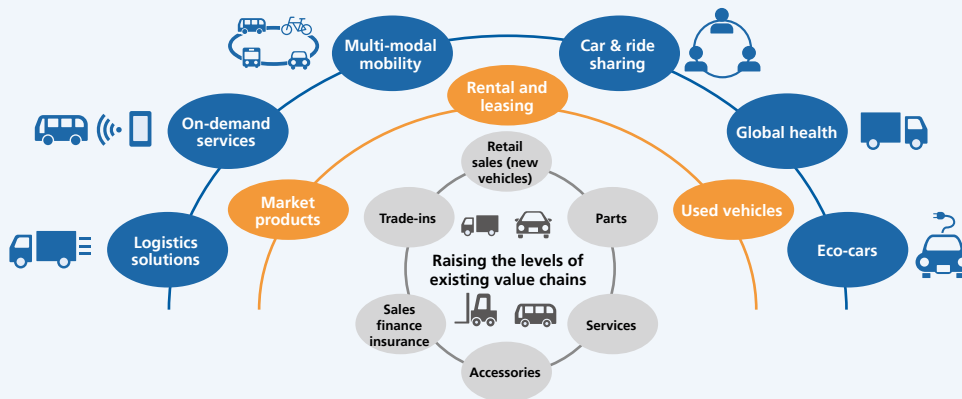


► **Build and Expand the Mobility Value Chain**

Feature 2



► **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 our efforts to respond to the needs of a next-generation mobility society and help build a carbon neutral society.

Division Chief Executive Officer 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, the energy solutions business, and the 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, medical and analytical instruments, textile machinery, and other equipment around the world. We are also striving to create new businesses through the establishment of a new business foundation leveraging digital technology, and from the promising CASE fields.

In the energy solutions business, the division is expanding wind, solar, hydroelectric, geothermal, biomass, and other power generation businesses around the world to help realize a carbon neutral society. We are developing virtual power plants (VPPs) and distributed power sources to ensure a stable and inexpensive supply of renewable energy, while promoting development and strengthening our power generation businesses, including offshore wind development, in Africa and other regions with emerging countries. In the biomass business, we are supplying high-quality and clean fuels to provide the necessary solutions to reduce our customers' environmental burden.

In the infrastructure solutions business, we are helping resolve social

issues in emerging countries. In areas where we have a strong presence—the Middle East, along with Africa and other regions with emerging countries—we are working on many aspects of infrastructure development, from business proposals and fundraising to engineering, procurement, and plant construction, while also providing operation of infrastructure, including airports, ports, and water-related businesses. We are also suggesting solutions toward the realization of a carbon neutral society and the reduction of environmental burden in emerging countries. These include the utilization of renewable energy sources, switching ship fuels to LNG, and supplying biodiesel.

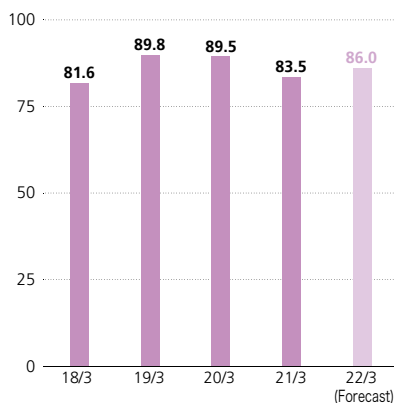
The division is engaged in further strengthening the revenue base of its existing business in response to major changes to the external environment, including structural changes in the automotive industry as a result of the transition to a next-generation mobility society, the rapid expansion of the renewable energy market as the result of a shift toward a carbon neutral society, and the diversification of needs in the Middle East, along with Africa and other regions with emerging countries. At the same time, responding to feedback from our customers, we are undertaking self-transformation and business structure reforms to accelerate growth.

Note: The division's earlier power project business and the energy and plant business fields were reorganized as the energy solutions and infrastructure solutions fields in April 2021.

Business Performance and Forecast

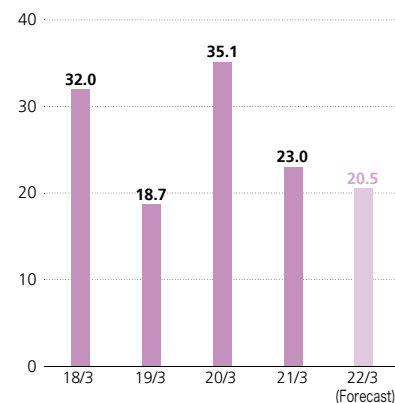
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

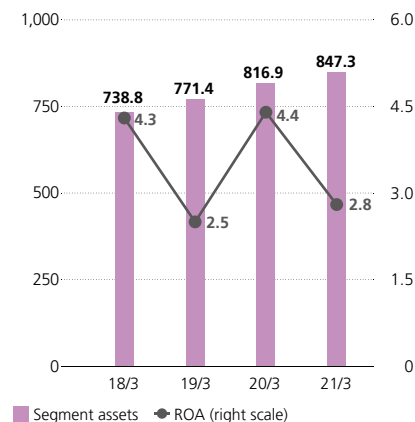
(Billion yen)



Segment Assets/ROA*

(Billion yen)

(%)



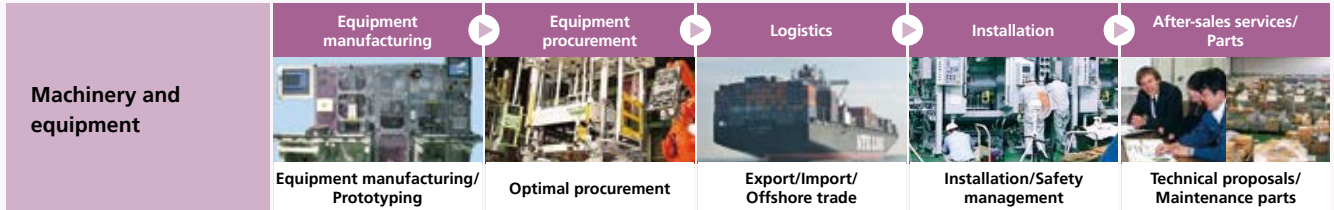
* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

Initiatives to Help Resolve Social Issues

- Contribute to the transition to a carbon neutral society by reducing CO₂ emissions from automotive, manufacturing, and energy plant construction through the use of clean energy and innovative technologies
- Grow with developing countries, including those in Africa, and endeavor to resolve social issues through business operations

► A Uniform Support Function for Machinery and Equipment

Feature 1



► Strengthening the Renewable Energy Business

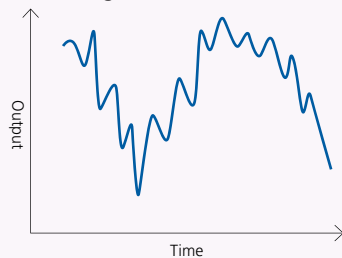
Feature 2

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

Wind power station



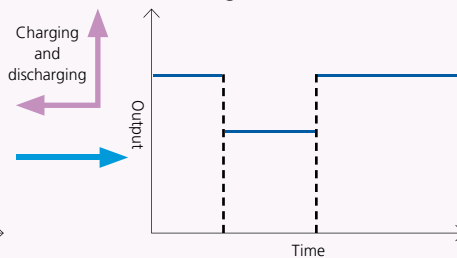
Before output shaping with storage batteries



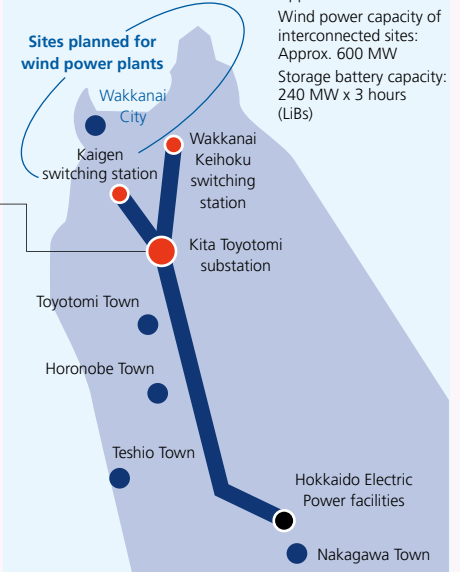
Storage battery system



After output shaping with storage batteries



Overview of transmission routes



- Despite favorable wind conditions, the region's power transmission network is vulnerable. The construction of new power transmission lines is contributing to the spread of renewable energy.
- Storage battery systems providing charging and discharging supplement the unstable power generation from wind power stations. This enables the steady supply of renewable energy without burdening the electric power system.

