



Be the **Right ONE**

Integrated Report 2023

Fiscal year ended March 31, 2023



Taking on the New Challenge of Our **Next New Stage** Toward Our Ideal Image of “Be the Right ONE”

What Is Toyota Tsusho’s Next New Stage?

The Mid-Term Business Plan that we released in May 2022 issued a message about advancing to the next new stage in our corporate development.

As the external environment changes on an unprecedented scale and at unprecedented speed, we are being called upon to take on new challenges that go beyond extensions of the past toward our next new stage.

The message expresses our belief and resolve that we, ourselves, must grow to assume new roles and responsibilities for our stakeholders.

Be the Right ONE

- A one-and-only presence
- An essential presence

What Are Toyota Tsusho’s New Challenges?

In Integrated Report 2023, we describe the new challenges that we are taking on to become a company that continues to be chosen by its stakeholders in its next new stage.

What is Toyota Tsusho’s unique value creation model that leverages its strengths? What measures can we take to strengthen our human capital so that we can attract professional human resources with multiple “tags”?

We hope you will more deeply understand the new challenges we are taking on as we work to fulfill our new roles and responsibilities to realize “Be the Right ONE”—that is, a one-and-only, essential presence for our stakeholders—through sustainable growth.

Editorial Policy

In the fiscal year ended March 31, 2015, Toyota Tsusho began issuing its annual Integrated Report, which provides comprehensive reports on financial information, management strategies, business results, and ESG information, to deepen stakeholders' understanding of the Toyota Tsusho Group. When preparing this report, we referred to the International Integrated Reporting Framework advocated by the Value Reporting Foundation, the Sustainability Reporting Standards of the Global Reporting Initiative, the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 of Japan's Ministry of Economy, Trade and Industry, the Environmental Reporting Standards of Japan's Ministry of the Environment (2012), and the ISO 26000 Guidance on Social Responsibility. In addition to reporting on management strategies, business results, and business activities, this report also covers topics such as the Toyota Tsusho Group's contributions to solving social issues and contributions to local communities through business with the hope of increasing understanding of our efforts to achieve sustainable growth. While this report covers the activities of Toyota Tsusho and its consolidated subsidiaries, some parts of the report are about Toyota Tsusho as the parent company. This report is a translation of the Japanese version. Going forward, taking into consideration stakeholder feedback, we will review the contents of this 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.

Scope of the Integrated Report

Period covered: April 1, 2022 to March 31, 2023 (including some activities before and after the reporting period)

Organizations covered: Toyota Tsusho Corporation and the Toyota Tsusho Group

Cautionary Note on Forward-looking Statements

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



Description of the Cover

As an official partner, Toyota Tsusho Corporation supports Ghibli Park, which opened in November 2022. We created a tie-in movie and graphic, featuring Expo 2005 Aichi Commemorative Park and Ghibli Park with the cooperation of Studio Ghibli.

The graphic expresses the aspirations of Toyota Tsusho, which are aligned with Ghibli Park's goal of creating a park that will be loved and cherished for years to come.

Our message is to "pass on a better global environment to the children of the future." We aim to be a company that continues to grow sustainably together with society by engaging in environment-friendly businesses and developing human resources who are valuable to and contribute to society.

Toyota Tsusho Supports



© Studio Ghibli



A tie-in movie and new commercial are now available.

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

Listed in Key ESG Investment Indexes

As of July 2023, Toyota Tsusho has been listed in the following key environmental, social, and governance (ESG) investment indexes.

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

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

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

CDP Evaluation Results for the Fiscal Year Ended March 31, 2023

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



Quality Assurances Regarding Environmental Performance Data

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

Personnel-related Evaluations



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President & CEO's Message



Ichiro Kashitani

President & CEO

We in the Toyota Tsusho Group will strive in our next stage of development to shoulder new responsibilities and fulfill new roles. That will mean abiding by a future-oriented stance in the spirit of our vision, “Be the Right ONE.” Thus, will we pursue continued growth in corporate value.

Embarking on Our Next Stage

The fiscal year ended March 31, 2023, was the year that we designated for embarking on our next stage. It was a year of profoundly unsettling developments on the world stage. Geopolitical risk escalated, as epitomized by the conflict between Russia and Ukraine. Shortages of semiconductor devices hobbled production in numerous sectors. Those and other factors presented huge challenges for our supply chains. I am proud to report that we achieved a second consecutive year of record-high earnings despite the jolting and wide-ranging adversity. That performance benefited, to be sure, from rising prices in commodity markets and from the weakening of the yen against other principal currencies. It is nonetheless a tribute to the continued strengthening of the Toyota Tsusho Group's earnings-generating capacity.

Our performance in the past fiscal year is convincing evidence that we have embarked on our next stage. A comparison with our standing in the first fiscal year ended in this century is illuminating. We posted net income of 8.2 billion yen in the fiscal year ended March 31, 2001, and our market capitalization at fiscal year-end was 117.9 billion yen. Our profit for the year attributable to owners of the parent (formerly “net income”) in the past fiscal year was up 34.6-fold over the figure for the fiscal year ended March 31, 2001, at 284.1 billion yen, and our market capitalization at fiscal year-end was up 16.9-fold, at 1,989.7 billion yen. The increase in our market capitalization exceeded the 2.2-fold growth in the Nikkei Average over the same period. That is compelling testimony to the transformative expansion that has occurred in our business scale and scope.

That we are in our next stage means that we have transcended our previous trajectory and are tackling new challenges. We are shouldering responsibilities and fulfilling roles in society commensurate with the scale that we have attained.

Proving Our Mettle

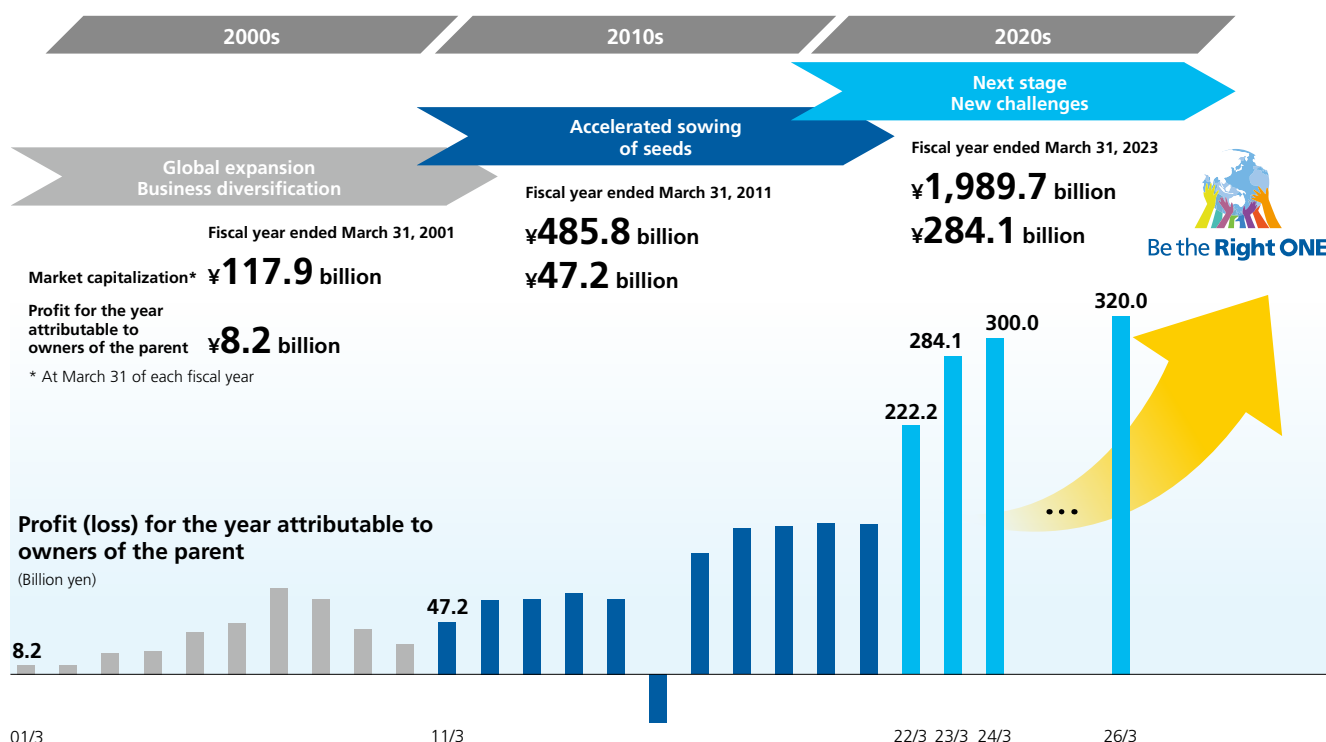
We achieved all six targets for key performance indicators (KPIs) included in the Mid-term Business Plan that we announced in November 2020. The plan spanned the three fiscal years to March 31, 2023. Achieving its targets reflects success in maintaining the functionality of our supply chains and ensuring safety and peace of mind for our stakeholders through the COVID-19 pandemic. Our gratifying performance has spawned powerful momentum for tackling the challenges that lie before us in our next stage. We carried out according to plan the principal undertakings that we scheduled for the past fiscal year, and that has reinforced our confidence in achieving the results that we envision.

A summary of our Mid-term Business Plan and of our attainment of its targets appears on page 31 of this report.

The past fiscal year was the first under our newly adopted carbon neutrality and circular economy strategy. Initiatives in our renewable energy business during the year included increasing our majority holding in Eurus Energy Holdings Corporation to a 100% stake and acquiring an 85% stake in SB Energy Corp. (now Terras Energy Corporation). Our activity in the circular economy business included starting full-scale production at two subsidiaries: PLANIC Co., Ltd., a horizontal recycler of automotive plastics, and Toyotsu PET Recycling Systems Co., Ltd., a horizontal recycler of post-consumer PET bottles.

A review of our operations revealed that a lot of them center on carbon neutrality and the circular economy. We have been engaged since the 1970s, for example, in the business of recycling end-of-life vehicles (ELVs). Recognizing the central positioning of carbon neutrality and the circular economy in our operations has motivated us to address those dynamics. We are united in working to achieve carbon neutrality and the circular economy by expanding and integrating related businesses that we have built over the years. Energizing our work is the spirit expressed in the slogan, "Passing on a better global environment to the children of the future."

Markets are in flux and demand new approaches. The traditional focus on optimal sourcing in supply chain management is yielding, for example, to a focus on economic security. Concerns about the reliability of traditional sources are prompting efforts, that is, to cultivate and maintain alternative sources closer to home. That shift will accelerate if nations' trend of recent years toward forming economic blocs gains momentum. We will then need to rework our supply chains to accommodate local production for local consumption. Fortifying the resilience of our supply chains will need to be part of our business continuity planning. That will include nurturing and strengthening relationships with diverse suppliers to be prepared to address multifarious contingencies. We will strive to anticipate market changes and to deploy upgraded functionality to act appropriately.



Note: Figures are based on Japanese generally accepted accounting principles (GAAP) until the fiscal year ended March 31, 2016, and International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2017.

Being a Valued Partner, Escort Runner, and Leader

Our vision, “Be the Right ONE,” means being a one-and-only, essential presence for customers and contributing to society through businesses where we are uniquely qualified to excel. Invoking “Be the Right ONE” and providing customers with added value on a continuing basis will depend increasingly on blazing new trails, on tackling new challenges as a market leader. The Toyota Tsusho Group operated mainly as a follower

until the early 2000s. We have built a track record and self-confidence since the 2010s, however, as an escort runner, as a partner that conceives and carries out projects with customers. Our stance will become still more proactive in the years ahead. We will serve customers as a leader, ever a stride or even half a stride ahead in the vanguard of bold endeavors. And from that stance will sprout new “Be the Right ONE” possibilities.



On-site and hands-on visit to see the factory of Toyota Tsusho South Africa Processing (Pty) Ltd., located in Durban, South Africa, which was in the process of recovering from the devastating massive flood of April 2022

Focusing on Seven Priority Domains

We have detailed seven priority domains for growth strategy in our Mid-term Business Plan for the three fiscal years to March 31, 2026:

- Next Mobility
- Renewable Energy & Energy Management
- Africa
- Circular Economy
- Batteries
- Hydrogen & Alternative Fuels
- Economy of Life*



Each of the above domains is a sector where we assert uniquely Toyota Tsusho strengths through specialized and inimitable “Be the Right ONE” expertise. We have earned high regard from customers in each of those domains. Customers and prospective customers turn to us in growing numbers, for example, for product and service proposals in such categories as batteries, recycling, and renewable energy. The Eighth Tokyo International Conference on African Development (TICAD 8), held in Tunisia in 2022, was a showcase for Toyota Tsusho strengths. Our extensive business network in Africa attracted attention from the Japanese government and from corporations based in nations worldwide. That attention verified the rising visibility of our African presence. Our Economy of Life business domain comprises numerous product categories that offer promising growth potential. I am especially confident, for example, that healthcare and foodstuffs will spawn big business platforms.

Social change presents changing expectations of the roles that we fulfill in the world. Witness the changing expectations that accompany the electrification of mobility. Producing and

distributing electric vehicles entail completely different supply chains from those for gasoline- and diesel-powered vehicles. New business opportunities arise, meanwhile, as technological innovation transforms the structure of industry and yields new products and services that do not fit into traditional categories. Only by asserting leadership in anticipating such change and responding with suitable products and services will we be able to achieve lasting growth.

The seven priority domains resulted from commingling and realigning our traditional four priority areas and several working group initiatives in carbon neutrality and the circular economy. Those seven domains are a framework for translating the risk posed by changes in the market environment into opportunity. We are tapping the power of globalization and digital transformation (DX) to speed growth in our core businesses and in the seven priority domains.

We need to cope with change in the operating environment by organically linking sectors where we assert specialized, “Be the Right ONE” expertise and thereby generating synergies.

I characterize the Toyota Tsusho Group as a suite of specialized trading companies. Each of those companies provides value for customers through professionalism rooted in inimitable Toyota Tsusho capabilities. Pursuing new value through organic linkages among our specialized trading companies will shape our identity as a general trading company.

Carbon neutrality and the circular economy are keys to organically linking our specialized expertise and other Toyota Tsusho strengths. The Toyota Tsusho Group operates as seven sales divisions. Carbon neutrality and circular economy initiatives cut across those divisions, and we are launching several cross-divisional projects that will involve all the divisions in those initiatives. Extending initiatives horizontally across multiple sales divisions entails thoroughgoing communication and painstaking adjustments, and that begs the question as to whether the initiatives are worth the trouble. I am confident, however, that our cross-divisional linkages will reveal new business opportunities and engender new concepts.

That structure follows strategy is an oft-cited business principle. Organizational structure, according to that principle, needs to change as necessary to accommodate evolving circumstances. I am eager for the Toyota Tsusho Group to

pursue positive mutability through strengthening our defining characteristics. Our business portfolio will change in accordance with the demands of the times and social expectations. By meeting the challenge of that and other change we will remain a valued entity for the world in the century ahead.

We adopted the following slogan when I was the general manager of the Planning Department in the Automotive Division (now the Mobility Division): “Without fear of change, we welcome change and will create our own change.” My biggest fear was of failing to change and therefore getting left behind by society and by our customers. Even unsuccessful efforts in tackling challenges are valuable if we learn from the experience. The leadership that I want us to assert is something that accrues from hunger for challenge and pride in creating value. We will generate Toyota Tsusho-like synergies by fostering a corporate culture imbued with that hunger and pride. That is why we use a merit system, rather than a demerit system, for personnel evaluations. Japanese companies have traditionally evaluated employees with a demerit system. Employees start out with a ranking of, say, 100, and they lose points for performance shortcomings but do not earn points with exemplary performance. Our merit system encourages people to tackle challenges free of undue fear of failure.

Addressing Management Issues

We will need to address several management issues to achieve lasting growth in corporate value. Here, I will cite three. First among the three issues is the task of building relationships essential to fulfilling our corporate vision. Nearly all the business that we handle as a trading company involves dealing with partners. We need to exercise our organizational capabilities to upgrade our networking and work through alliances and other cooperation to become faster in implementing strategy and to attain increased operational scale.

The second management issue is to increase the speed and quality of our decision-making. We work to resolve issues and implement management strategy by raising individual issues promptly among management and the pertinent sales divisions and reaching decisions as swiftly as possible. Raising issues promptly minimizes the waste that occurs when we devote resources to evaluating project proposals and end up deciding against proceeding with the projects. Senior corporate executives discuss project proposals with the heads of the sales divisions at Investment Strategy Meetings. They discuss how the prospective projects mesh with our overall strategy and management priorities. We streamline the deliberations by demanding conciseness in articulating project proposals. Whoever makes a proposal summarizes on an A4-sized sheet of paper the strengths that Toyota Tsusho could exercise in the project and the risk that the project would entail. The deliberations on

project proposals also include discussion of the greenhouse gas emissions that proposed projects would generate and ways of reducing those emissions. That is in accordance with an internal carbon pricing system that we adopted in the past fiscal year. We also speed and upgrade decision-making by discussing important issues among members of the Board after board meetings. The discussions among board members, most of who are non-executive directors, are spirited and free-ranging and are valuable in reaching agreement on unresolved issues. We have strengthened the supervisory function of the board by increasing the proportion of non-executive directors, and we will continue working to fortify our corporate governance.

The third issue is to step up our measures for ensuring safety and compliance with rigorous standards of corporate ethics. Our determined and successful efforts to safeguard our supply chains through the three years of the COVID-19 pandemic have been extremely stressful. This has been a trying experience for individual employees and for our organization. We need to be uncompromising in maintaining the correct, SQDC order of priority among safety, quality, delivery, and cost. The health and safety of our employees and our customers need to be our top priority in every decision that we make, and that priority is the overriding judgment criterion in managing our operations. I take every opportunity to inculcate in our people the understanding that work begins with safety and compliance.



Acting on Insights Gleaned from Dialogue

I gain valuable input from young employees through an evolving approach to dialogue. That includes a “reverse mentoring” activity that I started in 2021. I undertook the reverse mentoring to hear directly from individual young employees and to come to terms with them at the level of our different personalities. I gain from them a sense of such things as where they find gratification in work, what about their work inspires passion, and how they view themselves and our organization in a social context.

Asserting leadership for customers in our next stage will depend on keeping in touch with vanguard developments in global society. Our directors and executive officers gather regularly for that purpose, apart from board meetings, and we host third-party experts at the gatherings. The third-party input furnishes valuable insight into the timeliness and adequacy of our strategic discourse. We convened a dialogue, for example, in April 2023 with the French economic and social theorist Jacques Attali. The session included back-and-forth about our medium- and long-term management strategy, especially in regard to carbon neutrality and the circular economy. Attali’s input was, needless to say, invaluable. The input from Attali included a striking observation about our efforts in human resources management to propagate diversity, equity, and inclusion (DE&I). Those efforts have included systematic measures for promoting

non-Japanese employees to management positions, but Attali cited as a bigger issue the need for drafting strategy to elicit expanded participation from our female employees. A young employee who attended the dialogue with Attali reported that the experience provided stimulating and motivational perspective on our work.

Our dialogue with customers, suppliers, and other external stakeholders has featured a consistent commitment to close communication. We undertake the communication in line with the principles of “*Genchi, Genbutsu, Genjitsu*” (On site, hands on, in touch). The COVID-19 pandemic narrowed our opportunities for face-to-face communication with investors, but we have resumed in 2023 our overseas activity in holding roadshows for investors and securities analysts and in visiting institutional investors. That activity has yielded valuable insights into strengths for us to assert and issues to address to make the Toyota Tsusho Group a better, stronger organization. I am determined for us to fulfill our responsibility in the capital market. That will mean translating the insights that we have received through our investor relations activity into operational strategy and financial strategy. It will include rethinking what constitutes optimal balance among investing in lasting growth, distributing earnings to shareholders, and strengthening our financial position.

Becoming a Valued Company by Tapping Human Potential

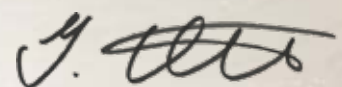
Dialogue is important as a medium for initiating needed change and, conversely, for preserving and passing on to future generations the Toyota Tsusho Group's DNA and spirit of challenge. In our next stage, we need to earn a valued place in the world by resolving issues of transcendent concern for people everywhere and make lasting contributions to social vitality.

The key to accomplishing what we need to get done in our next stage lies with our people. Our excellent performance in the fiscal year ended March 31, 2023, attests to our people's

dedication to fulfilling their individual roles, to satisfying stakeholder expectations, and to attaining our quantitative targets. Achieving continued fiscal success and earning the goodwill of all our stakeholders will hinge on ensuring that our people can discover satisfaction and pride in their work.

That is even more important, in my view, than market capitalization in appraising corporate value. I believe that the best metric for corporate value is the sum of employees' love for their company, their pride in their work, and their passion for that work. A company where that sum is large will achieve lasting growth. That is the intrinsic meaning of the truism that "a company is its people." I will continue working to ensure lasting growth for the Toyota Tsusho Group by tapping the cumulative capabilities of our people. That will include striving to shape an amenable workplace environment and corporate climate. My foremost job as president is to help ensure that each employee understands the essence of their work, their role in the company, and the value of their work to the Toyota Tsusho Group and to society.

The fiscal year ending March 31, 2024, is fraught with uncertainty in the operating environment. That is all the more reason for us to make the most of our inherent capabilities. Embarking on our next stage should be an occasion for polishing our corporate identity and asserting our future-oriented stance in the spirit of "Be the Right ONE." We will redouble our efforts to shape our operations to address transcendent issues of concern to people everywhere and to maximize our corporate value.

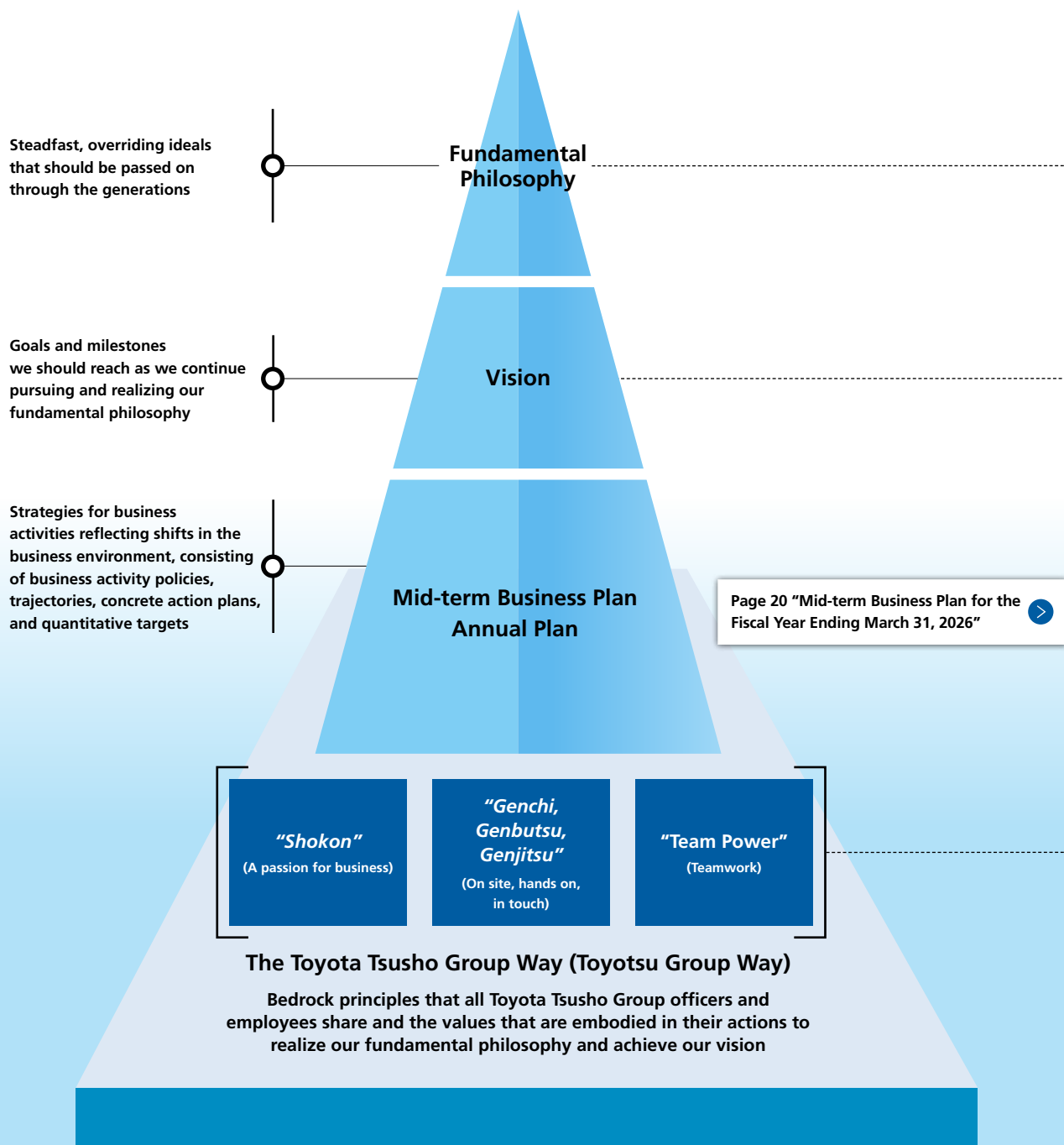


Ichiro Kashitani
President & CEO



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.