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

A wealth of operational data from wind power stations is analyzed to conduct efficient maintenance, which raises operation rates and lowers operating costs. The division aims to leverage its ability to deliver stable, cost-effective solutions to become the No. 1 wind power station operator in other regions as well.



Chemicals & Electronics Division



The Chemicals & Electronics Division keeps a watchful eye on every field, recognizing changes as business opportunities and boldly taking on new challenges. By combining new materials, technologies, and services, the division contributes to solving social issues and providing additional value to customers.

Division Chief Executive Officer 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 uses its wide-ranging networks and knowledge centered on materials and parts as strengths. We will combine these strengths with new technologies while focusing on 1) measures for the creation of a new mobility society, 2) carbon neutral and circular economy business that reduces the impact on the natural environment, and 3) business that contributes to the foundations of life.

In its automotive materials business, the division manufactures and sells automotive-use plastics and rubber, as well as supplies materials and parts for use in applications such as vehicle batteries, through its global network. The division is laterally extending the functions it has developed through its core business across new regions and markets as it strives to respond to transformations of automotive technologies by proposing materials and parts for use in next-generation vehicles.

In the chemicals business, the division handles a wide range of chemical products that support comfortable living including detergents, hygiene products, and packaging materials and seeks to expand its business even further by leveraging its powerful sales network. With regards to the production and sales of iodine, an important

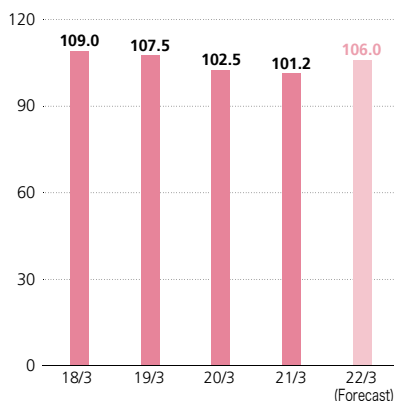
resource, the division is strengthening value chains through activities such as the manufacture and sale of iodine compounds. The division is reinforcing and expanding distinctive businesses in which it has high shares of global markets. It establishes new businesses, such as plastic resource recycling, which is a global issue, and encourages the handling of plant-derived bio-plastics.

In its electronics business, the division is Japan's largest trader of electronic devices. We handle a wide range of electronic devices and software incorporated into vehicles, consumer electronics, and industrial machinery. The division anticipates changes in the automotive industry and in technologies. We also develop technologies for environmentally friendly vehicles such as HEVs, PHEVs, BEVs, and FCEVs, along with devices and services for more intelligent and information-oriented connected vehicles. For the future automated driving society, we are developing advanced infrastructure in tandem with efforts to develop and commercialize new services. The division promotes network business that globally links people and things, and it is strengthening its businesses within and outside Japan by enhancing and combining the know-how and functions of leading affiliates.

Business Performance and Forecast

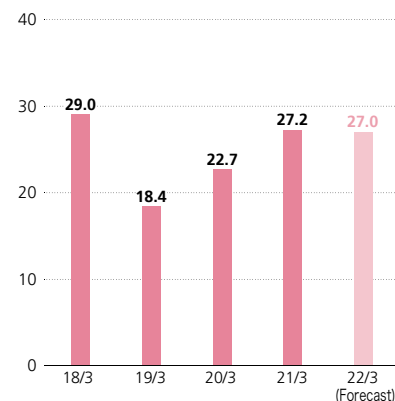
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

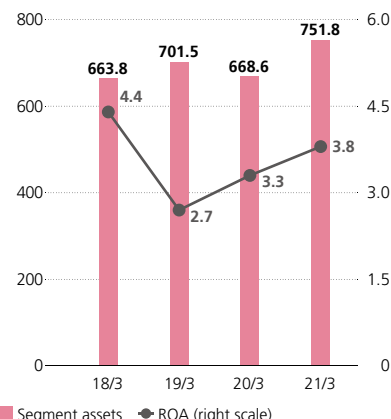
(Billion yen)



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.

Initiatives to Help Resolve Social Issues

- 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

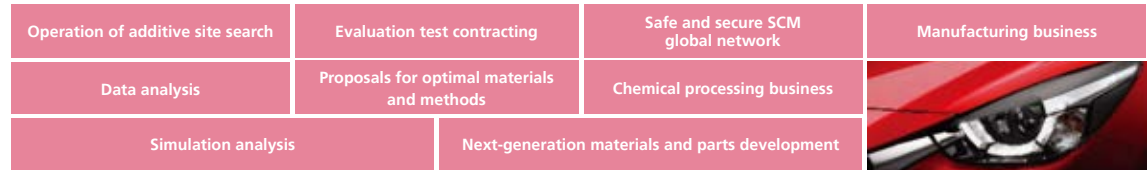
► Initiatives in the Automotive Materials Business

Feature 1

Customer process

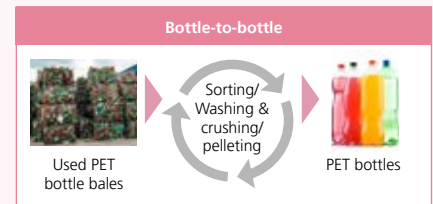
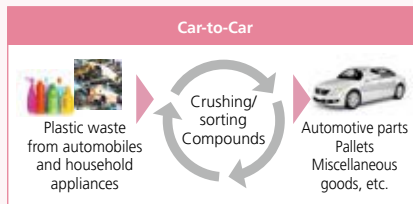
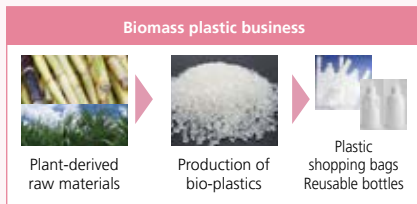


Supply functions



► Initiatives in the Chemicals Business

Feature 2

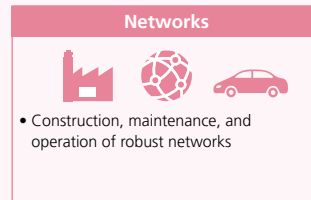
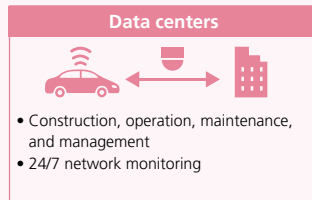
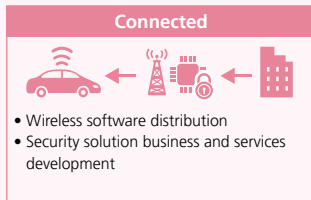


► Initiatives in the Electronics Business

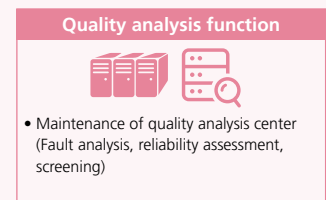
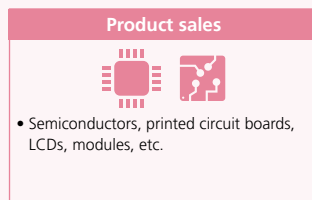
Feature 1

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 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 is close to customers. 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.

Feature 2

We are accelerating our initiatives relating to carbon neutral and circular economy business to maintain sustainable growth with society. In the chemicals business, we handle industry-leading bio-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



The Food & Consumer Services Division aims to protect people's lives and healthy and prosperous lifestyles, as well as create new value for society, by helping to resolve social issues through its business activities.

Division Chief Executive Officer Food & Consumer Services Division **Hiroshi Yonemaga**

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 enhancing initiatives for the stable supply of Brazilian grain in particular and will continue to link its expertise 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 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 environmental impacts, which includes reducing apparel loss, recycling airbag material offcuts, and establishing brands that use thread based on Japanese paper.

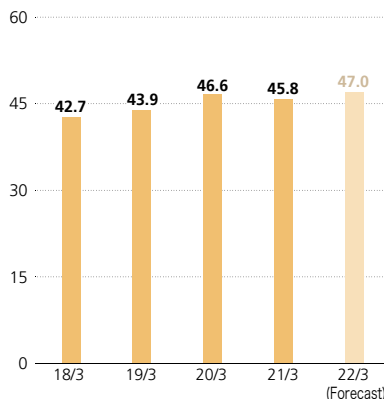
In the living environment business, the division is making effective use of hotel residences to support companies that are expanding operations overseas as well as company-owned real estate and is implementing renovation rental projects. The division is also providing infrastructure with an emphasis 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 lifestyles.

In the medical and healthcare business, the division is reinforcing the rehabilitation business, nursing care products business, and other businesses intended to help resolve 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

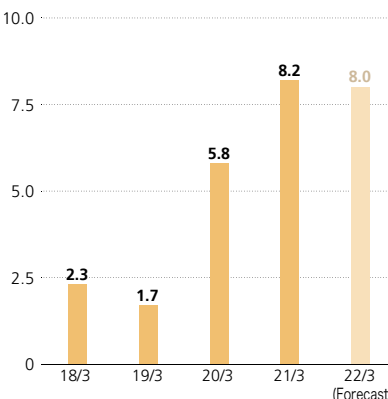
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

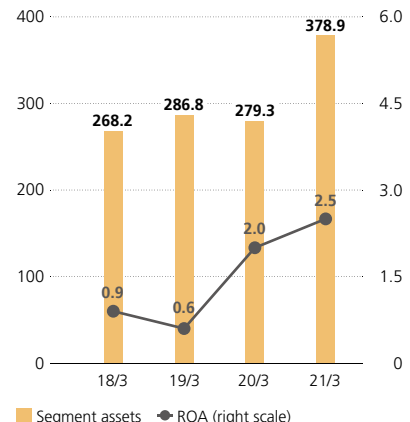
(Billion yen)



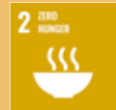
Segment Assets/ROA*

(Billion yen)

(%)



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



► 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. Expected to improve efficiencies during the process of sizing cultured fish in breeding tanks, the service will dramatically 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 expiration dates of food 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 fair trade-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 fair-trade products through all processes from production to consumption.

Sustainable Cities and Lifestyles



The SBU is contributing to the creation of sustainable cities and lifestyles 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 improved safety, quality, and efficiency of healthcare in the countries concerned.



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, where it is contributing to 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



Business Model and Mid-term and Long-term Strategies

With a rapidly growing middle class and a demographic composition centered on the younger generation, Africa has been called the “final frontier” and is attracting global attention for its potential growth. Although there are some regions struggling with political instability, financial difficulties, and other hurdles, stable economic growth is expected, and in recent years interest in Japan has been rising, evidenced by the increasing number of private companies participating in the Tokyo International Conference on African Development (TICAD).

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, and integrating value chains 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, and strengthen sales efforts utilizing CFAO Motors South Africa, which is South Africa’s largest automobile dealer. 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 24 African countries and producing licensed pharmaceuticals. By increasing the number of countries where we conduct business and creating new services, we will promote initiatives that contribute to people’s health.

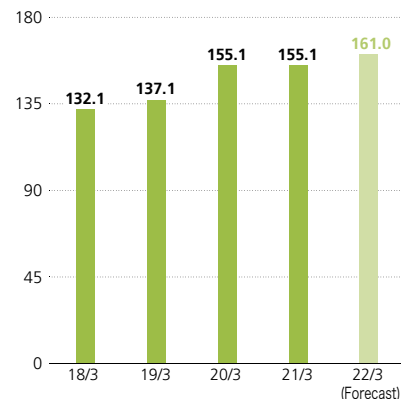
In the consumer field, we will promote local production of consumer goods, such as cosmetics and beverages, and expand our business of operating shopping malls through a partnership with Carrefour S.A. We will enhance production of merchandise and further increase the number of stores, contributing to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

In the infrastructure 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.

Business Performance and Forecast

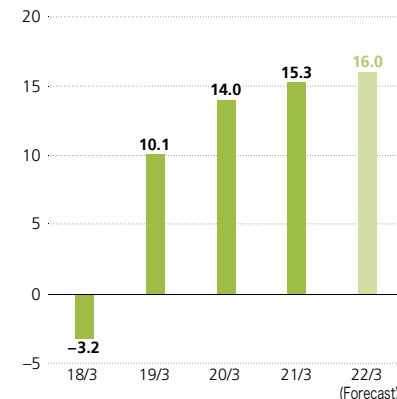
Gross Profit

(Billion yen)



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

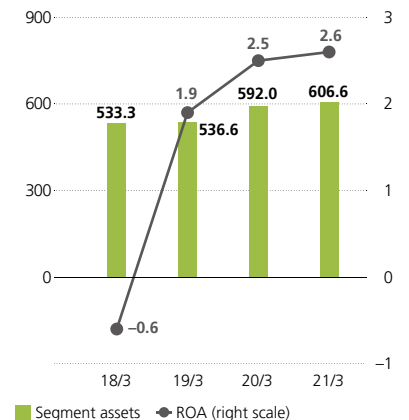
(Billion yen)



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 resolve social issues through business operations
- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society

Toyota Tsusho's Group Vision for Africa

Feature 1

Businesses



Mobility SBU



Healthcare SBU

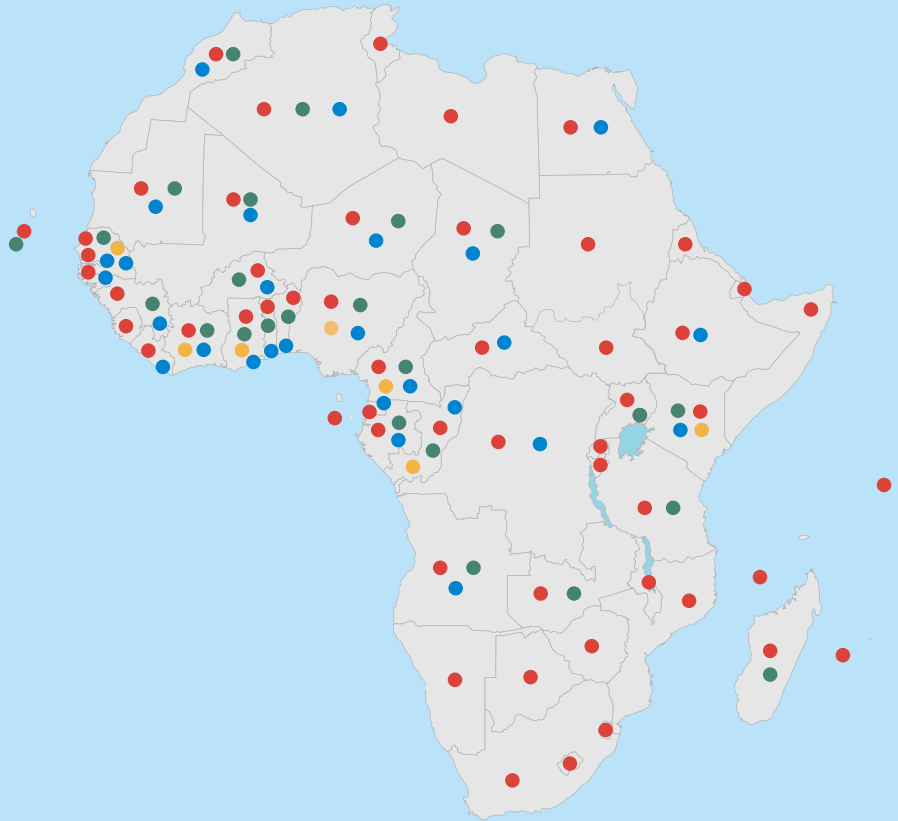


Consumer SBU



Infrastructure SBU

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 alliance between Toyota Tsusho, which has created a network based on the automobile distributor business, primarily in southeast 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.

Management Structure

Board of Directors * Representative Directors



Chairman of the Board
Jun Karube



Member of the Board*
President & CEO
Ichiro Kashitani



Member of the Board*
Takahiro Kondo



Member of the Board*
Hiroshi Tominaga



Member of the Board*
Hideyuki Iwamoto



Member of the Board
(Outside Director)
Kumi Fujisawa



Member of the Board
(Outside Director)
Kunihito Koumoto



Member of the Board
(Outside Director)
Didier Leroy



Member of the Board
(Outside Director)
Yukari Inoue

Senior Executive Officers

President & CEO
Ichiro Kashitani

Executive Vice President, CCO
Takahiro Kondo

Assistant to President,
Chief Officer Responsible for Japan Regional
Strategy and Coordination,
Officer Responsible for Tokyo Head Office,
Officer Responsible for Global Strategy and
Management

Division CEO, Regional CEO
Richard Bielle

Africa Division,
Africa,
President of CFAO

Division CEO, Regional Officer
Yasuhiro Nagai

Machinery, Energy & Project Division,
Emerging Regions

CSO, Regional CEO
Hiroshi Tominaga

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

CFO
Hideyuki Iwamoto

Regional CEO
Mitsuhiro Tsubakimoto
Asia Pacific,
President of Toyota Tsusho Asia Pacific Pte. Ltd.