Page 55 "Global Code of Conduct & Ethics (COCE)" [▶](#)

▶ 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.

▶ The Toyota Tsusho Group Way (Toyotsu Group Way)

"Shokon"

The spirit of indomitability

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

The spirit of enterprise

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

"Genchi, Genbutsu, Genjitsu"

Inquiring into the true needs of our customers

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

Putting PDCA into practice

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

"Team Power"

Individual initiative

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

Cooperation

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

A History of Growth

As a member of the Toyota Group, Toyota Tsusho has long developed its business with functions tailored to customers' needs and with original added value through import/export and domestic business transactions and by leveraging its trading company functions including information collection, logistics, and finance.

Today, together with its partners around the world, the company is continuing to take on the challenge of its next new stage by providing unique added value to its customers and society in a variety of business domains.

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



2000–2015

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. In 2012 Toyota Tsusho entered a capital alliance with CFAO, which expanded its business throughout Africa. These tie-ups and mergers enabled Toyota Tsusho 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.



2016 onward

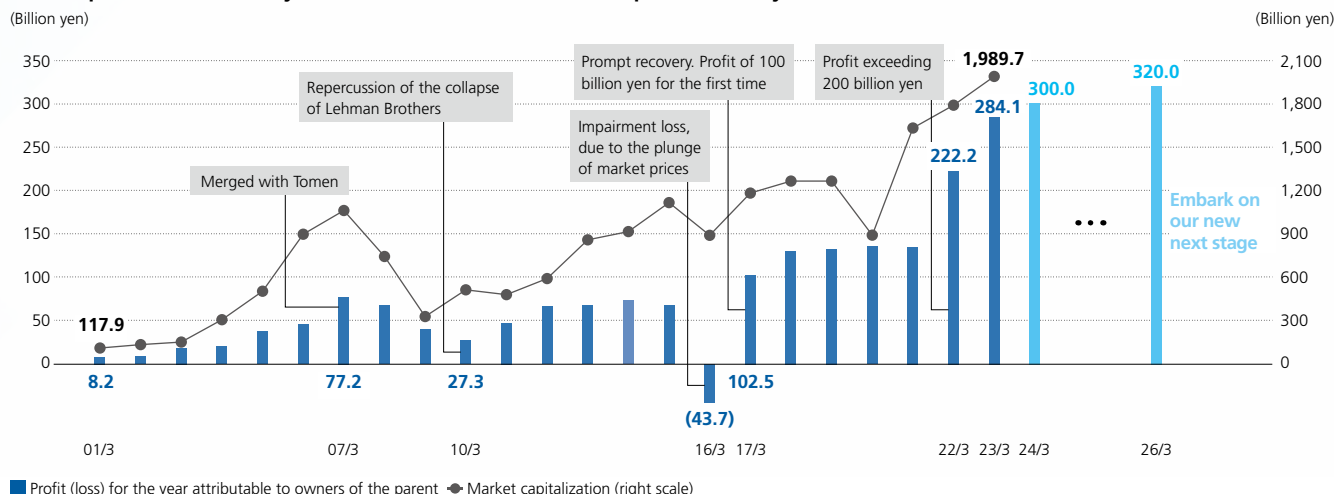
Moving to a new stage while demonstrating Toyota Tsusho's distinctive traits

Toyota Tsusho established its Global Vision of "Be the Right ONE" in 2016 as a vision of what the company should be in 10 years. Under this Global Vision, Toyota Tsusho is accelerating growth in new business domains. This growth includes the acquisition of wholly owned subsidiaries CFAO, which operates mainly in Africa, in 2016, and Eurus Energy Holdings Corporation, which operates a wind power generation business, in 2022. Further, Toyota Tsusho acquired SB Energy Corp. (now Terras Energy Corporation), which allowed Toyota Tsusho to be one of the largest solar power generation companies in Japan.

Toyota Tsusho will continue to fulfill its social and environmental responsibilities in business fields where society's needs are great and its strengths can be demonstrated.



Shift in profit (loss) for the year attributable to owners of the parent (Fiscal year ended March 31, 2001, onward)



Toyota Tsusho's Distinctive Traits

Based on being a trading company that is a member of the Toyota Group, we have nurtured our distinctive traits by taking the initiative in our business activities in the process of growing into a global company. We are a suite of specialized trading companies with such expertise and networks, and we will continue to provide our customers with added value based on Toyota Tsusho's distinctive traits.

Safety and compliance

Based on our beliefs that safety and compliance are the cornerstones for all work and that safety management is a matter of human resources development, we are tackling various activities to earn trust and confidence, such as traffic safety education, safety awareness activities, and quality assurance that guarantees safety and security.



Protection of supply chains

We are aiming to further evolve by measures such as increasing the resilience of our supply chains and ensuring robust supply chains to fulfill our mission and role as a trading company, which is to respond to needs and not stop production lines even in times of crisis. We are thoroughly implementing Toyota Tsusho's distinctive traits such as "exercising ingenuity and sweating it out."

NEXTY Electronics Corporation ("NEXTY"), an electronics trading company in the Toyota Tsusho Group, worked to minimize the impact on production lines caused by rapidly recovering demand for in-vehicle semiconductors during the COVID-19 pandemic. They did so by conducting daily supply and demand simulations based on inventory and order data and implementing a variety of responses to inventory shortages.

In the medium to long term, NEXTY is building a database of information on all currently handled products to create a system for understanding current conditions, responding to contingencies, and managing predictive signs.

DENSO

DENSO Corporation Mr. Makoto Shintani, Director of Semiconductor Parts Purchasing Div.

Strong individuals, strong organization

We will discover and nurture "strong individuals" with Toyota Tsusho's distinctive traits who work with an awareness of solving social issues and providing value unique to Toyota Tsusho. We will build a "strong organization" through optimal personnel allocation and other measures so that each employee can demonstrate strong individuality, influence each other, and grow together.

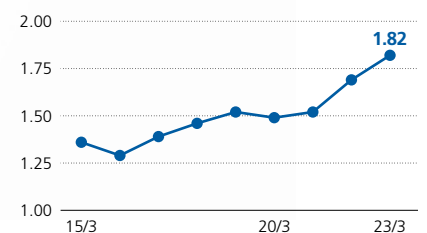


Pursuit of lean management

We will reduce excess inventory, excessive credit, and low-return assets to pursue lean operations that make effective use of human resources and use expenses more prudently.

* Berry ratio = Gross profit / Selling, general and administrative expenses

Berry ratio*



Toyota Tsusho's Value Creation Model

Toyota Tsusho's distinctive traits, which have been nurtured based on the Toyota Tsusho Group Way, are the source of our strengths. In order to contribute to society with those distinctive traits, we have identified Key Sustainability Issues (Materiality), redefined areas pertinent to carbon neutrality (CN) and the circular economy (CE), and organized "seven priority domains" which consist of six key-focus business domains and Economy of Life, a plus alpha (+ alpha) domain as a future-value business.

By becoming a one-and-only, essential presence for our business partners and stakeholders under our banner of "Be the Right ONE," we are striving to maximize the two values of "value created for society and the environment" and "value created by Toyota Tsusho together with its customers."



Renewable Energy
& Energy
Management

Africa

Circular
Economy

Batteries

Hydrogen &
Alternative
Fuels

Seven
Priority
Domains

P.22-27



Be the **Right ONE**

P.13



Value created for
society and the
environment

Corporate Philosophy

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

P.13



Value created by
Toyota Tsusho
together with its
customers




Reinforcement of management foundation and competitive edge

A History of Evolution

The Toyota Tsusho Group has accumulated contributions through its businesses by meeting the needs of society and customers.

We will pursue the realization of “Be the Right ONE” and accelerate our growth momentum by leveraging the business strengths we have cultivated across our seven priority domains.

Seven Priority Domains

Next Mobility	1983 Former Tomen Electronics Corporation established by the former Tomen Group. Built the foundation of the semiconductor business.	2002 Anjo Sales Office Electric Device Center (Electronics parts quality management) established in Anjo City, Aichi Prefecture.	2003 Former Toyota Tsusho Electronics Corporation established, specializing in the semiconductor business for automotive applications. Subsequently established business model to sell software embedded into semiconductors.
Renewable Energy & Energy Management	1987 Former Tomen Group started a wind power generation business. Participated in the renewable energy business ahead of other trading companies.		2012 Eurus Energy Holdings Corporation converted to a subsidiary, accelerating contribution to carbon neutrality (CN) through the renewable energy business.
			
Africa	1852 CFAO started operations in Africa.	1922 Former Tomen Group started to handle cotton in Uganda.	1964 Started exporting finished cars to Kenya. Entered the mobility business in Africa.
			
Circular Economy		1970 Toyota Metal Co., Ltd. established. Began automobile recycling business.	1973 Established Toyota Chemical Engineering Co., Ltd. Started waste oil recycling and industrial waste treatment business.
Batteries			2006 Began full-scale delivery of battery materials in Japan, promoting training and development support for specialized human resources, and finding and building relationships with suppliers.
Hydrogen & Alternative Fuels			
Economy of Life	1931 Food business started at Kato Shogyo Co., Ltd (former Kasho Co., Ltd.).	1946 Former Tomen Group started food-related business.	2000 Merged with former Kasho Co., Ltd. to expand full-scale value chains for non-automobile fields.
			2006 Merged with Tomen Corporation, inheriting know-how for food-related business, including grain imports.

2012 Elematec Corporation converted to a subsidiary. Synergy created by diverse product offerings through complementary global sales channels.	2017 “Next Mobility Development Department,” cross-divisional special organization in charge of weight reduction, new materials, and the latest safety measures and services for next-generation mobility, established.	2017 NEXTY Electronics Corporation established, following the merger of Tomen Electronics Corporation and Toyota Tsusho Electronics Corporation. Responded to needs for advanced technologies in the automotive field, such as connected technology, autonomous driving, and artificial intelligence (AI).	
	2022 Eurus Energy Holdings Corporation converted to a wholly owned subsidiary. Further accelerated contribution to CN through the renewable energy business.	2023 Terras Energy Corporation converted to a subsidiary. The renewable energy cutting-edge technology that Terras Energy possesses enables the Toyota Tsusho Group to generate new businesses, accelerating the evolution of the technology.	
2001 Acquired automotive business from Lonrho of the United Kingdom and established Toyota automotive distributors in six countries in Southeast Africa.	2016 CFAO, France’s largest trading company specializing in Africa, becomes a wholly owned subsidiary. Developed a variety of businesses centered on the mobility business.	2017 Africa Division established as first regional headquarters. Promoted four businesses: Mobility, Healthcare, Consumer, and Power infrastructure technology.	2019 Full-scale transfer of Toyota Motor Corporation sales and marketing operations in Africa. Accelerated contribution to the growth of the mobility market and regional development by assuming jurisdiction over all 54 African countries.
2000 Green Metals, Inc., established in the United States. Started recycling business for materials generated at factories.		2018 PLANIC Co., Ltd. established. Began one of the largest recycled plastic manufacturing businesses in Japan. Full-scale operation started in 2022 to contribute to plastic material recycling.	2020 Established Toyotsu PET Recycling Systems Co., Ltd. Full-scale operation started in 2022 to contribute to domestic PET bottle circulation through horizontal recycling.
	2012 Full-scale participation in the lithium business at Salar de Olaroz, Argentina. Secured lithium resources essential for battery materials.	2018 Established Toyotsu Lithium Corporation, Japan’s first lithium hydroxide refining company, in Naraha, Fukushima Prefecture. Began production in 2022, contributing to the stable supply of lithium to the battery supply chain.	
	2015 Opened stationary hydrogen station to promote the Toyota Mirai fuel-cell electric vehicle (FCEV).	2022 Began demonstration project at the Port of Los Angeles, in the United States, to implement a model for local production and local consumption of clean hydrogen for large-scale port cargo handling machinery.	2023 Began supply of biofuel to ships on a commercial basis for the first time in Japan. Took on the challenge of establishing a supply chain and the constant use of biofuels in Japan.
2014 Started Toyota Tsusho’s first hospital business in India.	2014 Established Toyota Tsusho All Life Corporation through business integration between a nursing section of Toyotsu Lifecare and Gut Rihability (GR). Developed comprehensive services related to nursing care and welfare.	2015 Acquired NovaAgri S.A. in Brazil, expanding global supply chain of grain and oilseeds.	 2023 Invested in Good Life Design Inc., promoting total health support comprised of medical support, health support, and nursing support, for contributing to the future society where people live with peace of mind.

Mid-term Business Plan for the Fiscal Year Ending March 31, 2026

—Accelerating strategies in seven priority domains to evolve even further—

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

Formulating the Mid-term Business Plan: Environmental Analysis and Measures

The business environment surrounding our company is changing with unprecedented scope and speed. These changes include the wave of the Fourth Industrial Revolution through DX, growing worldwide awareness of the global environment, and supply chain disruptions caused by geopolitical risks. Even under these circumstances, we see these changes as opportunities for further growth. We will accelerate and evolve our strategies by thoroughly implementing lean management, pushing forward with the challenge of entering new fields, and establishing business domains with the unique strengths of Toyota Tsusho.

The first part of our acceleration and evolution is to strengthen our core businesses, which are the foundation of our growth, and to thoroughly protect our supply chains. The second part is to work on the seven priority domains that will expand the scope of our core businesses and create new value with what emerges from this growth. The third part is to produce global human resources to support these efforts.

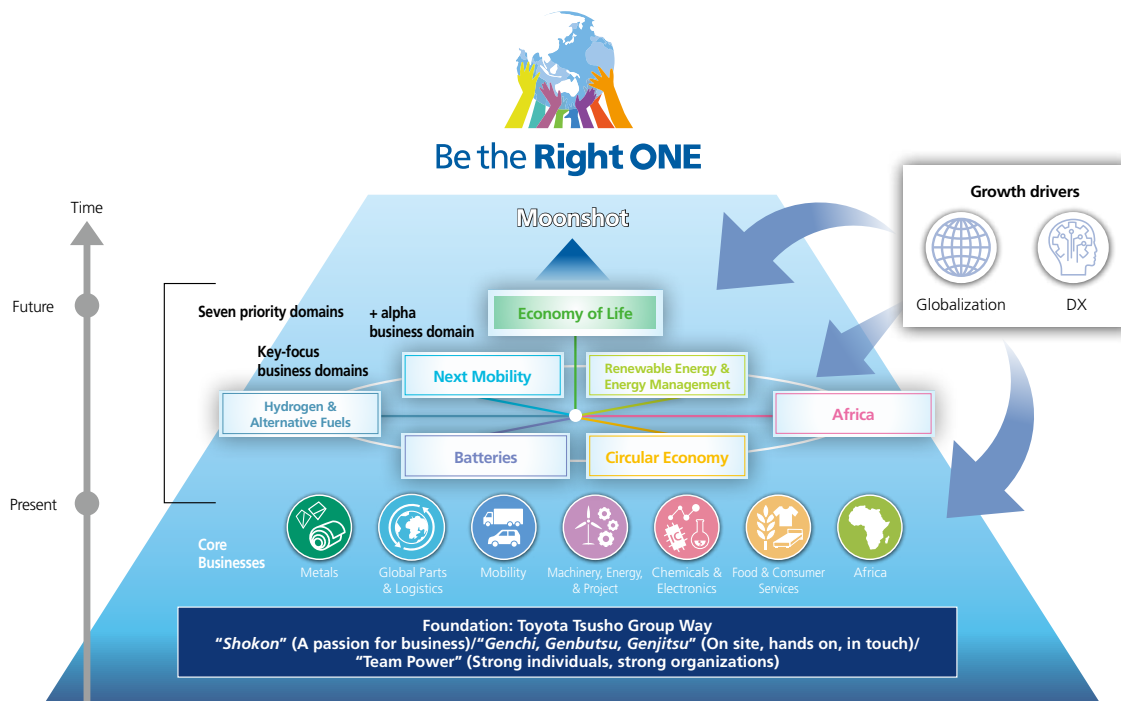


Growth Strategy

We have redefined our priority domains, in which we have strengths, and in the areas of carbon neutrality and the circular economy we are striving to accelerate our contribution to the future society, including the realization of a decarbonized society. We have reorganized them into seven priority domains: six key-focus business domains and the

Economy of Life business as a plus alpha (+ alpha) business domain.* We will accelerate the realization of “Be the Right ONE” by clarifying the areas to be addressed and combining them with our existing core businesses.

* A future-value business domain to be added to our six key-focus business domains



Strengthening and Evolving Core Businesses

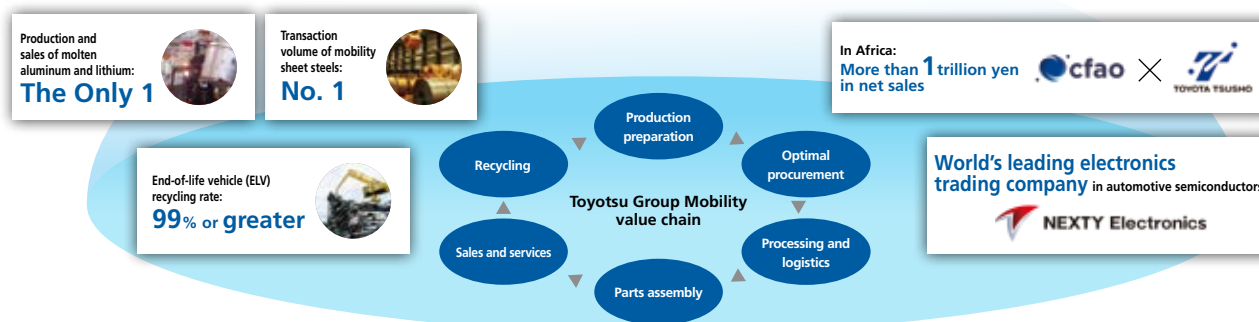
We have applied the knowledge we have gained as a member of the Toyota Group to outside the group and also returned and shared the knowledge we have gained from outside the group among the group for many years. As a result, we have created our core businesses with the distinctive traits of Toyota Tsusho. We will continue to refine such core businesses with the distinctive traits of Toyota Tsusho to become a unique presence in each area of the value chain.

As an example of our efforts to strengthen and evolve our core businesses, we believe that there is a shift to local production beyond the

development of automobile sales and services in each country and region. Thus, we are particularly focusing on vehicle assembly (knockdown) businesses in emerging countries. We are engaged in the knockdown business in 10 countries, including the Asia & Oceania regions and Africa.

Local production expands the industrial base, creates employment, develops human resources, promotes consumption, and enriches society. This will create a cycle of “local production for local consumption,” or “drive locally produced vehicles,” in which vehicles are locally produced and locally driven.

Refine the core businesses that possess the distinctive traits of the Toyota Group to provide truly unique products and services (examples below)



Mid-term Business Plan

Mid-term Business Plan for the Fiscal Year Ending March 31, 2026

—Accelerating strategies in seven priority domains to evolve even further—



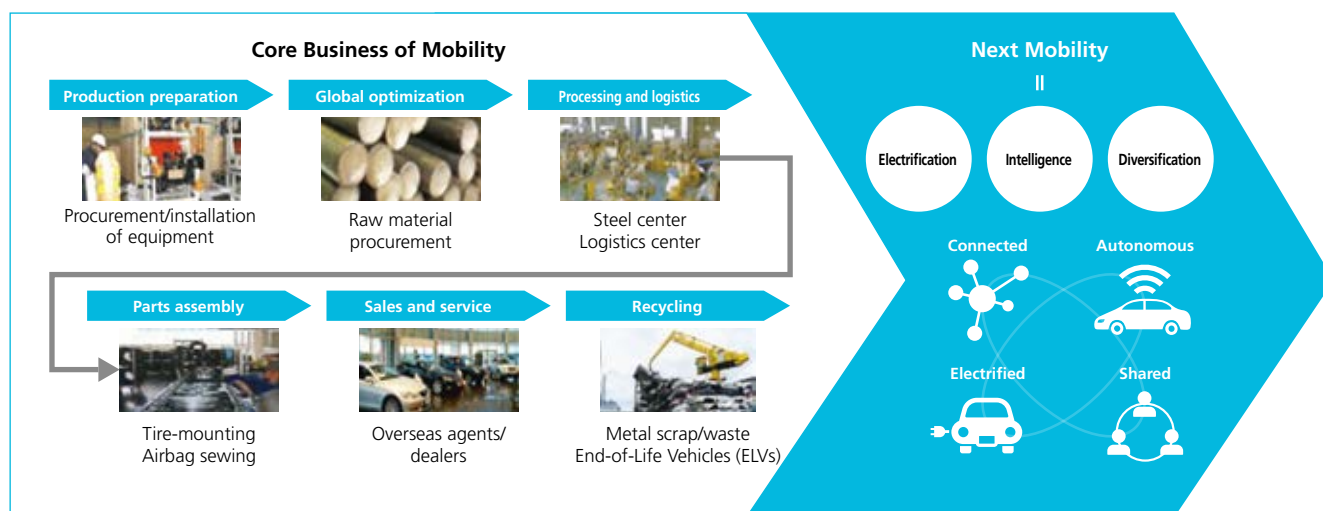
Next Mobility Strategy

Establish Competitive Advantages in Shifting from Core Business of Mobility to Next Mobility

The mobility business is in the midst of a period of great transformation, with rapid progress being made in the connected, autonomous, shared, and electric (CASE) revolution and in efforts toward electrification, intelligence, and diversification. We are also working to expand into the next mobility domain by leveraging our strengths in each of our mobility businesses, which we have collectively nurtured over the years as one of our core businesses.

For intelligence, we are developing services such as driver support and optimal delivery planning by collecting various data such as

traffic information in the domain of connected cars. For diversification, we are working to diversify methods and services to realize a free and comfortable mobility society. We are developing drone delivery of pharmaceuticals in Japan, a used vehicle matching website in Singapore, and digitized taxi operations in Africa where we excel. Further, we continue to strive to make vehicles lighter for the benefit of carbon neutrality and the circular economy.



Establish competitive advantages in shifting from our core business of mobility to Next Mobility

Sora-iina
(Goto, Nagasaki)

Drone delivery business

Sgcarmart
(Singapore)

Participation in the operation of a used vehicle matching website C2B auction business

Kai Senegal
(Senegal)

Digitization of taxi operations



Renewable Energy & Energy Management Strategy

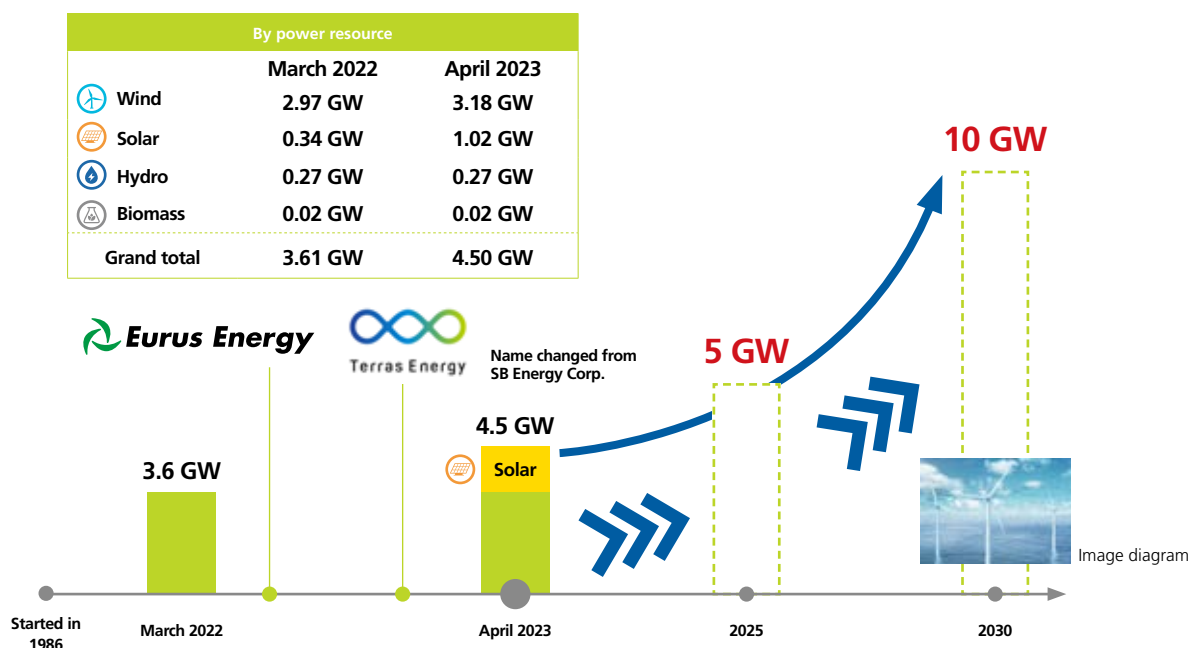
Securing Stable Renewable Energy Supply Sources and Laying the Groundwork to Become a Leading Company

We have been involved in the renewable energy business since the 1980s, generating electricity around the world from a variety of sources such as wind, solar, hydro, and biomass.

In wind power, we have Eurus Energy Holdings Corporation, the largest wind power generation company in Japan. In solar power, we acquired an 85% stake in SB Energy Corp., a major solar power generation company in Japan, and renamed the company Terras Energy Corporation.

At present, we have a global power generation capacity of 4.5 GW, which we plan to increase to 5 GW by 2025, and to 10 GW or more by 2030.

By strengthening our functions in the electric power value chain and providing a stable and affordable supply of energy through the creation of systems to adjust and deliver generated power, we will contribute to a better global environment.



Listening to and being close to all voices of the local community, we look to the future of symbiosis



Ishinomaki, Miyagi Prefecture on-site class (Eurus Ishinomaki Wind Farm August 2022)



Lecture at Chosei University, Date City Hokkaido (Eurus Date Kogane Wind Farm November 2022)

Others: Acceptance of domestic tours (49 cases, 588 people), donations, contribution, etc., to relevant local municipalities, local high schools, and tourism associations

Mid-term Business Plan

Mid-term Business Plan for the Fiscal Year Ending March 31, 2026

—Accelerating strategies in seven priority domains to evolve even further—



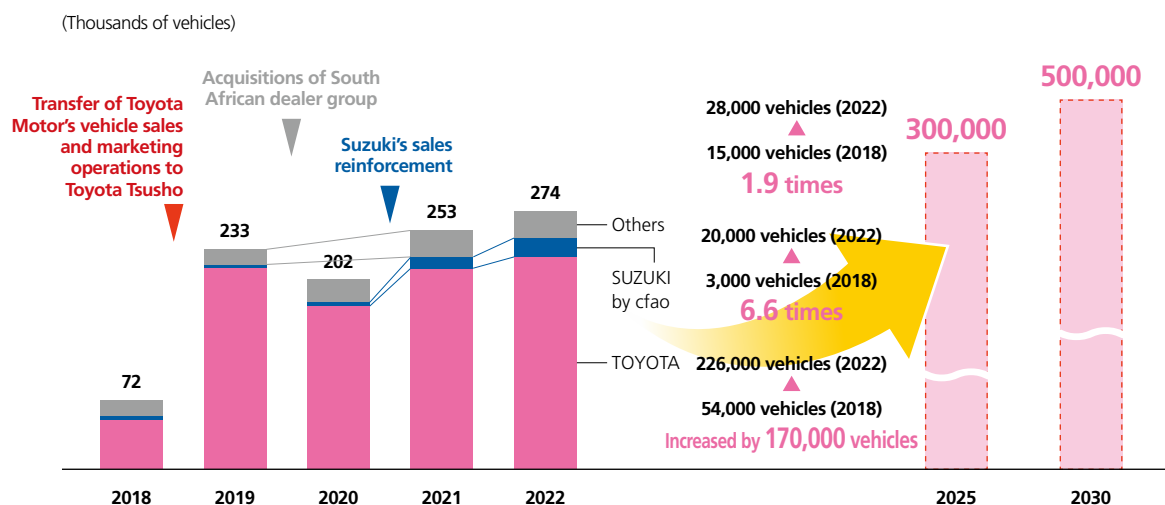
African Growth Strategy

Becoming the Company of Choice in Africa, Rooted in Africa

Mobility

In our core mobility business, sales volume increased from just over 70,000 units to 230,000 units in 2019, following the full transfer of African operations from Toyota Motor Corporation in January of that year. Sales of the Toyota Starlet and other models subsequently began in 2020, with sales volume exceeding 270,000 units in 2022.

The African automobile market is expected to grow exponentially in the future due to population growth and expansion of the middle class. As a mid- to long-term goal, we are moving toward sales of 500,000 units in 2030, mainly of Toyota vehicles.



Healthcare

Our healthcare initiatives have historically focused on the pharmaceutical distribution business in West Africa. However, regarding East Africa, where future growth is expected, we acquired an approximately 30% stake in Goodlife Pharmacy, a leading regional pharmacy franchise chain, in March 2022 as part of our expansion into the retail business. Goodlife Pharmacy has approximately 100 stores in Kenya and Uganda, selling pharmaceuticals to 1.7 million consumers. It aims to increase the number of stores to more than 250 by 2025 and to provide pharmaceuticals to more than 8.5 million customers.

Consumer business

In our retail business, we operate a total of 29 supermarkets in the West African countries of Côte d'Ivoire, Cameroon, and Senegal, together with Carrefour, one of the largest retailers in France. We plan to expand to approximately 50 or more stores by 2026.

Goodlife
Pharmacy Health Beauty



Carrefour
Carrefour market





Circular Economy Strategy

Providing Decarbonization Solutions through the Recycling Business

We have a long history of recycling and have been promoting the circular economy as our business for roughly 50 years since the 1970s. We believe that “all things are resources,” and contribute to the realization of a recycling-based society by collecting waste materials, sorting them, turning them into resources, and carrying out resource recycling to support manufacturing. Examples of this

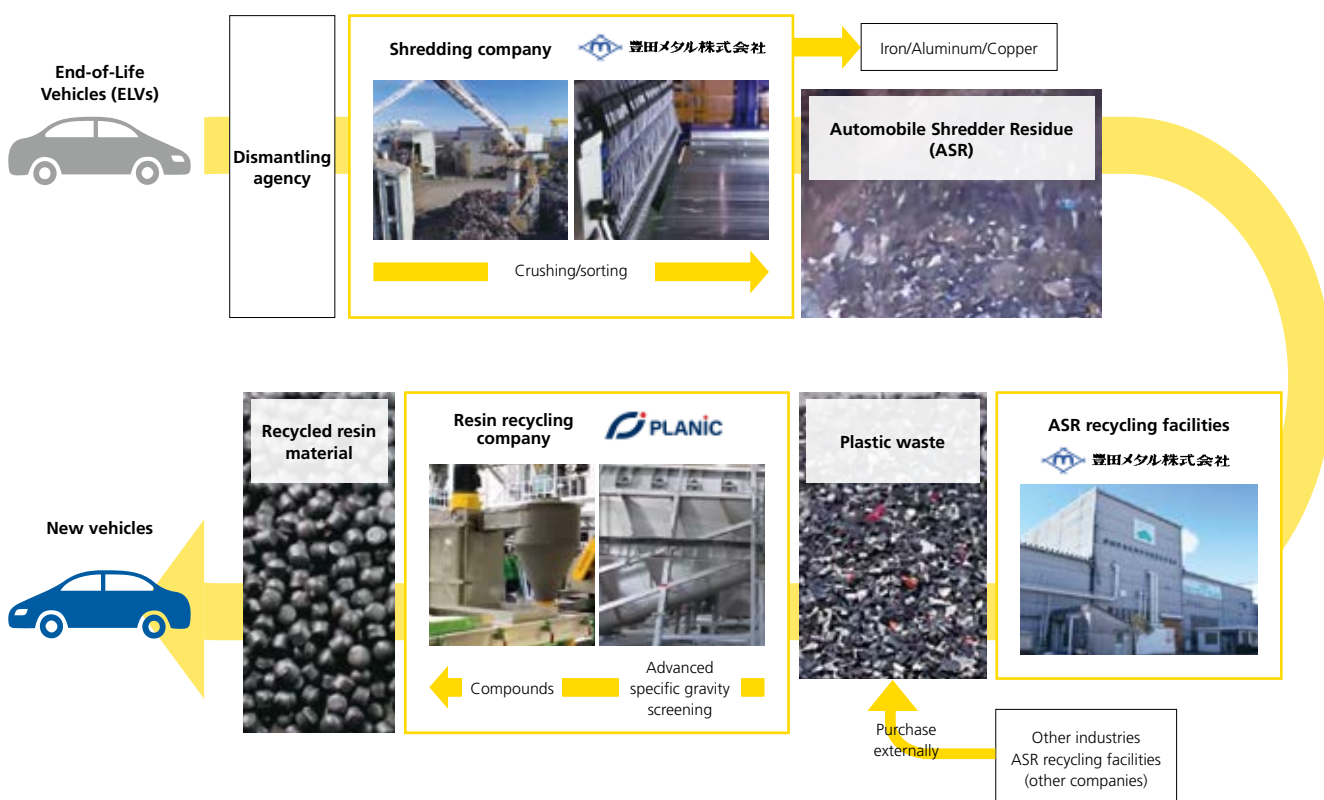
include the car-to-car recycling initiative by Toyota Metal Co., Ltd., and PLANIC Co., Ltd., which recycles automotive-derived plastic into high-quality recycled plastic for automobiles. We continue to contribute to the automotive industry, manufacturing that is a source of pride in Japan, with high-quality recycled plastic while reducing environmental pollution.



豊田メタル株式会社



Car-to-car recycling initiative using automotive-derived plastic



Mid-term Business Plan

Mid-term Business Plan for the Fiscal Year Ending March 31, 2026

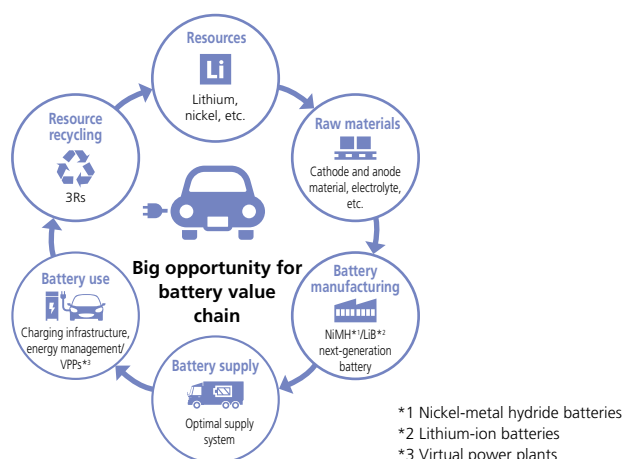
—Accelerating strategies in seven priority domains to evolve even further—



Battery Strategy

Contributing to the Achievement of Carbon Neutrality by Solving Issues in the Field of Batteries

We are developing our business in all areas of the battery value chain. We are working to stably secure lithium as a raw material for batteries, to handle battery materials such as cathode and anode electrode materials and peripheral components, to participate in battery manufacturing businesses in North America and China, and to engage in the “3Rs” (rebuild, reuse, and recycle) of batteries among other projects.



We produce 17,500 tons of lithium carbonate per year at our lithium production site in Salar de Olaroz, Argentina, where we acquired a stake in 2012, to secure a stable supply of lithium. We plan to increase annual production to 42,500 tons by the end of 2023. In November 2022, Toyotsu Lithium Corporation completed construction of its first lithium hydroxide production plant in Japan.

In the battery manufacturing business, Toyota Battery Manufacturing, North Carolina (TBMNC) was established as a joint venture between Toyota Motor Corporation and our company in the U.S. state of North Carolina. Preparations are underway for starting production in 2025 to meet the demand for electrified vehicles in North America, which is expected to grow significantly in the future.

Lithium carbonate production



November 2018

Sales de Jujuy (Argentina)

Decision to expand production capacity from 17,500 tons/year to 42,500 tons/year

Expanded production is scheduled to start in 2023, aiming for stable supply

Lithium hydroxide production



November 2022

Toyotsu Lithium Corporation (Japan)

Completion of manufacturing plant, production capacity of 10,000 tons/year

Started supplying lithium hydroxide for the first time in Japan

Investment in TBMNC

Toyota Battery Manufacturing, North Carolina (TBMNC)



Construction of HEV4 line (March 2023)

November 2021

Established Toyota Battery Manufacturing, North Carolina with 10% stake

August 2022

Additional investment to increase production capacity for battery electric vehicle (BEV) batteries



Hydrogen & Alternative Fuel Strategy

Aiming to Realize a Hydrogen Society and Establish a Model of Local Production for Local Consumption

The hydrogen value chain is composed of “produce,” “transport,” and “use,” and our corporate group is particularly focused on “produce” and “use.” In the area of hydrogen use, we operate hydrogen stations in Aichi Prefecture, Tokyo, and other cities in Japan. We are working to create utilization models for ports, public transportation, and other areas where fuel-cell electric vehicle (FCEV) mobility is intensively used in Japan and overseas. At the Port of Los Angeles in the U.S. state of California, we are working on using hydrogen fuel

cells to power port cargo handling machinery and drayage trucks* as well as a demonstration project to implement a local production for local consumption clean hydrogen model specifically for seaports. In addition to the above initiatives, we are also involved in seaport hydrogen demonstration projects at the Port of Immingham in the United Kingdom, and the Ports of Onahama and Nagoya in Japan.

* Trucks that land ship cargo in ocean-transported shipping containers

The Port of Los Angeles aims to establish a seaport-specific hydrogen supply system and model for local production and local consumption		
Mobile ultrahigh-pressure hydrogen refueler  <p>Efficient refueler for machinery that is prohibited on public roads</p>	Fuel cell top handler (mobile container handlers)  <p>Demonstration underway since the beginning of 2022, with high evaluation by operators</p>	Fuel cell RTGC (rubber-tired gantry crane)  <p>FC-RTGC developed by Mitsui E&S Co., Ltd., to be demonstrated from the beginning of 2024</p>



Economy of Life Strategy

Contributing to the Realization of a Highly Convenient and Healthy Society in the Future

We will improve the quality of life in countries and regions where we have strengths by developing businesses that support people's daily lives and contribute to the realization of a highly convenient and healthy society in the future.

As an example, we have been participating in a T-shirt recycling business (Tee-Cycle™) since August 2022 in collaboration with the Japan branch of outdoor products company Patagonia International Inc. Also, in

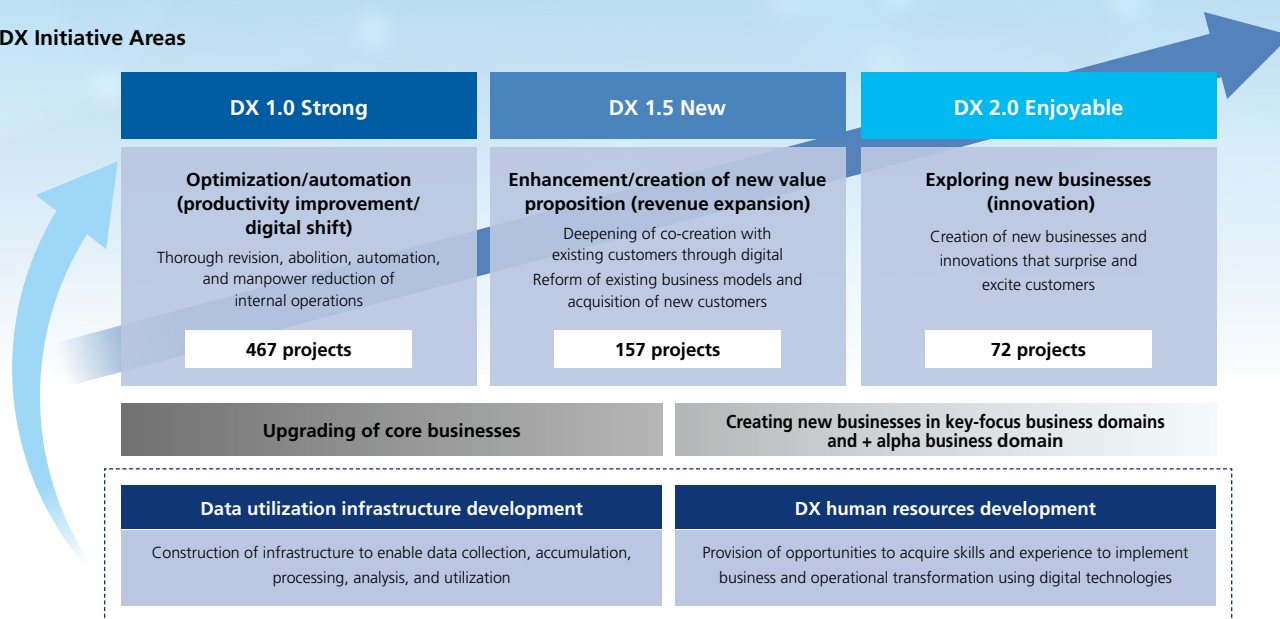
April 2023 we launched PATCHWORKS™, a project to promote a circular economy in the textile and fashion field. Through this project, we will promote a circular economy that recycles waste into resources to allow all discarded clothing to be revived into new clothing. We are also working to realize the establishment of a circular economy system in the Economy of Life field.

Toyota Tsusho Group's Digital Transformation (DX)

1

Overall DX Strategy

DX Initiative Areas



We have positioned DX as an acceleration driver for the core businesses that each division is responsible for, as well as for the key-focus business domains and plus alpha (+ alpha) business domain that will comprise our priority domains, to achieve the goals of our Mid-term Business Plan. The DX Acceleration Department, established in April 2020, is promoting the business and operational transformation undertaken by each division, and a total of 696 DX projects are in progress across the company (as of March 2023). We will invest an additional approximately 53 billion yen in DX projects

over the three years from the current fiscal year to the fiscal year ending March 31, 2026, to realize a leaner management structure and transform the value we provide to our customers.

In addition, we are working to accelerate this transformation by developing a foundation to promote data utilization throughout the company and by developing human resources with the skills and experience necessary for business and operational transformation using digital technologies.

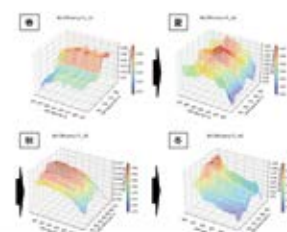
2

Examples of Initiatives

Case Study 1: DX 1.0 Manufacturing DX – Optimization of Manufacturing Conditions at Iochem

Many manufacturing sites have traditionally used human intuition and know-how to determine and operate manufacturing conditions. However, Iochem Corporation, an iodine manufacturer in the United States, used machine learning to analyze more than 10,000 manufacturing conditions and found the combination of conditions with the highest yield. In doing this, they improved on-site facilities and operations and successfully reduced manufacturing costs.

Going forward, we will continue to promote DX at manufacturing sites exemplifying the successful case at Iochem and deploy them horizontally via our data utilization platform.



Case Study 2: DX 1.5 Supply Chain DX – Streams

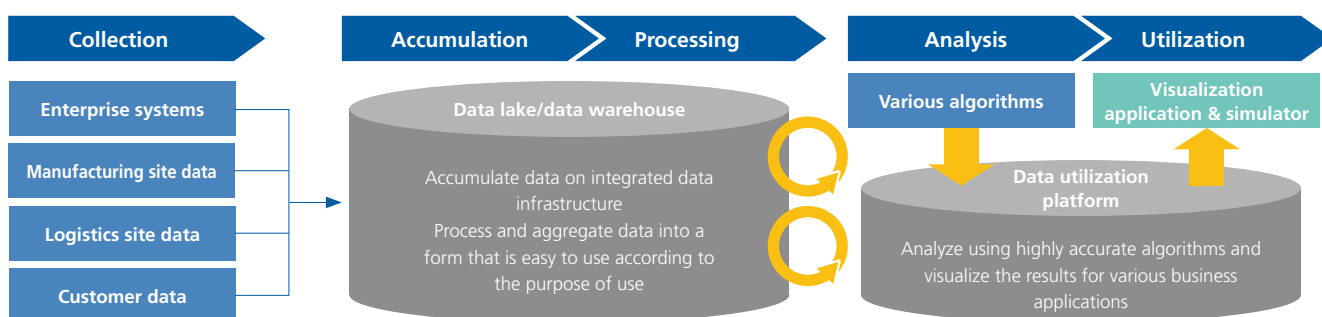
In the face of the recent global pandemic of infectious disease, heightened geopolitical risks, and social demands for decarbonization, companies are looking to rethink their supply chains. We developed the online platform “Streams” to transform the value we provide to our customers. We accomplished this by leveraging digital technologies to add new perspectives, such as CO₂ emissions reduction benefits and sourcing suggestions, to the integrated commercial and logistics supply chain construction expertise we have cultivated through our organically growing business.

We will provide solutions tailored to customer needs, centrally manage data, and revitalize communication with customers through the widespread use of this platform, thereby helping reinforce supply chains.



3

Data Utilization Infrastructure Deployment



We are in a position to handle a variety of data in our transactions with customers and in the operation of business entities. As such, we have built infrastructure for accumulating, integrating, and analyzing data as a group-shared function to utilize such data for business as a company asset. This will optimize business by reducing

the work costs required for data utilization and by making the operation and business processes of each department and business entity predictable through simulators. Furthermore, by linking data across our corporate group horizontally, we will achieve more advanced value creation.

4

DX Human Resources Development Status

We have defined the human resources required for DX by role and established a program to develop them. We provide exercise-based workshops for digital transformation managers, business transformation leaders, and operation transformation leaders that enable them to discover and organize business and operational issues, set transformation goals, and practice transformation based on basic knowledge of digital technologies. We also provide training for digital specialists according to their level for them to acquire data utilization techniques that can support the activities of business and operation transformation leaders.

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024	Role
Digital transformation managers	78	200	<ul style="list-style-type: none"> Communicate and socialize the need for DX in organizations Set organizational goals and KPIs for DX and identify key areas Manage and coach each project
Business transformation leaders	155	300	<ul style="list-style-type: none"> Utilize digital knowledge in businesses Identify value provided to customers, create ideas for business transformation Execute and facilitate processes for business transformation
Operation transformation leaders	200	300	<ul style="list-style-type: none"> Utilize digital knowledge in tasks Identify operational processes, create ideas for operational transformation Execute and facilitate processes for operational transformation
Digital specialists	48	493	<ul style="list-style-type: none"> Support activities of business transformation leaders and operation transformation leaders through highly specialized skills related to digital
All employees	—	—	<ul style="list-style-type: none"> Demonstrate basic digital knowledge Support for the work aspects of business and operational transformation

Note: The above figures are cumulative.

Interview with the CFO



Two things that are essential for our next new stage are investing in the future of our children and having a financial strategy that is positively received by our stakeholders.

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

Mr. Iwamoto, could you start by discussing, and evaluating, the three-year Mid-term Business Plan for the fiscal years ended March 31, 2021, through March 31, 2023?

Achieving the Mid-term Business Plan in the middle of the pandemic

When our Mid-term Business Plan for the fiscal year ending March 31, 2023, was developed, which coincided with the disclosure of our financial results for the fiscal year ended March 31, 2020, it was extremely difficult to forecast and formulate plans for several reasons, including the impacts of the COVID-19 pandemic on resource and material supplies, production, and global market demand.