Division CEO
Jun Eyama
Global Parts & Logistics Division

Division CEO
Naoji Saito
Metals Division

Division CEO
Hiroshi Yonenaga
Food & Consumer Services Division

Regional CEO
Tatsuya Watanuki
East Asia, Representative of East Asia
Region, President of
Toyota Tsusho (China) Co., Ltd.,
Chief Representative of Beijing Office

**CDTO, Division COO,
Regional Officer**
Toshimitsu Imai
Africa Division,
Africa

Regional CEO
Akihiro Sago
North America,
President of Toyota Tsusho America, Inc.

Division CEO
Shigeru Harada
Automotive Division

Division CEO
Akio Hamada
Chemicals & Electronics Division

CEO : Chief Executive Officer
CCO : Chief Compliance Officer
CSO : Chief Strategy Officer
CFO : Chief Financial Officer
CDTO : Chief Digital & Technology Officer
COO : Chief Operating Officer
CHRO : Chief Human Resources Officer

Audit & Supervisory Board Members



Audit & Supervisory Board Member (Full-time)
Yasushi Shiozaki



Audit & Supervisory Board Member (Full-time)
Kazumasa Miyazaki



Audit & Supervisory Board Member
Shuhei Toyoda



Audit & Supervisory Board Member
Yuichiro Kuwano



Audit & Supervisory Board Member
Tsutomu Takahashi

Executive Officers

Hideyuki Inazumi

Company President
President of Eurus Energy Holdings Corporation

Kazumasa Kimura

Africa Division New Business Development COO, Regional Officer
Africa

Shigeki Maeda

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

Akinori Saito

Assistant to Executive Vice President

Motoya Hayata

Regional Officer, Company President
Emerging Regions, Chairman & CEO of NovaAgri

Nobuyuki Hata

Division COO
Metals Division

Atsushi Aoki

Company President
President of NEXTY Electronics Corporation

Haruyuki Hattori

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

Kazuyuki Urata

Division COO
Chemicals & Electronics Division

Yasuhiro Kakihara

Division COO, Assistant to CDTO
Chemicals & Electronics Division

Hiroki Nakayama

Division COO
Global Parts & Logistics Division

Shiro Irikawa

Division COO
Automotive Division

Tetsuya Ezumi

Division COO
Automotive Division

Yuichi Kanazawa

Division COO
Global Parts & Logistics Division

Michael T. Lavender

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

Kosuke Kunihiro

Division COO
Machinery, Energy & Project Division,
Branch Manager of Toyota Branch

Koji Minami

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

Masaharu Katayama

Division COO
Metals Division

Makiko Hamase

Assistant to CSO
CHRO

Futoshi Horisaki

Division COO
Global Parts & Logistics Division

Kazunori Sato

Company President
President of Toyotsu Chemiplas Corporation

Toshiyuki Azeo

Division COO
Food & Consumer Services Division

Jun Karato

Assistant to CDTO

Takashi Hirobe

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

Hinomasa Ishii

Division COO
Metals Division

Tatsuya Hirata

Division COO
Machinery, Energy & Project Division

Eiji Matsuzaki

Assistant to CDTO

Masato Ozaki

Assistant to CSO

Nobuaki Yahiro

Division COO
Chemicals & Electronics Division

Takuro Akasaka

Division COO
Automotive Division

Shinichiro Otsuka

Division COO, Regional Officer
Africa Division, Africa

Shigeharu Kato

Division COO
Food & Consumer Services Division

Note: Company names and titles are as of June 24, 2021.

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

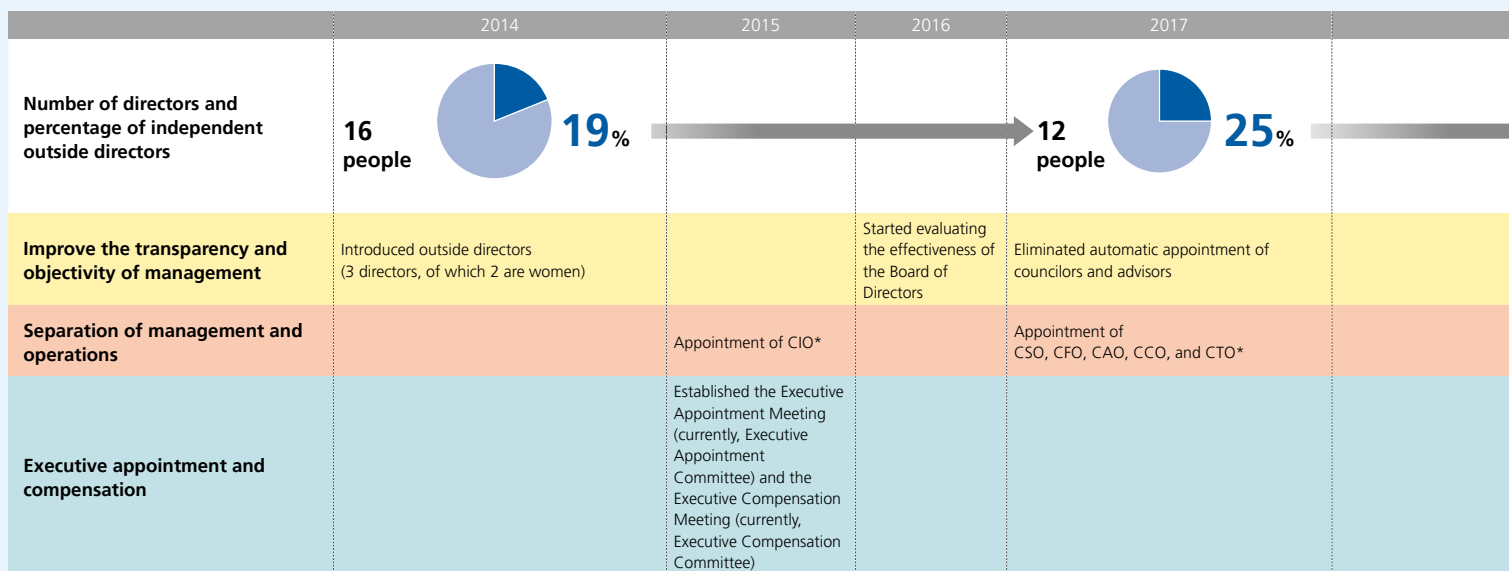
Toyota Tsusho has adopted the system of a company with an Audit & Supervisory Board to ensure transparent and sound management, and it has also introduced an executive officer system to improve management efficiency and strengthen internal control.

The company carries out consolidated management based on a divisional organization that comprises seven sales divisions under the leadership of divisional CEOs, organizations under the direct control of executive vice president, and the administrative unit.

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. Four executive officers are also members of the Board: the president & CEO, executive vice president, chief strategy officer,

and chief financial officer. One-third of the members of the Board are independent, outside directors with the aim of strengthening 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 each sales division 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 directors with highly specialized knowledge and consisting of a foreign national and an individual from a research organization, and two women.

Corporate Governance Transformation Trends



* As of April 2021, chief officer positions consist of a CCO, CDTO, CSO, and CFO.

Summary of Corporate Governance Structures (As of June 24, 2021)

Organizational Format	Company with an Audit & Supervisory Board
Directors	9
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
Outside Audit & Supervisory Board Members	3 Note: 2 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 (meetings are held with each sales division one time annually) Meeting for outside officers Made up of outside members of the Board and outside Audit & Supervisory Board members

The company aims to boost its expertise and the speed of its decision-making by having established chief compliance officer (CCO), chief digital & technology officer (CDTO), chief strategy officer (CSO), and chief financial officer (CFO) positions as the persons with ultimate 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.