Despite the pandemic and many restrictions on our business activities over these three years, our non-automotive businesses, from electric power to chemicals and food businesses, were resilient during the first half of the plan. Therefore, even with supply chain disruptions, a slowdown in consumption, and a patchy global outlook due to COVID-19, we achieved our plan's profit targets. During the second half of the plan, markets began picking up and the depreciation of the yen brought benefits, but we also enjoyed the results of protecting our supply chains, which are the strengths of our corporate group, and investing in enhancing our functions over

recent years. As a result, we greatly exceeded our plan's profit targets with a focus on our automotive, African, and renewable energy businesses.

Specifically, we were able to achieve all our quantitative targets for profit for the year attributable to owners of the parent (hereinafter, "profit for the year"), operating cash flow, investing cash flow, net debt-equity ratio (net DER), shareholder returns, and risk assets to risk buffer ratio (RA/RB). Realizing record-high profit for the second year running in the fiscal year ended March 31, 2023, we achieved profit for the year of 284.1 billion yen. Shareholder returns were 202 yen per share for the annual dividend, representing an increase of 92 yen on the 110 yen paid for the fiscal year ended March 31, 2020, and the 13th consecutive fiscal year with an increased dividend.

Cash flow and investment plan

In addition to confusion wrought by the pandemic on logistics networks, supply chains were being hit from all angles throughout the Mid-term Business Plan, with exacerbation of geopolitical risks such as relations between the United States and China, and the conflict between Russia and Ukraine. Semiconductors as well, which is one of our key-focus businesses, suffered a global supply shortage. Under a company-wide policy of maintaining the integrity of our supply chains, we decided to ensure adequate safety stocks. Although risking a temporary deterioration in cash flows, we increased operating capital for this purpose as we believed it was essential given the business environment. Since then, we have been closely monitoring stock levels by product number between us, our suppliers, and customers, and have made gradual adjustments to achieve suitable levels. As a result,

we posted operating cash flow of 739.4 billion yen (three-year cumulative), which exceeded our estimate of 600.0 billion yen in the Mid-term Business Plan. Conversely, in these difficult economic conditions, we also perceived opportunities for making investments that are important for company growth. With a focus on renewable energy businesses, we invested in circular economy-related businesses. We also recorded investing cash flow of 399.4 billion yen (gross investment of 564.4 billion yen), which exceeded the estimate of 350.0 billion yen in the initial plan. These investments were made within the bounds of the generated operating cash flow, while also maintaining a sound financial position and keeping our free cash flow after dividends positive.

Review of the Mid-term Business Plan for the fiscal year ended March 31, 2023

	Targets for the fiscal year ended March 31, 2023	Results			Evaluation
Profit for the year	¥150.0 billion	¥284.1 billion			○
Operating cash flow (inflows)	¥600.0 billion–	3-year cumulative	¥739.4 billion		○
Investing cash flow (outflows)	¥350.0 billion–	3-year cumulative	¥399.4 billion		○
Net DER*1	Within 1.0x	End of March 2023	0.68x		○
Shareholder returns	Basic policy of at least 25% dividend payout ratio and steady increases in dividends	Fiscal year ended March 31, 2021 ¥112 (29.3%)	Fiscal year ended March 31, 2022 ¥160 (25.3%)	Fiscal year ended March 31, 2023 ¥202 (25.0%)	○
Risk Evaluation (RA*2/RB*3)	Risk managed at less than 1.0	End of March 2023	0.7		○

*1 Net debt-equity ratio *2 Risk assets *3 Risk buffer

As CFO, what was your focus when formulating the Mid-term Business Plan for the fiscal year ending March 31, 2026?

Growth investment for the next new stage

I have a desire to maintain a high return on equity (ROE) of 13% or more over the coming three years. With ROE being calculated by dividing net profit by equity and multiplying by 100, it is an extremely strict measure of capital productivity that requires growth of profit and financial stability on a compound basis. Used as a central indicator in the Mid-term Business Plan, I am committed to achieving an ROE of 13% or more.

To achieve this, in addition to continuing to generate solid cash flows, we must achieve a balance of the following three policies to achieve the best use of that cash.

The first is to steadily implement growth investment for our next new stage. This requires a balanced resource allocation policy that

focuses on which fields to invest in, how much to invest, how much to return, and by when.

The second is a total return policy that all stakeholders are happy with. This means being flexible while keeping an eye on cash flows.

And the third is a safe and stable capital policy and financial strategy. While maintaining supply chains in light of geopolitical risks, such as relations between the United States and China, and in the Middle East and Africa, in addition to the conflict between Russia and Ukraine, we must maintain robust financial structures going forward to support our next growth challenges.

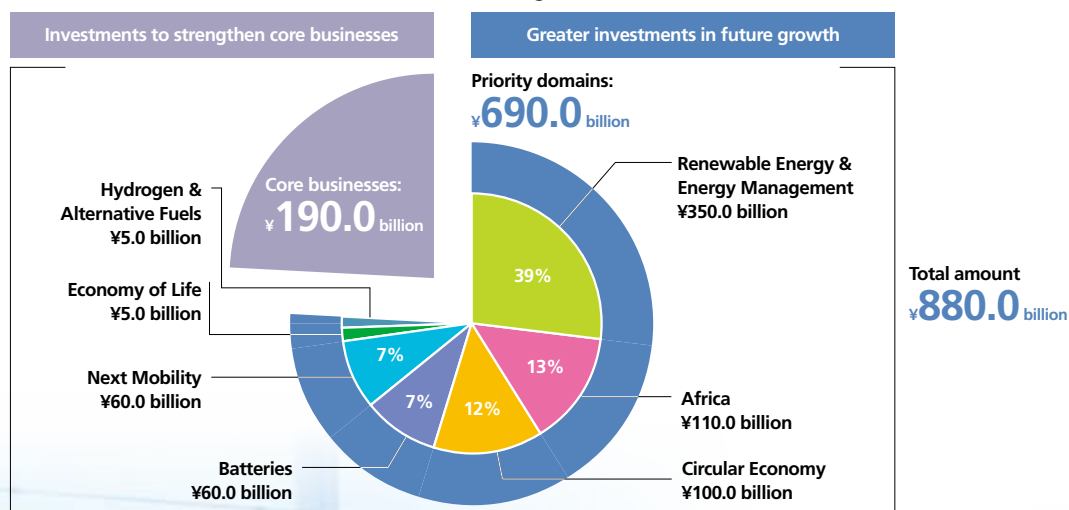
Could you provide a little more information on this balanced resource allocation?

Investing in strengthening our core businesses, and in businesses that contribute to a sustainable society

Over the coming three years, we have a well-balanced plan for investing a total of 880.0 billion yen in the core businesses that have traditionally sustained our company, and seven priority domains that contribute to a sustainable society. Approximately one-quarter of that, 190.0 billion yen, will be allocated to enhancing capacity and improving the efficiency of the core businesses that underpin our current revenues. By firming up the foundations, we will strengthen the earning power of these businesses and achieve good returns during the term of the Mid-term Business Plan. Another three-quarters of our total investment, or 690.0 billion yen, will be allocated to the seven priority domains, which are our potential next sources of revenue.

Those domains are next mobility and batteries, which will contribute to a safe and comfortable mobility society; renewable energy & energy management and hydrogen & alternative fuels, which will contribute to the transition to a decarbonized society; Africa, which will address social issues in developing countries; and circular economy, which will contribute to the creation of a recycling-based society. Those are accompanied by the economy of life, which will support the daily lives of people and be a potential next source of revenue. Many of these investments will take time, only providing returns after the Mid-term Business Plan. However, we will carefully choose businesses that will address social issues and contribute to the achievement of a sustainable society, as well as projects that have a high likelihood of producing returns.

Balanced investment for core businesses and future growth



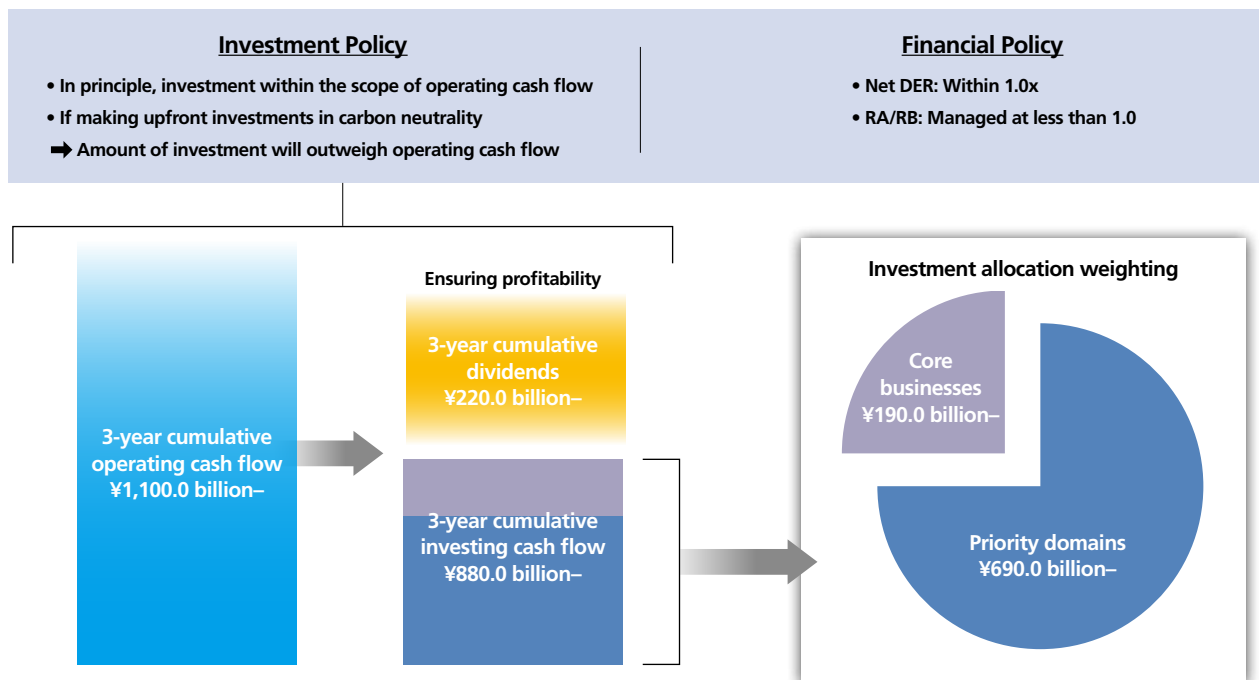
Over the coming three years, we will invest 190.0 billion yen in our core businesses and 690.0 billion yen in seven priority domains for a sustainable society.

Aggressive investment strategy with conservative financial strategy

Our investment policy is the same as always; in principle, we invest within the bounds of our operating cash flow. However, we do anticipate temporarily exceeding operating cash flow due to investments in major carbon neutrality projects and upfront investments in our priority domains. Even if this happens, we will factor in risks

and maintain strong financial structures by carefully controlling interest-bearing debt, maintaining net DER within 1.0 times and RA/RB—the company's financial corporate strength—of less than 1.0.

Investment and financial policies



Could you remind us of the targets in the Mid-term Business Plan for the fiscal year ending March 31, 2026, and the roadmap to those targets?

Quantitative targets

So far, I have spoken mainly about our investment and financial policies. As for quantitative targets in the Mid-term Business Plan for the fiscal year ending March 31, 2026, our targets are profit for the year of 320.0 billion yen for the third year of the plan, three-year cumulative operating cash flow of 1,100.0 billion yen or more, three-year cumulative investing cash flow of 880.0 billion yen or more, net DER within 1.0 times, maintaining an ROE of 13% or more, and RA/RB of less than 1.0. As for shareholder returns, we will strive for stable dividend increases while maintaining a basic policy of a dividend payout ratio of 25% or more and will deliver progressive dividend increases over the coming three years.

Quantitative targets for the Mid-term Business Plan for the fiscal year ending March 31, 2026

FY2025 profit	¥320.0 billion
3-year cumulative cash flow	Operating cash flow: ¥1,100.0 billion– Investing cash flow: ¥880.0 billion–
Net DER	Within 1.0x
Shareholder returns	Basic policy of at least 25% dividend payout ratio and steady increases in dividends
ROE	13% or more
RB/RA	Risk managed at less than 1.0

Financial Strategy

Interview with the CFO

Shareholder returns

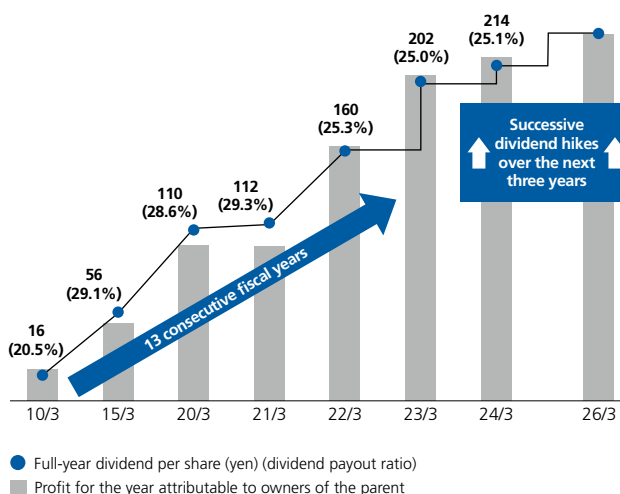
While targeting a dividend payout ratio of 25% or more for this Mid-term Business Plan, we also considered a complex mix of free cash flow, ROE, financial structures, and the business environment, and assumed active implementation of growth investment for our next new stage over the coming three years. However, we will continue to flexibly review the nature of shareholder returns and the way we represent them from a long-term perspective, and make our decisions through internal processes.

With foreign exchange fluctuations and a downward trend in market conditions, we originally forecasted the fiscal year ending March 31, 2024, to show a slight reduction in profit for the year to 280.0 billion yen, compared to the previous fiscal year. However, in light of the recent depreciating Japanese yen, we amended our forecasted exchange rate of 125 yen to the U.S. dollar to 135 yen to the U.S. dollar, to achieve 300.0 billion yen in profit for the year. We also aim to pay dividends of 214 yen per share instead of 204 yen per share, which will be the 14th consecutive fiscal year with an increased dividend. And assuming subsequent profit growth after that as well, we aim to deliver progressive dividend increases over the three years to the fiscal year ending March 31, 2026.

Roadmap to our targets

Our forecast profit for the fiscal year ending March 31, 2026, is 320 billion yen, with our core businesses expected to be a driving force in achieving this target. For many years, we have used knowledge acquired as a member of the Toyota Group in our external activities, and we have paid that back to the group through knowledge acquired through our external activities. As a result, we have created a mobility-related value chain connecting all manufacturing, sales, and recycling in a unique Toyota Tsusho core business. Our automotive business demonstrates its distinctive functions in every stage, from production processes, sales, and after-sales services to vehicle disposal, collection, and resource recycling. For example, we have one unique function that provides the aluminum melt that underpins a lot of production, while group company NEXTY Electronics Corporation is one of the world's top-class automotive electronics trading companies. It handles the semiconductors that are essential

Shareholder returns



in modern vehicles. We have also operated an end-of-life vehicle (ELV) recycling business since 1970 and currently recycle more than 99% of vehicles that are no longer used. We will contribute to the Mid-term Business Plan by strengthening and evolving the mobility value chain through investment in enhancing the capacity of these businesses, development of new technologies, and use or introduction of digital technologies.

Our lithium resources business as well, which is supporting the spread of electrified vehicles in society, will help us achieve our targets. In 2012, we acquired an interest in Sales de Jujuy, a lithium production company at Salar de Olaroz in Argentina. Producing 17,500 tons of lithium carbonate per year, we plan to expand production to 42,500 tons by the end of 2023 through a second expansion project.

Finally, what is your focus in terms of our next new stage?

Improving management efficiency and enhancing corporate value

We will improve earnings capacity and operating cash flow by refining our core businesses and expand our best-performing profit-generating assets by securing investment funds through internal reserves. In addition to growing revenues, we will increase our total asset turnover ratio by reducing the number of non-performing assets through careful inventory management and reduced strategic cross-holdings shares. In this way, we aim to further improve the efficiency of our invested capital and maintain an ROE of 13% or more. On the other hand, we will work hard to increase shareholder returns over the coming three years by delivering progressive dividend increases.

Naturally, it is important to achieve the quantitative targets in our Mid-term Business Plan, but it is also important to focus on the most suitable businesses for a company that is active in its next new stage. Rather than choosing between short-term profits or the noble cause of eco-friendliness, our companies and stakeholders will strive to promote businesses that are essential for future generations by aligning our beliefs on a shared timeline. So, my aim going forward is to continue enhancing corporate value by expanding opportunities for dialogue with others, clearly communicating our vision for company growth and the creation of value for society and the environment, and listening carefully to the opinions of others while striving to gain their understanding.

Investment Cycle Management

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

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

We closely examine all aspects of balance sheet, and we have inspection processes on geopolitical and country risks from a wide point of view, as well as continuous analytic processes on the risks of fluctuations in foreign exchange rates, interest, commodity price, and credit risk, etc. These are also applied to the screening process for new investment, all of which are inspected thoroughly prior to the Investment and Loan Committee and the Investment Loan Meeting.

Regarding new investment projects, major policy is decided at the Mid-term Business Plan Meeting and the Investment Strategy Meeting, while decisions on individual projects are made by the organization concerned based upon business plans screened by the Investment and Loan Meeting and the Investment and Loan Committee. At the Investment and Loan Meeting, chaired by the Assistant to CFO, and the Investment and Loan Committee, chaired by the CFO, we use TVA,^{*1} which is our original indicator for verifying that the expected revenue scale is achieved corresponding to the invested capital, and RVA,^{*2} which is an indicator used to verify that obtained revenue is appropriate

for the risk, to carry out entry management. At the same time, we conduct assessments of climate change and other environmental risks, greenhouse gas emissions and reduction effects, and other aspects using our original environmental check sheets, to quantitatively verify projects from various perspectives. Some of our affiliated companies, both in Japan and overseas, have been authorized to make investment decisions to accelerate the investment decision-making process.

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

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

^{*1} An abbreviation of Toyota Value Achievement,

$$TVA = (\text{Ordinary income} - \text{Interest income or expenses}) \times (1 - \text{Respective country's tax rate}) - \text{Invested capital} \times \text{Cost rate of invested capital by country}$$
 Ordinary income is profit before income taxes, adjusted for non-recurring, extraordinary, and significant gains and losses arising from non-operating activities, which indicates the "earning power" of a sales division or business entity

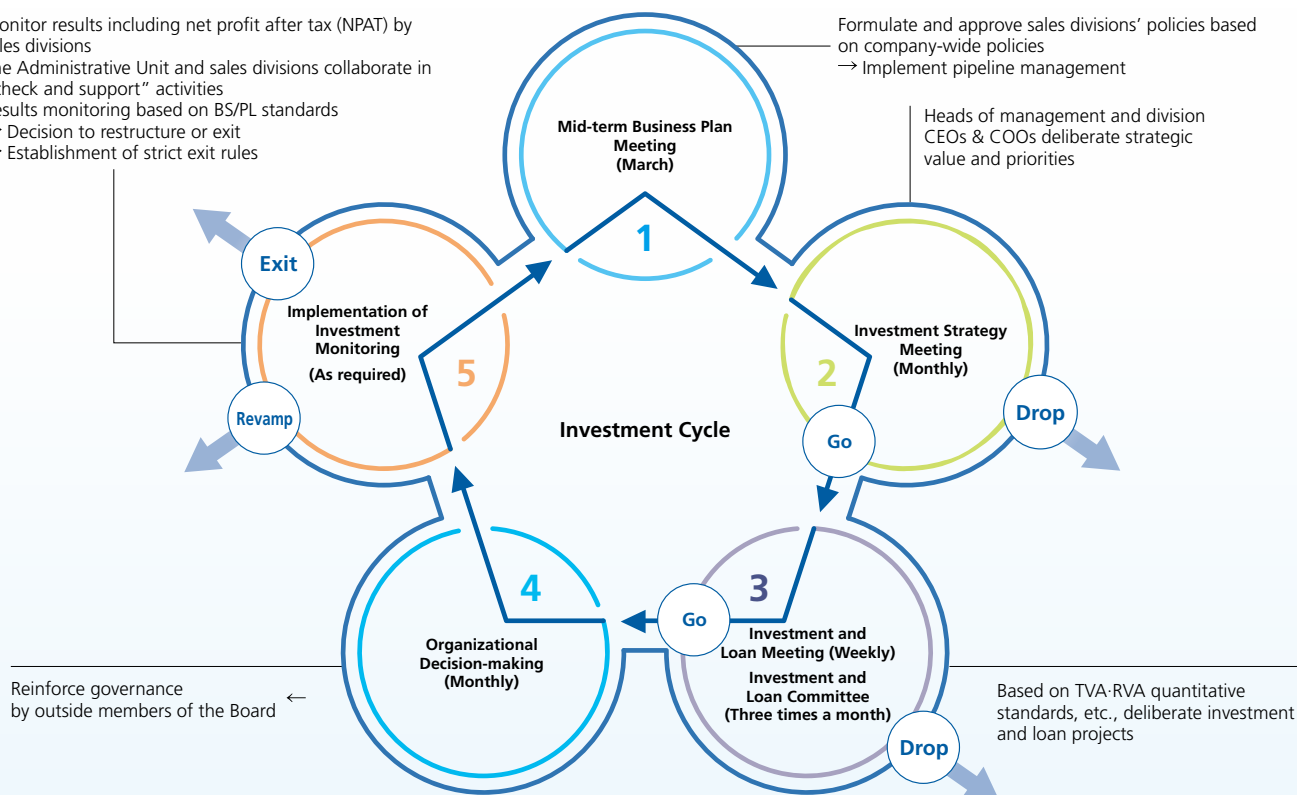
The cost rate of invested capital by country, is the cost rate derived from the weighted average of the cost of capital and government bond yields by country, resulting from the invested capital used in operating and business activities

^{*2} An abbreviation of Risk-adjusted Value Added,

$$RVA = (\text{Ordinary income} \times 60\%) - \text{Risk asset} \times \text{Risk cost rate}$$
 where risk asset is the maximum amount of expected loss should a contingency (a once-in-a-century event) occur, and risk cost rate is the shareholder expected rate of return based on Toyota Tsusho's return on equity (ROE) target of 13% or more

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

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



Risk Management

Risk Management System

We define “risk” as “an event with the potential to cause unexpected losses in business operations, or cause damage to the Toyota Tsusho Group’s assets and trust, etc.” as laid out in the company’s Risk Management Basic Policy. The company’s fundamental approach is to identify and consider the various risks that occur in the course of business operations, ensure management safety, and increase corporate value by exposing itself to risk only within an appropriate and controlled range. In concretely implementing the Risk Management Basic Policy, besides risk management by the respective departments responsible for risks carried out individually in the past, the former Enterprise Risk Management Committee was evolved in April 2020 into the Integrated Risk Management Committee, which verifies the state of risk management on a more global basis, referring to the COSO*-ERM Framework and other concepts. The committee, chaired by the CFO, is mainly joined by the head of risk management in each overseas region, as well as the general managers of the planning department of each sales division and the directors and general managers in charge of each risk. The committee applies our “Check 10” consolidated risk management system.

* Committee of Sponsoring Organizations of the Treadway Commission

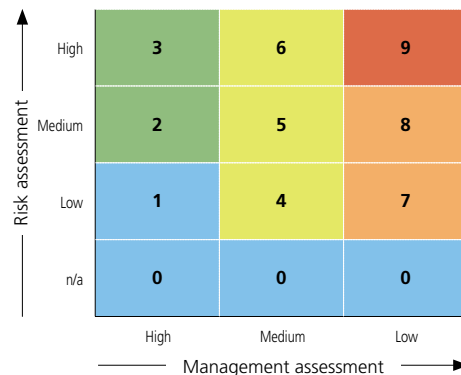
Check 10 activities are defined as the 10 risk items (product, credit, business, foreign exchange and funding, internal controls, human resources and labor, information security, misconduct, logistics, and occupational safety and environment) that should be given the highest priorities among the risk items. Each business entity evaluates and scores on the two axes of risk and a management system, prepares a heat map, and realizes visualization of both quantitative and qualitative risks. The relevant risk assessment is then analyzed and supported by the Risk Supervisory Department. To identify global risks and problems, and then work to eliminate and minimize them, we discuss and promote the necessary countermeasures to establish and strengthen the risk management system on a consolidated basis for the risk of our group companies.