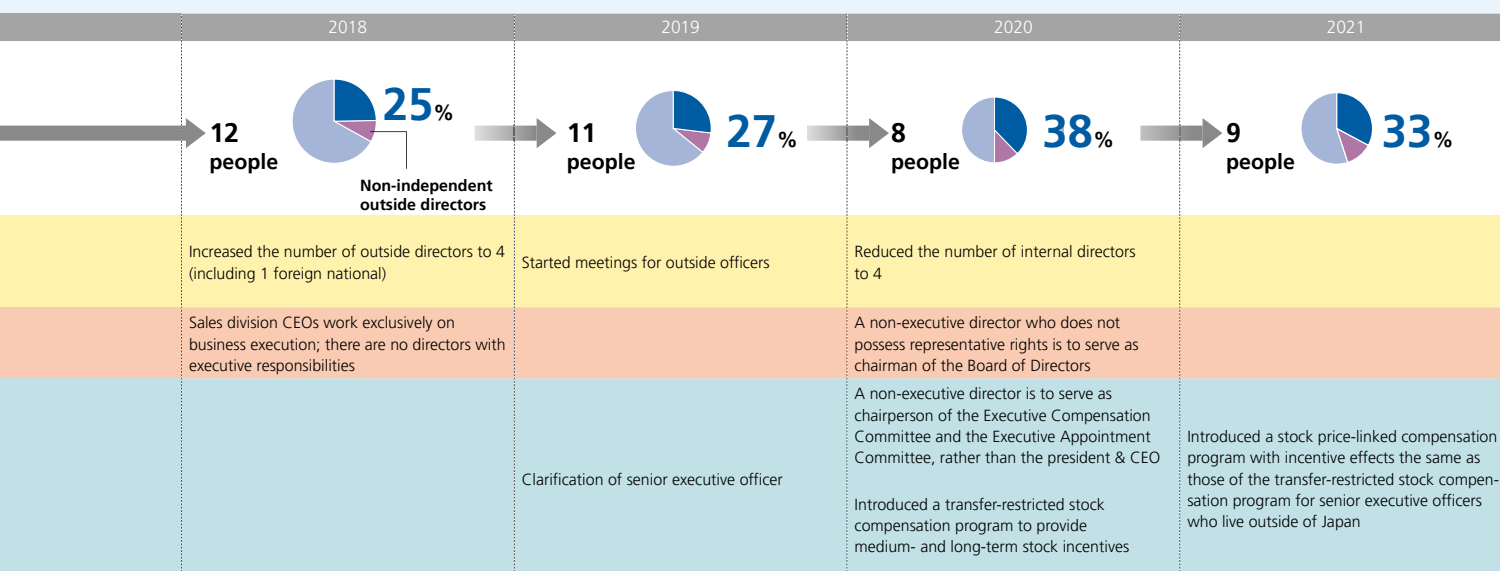
As a measure to further fortify the supervisory functions of

outside directors, dialogue is carried out between the executive officer of each sales division and outside officers. 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, a meeting for outside officers (outside directors and Audit & Supervisory Board members) is scheduled to be implemented twice a year so that they can freely and openly exchange opinions among themselves.

Corporate Governance Meetings

In the fiscal year ended March 31, 2021, corporate governance meetings were held several times by members of the Board. At these meetings, members engage in repeated discussions concerning the optimal status of the Board of Directors, and this year the

skill matrix for outside officers was disclosed. Discussions with the entire Board of Directors including discussion of skill matrices for other officers will continue this year.



Governance

Corporate Governance

Board of Directors

The Board of Directors comprises nine directors, four of whom are outside directors. The Board 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 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 directors satisfy the criteria for independence as specified by securities

exchanges. Moreover, the independence of the Board of Directors is enhanced by having a non-executive director serve as chairman of the Board. 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 directors can satisfactorily fulfill their management and supervisory functions. The Board of Directors' Secretariat sends out materials earlier than in the past and provides preliminary explanations along with the proposing department to enhance understanding of business details.

Agenda Items Taken up at Board of Directors' meetings

		Main Agenda Items
Monthly		Reports on matters approved by the president & CEO including matters relating to investment, financing, and guarantees Monthly report on company-wide profit plan progress status (excluding months in which draft financial statements are approved)
Quarterly		Approval of financial results Status of investments
2020	April	Approval of agenda items for the ordinary General Meeting of Shareholders (disposal of surplus) Report on competing transactions by members of the Board and transactions between companies and conflicts of interests by members of the Board in the previous fiscal year Approval of plan for the current fiscal year concerning competing transactions by members of the Board and transactions between companies and conflicts of interests by members of the Board Results of evaluations of the effectiveness of the Board of Directors Report on the operating status of Basic Policies on Establishing Internal Control Systems
	May	Approval of agenda items for the ordinary General Meeting of Shareholders (payment of officer bonuses) Convocation of the ordinary General Meeting of Shareholders Report on the status of implementation of business by the Metals Division Report on the results of verification of the significance of cross-holdings
	July	Review of the ordinary General Meeting of Shareholders Report on IR activities Audit policy and plan of the Audit & Supervisory Board Board of Directors' annual agenda plan
	September	Report on the status of implementation of business by the Automotive Division

		Main Agenda Items
2020	October	Interim report on competing transactions by members of the Board and transactions between companies and conflicts of interests by members of the Board in the previous fiscal year Report on the progress of DX
	November	Management mission statement Report on the roles and optimal status of the <i>Kaizen</i> & Cost Reduction Department and status of <i>kaizen</i> (continuous improvement) support Report on the status of implementation of business by the Machinery, Energy & Project Division
	December	Organizational structure of divisions, SBUs, and departments in the next fiscal year Report on the status of implementation of business by the Chemicals & Electronics Division Report on personnel policies and individual initiatives
2021	January	Assignment of executive officers and appointment of senior executive officers and executive officers Decision on the allocation of work duties to senior executive officers and executive officers (effective April 1) Report on the status of implementation of business by the Africa Division
	February	Approval of the agenda for the ordinary General Meeting of Shareholders (election of nine members of the Board) Report on the status of implementation of business by the Food & Consumer Services Division Status report on audits by the Audit & Supervisory Board
	March	Approval of the mid-term (three-year) business plan and profit plan for the next fiscal year Report on the status of implementation of business by the Metals Division Report on integrated risk management

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. In addition, 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 relating to executives. After deliberating such, the committee reports to the Board of Directors.

<Members of Both Committees>

As of June 24, 2021

Jun Karube (Chairman of the Board, committee chair)

Ichiro Kashitani (President & CEO)

Kumi Fujisawa (Independent outside director)

Kunihito Koumoto (Independent outside director)

Yukari Inoue (Independent outside director)

Evaluating the Effectiveness of the Board of Directors

1. 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 the results on the Board's effectiveness are reported to the Board of Directors after the questionnaire responses are analyzed and evaluated. An overview of the fiscal year ended March 31, 2021, and the evaluation results are as follows.

Overview of Evaluation Results for the Fiscal Year Ended March 31, 2021

For issues extracted from the effectiveness evaluation in the previous fiscal year, based on the results of the tabulation and analysis of questionnaire results, the ratings for all evaluation items were positive overall, owing to *kaizen* (continuous improvement) measures. This confirmed the Board of Directors is properly functioning and securing effectiveness.

Looking at operations of the Board of Directors, the schedule for agenda items that should be deliberated or reported is being

Overview of Evaluation Implementation

Individuals who responded to the questionnaire	All members of the Board of Directors (8 persons) and all Audit & Supervisory Board members (5 persons)
Implementation method	Administer questionnaires to members of the Board and Audit & Supervisory Board members
Priority themes	Further improve 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

adequately managed, and the Board of Directors' Secretariat is providing appropriate support, including at the time of the proposal of agenda items and submission of materials. Also, the Board of Directors is rich with diversity and a system is in place that facilitates brisk discussions among all members of the Board. In the event of unclear points in discussions, if the members of the Board deem it necessary, there are ample opportunities for the Board of Directors to request additional information from the company.

Issues	Fiscal year ended March 31, 2021 measures taking into account issues in the fiscal year ended March 31, 2020	Evaluation results for the fiscal year ended March 31, 2021 questionnaire
Boost the soundness of management, accelerate decision-making, and fortify governance functions	Structure of the Board of Directors changed (number of members of the Board changed from 11 to 8; number of independent outside members of the Board maintained at 3) Continued deliberations on the Toyota Tsusho governance system and the skills of members of the Board	Evaluated as being improved from the previous fiscal year and properly functioning Assessed whether appropriate deliberations are conducted
Enrich discussions by the Board of Directors	<ul style="list-style-type: none"> Adjusted the time reserved for Board of Directors' meetings from 110 minutes to 170 minutes Adjusted the agenda under the chairman's leadership, leading to meaningful deliberations Provided preliminary explanations to outside members of the Board by the proposing divisions Chairman of the Investment and Loan Committee shared comments from the committee 	Evaluated as being improved from the previous fiscal year and properly functioning Evaluated as being improved from the previous fiscal year and properly functioning
	<ul style="list-style-type: none"> Report on IR activities by the CFO Report on the status of internal control and risk management by the CCO 	<ul style="list-style-type: none"> Further enhancement of IR and reporting to shareholders is needed It was reported that the frequency of safety, compliance, integrated risk management, and so on must be increased
Effectively utilize independent outside officers	Continued dialogue by outside officers with the CEOs and COOs of sales divisions (switched from monthly reports by two divisions to one division) Increased the frequency of and continued holding meetings for outside officers (increased from one time annually to three times annually)	Evaluated as being improved from the previous fiscal year and properly functioning Evaluated as being improved from the previous fiscal year and properly functioning

2. Undertake Further Improvement of the Board of Directors' Effectiveness in the Fiscal Year Ending March 31, 2022

The company will continue to discuss the three evaluation items and nine issues extracted from the results of the questionnaire, and it will implement *kaizen* measures to further improve the effectiveness of the Board of Directors.

1. Composition of the Board of Directors

Issues

Reinforce governance functions

Undertake further *kaizen*

- 1) Continue deliberation of skills needed by the Toyota Tsusho Board of Directors

2. Operation of the Board of Directors

Issues

Enrich discussions by the Board of Directors

Undertake further *kaizen*

- 2) Share the details of questions concerning the preliminary briefings on Board of Directors' meetings for outside members of the Board with the Audit & Supervisory Board
- 3) Delegate additional authority concerning the execution of business and establish a forum for management discussion on major topics after Board of Directors' meetings (three times annually)
- 4) Further enhance reports on IR activities for shareholders, raise the frequency of reports concerning safety, compliance management, and integrated risk management, and report

3. System to Support the Board of Directors

Issues

Effectively utilize independent outside officers

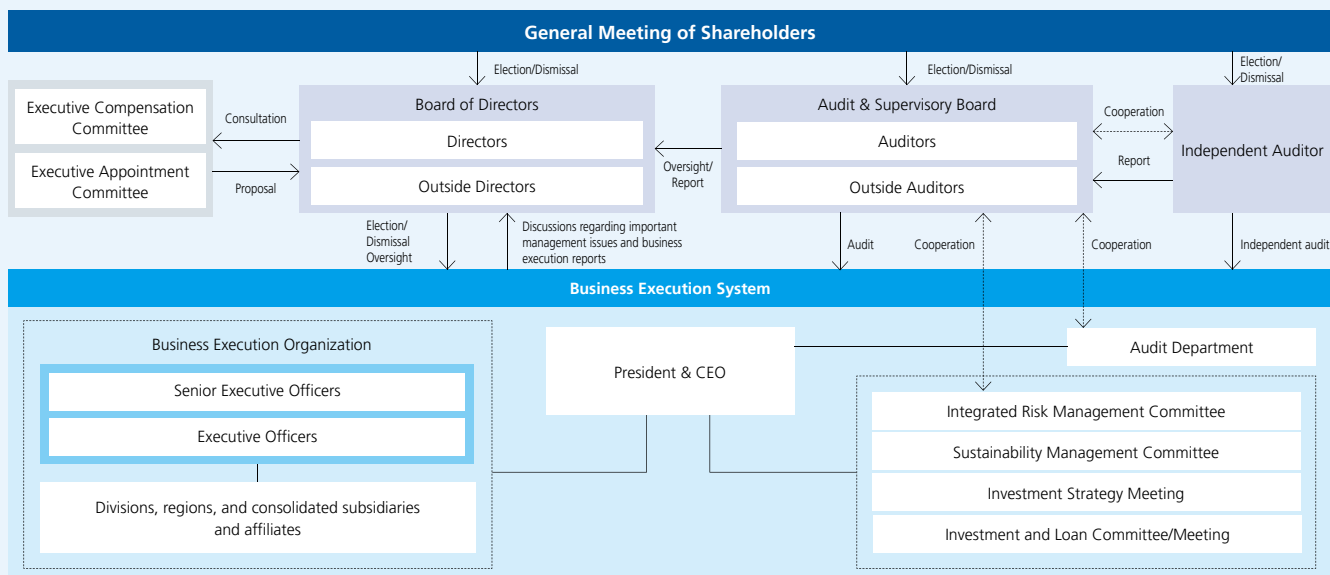
Undertake further *kaizen*

- 5) Even during the COVID-19 pandemic, employ innovative means to create opportunities for discussion by outside members of the Board and full-time Audit & Supervisory Board members
- 6) Create settings for informal discussions among officers after COVID-19 is brought under control
- 7) Narrow the focus to material matters that will lead to deliberation and hold discussions between outside officers and the sales divisions
- 8) Provide opportunities for outside officers to deepen their understanding of Toyota Tsusho Group business during the COVID-19 pandemic
- 9) Continue holding meetings for outside officers (two times annually)

Governance

Corporate Governance

Corporate Governance Structure (As of April 2021)



Audit & Supervisory Board

The Audit & Supervisory Board is made up of five members (three of whom are outside Audit & Supervisory Board members) 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 the 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, emphasizing internal controls, mainly focusing on compliance and risk management. Also, an audit is conducted regarding the appropriateness of the results of an accounting auditor audit. A full-time staff is assigned to assist with the duties of Audit & Supervisory Board members, including outside auditors.

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 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 22 and 47. ➤

Sustainability Management Committee

For details, please see page 23. ➤

Investment Strategy Meeting

For details, please see page 20. ➤

Investment and Loan Committee/Meeting

For details, please see pages 20 and 42. ➤

Other Key Meetings

Committee	Role	Frequency of meeting
Mid-term Business Plan Meeting/Executive Budget Meeting	Discusses business plans	Once a year
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
NEXT Technology Fund Council	Discusses projects that develop new markets through new technologies, products, and services from a medium- and long-term perspective	Once a month

Company-wide Meetings

Committee	Role	Frequency of meeting
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
HR Strategy Meeting	Discusses various human resources systems and measures that are connected with the realization of company-wide strategies	Four times a year
IT Strategy Committee	Discusses company-wide policies on IT strategies	Once a year
Safety Management Enhancement Committee	Discusses measures for enhancing safety management	Once a month
Specified Import & Export Control Committee	Decides on the overall direction regarding transaction management, export, and import of articles subject to import/export controls	Once a year
Global Safety & Environmental Promotion Meeting	Promotes improvements to occupational safety and health activities and undertakes environmental management throughout the company and domestic group companies	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

Appointed Outside Officers

Some of the essential elements in the appointment of outside directors are knowledge of governance and accounting, risk discovery capabilities, wide-ranging business-related insight, insight gained from global experience, and contributing to promoting diversity.

Within this framework, the company appoints outside directors with an emphasis on candidates who possess a wealth of knowledge and experience.

Outside Directors	Major concurrent positions (As of July 1, 2021)	Reason for nomination and expected roles	Frequency of attendance at Board of Directors' meetings
Kumi Fujisawa	Representative Director, SophiaBank Ltd. Director, The Shizuoka Bank, Ltd. Director, Creek and River Co., Ltd. Director, CellSource Co., Ltd.	Has experience and advanced expertise in a wide range of fields such as investment, international finance, and diversity, which she has cultivated through her activities at SophiaBank, where she serves as representative director, government ministries agencies, and public interest corporations. The company has maintained Ms. Fujisawa's appointment with the expectation that she will provide advice from a professional perspective on new businesses and diversity management promoted by the company and supervise the execution of duties by directors.	13/13
Kunihito Koumoto	—	Has a high level of academic knowledge cultivated as a researcher at universities and research institutes for many years. The company has maintained Mr. Koumoto's appointment because it believes that he is capable of providing advice on the company's management and supervising the execution of duties by directors from a sophisticated academic perspective as the company responds to advanced technological innovation in the future.	13/13
Didier Leroy	Chairman of the Board, Toyota Motor Europe S.A./N.V.	Has abundant management experience and advanced expertise in the global and automobile industry that he has cultivated through various posts at Toyota Motor Corporation and its affiliates. The company has maintained Mr. Leroy's appointment because it believes that he is capable of providing advice from a professional perspective on the overall business of the company, including the Mobility field promoted by the company, and supervising the execution of duties by directors.	12/13
Yukari Inoue	Vice President & Managing Director Japan, Korea, Taiwan & Hong Kong, Kellogg Japan G.K. Director, Suntory Beverage & Food Limited	Has abundant management experience and advanced expertise in a global company in the consumer business. The company has maintained Ms. Inoue's appointment because it believes that she is capable of providing advice on the company's management from a professional perspective in the Life & Community field promoted by the company, the company business in general, diversity management, as well as globalization, and supervising the execution of duties by directors.	10/10*

* Attendance from the time of appointment on June 23, 2020, and the end of March 2021

Skill Matrix for Members of the Board

	Corporate management	International experience	Technology and digital	ESG*
Kumi Fujisawa	○	○		○
Kunihito Koumoto		○	○	○
Didier Leroy	○	○		○
Yukari Inoue	○	○		○

* Environmental, social, and governance

Every month, before the Board of Directors' meeting, the outside directors and senior management meet to exchange information and share opinions. Outside directors also participate in the Executive Review Meeting, which is attended by all company executives, and actively share their views on management issues. Additionally, outside directors take part in and provide advice to such committees as the Sustainability Management Committee.