The committee also clarifies risks through the meetings that could give significant impacts on the Toyota Tsusho Group’s management, identifies important company-wide risks related to management objectives, discusses and decides on response policies, verifies the effectiveness of the risk management process, and reports to the CEO. The committee makes recommendations to the Board of Directors meeting regarding risk management. Based on the recommendations, the Board of Directors meeting continuously supervises the effectiveness of the risk management process and takes appropriate actions when changes are necessary.

Check10

Risk items	Risk details	Departments responsible for risk
(1) Product	Retained inventory, product positions	Business Accounting Department, Investment and Credit Department
(2) Credit	Delayed collection, low-rating business	Investment and Credit Department
(3) Business	Downturn in performance, low revenue	Investment and Credit Department
(4) Foreign exchange and funding	Foreign exchange positions, balance sheet management	Finance Department
(5) Internal controls	Long-term postings and concurrent duties	Audit Department
(6) Human resources and labor	Labor disputes and human rights violations	Global Human Resources Department
(7) Information security	Unattained items in the All Toyota Security Guideline (ATSG) and cybersecurity	IT Strategy Department
(8) Misconduct	Corruption prevention	Legal Department
	Compliance	Compliance & Crisis Management Department
(9) Logistics	Logistics compliance	Global Logistics Management Department
(10) Occupational safety and environment	Lost time accidents, STOP6 accidents (prevention of serious accidents), environmental compliance	Global Safety & Environmental Promotion Department

Two-axis Matrix of Risk and Management Systems



Risk Evaluation Results (Heat map)

	Product	Credit	Business	Foreign exchange and funding	Internal controls	Human resources and labor	Information security	Misconduct	Logistics	Occupational safety and environment
Company A										
Company B										
Company C										
Company D										
Company E										

Management of Financial Risks

Risk Assets (RA) and Risk Buffer (RB)

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

The risk management of RA is carried out by maintaining the ratio of RA to RB below 1.0. Our policy is to maximize operating cash flow by promoting cash flow management down to the business unit level and increasing business profitability and working capital efficiency, and then use the cash created to maintain a balance between investment in growth and shareholder returns. As a result of these continued initiatives, in the fiscal year ended March 31, 2023, we again maintained RA within the scope of the RB. (The ratio of RA to RB was 0.7, which is below 1.0.)

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

Management of Major Risks

Primary finance risks are managed as described below.

1) Product Risk

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

2) Credit Risk

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

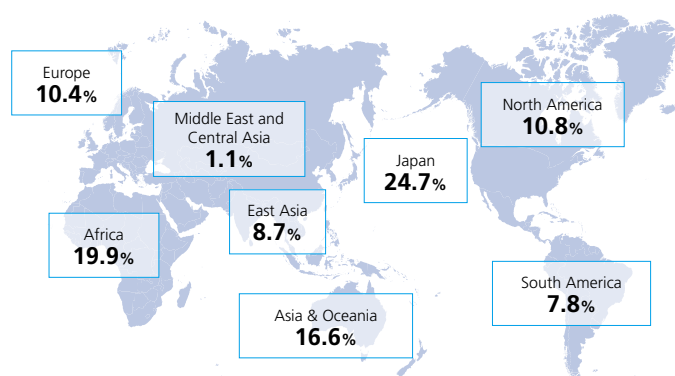
3) Business Investment Risk

For details, please see pages 35, 97. ➔

4) Foreign Exchange Risk

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

State of Management by Region



Risk Asset Distribution Rates

Risk assets (RA) and risk buffer (RB)

Indicator enabling to watch the total amount of financial risks is within the scope of management capabilities.

For by-country RA, which indicates the total amount of risk aggregated by counterparties' country risk, we set upper limits by country based on RB as a management indicator to avoid excessive concentration of risk in specific countries

RA:

The maximum amount of expected loss should a contingency occur based on the following calculation method:

Respective accounts of Asset, position for market product transactions, etc., on a consolidated basis (risk-weighted asset principal) × risk weight (RW) based on asset characteristics and country ratings

RB:

Financial corporate strength of the company based on the following calculation method:

Total equity – Non-controlling interests + Allowance for doubtful accounts (flow) – Goodwill

Conversation between the CSO and an Outside Member of the Board



Hiroshi Tominaga
Member of the Board, CSO

Yukari Inoue
Outside Member of the Board

Toyota Tsusho's Sustainability Management to Realize "Be the Right ONE"

Toyota Tsusho has been working to solve social issues through business since its founding. Chief Strategy Officer (CSO) Tominaga and Outside Member of the Board Inoue discuss Toyota Tsusho's sustainability management.

Sustainability Is Synonymous with Good Management

Hiroshi Tominaga (CSO)

First of all, we must not forget that we are members of a society that operates on this planet. If that society does not have sustainable growth while preserving the natural environment, nor will we, living in that society, grow. Based on this belief, Toyota Tsusho regards sustainability as synonymous with good management and has been contributing to the realization of a sustainable society through its business activities. In particular, we have identified as Key Sustainability Issues (Materiality*) four top-priority issues for solving social issues and achieving corporate growth and two top-priority issues as foundations for the company's growth. We have continued to work on these issues as an important starting point for management.

* Plural: Material issues

* Please refer to the list of Key Sustainability Issues (Materiality) on pages 44 and 45 for more information on each key issue.

Yukari Inoue (Outside Member of the Board)

I always feel that Toyota Tsusho views sustainability as a starting point for its management because most of the important issues discussed at the Board of Directors meetings are businesses related to the Materiality. What makes Toyota Tsusho focus on sustainability when you look back on its history?

Tominaga

We value "*Genchi, Genbutsu, Genjitsu*" (On site, hands on, in touch) as one element of the Toyota Tsusho Group Way. Since our founding, we have played behind-the-scenes roles in the Toyota Group, working closely with society and customers to solve their issues. In the 2000s, through mergers with Kasho Company, Ltd. and Tomen Corporation, we expanded our business areas and increased our functions to meet the more diverse needs of society. In particular, the renewable energy business and the circular economy have grown to the extent that they are positioned as strategic priorities for our company. Recently, corporate management is focusing on both sustainability and the Sustainable Development Goals (SDGs). I believe that such businesses,

which we were engaged in even before these words came into existence, are now needed all the more by society and customers and have therefore been well-accepted.

Inoue

Sustainability is the one that you have been working on for a long time, isn't it?

I get the sense that Toyota Tsusho makes great use of its business strengths in identifying Materiality. What is the basis for your policy of concentrating on strong domains that are unique to Toyota Tsusho rather than taking on challenges in all business areas?

Tominaga

We always consider whether Toyota Tsusho can provide unique value to society and customers. If other companies can contribute more to society and customers than we can, there is no need for us to engage in such activities. We are trying to expand our business by focusing our resources on business domains where we can provide unique value, with "Be the Right ONE (a one-and-only, essential presence)" in mind. This remains unchanged even now that we have entered the next new stage of our company's development.

Inoue

I am sure that Toyota Tsusho has the seeds of many businesses. What perspectives do you consider important when determining whether a business is one where you can offer value that is unique to Toyota Tsusho?

Tominaga

We also focus on the competitive environment. We need to look at who our competitors may be and come up with a strategic scenario of where and how we can demonstrate our competitive advantage. Unless we find it necessary for Toyota Tsusho to take it on for the sake of society, then it is not defined as a unique business.

Inoue

That's the "where to play, how to win" perspective that I often talk about at Board of Directors meetings. Have these ideas and decision-making methods become widespread among your frontline employees?

Tominaga

At Investment Strategy Meetings, where the strategic nature and business direction of each division are discussed, as well as other opportunities for dialogue within the company, we occasionally ask ourselves, "Is this 'Be the Right ONE'?" and "Is there a need for us to take this on and can we demonstrate our competitive advantage in doing so?" However, sometimes our strong attachment to a business unintentionally confines us to a narrow perspective. As a result, there are cases in which the perspective of being unique to Toyota Tsusho is sometimes neglected. I believe that more dialogue is still needed to ensure that this concept spreads throughout the company.

Materiality that Serves as the Foundation for Growth

Inoue

The four material issues you mentioned earlier are in line with Toyota Tsusho's strategic priorities, and I believe that they are unique to the company. I also get the impression that Toyota Tsusho earnestly addresses the most fundamental sustainability issues in its management, which are the two foundational material issues of "ensuring safety and compliance" and "respect for human rights and human resources development."

Tominaga

The two material issues you have just mentioned comprise the very foundation of Toyota Tsusho, and I believe they will remain unchanged. When we leave for work in the morning we say "bye" to our family and "I'm home" when we return safely in the evening. Never neglecting our compliance for the sake of profit and deadlines.

Absolutely not doing what we don't want to be done to us or what infringes on human rights. Growing more today than yesterday and more tomorrow than today. I cannot emphasize enough that these are all extremely important, and it is our management's responsibility to create a system to ensure that they are thoroughly implemented.

Inoue

Such a foundation enables employees to work with a sense of assuredness in the workplace. When I speak with Toyota Tsusho employees, I find that many of them are very dedicated. When I visited Toyota Tsusho's overseas offices, I found that many of the people working there had well-accepted the management mission statements and had digested them into their own words with a clear understanding.

Sustainability Strategy

Conversation between the CSO and an Outside Member of the Board

Do you always communicate safety, compliance, and respect for human rights to everyone in the company?

Tominaga

We communicate that safety, compliance, and respect for human rights are absolutely the most important axes of our daily work. As for compliance, for example, I have to keep telling employees that the company does not value the profits gained or deadlines met through deception or wrongdoing. No one joins our company intending to do something dishonest. I strongly hope that no one will have any negative and uncomfortable feelings and that everyone will be able to work with a true smile from the bottom of their heart.

If we can convey this to all employees, it will lead to the next generation to come. For this reason, we will continue to communicate this message over and over again and continue our efforts to make it take root.

Inoue

I see that Toyota Tsusho has been putting considerable effort into internal communications with these messages that need to be conveyed at the right time. I hope that this will be carried on in the future.

Importance of DE&I

Inoue

Tell me how you consider and view diversity, equity, and inclusion (DE&I).

Tominaga

I worry that values developed while being in the same company for almost 40 years, as I have been, will become ingrained and entrenched in the logic of the inner circle. There have been many organizations in history that have compelled failures due to the logic

of the inner circle. We need a diverse group of people with different perspectives to prevent this from happening. I hope that the outside members of the Board will also offer their suggestions based on different perspectives from ours. If someone feels that we are making certain decisions based on only the logic of our inner circle, I would like them to correct us.

Inoue

I share the same view as yours. In discussions at meetings such as the Board of Directors, as an outside member of the Board, I make it a rule to keep a close eye on whether or not discussions are confined to Toyota Tsusho's internal logic, or whether it has fallen into a state of suspended thinking. I view the role of an outside member of the Board as that of an "escort runner" who runs alongside management and tells them the right path to take when they are about to go off course. If I feel uncomfortable after having gained a good understanding of management's thoughts and intentions, I ask them, "Is that the direction we should be heading in?"

Tominaga

I am grateful that you often express your opinions to us.

People who have different values and experiences from ours, including outside members of the Board, are extremely important to ensure that the organization does not become entrenched. I believe it is important to be inclusive and incorporate their opinions without turning away just because they are different from our way of thinking.

Inoue

I believe that this ties into sustainability for Toyota Tsusho. When I used to work in the United States back in 1996, DE&I had been already underway in U.S.-headquartered multinational corporations



at that time. For example, when considering marketing for Latin America, there was always at least one person from Latin America on the team. This kind of sensibility is something we can learn from.

Tominaga

Exactly. We are also aiming to locally recruit human resources overseas to local management posts, with a belief in the right places for the right people and the right people in the right places. This is because, as you just mentioned, only people from a particular region can truly understand the depth of what is happening in that region.



Challenges in the Next New Stage

Inoue

As Toyota Tsusho stands at its next new stage, what seems to be the future sustainability challenges for the company?

Tominaga

As I mentioned earlier, in terms of the six material issues, first of all, the two that form the foundation of our company will remain unchanged. The other material issues of “contribute to the creation of a safe and comfortable mobility society,” “contribute to the transition to a decarbonized society,” “contribute to the development of a recycling-based society,” and “solve social issues in developing countries” are the ones that we are still in the process of solving. We will continue to make solid efforts to achieve our goal of “Be the Right ONE,” unique to Toyota Tsusho.

Inoue

I believe that well-being is also one of the important elements of sustainability. The Economy of Life, one of Toyota Tsusho’s seven priority domains, falls into this category. It would be good if we could further explore and expand our Economy of Life business in the future. What do you think?

Tominaga

Yes. Economy of Life is a business domain where we can still expect growth in the future. We would like to grow it to a large extent from a medium- to long-term perspective as a business in which Toyota Tsusho can demonstrate its strengths. I would like to ask for your continued input, with your wealth of experience at a consumer goods manufacturer.

Inoue

Of course. I’m also curious to know how you are going to develop businesses such as your insurance business, pharmaceutical distribution in Africa, and hospital operations in India. In addition, I believe that collaboration among the various organizations will become increasingly important in addressing Materiality. Do you have any thoughts on this?

Tominaga

We currently have the Next Mobility Development Department, Carbon Neutrality Promotion Department, and DX Acceleration Department as organizations designed for cross-division activities. It will be necessary to constantly consider what kinds of organizations can quickly respond to changes in the business environment in the future as well.

Inoue

I completely agree, and in fact, I had been feeling the same way.

This conversation has reminded me that for Toyota Tsusho, sustainability is synonymous with good management.

Recently, an increasing number of companies have been focusing on sustainability in their corporate management. It seems that Toyota Tsusho is tackling sustainability head-on through its business operations.

Tominaga

Now that we are in our next new stage, our roles and responsibilities expected by all stakeholders have increased even further. We will continue to create and provide value and contribute to the creation of prosperous societies through businesses that are unique to Toyota Tsusho.

Sustainability Management

Stance on Sustainability

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

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

For Toyota Tsusho, sustainability is synonymous with good management. In striving toward the manifestation of our corporate philosophy, our sustainability management is defined as our continuous and sustainable growth, enhancing value created for

society and the environment, and value created by Toyota Tsusho with its customers.

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

* plural: Material issues



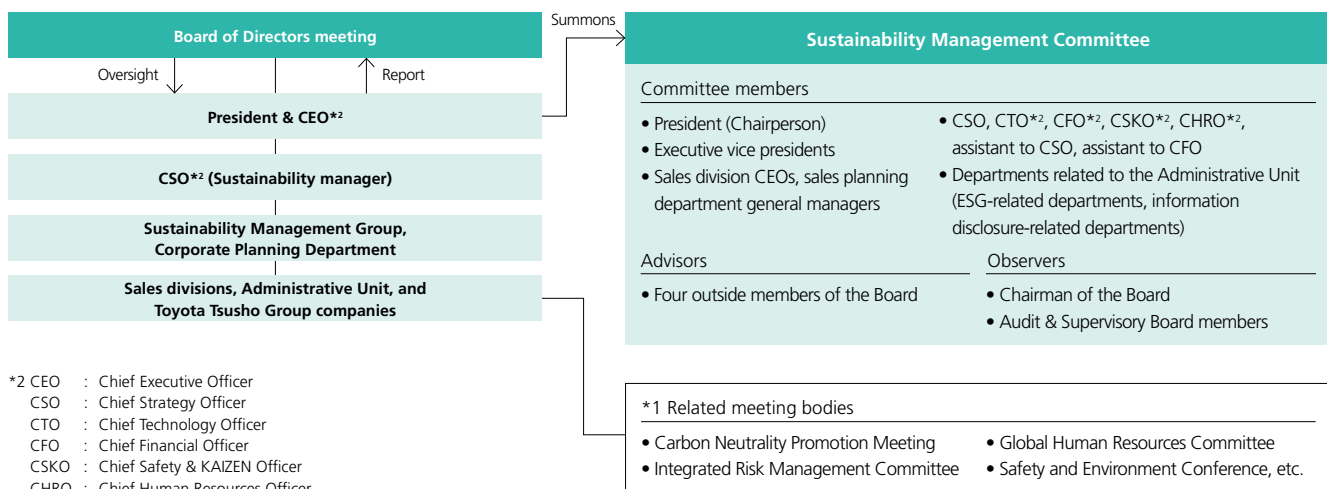
Promoting Sustainability Management

Promotion Structure

As shown in the diagram below, in Toyota Tsusho's sustainability management promotion structure, the president & CEO convenes the Sustainability Management Committee (see page 43 for details) under the supervision of the Board of Directors meeting, and reports the discussions and decisions of the committee to the Board of Directors meeting. In addition, members of the Board have abundant competence and experience in ESG-related issues, and a system is in place to ensure appropriate supervision by the Board of Directors meeting. Furthermore, each relevant meeting body*1 discusses specific themes related to sustainability, and in particular, climate change is discussed

at the Carbon Neutrality Promotion Meeting, which is chaired by the president & CEO and meets monthly to discuss strategies for the transition to a decarbonized society.

Under the supervision of the CSO (Hiroshi Tominaga, member of the Board), who is the officer in charge of sustainability, the Sustainability Management Group of the Corporate Planning Department serves as the secretariat and implements sustainability promotion measures in cooperation with each sales division, Administrative Unit, and group company.



Sustainability Management Committee

The Sustainability Management Committee meets annually to discuss and decide on important sustainability-related issues. The committee is chaired by the president & CEO and includes executive vice presidents, sales division CEOs, and relevant Administrative Unit officers as well as four outside members of the Board as advisors and the chairman of the Board and Audit & Supervisory Board members (full-time) as observers.

The committee determines important sustainability-related policies and discusses and decides on social trends and the company's response to them.

Sustainability Management Committee Meeting in December 2022

[Main Discussions and Decisions]

- Overall picture of sustainability surrounding the company and the direction of future initiatives
- Sharing of the latest trends in each ESG theme, their impact on the company, and the company's response to them
- Initiatives for materiality and future policies
- Comments from the chairman and outside members of the Board

The outside members of the Board participating as advisors commented that "as we move forward with our sustainability efforts, Materiality KPIs should be considered as indicators." Major discussions and decisions, including comments from the Sustainability Management Committee, were reported at the Board of Directors meeting held in December 2022, and actions are underway to address these issues.

In addition, an Administrative Unit subcommittee meeting is held once every two months for the heads of departments related to the Administrative Unit to promote initiatives on matters discussed and decided by the committee.



Sustainability Management Committee meeting

Key Sustainability Issues (Materiality)

To clarify the social issues that Toyota Tsusho needs to focus on based on its management strategies, the company has identified the Key Sustainability Issues (Materiality) that it needs to be aware of as it pursues its corporate philosophy and Global Vision.

Since 2020, the committee has also been tasked with setting key performance indicators (KPIs) for the identified material issues and promoting activities by checking the progress of these KPIs.

For details on process of identifying Key Sustainability Issues (Materiality), please see page 46.



Spreading Awareness among Employees

We incorporated into our employee evaluation indicators "contribution to the community, society, and the future" to encourage individual employees to take action with an awareness of the need to solve social issues. In addition, in fiscal years in which there are topics of concern, we invite a guest from the sustainability department of a leading company to give a lecture to our management and

employees on that company's initiatives, which is attended by employees of Toyota Tsusho as well as employees of domestic consolidated subsidiaries. Training on sustainability and material issues is also conducted annually for new employees, including mid-career hires, to inform them of the importance.

Sustainability Implementation Timeline

2005	2012	2018	2019	2020	2021	2022	2023
CSR Committee established	Supply Chain CSR Behavioral Guidelines established	Key Sustainability Issues (Materiality) were addressed by the Toyota Tsusho Group with priority identified based on the SDGs	Sustainability Management Group established in the Corporate Planning Department Sustainability Management Committee established	Materiality KPIs set Basic policy for human rights formulated	PDCA started on the established KPIs	Basic policy for human rights, environmental policy, and supply chain and sustainability behavioral guidelines revised	First ESG briefing held

List of Key Sustainability Issues (Materiality)

Key Sustainability Issues (Materiality) for Both Solving Social Issues and Achieving Corporate Growth



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

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

KPIs	Quantitative	<ul style="list-style-type: none"> Sales from products and services that will lead to zero traffic casualties
	Qualitative	<ul style="list-style-type: none"> Promotion of measures for the elimination of traffic casualties Expansion of safe and comfortable mobility services



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

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

KPIs	Quantitative	<ul style="list-style-type: none"> Volumes handled by the resource recycling business in the metals sector Plastic recycling volume
	Qualitative	<ul style="list-style-type: none"> Promotion of measures for the development of a recycling-based society

Key Sustainability Issues (Materiality) 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

From a safety perspective, we are engaged in a variety of activities to earn trust and confidence, including providing traffic safety education, operating safety education activities and other safety awareness activities, as well as quality assurance that can guarantee safety and security. From a compliance perspective, we are enhancing management transparency and strengthening corporate governance by providing a detailed code of conduct to be followed at all our sites and offices, both in Japan and overseas.

KPIs	Quantitative	<ul style="list-style-type: none"> Lost work time incident rate: Seeking zero accidents
	Qualitative	<ul style="list-style-type: none"> Measures for occupational safety Thorough compliance Reinforcement of internal control Reinforcement of measures for information security

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

Toyota Tsusho is actively increasing sales of next-generation environment-friendly vehicles, developing infrastructure such as hydrogen stations, reducing vehicle weight by using alternative materials, and securing lithium resources that support the increased production of automotive batteries. We will also contribute to the creation of a sustainable carbon neutral society by reducing automotive CO₂ emissions and CO₂ emissions throughout product life cycles, including in the logistics business, and taking on the challenges of eliminating CO₂ emissions from factories/plants. Further, we will contribute to the realization of a decarbonized society with renewable energy, leveraging the largest wind power generation company in Japan, Eurus Energy Holdings Corporation, and one of the largest solar power generation companies in Japan, Terras Energy Corporation.

KPIs	Quantitative	
		<ul style="list-style-type: none"> • Proportion of renewable energy in Toyota Tsusho's total electric power generating capacity • Expansion of the renewable energy business in Africa • Sales of products and services that contribute to energy saving and CO₂ emissions reduction • Toyota Tsusho's global market share of electrified vehicles • Toyota Tsusho's greenhouse gas emissions: Carbon neutrality by 2050



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

Toyota Tsusho is undertaking local infrastructure development, industrial development, job creation, and other measures to solve social issues in developing countries such as those in Africa and other regions through its automotive business and other business activities. In doing so, we encourage people's self-reliance while at the same time achieving growth for our company.