Governance

Corporate Governance

Outside Audit & Supervisory Board members	Reason for selection	Frequency of attendance at Board of Directors' meetings	Frequency of attendance at Audit & Supervisory Board meetings
Shuhei Toyoda	Has served as a director of Toyota Motor Corporation and president of Toyota Boshoku Corporation. Since June 2015, he has been the chairman of Toyota Boshoku Corporation. He was selected as an outside auditor due to his many years of involvement in company management and the wealth of management experience and specialized insight he possesses, which enables him to provide appropriate oversight over the execution of duties by directors.	13/13	14/14
Yuichiro Kuwano	Has worked as an attorney-at-law for many years and was selected to provide appropriate oversight over the execution of duties by directors from an independent perspective based on his wealth of experience and expertise in corporate law and compliance.	12/13	13/14
Tsutomu Takahashi	Has worked as a certified public accountant for many years and was selected to provide appropriate oversight and restraint for the execution of duties by directors from an independent perspective based on his extensive experience and expertise in corporate accounting, auditing, and compliance.	13/13	14/14

Skill Matrix for Outside Audit & Supervisory Board Members

	Finance and accounting	Legal matters and risk management	International experience	ESG
Shuhei Toyoda			○	○
Yuichiro Kuwano		○		○
Tsutomu Takahashi	○		○	○

Overview of the Director Compensation System

Compensation for directors of the company consists of fixed remuneration as basic compensation, bonuses as performance-linked compensation, and transfer-restricted stock compensation. However, since outside directors are in positions independent from the execution of business, they are only paid fixed compensation and are not paid bonuses or transfer-restricted stock compensation.

Method of Determining the Amount of Compensation for Each Individual Director

The company has established an Executive Compensation Committee as an advisory body to the Board of Directors, chaired by the chairman of the Board of Directors (who has no representative authority and is not involved in the execution of business), and with the majority of the members being independent outside directors.

The Executive Compensation Committee deliberates on the policy for determining the details of compensation for each director (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. Based on the results of such deliberations, as well as deciding on the policy and director compensation proposals to be submitted to the General Meeting of Shareholders, the Board of Directors delegates the decision to the president & CEO from the standpoint of flexibly and agilely deciding the amount of fixed compensation and bonuses for each director. The president & CEO determines the amount of compensation for each director as per the policy, taking into account opinions gathered during interviews with each member of the Executive Compensation Committee.

Policy on the Determination of the Ratio of Fixed Compensation, Bonuses, and Transfer-Restricted Stock Compensation

The ratio of fixed compensation to bonuses and transfer-restricted stock compensation for directors, other than outside directors, is determined based on the amount of consolidated profit for the year attributable to owners of the parent for the previous fiscal year, with a target ratio of 50:50. The ratio of bonuses to transfer-restricted stock compensation is determined at a ratio of approximately 70:30.

Policy on the Determination of Fixed Compensation Amounts

Fixed compensation is monthly compensation and is set at an appropriate level referencing the compensation data of other companies in the industry and taking into consideration the position and responsibilities of each director.

Policy on the Determination of Bonus Amounts

As directors are responsible for the final profit of the Toyota Tsusho Group as a whole (including extraordinary and incidental revenue and losses), for each fiscal year, the company determines the bonus amount to be paid to each individual by adjusting, as appropriate, 70% of the total amount of the performance-linked compensation specified as per the consolidated profit for the year attributable to owners of the parent for the previous fiscal year for each position, with adjustments made as necessary based on the responsibilities of the position and the performance of the duties for which the individual is responsible.

Policy for Determination of Transfer-Restricted Stock Compensation Amounts

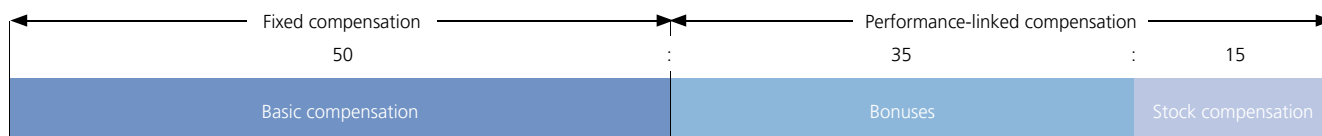
As directors are responsible for the final profit of the Toyota Tsusho Group as a whole (including extraordinary and incidental revenue and losses), for each fiscal year, the amount of transfer-restricted

stock compensation to be paid to each individual is determined by adjusting, as appropriate, 30% of the total amount of performance-linked compensation specified for each position as per the consolidated profit for the year attributable to owners of the parent for the previous fiscal year, with adjustments made as necessary based on

the responsibilities of the position and the performance of the duties for which the individual is responsible.

Restrictions on the transfer of transfer-restricted stock are removed as of the date on which the individual concerned resigns.

Compensations 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
		Basic remuneration	Bonuses	Transfer-restricted stock compensation	
Directors (excluding outside directors)	450	242	158	49	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	83	83	—	—	3
Outside Directors and Audit & Supervisory Board members	100	100	—	—	8

- *1 The above includes five directors, including one outside director who retired at the close of the 99th Ordinary General Meeting of Shareholders held on June 23, 2020, and one Audit & Supervisory Board member.
- *2 As per a resolution at the 99th Ordinary General Meeting of Shareholders held on June 23, 2020, 1) the maximum amount of fixed compensation 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.
- *3 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 outside Audit & Supervisory Board members as of the close of the General Meeting of Shareholders related to the resolution.
- *4 Total remuneration includes director bonuses in the following amount, subject to shareholder approval at the 100th Ordinary General Meeting of Shareholders held on June 24, 2021. 158 million yen to be paid to four directors
- *5 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 134.6 billion yen.
- *6 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.
- *7 Ichiro Kashitani, president & CEO of the company, will determine the fixed remuneration and bonuses for the current fiscal year for each director based on a resolution of the Board of Directors of the company. Please refer to the above Method of Determining the Amount of Compensation for Each Individual Director 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 the company's corporate value. The company 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, the company comprehensively considers profitability using unique indicators based on capital costs as

well as building, maintaining, and strengthening the business relationship with the partner, contributing to and cooperating in regional and social development, and other factors. Reviews are conducted of 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, the company reduces holdings of shares for which ownership is no longer meaningful.

Governance

Corporate Governance

Information Disclosure (Communications with Stakeholders)

IR Activities

Toyota Tsusho believes in the importance of sincere and fair information disclosure, and fulfills its responsibilities of accountability to investors, analysts, and other stakeholders. The company also understands the necessity of establishing long-term relationships of trust, and of earning the trust and esteem of its stakeholders via two-way communication.

To achieve these goals, the company continuously provides all information it deems essential and, at the same time, develops IR activities that make use of third-party opinions to improve management.

Toyota Tsusho holds financial results briefings for domestic analysts and institutional investors four times each year to communicate with shareholders and investors. Also, to promote a greater understanding of its business activities, the company holds business briefings and facility tours as appropriate. (In the past five years, for example, the company has conducted electronics business briefings, renewable energy business briefings, facility tours, and other such activities in the Tokai region.)

During the COVID-19 pandemic, the company has participated in conferences for foreign investors held by securities companies and has continued to conduct individual meetings and worked to create opportunities for dialogue through telephone conferences, online conferences, and other methods, mainly with investors in Europe, Asia, and the Middle East.

Also, as well as holding online briefings for individual investors, the company has implemented various measures to continue ensuring contact with investors including, as a new initiative, the publication of articles in IR journals.

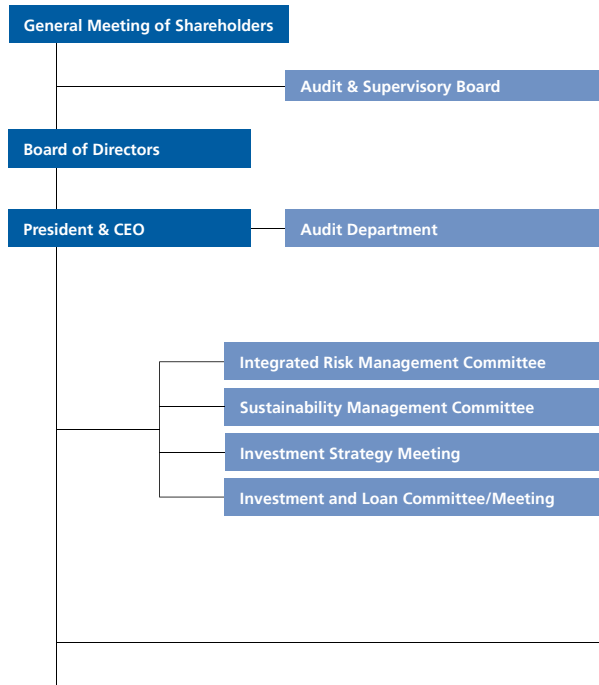
General Meeting of Shareholders

Toyota Tsusho wishes to encourage as many shareholders as possible to attend its General Meeting of Shareholders and, as such, avoids holding the meeting on dates commonly used by other companies for shareholder meetings. The company also strives to provide shareholders with sufficient time to examine the details of proposals. For this reason, it sends its convocation notice early in advance, uploads an English-language translation of the notice on its website, and participates in platforms for shareholders to exercise their voting rights.



Organizational Chart

(As of April 1, 2021)



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

Overseas Branches and 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 Branch
- Hokuriku Branch
- Hiroshima Branch
- Kyushu Branch
- Nakatsu Office

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

Number of Domestic Sites	
Branches and Offices	22
Overseas 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
- Resources Development Department
- Resources Recycling SBU**
- Resources Recycling Department 1
- Resources Recycling Department 2

Global Parts & Logistics Division

- Global Parts & Logistics Planning Department
- Business Development Department
- SCM Functional Department
- Global Parts SBU**
- Global Parts Department 1
- Global Parts Department 2
- Global Parts Department 3
- Eastern Japam Global Parts Department
- Global Parts Business Management 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

Automotive Division

- Automotive Planning Department
- Toyota SBU**
- Americas & Europe Automotive Department
- Asia, Oceania & Middle East Automotive Department
- China Automotive Department
- Multi Brands SBU**
- Material Handling Machinery Department
- Hino Automotive Department
- Motor Brands Development Department
- Value Chain SBU**
- Automotive Customer Service Department
- Automotive Value Chain Business Department
- KD Business Department

Machinery, Energy & Project Division

- Machinery, Energy & Project Planning Department
- Machinery SBU**
- Power & Drive Train Machinery Department
- Automotive Body Machinery Department
- Industrial Machinery Department
- Next Mobility Machinery Department
- Energy Solutions SBU**
- Power Project Development Department
- Power Project Planning & Asset Management Department
- Energy Solutions Development Department
- Infrastructure Solutions SBU**
- Infrastructure Solutions Development Department
- Energy Infrastructure Project Department

Chemicals & Electronics Division

- Chemicals & Electronics Planning Department
- Automotive Materials SBU**
- Automotive Materials Project Development Department
- Next Mobility Chemical Materials Department
- Global Automotive Materials Department
- Chemicals SBU**
- Sustainable and Basic Chemicals Department
- Industrial Chemicals Department
- Inorganic Chemicals Department
- Organic Chemical-Strategy & Management Department
- Electronics & ICT SBU**
- Electronics Department
- Information Technology Business Department
- Software First Department
- Connected Business Department

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 & Life Solution Department
- Medical Business Project Department

Africa Division

- Africa Planning Department
- Mobility SBU**
- Africa Automotive Department
- TOYOTA Africa Automotive Department
- Infrastructure SBU**
- Healthcare SBU**
- Consumer SBU**
- Overseas Affiliate**

Corporate Data

(As of March 31, 2021)

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: 3,404 Consolidated: 64,402
Paid-in Capital	64,936 million yen
Common Stock	Authorized: 1,000,000,000 Issued: 352,053,157 (excluding 2,003,359 treasury stock)
Number of Shareholders	37,040
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 (free dial 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/

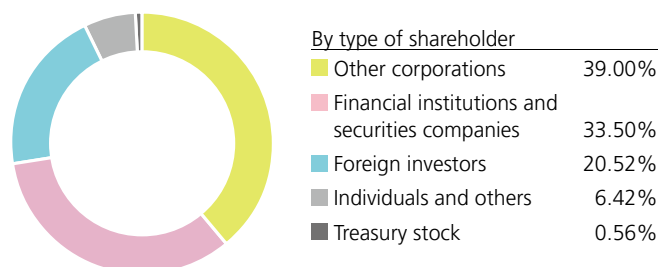
Major Shareholders

Name	Number of shares (Thousands)	Shareholding (%)
TOYOTA MOTOR CORPORATION	76,368	21.69
TOYOTA INDUSTRIES CORPORATION	39,365	11.18
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,778	10.45
Custody Bank of Japan, Ltd. (Trust Account)	15,442	4.39
MUFG Bank, Ltd.	8,098	2.30
Sumitomo Mitsui Banking Corporation	4,249	1.21
Custody Bank of Japan, Ltd. (Trust Account 9)	3,629	1.03
Nippon Life Insurance Company	3,522	1.00
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,272	0.93
Towa Real Estate Co., Ltd.	3,205	0.91

*1 The percentage of shareholding is computed excluding 2,003,359 shares of treasury stock.

*2 Japan Trustee Services Bank, Ltd. was renamed to Custody Bank of Japan, Ltd. on July 27, 2020.

Breakdown of Issued Shares



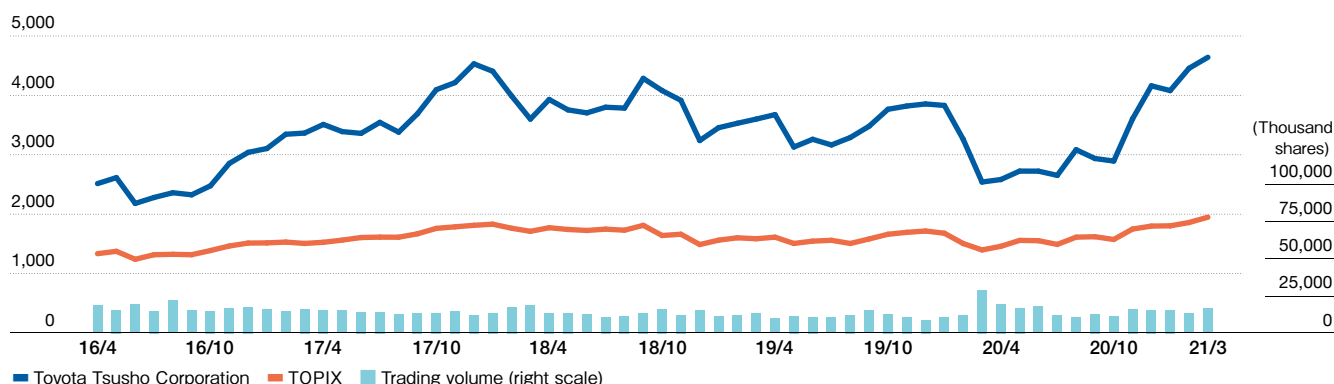
Credit Ratings

(As of February 24, 2021)

	Long-term	Short-term
Rating and Investment Information (R&I)	A+ (Stable)	a-1
Standard & Poor's (S&P)	A (Stable)	A-1
Moody's	A3 (Stable)	-

Stock Price Range and Trading Volume

(Yen / Point)





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Be the **Right ONE**



Seigaiha

A traditional Japanese pattern of infinite waves representing a wish for everlasting happiness and a peaceful life

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