KPIs	Quantitative	<ul style="list-style-type: none"> • Sales from the Africa Division
	Qualitative	<ul style="list-style-type: none"> • New investment in developing countries including countries in Africa



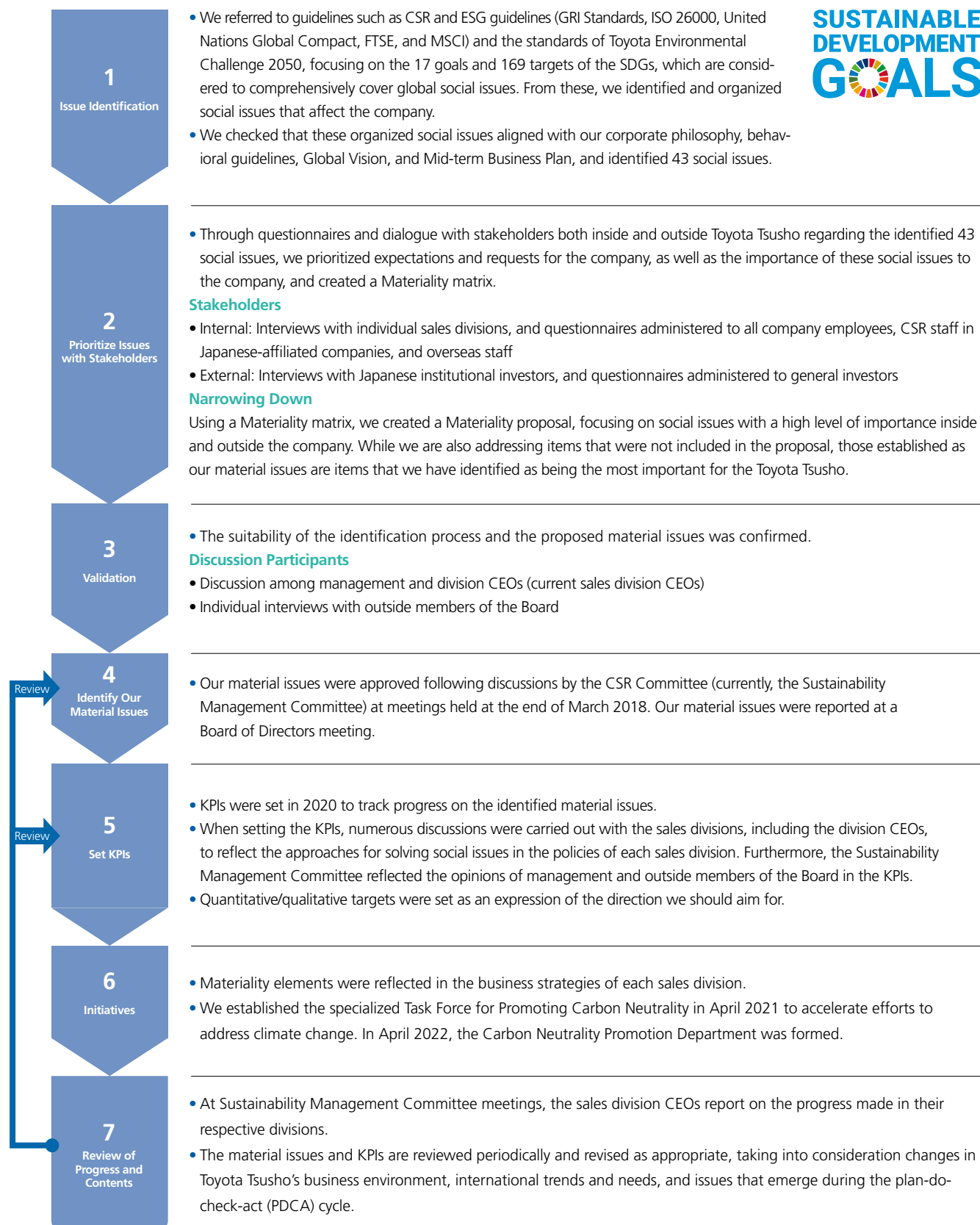
Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills

Toyota Tsusho promotes diversity, equity, and inclusion (DE&I) and reforms for more flexible and productive ways of working. We are also actively working to develop human resources who can create businesses from a global perspective, achieve success in the global market, and contribute to society within and outside the company. In supply chains in which we are involved, we are taking all measures to eliminate child labor and forced labor, thereby improving working environments from multiple perspectives.

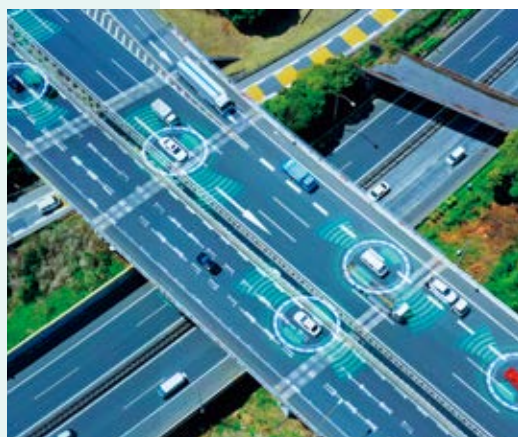
KPIs	Qualitative	
		<ul style="list-style-type: none"> • Human resources development • Promotion of health and productivity management • Promotion of DE&I • Right places for the right people and right people in the right places • Respect for human rights • Proactive external activities



Process of Identifying Key Sustainability Issues (Materiality)



Initiatives for Addressing Key Sustainability Issues (Materiality)



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

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

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



Related 7 Priority Domains

Next Mobility

Batteries

KPIs

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

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

Quantitative
KPIs

Result for the fiscal year
ended March 31, 2023

Target for the fiscal year
ending March 31, 2024

Target for the fiscal year
ending March 31, 2026

164.0 billion yen

170.0 billion yen

231.0 billion yen

Path to achieving the target for the fiscal year ending March 31, 2026

- Expanded handling of cutting-edge semiconductors, electronic components, etc., for the elimination of traffic casualties

Promotion of measures for the elimination of traffic casualties

- Operation of driving school business in India and Thailand
- Provision of auto mechanic training in Uganda in cooperation with United Nations High Commissioner for Refugees (UNHCR) to support refugees
- Implementation of traffic safety programs at elementary schools in Côte d'Ivoire
- Implementation of in-house safety programs at consolidated subsidiaries in Africa, with approximately 8,400 employees participating in 2022

Qualitative
KPIs

Expansion of safe and comfortable mobility services

- Investment in May Mobility, Inc., an autonomous driving shuttle service provider, and joint participation in an autonomous driving project
- Development of OTA* services (prevention of accidents and vehicle error)
- Establishment of Sora-iina, a drone logistics company, and provision of mobility services in areas where land infrastructure is underdeveloped

* Over-the-air: Remote software update function

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)



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

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

To tackle this issue, Toyota Tsusho is actively increasing sales of next-generation eco-cars (HEVs*1, PHEVs*1, BEVs*1, FCEVs*1, etc.), developing infrastructure such as hydrogen stations, reducing vehicle weight by using alternative materials, and securing lithium resources that support increased production of the automotive batteries essential for eco-cars. Our initiatives include reducing automobile CO₂ emissions and CO₂ emissions throughout product life cycles, including in the logistics business, and eliminating CO₂ emissions from factories/plants. Further, we will contribute to the realization of a decarbonized society with renewable energy, leveraging the largest wind power generation company in Japan, Eurus Energy Holdings Corporation, and one of the largest solar power generation companies in Japan, Terras Energy Corporation.



Related 7 Priority Domains

Renewable Energy & Energy Management

Africa

Hydrogen & Alternative Fuels

KPIs

Proportion of renewable energy*2 in Toyota Tsusho's total electric power generating capacity

Result for the fiscal year ended March 31, 2023

Target for the fiscal year ending March 31, 2024

Target for the fiscal year ending March 31, 2026

46%

54%

61%

Path to achieving the target for the fiscal year ending March 31, 2026

- In tandem with the communities, steady execution of projects under development and acceleration of development including M&A

Expansion of the renewable energy business in Africa

Results for the fiscal year ended March 31, 2023

Targets for the fiscal year ending March 31, 2024

Targets for the fiscal year ending March 31, 2026

Total electric power generation capacity

263 MW

263 MW

800 MW

Contribution to CO₂ emissions reduction

490,000 tons/year

490,000 tons/year

1,430,000 tons/year

Path to achieving the targets for the fiscal year ending March 31, 2026

- Expansion of the renewable energy development by strengthening the Africa development structure

Quantitative KPIs

Sales of products and services that contribute to energy saving and CO₂ emissions reductionContents: Businesses such as molten aluminum supply (which reduces CO₂ emissions by using recycled ingots), lithium, low power consumption electronic components (semiconductors, etc.)Result for the fiscal year
ended March 31, 2023Target for the fiscal year
ending March 31, 2024Target for the fiscal year
ending March 31, 2026**566.0** billion yen**590.0** billion yen**736.0** billion yen

Path to achieving the target for the fiscal year ending March 31, 2026

- Provision of energy-saving solutions and expansion of product lineups that reduce impact on the environment

Toyota Tsusho's global market share*³ of electrified vehiclesResult for
CY2022Target for
CY2023Target for
CY2026**10.0**%**11.0**%**26.0**%

Path to achieving the target for the calendar year 2026

- Sales increase of electrified vehicles in covered markets

Toyota Tsusho's greenhouse gas emissions*⁴: Carbon neutrality by 2050Result for CY2019
(benchmark year)Result for
CY2021Target for
CY2030Target for
CY2050**800,000** t-CO₂**761,000** t-CO₂**50%** reduction**Carbon neutrality**

For more details on Toyota Tsusho's initiatives toward carbon neutrality, please see pages 82–92.



Note: Both global market share of electrified vehicles and greenhouse gas emissions: Carbon neutrality by 2050 are based on a calendar year.

*1 HEVs (hybrid electric vehicles), PHEVs (plug-in hybrid electric vehicles), BEVs (battery electric vehicles), FCEVs (fuel-cell electric vehicles)

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

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

*4 Scope 1 and Scope 2

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)



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, Toyota Tsusho considers it a vital mission to consider the environment and secure and stably provide resources. To effectively use these limited resources, we will turn waste into resources. We will develop recycling businesses including recovery and processing of recyclable resources from scrap generated from end-of-life vehicles (ELVs), in the market, and at factories/plants, secure resources through urban mining, reuse used vehicles and parts, and recycle plastics, thereby contributing to a recycling-based society.



Related 7 Priority Domains

Circular Economy

Batteries

Economy of Life

KPIs

Volumes handled by the resource recycling business in the metals sector

Contents: Scrap collecting, recovering, and processing business, molten aluminum business, ELV recovery business, industrial waste processing business, and valuable metal scrap recycling business

Result for the fiscal year ended March 31, 2023	Target for the fiscal year ending March 31, 2024	Targets for the fiscal year ending March 31, 2026
6,300,000 tons	6,900,000 tons	9,000,000 tons

Path to achieving the target for the fiscal year ending March 31, 2026

- Increase in scrap collecting, recovering, and processing business and ELV recovering business due to the surging demand for recycled materials

Plastic recycling volume

	Results for the fiscal year ended March 31, 2023	Targets for the fiscal year ending March 31, 2024	Targets for the fiscal year ending March 31, 2026
PLANIC Co., Ltd.	Equivalent to 40,000 vehicles*	Equivalent to 250,000 vehicles	Equivalent to 700,000 vehicles
Toyotsu PET Recycling Systems Co., Ltd.	Equivalent to 0.7 billion PET bottles	Equivalent to 1.4 billion bottles	Equivalent to 2.0 billion bottles

Path to achieving the targets for the fiscal year ending March 31, 2026

- Transition volume increase along with increase of operating ratio

Promotion of measures for the development of a recycling-based society

- Establishment of a recycling scheme for car batteries (currently being developed in seven countries)
- Recycling of aluminum (recycling scrap as raw material, horizontal recycling of aluminum cans)
- Expansion of airbag scrap and cut-off pieces recycling business
- Launch of PATCHWORKS™, a project to promote a circular economy in the textile and fashion domain, and start of global sales of nylon fiber made from recycled fishing nets

* Converted as raw material for vehicle underbody covers



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

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

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



Related 7 Priority Domains



KPIs

Quantitative KPIs	Sales from the Africa Division		
	Result for the fiscal year ended March 31, 2023	Target for the fiscal year ending March 31, 2024	Target for the fiscal year ending March 31, 2026
	1,370.0 billion yen	1,380.0 billion yen	1,630.0 billion yen

Path to achieving the target for the fiscal year ending March 31, 2026

- Promotion of response to the growing middle class in the mobility, healthcare, consumer goods, and power & infrastructure fields

Qualitative KPIs	New investment in developing countries including countries in Africa	
	<ul style="list-style-type: none"> • Signing of MOUs with governments, institutions, and companies in African countries to continue to make new investments • Support for the identification and growth of start-ups in the mobility and healthcare fields in Africa through Mobility54 and Health54* • Establishment of a medical peripheral services company in India to contribute to the development of local healthcare by providing high-quality medical peripheral services for hospitals 	

* Corporate venture capital specializing in start-ups in Africa, aiming to solve social issues and create next-generation businesses through investments in the mobility field (Mobility54) and healthcare field (Health54)

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)



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.

Toyota Tsusho does its utmost to ensure safety at 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 Workshop and ensuring high levels of quality that guarantee safety and security.

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



For details on safety and compliance, please see pages 54–56. [>](#)

KPIs

Lost work time incident rate*1, *2: Seeking zero accidents

Result for the fiscal year ended March 31, 2022

Result for the fiscal year ended March 31, 2023

0.61

0.70

Quantitative
KPIs

0.09 increase year-on-year

Increase in the number of accidents mainly caused by unskilled workers as a result of an increased number of retirees after the COVID-19 pandemic

The following countermeasures are being thoroughly implemented:

- Continuation of follow-through activities,*3 foreman training, and follow-up activities**4
- Education on 18 ironclad rules*5 to prevent (STOP6*6) accidents that lead to serious accidents
- Wearing of correct personal protective equipment

Measures for occupational safety

- Establishment of a system to ensure worker safety

Results

- Made occupational safety activities in each region self-reliant
- Promoted follow-through activities
- Provided training materials and other measures for major overseas sites to become self-reliant in safety activities, thus boosting internal communication about safety activities

Thorough compliance

- Compliance with the Global Code of Conduct & Ethics (COCE)

Results

- Designated October every year as Compliance Month to raise awareness among officers and employees, with messages from management and various training programs and seminars
- Expanded the global whistleblowing system "SPEAK UP" to domestic and overseas consolidated subsidiaries

Reinforcement of internal control

- Strengthening of the functions of the Board of Directors meeting

Result

- Reviewed the criteria for Board of Directors meetings and implemented communication opportunities with outside members of the Board to enhance discussions at Board of Directors meetings

Reinforcement of measures for information security

- Reinforcement of response to cyberattacks

Result

- Strengthened preventive measures against cyberattacks and increased the number of teams dedicated to initial response in the event of a cyberattack

*1 The number of fatalities and injuries resulting from industrial accidents per million hours of actual work

*2 Scope: Main domestic and overseas affiliated companies

*3 Activities to eliminate recurrent accidents by identifying disaster themes (high-risk accidents, e.g., prevention of caught-in-between accidents, entrapment accidents, etc.) and implementing safety measures for them on a global basis

*4 Establishment of a support system at the head office for business units that require intensive support

*5 18 ironclad rules to prevent (STOP6) accidents (e.g., installing fences around the machinery that possibly cause accidents, a separation of path for pedestrian and vehicles)

*6 Six accidents that lead to possibly serious ones, including accidents caused by (1) moving machinery, (2) heavy objects, (3) contact with vehicles, (4) falls, (5) electric shock, and (6) high temperatures.



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

Toyota Tsusho promotes diversity, equity, and inclusion (DE&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 are providing occupational training opportunities to local communities and actively developing human resources within and outside the company who are valuable to and contribute to society. Starting with our company, we are taking measures to eliminate child labor and forced labor from our entire supply chain, thereby improving the labor environment from various perspectives as a company that values and protects people.



For details on our human resources strategy, please see pages 60–69. [➤](#)

KPIs

Qualitative KPIs

Human resources development

- Development of aspiring human resources who can take the initiative in management and engage in joint creation with others

Results

- Implemented selective training for employees of Toyota Tsusho Group companies around the world to develop global management human resources
- Implemented selective in-house training to acquire management aspirations and skills that are “unique to Toyotsu,” as well as next-generation management/leader development training for employees of group companies in Japan

Promotion of health and productivity management

- Maintenance and improvement of the physical and mental health of every employee

Results

- Selected as a health and productivity management brand for three consecutive years
- Made improvement of employees’ health literacy a top priority and implemented measures based on the three guidelines for health and productivity management
- Established a health and productivity management strategy map, implemented measures and seminars to improve target indicators, and started reducing the number of employees working long overtime hours

Promotion of DE&I

- Active participation by diverse human resources
- Review of work styles and support of work–life balance
- Fostering a corporate culture that leverages diversity and changing individual awareness

Results

- Formulated individual development plans for female employees and implemented internal and external mentoring programs as measures to support the active participation of women
- Implemented office reforms and revised the telecommuting system toward realizing work styles that reflect the identity of Toyota Tsusho in this era of a new normal
- Revised the childcare leave system and conducted training to encourage male employees to use it
- Expanded the number of participants in training programs aimed at improving the communication skills of supervisors, and supported alumni activities after the programs

Right places for the right people and right people in the right places

- Strengthening of management foundation through proactive efforts to put the right people in the right places and find the right places for the right people

Results

- Visualized human assets (successor candidates) from among all group employees who can play expected roles in major posts in Japan and overseas
- Formulated individual development plans for all successor candidates and discussed them at the Global Human Resources Committee
- Acquired ISO 30414 certification (for second Asian company/first distribution company) to strengthen human capital management

Respect for human rights

- Understanding human rights issues in the countries and regions where we do business and taking appropriate measures to solve them

Results

- Clarified stance on human rights in the Supply Chain Sustainability Behavioral Guidelines and asked suppliers to share and implement the guidelines
- Conducted human rights due diligence efforts for all consolidated subsidiaries to address human rights risks through business activities

Proactive external activities

- Activities and growth with deep ties to local communities through participation in volunteer activities and other programs
- Support for the development of future leaders through programs such as the international student scholarship program

Results

- Held a series of online lectures by potential donor organizations to promote employees’ understanding of social contribution activities and encourage participation in external activities (five lectures were held in the fiscal year ended March 31, 2023)
- The international student scholarship program welcomed its 12th class of 15 students and continues to operate as an international education support program

Note: For quantitative information on human capital, please see pages 70–73 and the Human Capital Report.

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Health and Safety Policy

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

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

To heighten employee sensitivity to danger by having them experience hazardous work, in 2009 we established a Practical Safety Workshop at Toyota Steel Center Co., Ltd. The workshop offers simulations of 60 different types of hazards, including being squeezed between objects and dangers involving heavy items. Educational materials on predicting six types of hazards have also been prepared. Workshop attendance is also open to the personnel

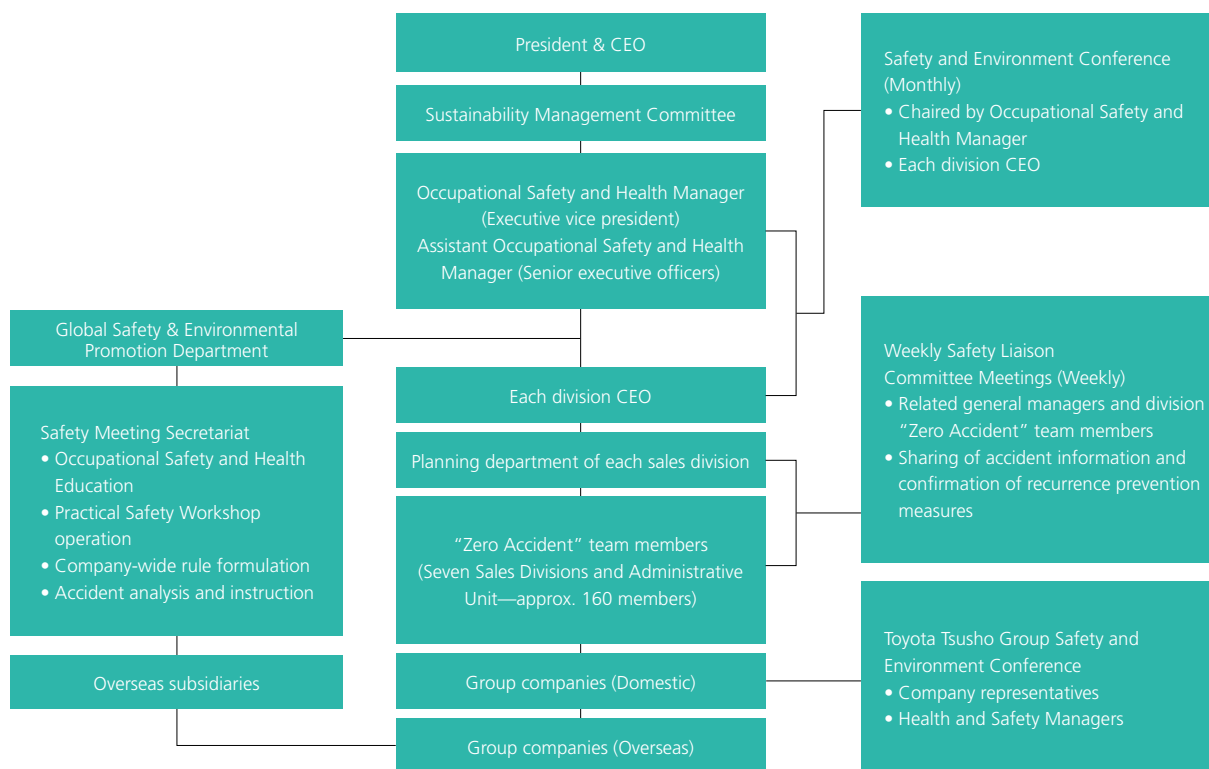
of suppliers who take part in Toyota Tsusho's Safety and Health Cooperation Council. The workshop serves to raise awareness regarding safety and health. Despite the effects of the COVID-19 pandemic, a total of 473 persons participated in workshops in the fiscal year ended March 31, 2023, and the cumulative number of participants since the establishment of the workshops reached 10,456 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. 82 people participated in the fiscal year ended March 31, 2023, and more than 800 participants from the Toyota Tsusho Group have attended these workshops to date.



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

Toyota Tsusho Group Safety Management System (As of April 2023)



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.

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

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

▶ Global Code of Conduct & Ethics (COCE)

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

We require all officers and employees to report any concerns about possible COCE violations through the proper channels, and we guarantee that no retaliatory actions or measures will be taken against the whistleblower under internal regulations. The proper channel includes supervisors and the Administrative Unit, as well as our global whistleblower system, which accepts anonymous reporting in more than 150 languages.

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

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

If there is a concern about a possible COCE violation, the Compliance & Crisis Management Department, together with related departments such as the Legal Department and the Global Human Resources Department, thoroughly investigate the case and take appropriate action based on the Incident Response Manual, under the supervision of the Board of Directors meeting. 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, 2023, is shown on the right. Note that there were no violations seriously affecting our group's operation.

Total Number of
Violations

48

Sustainability Strategy

Initiatives for Addressing Key Sustainability Issues (Materiality)

Corruption Prevention

1. Basic Policy

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

2. Supervision by the Board of Directors Meeting

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

3. Specific Initiatives

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

4. Training

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

5. Individual Response to COCE Violations

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

6. Examples of Uncovered Corruption

In the fiscal year ended March 31, 2023, 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 150 languages), and makes it easier for employees to report or consult on matters related to COCE violations, including all forms of corrupt acts and human rights violations, by providing a global service with greater anonymity and confidentiality. Notices or reports on all whistleblowing information and the status of responses are sent to Audit & Supervisory Board members, and a whistleblowing system that allows whistleblowers to notify directly to Audit & Supervisory Board members has been established to ensure independence from management.

Activities to Raise Compliance Awareness

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

Tax Governance Policy

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

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

Under our basic policy, we strive to eliminate double taxation and appropriately utilize tax incentives to achieve appropriate tax costs.



For information on specific compliance initiatives, please see "Compliance" on Toyota Tsusho's website.
<https://www.toyota-tsusho.com/english/sustainability/governance/compliance.html>

Environmental Management

■ Toyota Tsusho Group's Environmental Policy

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

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

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

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

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

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

■ Toyota Tsusho Group Biodiversity Guidelines

Basic approach

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

Contributing through the creation of new businesses

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

Cooperating with society

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

Information disclosure

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

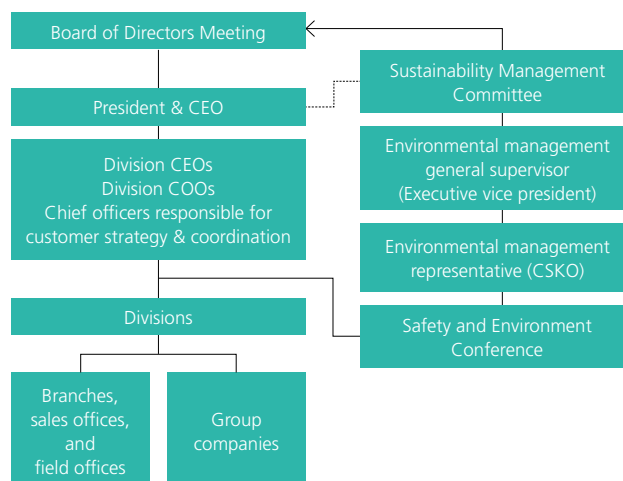
Structure for Promoting Environmental Management (As of April 2023)

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

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

In 2022, the group underwent a periodic external audit for ISO 14001:2015 certification. The certification is valid until December 31, 2024. ISO 14001 certification has been acquired by 70 domestic subsidiaries and 139 overseas subsidiaries.

Toyota Tsusho Group's Environmental Management



Sustainability Strategy

Environmental Management

Initiatives to Reduce Our Impact on the Environment

For our current business framework, we quantitatively evaluate the degree of risk of environmental pollution being caused by our business operations including all equipment and the level of worksite control to reduce our risk of environmental pollution. We also evaluate our adherence to environmental laws and regulations every six months and implement double checks on legal observance for key issues through internal and external audits.

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

CDP

Toyota Tsusho has been participating in CDP since the fiscal year ended March 31, 2017. CDP, which is an international NGO that was established in London in 2000, calls on participating companies to disclose strategies for climate change and specific figures on the amounts of greenhouse gases emitted. As a representative of institutional investors with total operational assets reaching 130 trillion U.S. dollars, CDP sends questionnaires to companies, analyzes and evaluates their responses, and discloses scores. Scores are ranked according to eight levels: A, A-, B, B-, C, C-, D, and D-.

CDP Evaluation Results for the Fiscal Year Ended March 31, 2023



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

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.



For information on management and initiatives regarding the environment, please see the "Environmental Management" section on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/sustainability/environment/management.html>

Biodiversity

Toyota Tsusho formulated the Toyota Tsusho Group Biodiversity Guidelines (see page 57) in December 2015 (revised in December 2019).

Concerning new investment projects, we conduct research and assessments before investment to assess the overall environmental impact of a project including the preservation of forests and biodiversity and the effective use of resources, energy, and water. We take action to protect the environment and reduce environmental burdens and achieve compatibility between biodiversity and business activities.

For our current business framework, we quantitatively evaluate the level of risk of environmental pollution being caused by our business operations including all equipment and the level of worksite control to reduce our risk of environmental pollution. We also conduct risk assessments including the biodiversity of existing businesses by performing internal audits of environmental management systems, which are a part of our ISO 14001 activities. 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 information on initiatives and performance data regarding biodiversity conservation, please see the "Biodiversity" section on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/sustainability/environment/biodiversity.html>

Water Resources

The group is cognizant that the sustainable use of water resources is a crucial issue and expressly indicates this in its group environmental policies. The group is working to raise use efficiency and reduce usage by optimizing usage and implementing comprehensive reuse.

Specifically, we used the Aqueduct water risk assessment tool of World Resource Institute (WRI) and identified regions in countries where we operate that are at risk of severe water shortages, flooding, and so on, and engage in business activities based on an awareness of these risks.



For information on water resource management, initiatives, and performance data regarding the environment, please see the "Water Resources" section on Toyota Tsusho's website.

<https://www.toyota-tsusho.com/english/sustainability/environment/water-resources.html>

Pollution Prevention

The group complies with the Air Pollution Control Act, Water Pollution Control Act, and other relevant laws and regulations, and takes action to reduce the release of pollutants.

We are actively working to maintain and preserve the natural environment by implementing daily management based on our unique standards and checking compliance through internal audits.

Supply Chain Management

Basic Approach

As a company that develops diverse businesses globally, protecting supply chains is a fundamental concept that serves as the foundation of our management and reflects our corporate philosophy of “Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.” Together with our suppliers, we will promote efforts to build a sustainable supply chain that takes human rights, labor environments, and the natural environment into consideration.

Dissemination of the Supply Chain Sustainability Behavioral Guidelines

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

In the 2022 revision, we mainly clarified our stance on human rights and the environment further as well as changed the name of the guidelines to the Supply Chain Sustainability Behavioral Guidelines. The contents of the guidelines have been reported to the Board of Directors meeting.

In line with the 2022 revision, we have notified approximately 5,800 of our suppliers as well as domestic and overseas consolidated subsidiaries of these guidelines and asked them to disseminate these guidelines and put them into practice. We will continue to update the content of these guidelines as appropriate in response to changes in the external environment.



For additional information on the Supply Chain Sustainability Behavioral Guidelines, please see the “Supply Chain” page on Toyota Tsusho’s website.

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

Supply Chain Management Education and Training

We have been conducting training and e-learning programs for our employees to ensure that they understand our supply chain management policy and put it into practice. In the fiscal year ended March 31, 2023, we held a briefing session for employees of our overseas consolidated subsidiaries to explain the contents of our Supply Chain Sustainability Behavioral Guidelines and to disseminate them to their suppliers.

Concerning safety management, we have provided occupational safety and health education to our major suppliers in Japan. In addition, we are working to raise awareness of occupational safety and health by having not only our group companies but also our suppliers participate in the Practical Safety Workshop held at Toyota Steel Center Co., Ltd., one of our group companies.

Contract Provision

In June 2022, we added a sustainability clause to the template of our Basic Sale and Purchase Agreement. The sustainability clause, which requires suppliers to comply with our Human Rights Policy, Environmental Policy, and Biodiversity Guidelines in line with our Supply Chain Sustainability Behavioral Guidelines, is used in this agreement.

Human Rights Due Diligence in the Supply Chain

We are promoting human rights due diligence in our supply chain with reference to the UN Guiding Principles on Business and Human Rights. We will conduct risk analyses in our supply chain, and for those suppliers identified to be at high risk, we will conduct questionnaires and, if necessary, on-site audits to identify, prevent, and mitigate negative human rights impacts.

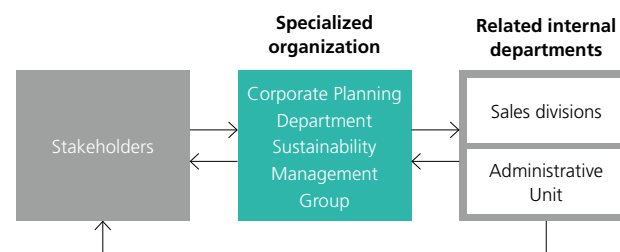


For additional information on the Supply Chain Sustainability Behavioral Guidelines, please see the “Supply Chain” page on Toyota Tsusho’s website.

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

Establishment of an Inquiry Page for Sustainability

We have established a system to receive opinions and requests regarding sustainability from our stakeholders through an inquiry page on our website. The opinions and requests we receive are shared with the relevant departments within the company through a specialized organization and are linked to initiatives aimed at solving issues.



Contact Us

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

Message from the CHRO –Human Capital Management at Toyota Tsusho

We will realize our ideal of
“People Company Toyotsu,” and
be a value-generating corporation
that contributes to the creation of
prosperous societies by enhancing
the value of our human capital.

Makiko Hamase
Chief Human Resources Officer (CHRO)



Our Vision

We believe that our business strategies and HR strategy, which form the foundation of our management strategy, are two sides of the same coin. We consider the promotion of an HR strategy that is linked to our business strategies to be the key to our growth.

To achieve this, we view our employees as “human capital,” and believe that it is essential to have an environment and corporate culture that continuously increases their value and a system that

makes the most of each individual. Our vision is to realize “People Company Toyotsu,” and be a value-generating corporation that contributes to the creation of prosperous societies by enhancing the value of our human capital.

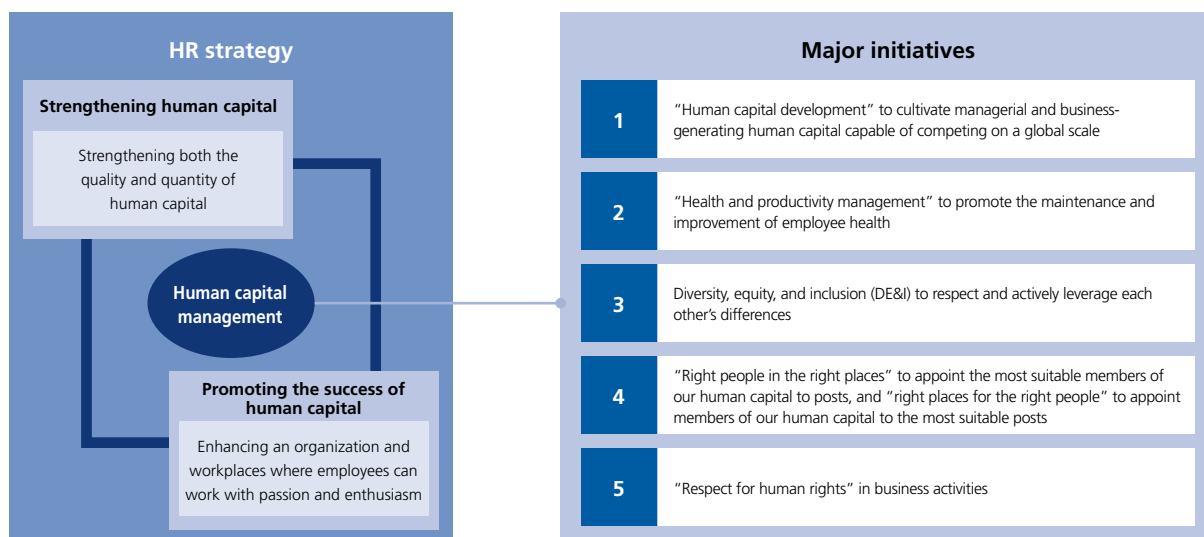


Be the **Right ONE**



HR Strategy to Realize “People Company Toyota”

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



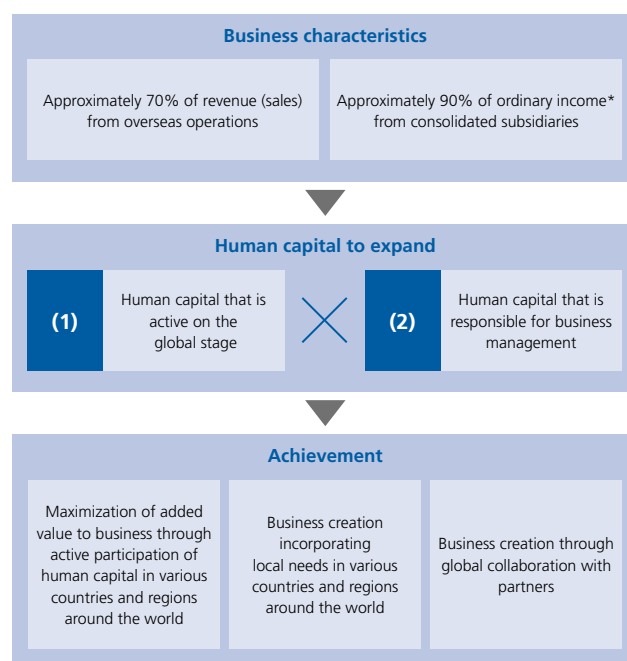
Acquisition of ISO 30414

We acquired ISO 30414 certification, an international guideline for the disclosure of information on human capital, on October 31, 2022. We are the seventh company in the world (the second company in Asia) and the first company, and the first in the wholesale industry to acquire this certification. We will strive to further strengthen our human capital by implementing the PDCA cycle of our HR strategy with ISO 30414 in mind.

Cultivating Human Capital that Matches Our Business Strategies

We operate in approximately 130 countries and regions around the world. Approximately 70% of our revenue (sales) comes from our overseas operations, and approximately 90% of our ordinary income* comes from our consolidated subsidiaries. We believe that to contribute to the development of local communities on the global stage through business management by our consolidated subsidiaries, it is essential to expand (1) human capital that is active on the global stage, and (2) human capital that is responsible for business management. We are strengthening our efforts to develop such human capital.

* Ordinary income is profit before income taxes, adjusted for non-recurring, extraordinary, and significant gains and losses arising from non-operating activities, which indicates the "earning power" of a sales division or business entity.



Toyota Tsusho's Human Resources (HR) Strategy


Human capital development

Purpose and Policy

Toyota Tsusho practices the Toyota Tsusho Group Way, which adopts as its keywords “*Shokon*” (a passion for business), “*Genchi, Genbutsu, Genjitsu*” (on site, hands on, in touch), and “Team Power” (teamwork). We conduct various educational and training programs and strive to enhance employee skills so that they can independently 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 global

business creation and business management to continuously achieve active value creation with our global partners.

Our educational programs are made up of three parts: On-the-job training, off-the-job training (seminars and courses), and self-improvement (distance or online learning courses, etc.). Every year, each employee develops a future career plan and engages in dialogue with supervisors to discuss self-realization through business assignments and participation in training programs for skill development. In recent years, the programs have also been actively utilizing e-learning.

Theme	Examples of major initiatives and results
Training	<p>We offer programs aimed at developing global leaders who will lead the future of our company by improving our capabilities in the three axes of “global,” “business professional skills,” and “Toyota Tsusho Group Way leadership.”</p> <ul style="list-style-type: none">• Global Cross-cultural communication and management training• Business professional skills Practical-knowledge learning programs, open-type business skills training, and e-learning• Toyota Tsusho Group Way leadership Practical training based on the Toyota Tsusho Group Way, liberal arts
	<p>Global selection and training</p> <ul style="list-style-type: none">• GALP (Global Advanced Leadership Program) We offer a six-month program for next-generation management candidates selected from around the world to “learn about the world, the company, and oneself.” The program is designed in coordination with leading overseas business schools and includes direct guidance by our management team. Also, as action learning through in-depth exploration of personal aspirations and group-made proposals to the company on management strategies, the program is designed to nurture global leaders who can lead diverse and ambitious human resources.
	<p>We are also newly implementing “alumni activities” for former GALP students to establish a global network among our employees through which they can mutually share information and innovation.</p> <ul style="list-style-type: none">• LDP (Leadership Development Program) This program is designed in coordination with overseas start-ups to develop junior and mid-career management candidates to be full of entrepreneurial spirit and leadership so that they can manage our group in the future.
	<p>CEP (CEO Essentials Program)</p> <p>This program is designed to develop human resources who will be responsible for the management of Toyota Tsusho Group companies in Japan and overseas (approximately 800 companies), providing them with opportunities to acquire management aspirations and skills that are “unique to Toyota.”</p>
	<div><p>GALP2022</p></div>

Training

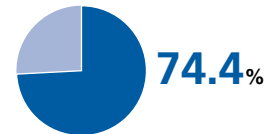
Language Intern Program

This is a program for junior employees to acquire language skills for approximately one year at overseas universities or language education institutions to develop human resources who can respond to our business style in which many of our employees are posted overseas. The program is designed to help employees develop their careers by learning the language as well as local culture and business customs.

Overseas dispatch of junior employees

We strive to offer each employee an opportunity to work overseas within eight years of hiring, aiming to develop a global mindset through practical overseas experience.

**Overseas Experience within
Eight Years of Hiring**
(average for the last three years)



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

Acquiring experience and skills that can only be gained through overseas assignment

Name: Van Duong

Home country: Socialist Republic of Viet Nam

Career history:

April 2020: Joined Toyota Tsusho Corporation, in charge of training programs for selected employees of group companies worldwide

April 2023: Dispatched to Toyota Tsusho's U.S. subsidiary as a practical trainee

Purpose of dispatch:

To promote the growth of human resources who can create new value by deepening their insight and bringing them into contact with diverse values through work in different cultures.

Comment from the participant:

I would like to deepen my understanding of different cultures and diversity, hone my communication skills, and acquire the experience and skills necessary to formulate and implement a global HR strategy through practical training in the global HR department of Toyota Tsusho America, Inc., in the United States. I would also like to utilize the experience and skills I acquire through this practical training to develop and implement the Toyota Tsusho Group's HR strategy globally as an HR professional to help realize a strong organization.



Participated in safety training

Skills acquired in practical training programs enable me to envision my future career

Name: Nao Iwase

Home country: Japan

Career history:

April 2019: Joined Toyota Tsusho Corporation, in charge of trading activities for the Republic of Mauritius and the Republic of Seychelles

June 2020: Participated in a French language course in France

April 2021: Business practices trainee at CFAO

April 2022: Deployed to CFAO

April 2023: In charge of healthcare and consumer business in the Strategic Business Group of the Africa Planning Dept., Africa Division, Japan

Purpose of dispatch:

To acquire business skills and build a foundation for eventually becoming a staff member of either the African regional headquarters or a distributor in Africa by accumulating a wide range of experience in business practices overseas.

Comment from the participant:

I acquired the skills to understand and respect others and to engage in projects involving all staff members concerned at CFAO, at which not only those from Japan but also those from Europe, Africa, and Asia work together. I believe that this has enabled me to now candidly and openly execute business with staff members from Japan and overseas. Going forward, leveraging the aforementioned skills, I would like to acquire business-creation abilities while involving CFAO staff members and our Japanese partners or companies who are willing to tap markets in Africa. For Toyota Tsusho to be an organization capable of solving actual social issues and offering value, leveraging my experience from the training program, I would like to always be curious, frank, and open, regardless of my environment.



First business trip to Africa
(the Republic of Cote d'Ivoire)

Health and productivity management

Purpose and Policy

We strive to raise the health awareness of our employees based on the belief that initiatives related to health maintenance and promotion enhance their engagement, invigorate the organization, and, ultimately, contribute to greater productivity for the company.

We consider "improving health literacy*" as a top priority issue, and are promoting various measures based on our Three Guiding Principles of Health Management.

* All employees independently maintain and improve their own health conditions.

Toyota Tsusho Group Employee Health Management Declaration

We of the Toyota Tsusho Group recognize that the physical and mental health of our employees is our most important asset.

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

President & CEO Ichiro Kashitani

Three Guiding Principles of Health Management

Employee Health

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

Improvement of Workplace Vitality

We will support the creation of work environments that facilitate mutual respect for the working style of each member of our diverse workforce and in which each person can actively participate, based on our diversity, equity, and inclusion (DE&I) policy. We aim to maximize organizational vitality and performance through reforms in work styles and increasing job satisfaction.

Social Contribution

With the active participation of each and every employee who is healthy in mind and body, we will strive to endlessly contribute to the achieving of prosperous societies for an irreplaceable future through wholesome business activities around the world.

Theme	Examples of major initiatives and results
Employee health	Healthy Lifestyles Challenge 8 Program Employees are awarded one point for each of the eight lifestyle factors (desirable weight, exercise, alcohol, quit smoking, breakfast, snack/sweet, sleep, and stress), with eight being a perfect score. We use the average score of our employees as a KPI for evaluating health and productivity management and implement plans to improve the KPI. In the fiscal year ended March 31, 2023, the KPI was 5.34 points. Our target is to raise this to 6.5 points by the fiscal year ending March 31, 2026.
Improvement of workplace vitality	Reforms in work styles and increasing job satisfaction We have been implementing various initiatives based on the basic policy of reducing long working hours after joint consideration by labor and management. These initiatives include turning off all lights at 8:00 p.m. to encourage employees to go home earlier, gradually lowering the upper limit of the 36 Agreement, improving employees' knowledge and awareness of labor management, and encouraging employees to take paid holidays once a month as well as refreshment leave.* We respect the diverse work styles of our employees and support work styles that suit each individual's lifestyle through initiatives such as office renovations, shortened core hours for our flextime system, and the expansion of our teleworking system.

* Paid holidays with welfare allowance, which employees can take every five years of employment

Theme	Examples of major initiatives and results
Social contribution	<p>Countermeasures against COVID-19</p> <p>A task force was established in January 2020, and in parallel with the implementation of infection countermeasures, such as monitoring the infection situation and responding to individual cases, we have continued to create a safe working environment for employees by holding in-house seminars, conducting workplace inoculations for a total of 23,000 employees (including those at group companies), and promptly sharing and posting related information via the company intranet.</p>

Selected as a Health & Productivity Stock by the 2023 Health and Productivity Stock Selection

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

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



Diversity, equity, and inclusion (DE&I)

Purpose

We respect and accept differences, such as in gender, age, nationality, and other attributes, and promote making the most of these differences under our management strategy for DE&I. We will create diverse ideas and synergy to flexibly cope with the changing

business environment and diversifying customer needs and to reinforce the competitiveness of our entire corporate group for sustainable growth in the future.

Policy

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



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

Theme	Examples of major initiatives and results
Outstanding performance of diverse human capital	<p>Development of global human capital</p> <p>We are promoting the development and promotion of human resources with an eye toward business "glocalization," including the selection of employees from overseas affiliates for general manager positions at our head offices.</p> <p>Promoting active roles for female employees</p> <p>We support the development and continuation of the careers of female employees through a mentoring program for developing female leaders, a leave of absence system for employees whose spouses are posted overseas, and a career bridge system* among other measures.</p>

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

Human Resources (HR) Strategy

Toyota Tsusho's Human Resources (HR) Strategy

Theme	Examples of major initiatives and results
Outstanding performance of diverse human capital	<p>Provision of diverse career paths under the new human resources management system</p> <p>With the classification between global and regional positions being according to whether or not they require relocation, we provide opportunities for employees to be active based on their abilities and career aspirations through a personnel system in which the scope of work they can be responsible for is shared.</p> <p>Career development workshop to support the success of middle-aged and elderly employees</p> <p>We provide middle-aged and elderly employees with opportunities to envision their career objectives and support the transformation of their awareness and behavior to remain active in their careers. This program focuses on employees' own awareness through multifaceted communication with supervisors and the Global Human Resources Department rather than one-way learning through lectures.</p>
Work-style improvements and work-life balance	<p>Provision of diverse work styles</p> <p>We have introduced flexible work options for employees, including a flextime system, a work-from-home system, and a shortened working hour system for childcare. We also encourage our employees to take paid holidays and especially male employees to take childcare leave.</p>
Fostering a corporate culture that leverages diversity and changes people's mindset	<p>Periodic review at Executive Meetings</p> <p>Division CEOs set DE&I annual initiative targets for their organizations and provide opportunities to report on progress and results at the Executive Officers Meeting and Board of Directors meetings. In doing so, they raise employee awareness of the need for diverse individual advancement as well as reflect achievements in their evaluations.</p> <p>Office reform</p> <p>We are striving to improve job satisfaction by not only keeping offices clean and tidy but also by creating places where employees can meet and innovate.</p> <div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;">Head Office (Nagoya) 11th floor Head Office (Tokyo) 19th floor</p> <p>Ikiwaku Project</p> <p>We are engaged in activities for the sustainable increase of organizational productivity through the lively work of diverse human resources. Employees discuss issues within the organization in small groups, such as by office or group, and voluntarily formulate and implement action plans to solve them under four guidelines: share your ideal self; everyone shares their own opinions; accept different ideas and values; build consensus, cooperate, and co-create.</p> <p>Evolution HUB</p> <p>We have established the "Evolution HUB" consisting of organizational development professionals. We contribute to the creation of strong individuals and organizations through cross-organizational collaboration opportunities (coaching, dialogue meetings, etc.).</p> <p>Engagement survey</p> <p>We visualize the state of each organization through an engagement survey, and then hold workshops, lectures, and other events to encourage employees to be passionate and active.</p>

Theme	Examples of major initiatives and results
Fostering a corporate culture that leverages diversity and changes people's mindset	<p>HCP (Hybrid Communication Program)</p> <p>We provide training for members of middle management to acquire communication skills, including coaching, to maximize the autonomy and ability of each employee they manage. A total of approximately 300 employees participated in the training up to the fiscal year ended March 31, 2023. Through the Advanced HCP, launched in September 2021, we are producing human resources who can practice the human resource development methods learned in the HCP at an even higher level. Participants work as in-house coaches after completing the training.</p> <p>"Lead the SELF" independent career program</p> <p>Each employee reflects on their mid- to long-term career vision and considers milestones toward the realization of their aspirations and values, as well as actions to contribute to their organization.</p>

Right people in the right places and right places for the right people

Purpose and Policy

We strive to secure and develop strong individuals and build strong organizations by having "the right people in the right places and the right places for the right people," toward the realization of "Be the Right ONE."

Policies of the right people in the right places and the right places for the right people

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

Theme	Examples of major initiatives and results
Reinforce the talent management process	We strive to secure successor candidates for global key management positions which are clarified as important for consolidated management with a definition of expected roles and required skills. Progress is shared and discussed in an annual company-wide meeting including management (the Global Human Resources Committee). In light of the results of the meeting, we refine our effort using the PDCA cycle toward expanding our pool of human resources.
"Glocalization" of personnel	<p>We employ and develop local human resources in each area and transfer authority to them so that they can autonomously manage the business. We also reinforce governance to support their autonomous management.</p> <p>We select posts for which locally employed human resources can be promoted from global key management positions and review these posts annually. We also select successor candidates and systematically develop them to raise the percentage of locally employed staff.</p>
Establish human capital data infrastructure	We have been gradually introducing information system infrastructure to support the abovementioned initiatives.
Promote inter-division/function assignment mobility	We have established a system that enables employees who meet certain requirements to be prioritized for transfer if their needs match those of the organization to which they wish to be transferred, thereby increasing the mobility of human resources within the company. Specifically, we have introduced a "challenge rotation system," in which the Global Human Resources Department coordinates transfers based on employee requests, and a "challenge post system," in which employees can apply for a position based on the organization's needs and the organization will match the employee with the position.

Respect for human rights

Toyota Tsusho Group Human Rights Policy

Policy and basic concept

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

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

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

1. Our stance on international norms and laws

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

Our Behavioral Guidelines stipulate that, as a good corporate citizen, "We will respect people and strive to create an engaging workplace," and our Global Code of Conduct & Ethics (COCE) specifies our respect for human rights and stresses our concern for those rights.

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

2. Scope of application

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

3. Human rights due diligence

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

4. Remediation and remedy

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

5. Grievance mechanism

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

6. Education

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

7. Progress confirmation and information disclosure

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

8. Dialogue/discussion with stakeholders

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

Initiatives for specific issues

Rights of children

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

Rights of indigenous peoples


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

Our stance on security firm appointment

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

Prevention of modern slavery

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

Theme	Examples of major initiatives and results
Human rights policy	<p>The Toyota Tsusho Group positions this policy as its highest-level policy regarding human rights. This policy was reported to the Board of Directors meeting of Toyota Tsusho Corporation on March 29, 2022.</p> <p>We inform suppliers of the Supply Chain Sustainability Behavioral Guidelines and ask them to put the guidelines into practice to further clarify our common understanding of sustainability, including our Group Human Rights Policy.</p>
Human rights due diligence	<p>Human rights due diligence process</p>  <pre> graph LR S1[STEP 1 Risk identification and assessment] --> S2[STEP 2 Investigation into actual status] S2 --> S3[STEP 3 Remediation and remedy] S3 --> S4[STEP 4 Disclosure of information] </pre> <p>Initiatives for consolidated subsidiaries</p> <p>Toyota Tsusho has initiated human rights due diligence efforts for all of its consolidated subsidiaries from the fiscal year ended March 31, 2022, to address human rights risks that impact society through its business activities.</p> <p>We analyzed human rights risks from the three perspectives of business nature (business sector), location (country), and product related. We identified 93 companies that we considered to require prioritized risk assessment and surveyed these companies through questionnaires on the status of management of specific assumed human rights risks. Based on the results, we identified companies that we believe require further investigation and conducted interviews with them in the presence of a third-party organization to investigate their actual status. Although this process did not identify any human rights issues that are likely to emerge immediately, we will continue and strengthen our efforts to reduce human rights risks in the future. The status of this process and the evaluation results were reported to the Sustainability Management Committee.</p> <p>Initiatives for the supply chains</p> <p>We have been conducting human rights due diligence for human rights risks in the supply chains since the beginning of the fiscal year ending March 31, 2024. We analyze human rights risks from the three perspectives of business nature (business sector), location (country), and product related, as we do for our consolidated subsidiaries, utilizing international indicators and tools. We will conduct questionnaires and on-site audits as necessary for suppliers that are identified as high risk. Through these efforts, we will identify negative human rights impacts and work to prevent or mitigate them.</p>



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

Active External Activities

Positioning people (education), society (welfare), and the earth (environment) as the three key themes for our social contribution activities, Toyota Tsusho is working to create prosperous societies. We also address Key Sustainability Issues (Materiality) through our social contribution activities.

Activity Example 1

We regularly conduct morning clean up activities of the areas surrounding our Nagoya Head Office and Tokyo Head Office, to which we owe a great deal of gratitude, as part of our environmental preservation and community contribution activities.



Activity Example 2

We hold an app-facilitated walking event as a social contribution activity that can be undertaken by each employee. For every 8,000 steps taken per day, one school lunch is delivered to a child in Africa and Asia through an NPO. This is an annual activity that combines the well-being of employees and social contribution.



Activity Example 3

We registered as a Help Mark Promotion Partner in Aichi Prefecture and started activities to spread correct knowledge about the Help Mark.* We distributed educational flyers and gave children easy-to-understand quizzes at Fighting Eagles Nagoya home basketball games to let them know about the Help Mark and learn how to respond to the mark in a fun way.



* <https://www.helpmark-japan.or.jp/english-help-mark/>

Human Capital Information (Non-consolidated)

Number and type of grievance filed

(Cases)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Harassment	0	1	7
Work environments	2	0	0
Others	0	0	0

Number and type of concluded disciplinary action

(Cases)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Disciplinary dismissal	0	0	0
Others	2	2	1

Percentage of employees who have completed training on compliance and ethics

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	100	100	100

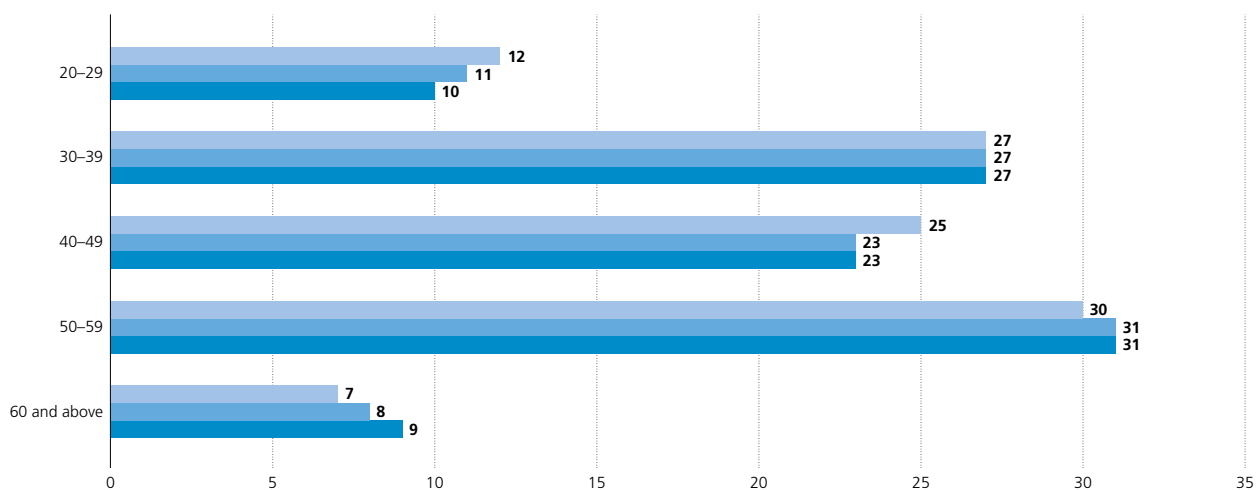
Total workforce costs

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	39,330	41,169	41,042

Employees by age

(%)



■ 2020 ■ 2021 ■ 2023

Note: Data concerning directly employed employees including those seconded to other companies (excluding the members of the Board, temporary staff, and those seconded from other companies)

Gender ratio

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Male	70	71	70
Female	30	29	30

Note: Data concerning directly employed employees including those seconded to other companies (excluding the members of the Board, temporary staff, and those seconded from other companies)

Statutory employment rate of people with disabilities

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	2.59	2.60	2.62

Percentage of independent outside directors

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Independent members of the Board	37.5	33.3	37.5
Non-independent members of the Board	12.5	11.1	12.5
Others	50.0	55.6	50.0

Lost time for injury

(Hours)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	0.00	0.00	0.00

Percentage of occupational accidents

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	0.00	0.00	0.00

Workplace fatality rate

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	0.00	0.00	0.00

Human Resources (HR) Strategy

Human Capital Information (Non-consolidated)

Human capital ROI

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	2.05	4.17	3.44

Calculation formula

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

Average time to fill vacant positions (new graduates)

(Days)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	68.1	75.8	71.2

Average time to fill vacant critical business positions

(Days)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	0	0	0

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

Percentage of positions filled internally

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	100	100	100

Percentage of critical business positions filled internally

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	100	100	100

Turnover rate

(%)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	4.0	4.4	5.2

Note: Data concerning directly employed employees excluding fixed-term contract employees (excluding the members of the Board, temporary staff, and those seconded from other companies)

Total number of employees

(People)

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Members of the Board, Audit & Supervisory Board members and executive officers	60	58	57
Employees	3,680	3,648	3,630

Note: No part-time staff employed

Feature: Conversation on Carbon Neutrality



Toshimitsu Imai
Executive Vice President, CTO

Tetsuya Suwabe
Representative Director,
President and CEO
Eurus Energy Holdings
Corporation

New Challenges and Responsibilities in the Renewable Energy Business

Toshimitsu Imai, a Toyota Tsusho executive vice president, and Tetsuya Suwabe, Eurus Energy Holdings Corporation (“Eurus Energy”) representative director, president and CEO, recently discussed the history and future of the renewable energy business in the Toyota Tsusho Group, and their views on them.

Toyota Tsusho’s passion for carbon neutrality and Eurus Energy’s track record

Toshimitsu Imai (Executive Vice President)

The Toyota Tsusho Group announced the Toyota Tsusho Group Carbon Neutrality Declaration in the fiscal year ended March 31, 2022. This declaration has as its mission “Passing on a better global environment to the children of the future” and promotes businesses that contribute to achieving a decarbonized society rather than merely reducing greenhouse gas emissions.

The group has established five working groups in business domains that contribute to carbon neutrality. One of them is the Renewable Energy & Energy Management Working Group. This working group is positioned as the centerpiece of carbon neutrality, as without it none of the other carbon neutrality businesses would be possible. To achieve carbon neutrality, the group is planning to invest 1.6 trillion yen by 2030, but nearly half of that amount, or 700 billion yen, is allocated to the Renewable Energy & Energy Management Working Group.

Tetsuya Suwabe (Representative Director, President and CEO)

The mission you just mentioned seems to share the same sentiment as the corporate philosophy of Eurus Energy, “Helping to Preserve the Global Environment by Disseminating and Expanding Clean Energy Technologies,” in a more future-oriented manner. The birth of Eurus Energy, before Toyota Tsusho and Tomen Corporation merged, came about when my superior in the Plants Business Division of Tomen was searching for a way to move away from its unstable plant business model, and started a wind power generation business when the U.S. Public Utility Regulatory Policies Act

(PURPA) was established. PURPA, which was introduced in 1978 after the 1973 oil crisis, aimed to make the United States energy self-sufficient and increase its energy efficiency. The act required electricity companies to buy renewable energy and allowed stable profits for generating companies.

In Japan, most people were skeptical at the time about wind power generation businesses, saying it was all up to the wind, but in 1987 Tomen launched its first wind power generation project in the United States. Later, we expanded to the United Kingdom, Italy, and Spain, and then to Japan. In 2008, we leveraged our expertise in the development of wind power generation businesses to move into solar power generation projects in Korea. Today, we have a portfolio that exceeds 3 GW covering 15 countries and regions around the world, with a good geographical balance among the Americas, Europe, Asia, and more.

Imai

Eurus Energy became the new name* in 2002 when Tokyo Electric Power Company, Inc. (currently, Tokyo Electric Power Company Holdings, Inc.) invested in the company, and then with the 2006 merger between Tomen and Toyota Tsusho, it became a Toyota Tsusho Group company. Today, Eurus Energy is Japan’s largest wind power generation company. Toyota Tsusho made Eurus Energy a wholly owned subsidiary in 2022 from its desire to further expand its renewable energy businesses.

For me, it feels like a homecoming, and I’m looking forward greatly to what lies ahead. And while I’m aware that the values

Eurus Energy emphasizes and its business stance are extremely close to those of Toyota Tsusho—something I learned firsthand when I visited a wind power generation plant at Cape Soya in Hokkaido—seeing staff go out on snowmobiles for inspections in minus 20°C degree weather during winter left a lasting impression on me. Eurus Energy has continued simple, honest operations for many years. The Toyota Tsusho Group values “*Genchi, Genbutsu, Genjitsu*” (On site, hands on, in touch), and I, myself, have many years of business experience in Africa, where I would often work together with local people while living locally, so I have a lot of empathy. I think we should leave management to people who understand and embody the stance and characteristics of Eurus Energy, so when they became a wholly owned subsidiary, we firmed up the management team with trueborn members like you.

Suwabe

Wind power generation is a business that begins with the knowledge of the land by the people rooted there, who could even guide in picking mountain vegetables. And the real start is when the wind turbines are built and revenue finally starts coming in. We will work with the ambition to continue for the next 50 years, or the next 100 years, continuously earning trust, sharing expertise and information gained by working around the world with local people, and helping each other. Our company has never been one to have what they call an “exit strategy,” so it is with confidence that we are able to tell local people that we’re not going anywhere. This applies to any projects in Japan and overseas.

* In the company name, “Eurus” comes from the Anglicized version of the God of the East Wind in Greek mythology, and incorporates the meaning of a wind blowing from the far east, including Japan.

Challenges in the diversification of electricity sources and expansion of generation capacity

Imai

Toyota Tsusho obtained 85% of SB Energy Corp.’s shares from SoftBank Group Corp. and changed the company’s name to Terras Energy Corporation in April 2023. The Toyota Tsusho Group now holds two major renewable energy power companies in the form of Eurus Energy, the largest wind power generation company in Japan, and Terras Energy, one of the largest solar power generation companies in Japan. Terras Energy actively uses digital technologies, such as providing a demand response app that encourages users to lower their energy use when generation capacity is low. The Toyota Tsusho Group intends to utilize DX anew in the field of renewable energy.

Suwabe

We shall move ahead with sharing resources and exchanging personnel with Terras Energy, hoping to generate synergy. Our approaches are completely different, in that ours has been an unrefined hardware-focused one, while Terras Energy’s ideas often involve software. This is one of the reasons why I believe that some interesting things will come from this combination.

Imai

I would like to see the two companies work together on a project basis to form a complementary relationship, generate synergy, and create the next business model. I believe there is still room for Eurus Energy to increase its synergies within the Toyota Tsusho Group.



Response to Climate Change

Feature: Conversation on Carbon Neutrality



Suwabe

Now, as we move ahead with expanding overseas, there are some countries or regions into which we cannot move alone due to high country risks, but with the presence of Toyota Tsusho, we can look forward to a great deal of support such as coordination with local governments and connections with related parties in areas where the country risks are well known. Even in Africa, one of the Toyota Tsusho Group's priority domains, renewable energy should form a major product. I view Egypt's first wind power generation IPP project, which started in 2019, as a giant leap for Africa.

Imai

With competition for ensuring construction sites starting globally for both wind power generation and solar power generation, Africa and other emerging nations should be a promising untapped market for Eurus Energy, right? At present, the Toyota Tsusho Group has a power generation capacity of 4.5 GW worldwide, including Terras Energy, and we are studying regional strategies and energy mixes with a target of 5 GW by 2025 and 10 GW or more by 2030. Our main focus is land-based wind power generation and solar power generation, but we are also taking on hydropower, biomass power, and, in the future, offshore wind power.

Suwabe

Offshore wind power generation is, as shown by the inclusion of a target of 30–45 GW of power by 2040 in the Japanese government's Vision for Offshore Wind Power Industry (1st), positioned as one of the key pillars of renewable energy power generation in Japan, and for power generation companies it is an extremely attractive market. However, offshore wind power is very different from land-based wind power generation in terms of both development methods and operation after construction. One area of particular concern is that the supply chain for key parts required to construct wind turbines is inadequate compared to those in Europe. In addition, as the grid is still too weak to bring in large power sources, we also need to work on the transmission network. We have been discussing whether we should head in that direction, with these risks in mind.

New challenges that go beyond just power generation

Imai

We completed the facilities for sending and storing power in the Dohoku region of Hokkaido in March 2023.

Suwabe

The Dohoku region has very strong winds, and gentle, spacious undulating hills, so costs for shipping and construction can be kept low. This means we have been continuing to develop this area for many years as we see it as the cheapest place in Japan to build wind farms. However, low transmission capacity was a major issue, as we lacked the ability to send this power. As a solution, we erected power lines as well, reaching key cities such as Sapporo, which is why we started our verification of a grid for wind power generation in the Dohoku region. In 2013, North Hokkaido Wind Energy Transmission Corporation was selected as a verification business by the Ministry of Economy, Trade and Industry, and the company has since studied transmission routes and verification methods. In addition, to meet the power variance mitigation requirements shown for connection to the Hokkaido Electric Power Network, Inc. power

grid, a large storage battery system was set up in a substation. This is Japan's largest lithium-ion batteries (LiBs) system, equivalent to the amount of electricity used in one month by 10,000 general BEVs or 1,800 four-member households. Construction started in 2018, and commercial operations began in April 2023. It took approximately 10 years from concept to completion.

Imai

For users too, ensuring renewable energy is becoming an extremely serious issue. As we can see from how Europe has already approved a border carbon tax, this is an era in which manufacturing businesses will lose competitiveness unless they make major reductions in greenhouse gas emissions as part of their production activities. The expansion of renewable energy is vital for manufacturers, such as those in the mobility business, and for the future of Japan, which these manufacturers, as members of the export industry, are supporting. This is what lies behind what we call our "carbon neutrality centerpiece."

Suwabe

One more thing. We are thinking about the effective use of excess power from renewable energy. For example, we are considering converting to other green energy sources such as hydrogen or ammonia, or systems to efficiently carry out local production for local consumption. In fact, we have started research for hydrogen conversion and storage. This is a new business for Eurus Energy, but we hope to move ahead helped by the networks of Toyota Tsusho with its various business partners, and the expertise of Terras Energy.

Imai

Renewable energy is ideally utilized to promote industry in the region where it is generated. Hokkaido has the potential to be an industrial area, and the Toyota Tsusho Group would very much like to contribute to this, using the strengths we have developed over our history. Outside the Dohoku region, in places such as Tohoku and Kyushu where Eurus Energy also has businesses, we will do our best to promote local industry by utilizing Toyota Tsusho's networks

and business sites to strengthen the combination of renewable energy and industry.

Suwabe

At the same time, ensuring human resources as businesses expand is a pressing problem. Until quite recently, the wind power generation industry was a niche industry in Japan, but as the market has recently expanded rapidly, there is growing competition for human resources. At Eurus Energy, we previously trained human resources mainly through on-the-job training, in a sort of apprenticeship system, but we are now hurrying to establish a training system. In the medium to long term, we believe that we will need measures such as establishing curricula for technical and vocational schools or universities in an industry-academia partnership, so we can raise the base level of human resources in the renewable energy industry.

Symbiosis with the community taken to the next new stage

Imai

Is there anything else you emphasize for further growth at Eurus Energy?

Suwabe

As our business expands, the responsibilities and roles asked of us grow even greater. As I mentioned earlier, our business is closely connected with local communities. Although we have previously emphasized community contribution activities, we now feel that we are at the step of moving to the next new stage, and so we launched the Community Development and Innovation Office* in April 2023. The reason for using "Innovation" rather than "Contribution" for the office name is that our businesses become sustainable precisely because they develop in tandem with the community. I want to be able to help as much as possible with what the people in our communities want to do, so we are holding discussions with Toyota Tsusho's various branches, which understand local needs extremely well.

* Changed to the Community Development and Innovation Department in July 2023

Imai

As shown by the philosophy of our African operations, "WITH AFRICA FOR AFRICA," the Toyota Tsusho Group's basic stance is not to assist local communities but rather to help promote industry so that we can all live together. We want to be a corporate citizen that not only protects the global environment but also develops in tandem with local communities: for Hokkaido if in Hokkaido,

and for Tohoku if in Tohoku. We want to create businesses that will contribute to that hand-in-hand with Eurus Energy.

The power generation business operates by leasing precious land from the communities concerned, so we have a strong sense of responsibility that we must be of use to the development of those communities.



Feature: Three-Way Conversation on the Circular Economy



Yoshihiro Hayashi

Toyota Chemical Engineering Co., Ltd.
Representative Director, President & CEO



Akihiro Sago

Toyota Tsusho Corporation
Executive Vice President, CEO
for Metals Division



Hirohito Haraguchi

Toyota Metal Co., Ltd.
Representative Director,
President & CEO

A new challenge to support a circulation style of *monozukuri* (manufacturing) drawing on the capabilities and functions gained over the years as “the strength behind the scenes”

Mr. Sago, an Executive Vice President at Toyota Tsusho, Mr. Haraguchi, Representative Director, President & CEO of Toyota Metal Co., Ltd., and Mr. Hayashi, Representative Director, President & CEO of Toyota Chemical Engineering Co., Ltd., recently talked about the history of the circular economy in the Toyota Tsusho Group and their passion for “new challenges.”

History of the circular economy over 50 years

Akihiro Sago (Executive Vice President)

Tsusho Group's recycling business traces back to the 1970s, when the group started end-of-life vehicle (ELV) recycling. Based on the belief that “everything is a resource,” on the returning venous side of the supply chain, we have performed a variety of functions: collection, appropriate disposal, recycling, and reuse. Moreover, we have constructed a platform for providing traceability and individual data throughout the entire life cycle of materials, further advancing our functions. Promoting the circular economy is also a key theme for achieving our company's mission of “Passing on a better global environment to the children of the future.”

I would say that Toyota Metal and Toyota Chemical Engineering, both part of our group, are key players in the circular economy.

Hirohito Haraguchi (Representative Director, President & CEO)

Toyota Metal was established in 1970, during Japan's period of high economic growth, which saw the dawn of motorization in Japan, accompanied by rapid increases in automobile production and sales. It was unclear what would happen with the increasing number of ELVs, and there were also growing concerns about pollution. As a result, Toyota Motor Corporation, Aichi Steel Corporation, and Toyota Tsusho invested to create Toyota Metal. When an automobile made by Toyota Motor reaches the end of its usefulness, becoming an ELV, its scrap is recycled by Toyota Metal, and then provided to

Aichi Steel to use. Toyota Metal can be seen as a company established to achieve Goal 12 of the Sustainable Development Goals (SDGs), “Ensure sustainable consumption and production patterns.”

At the time, scrapping companies were unable to fully sort waste, and only sold those parts that could be reused. However, Toyota Metal worked on everything from sorting waste to shredding, making it a trailblazer in the automobile recycling business. Materials were supplied from ELV dismantling companies, and through trial and error, we worked to improve the quality of the steel scrap we created.

Yoshihiro Hayashi (Representative Director, President & CEO)

Toyota Chemical Engineering was formed around the same period, in 1973. Behind its establishment was the Waste Management and Public Cleansing Law of 1970, enacted to counter the pollution-based diseases that were becoming a social issue in Japan at the time. Because Toyota Tsusho supplied products such as petroleum products, organic solvents, and fuel, it felt tremendously responsible for recovering them, leading to the creation of Toyota Chemical Engineering. We started a business for recovering and reusing waste or incinerating it to make it harmless. Later, utilizing the furnaces we used, we evolved into a facility that could process waste from chemicals or medicine manufacturers.

Expanding targets for recycling through evolving technologies and cross-industry partnerships

Sago

Toyota Metal is one of the great strengths of the current circular economy of the Toyota Tsusho Group, achieving an automobile shredder residue (ASR)* recycling rate of 99% or greater.

Haraguchi

The ASR recycling plant started operations in 1998. From the start, we aimed for a 100% recycling rate, or in other words, zero waste. To realize this, we needed technologies to sort items such as metal scrap, plastics, textiles, urethane, and so on. Our sorting technologies gradually became more sophisticated, enabling us to sort by size, sort using wind, or use specific gravity sorting. Some of these incorporated technologies were introduced from overseas, while there were also technologies that we developed ourselves. As a result, as of 2005, when the ELV Recycling Law came into force, we were expecting to reach a recycling rate of almost 100%.

At present, our ASR recycling rate has reached 99.2% over a five-year average, while it is 99.8% or more if we include non-ASR metals. Waste processing costs money, so improving our recycling rate and reducing the amount of waste is good from a management perspective as well. This also leads to protecting the global environment as we can reduce the amount of landfill waste and incineration that generates greenhouse gas emissions, creating a virtuous cycle.

As there has been a major drop in the number of ELVs recently, we have embarked on a new challenge to complement our business: collecting the ASR emitted from other shredding companies. But there is a problem. The ASR from other companies has different compositions to the ASR from our shredding process, so we

sometimes need to work on ways to sort it. Accordingly, we are continuing to study new sorting technologies.

Sago

Recently, through a tie-up with PLANIC Co., Ltd. (“PLANIC”), one of Japan’s largest recycled plastic manufacturing companies established in 2018, in which we also invested, we have just taken our first step to realize car-to-car recycling of plastics. Used plastics sorted out from the shredder residue of crushed and processed ELVs had not been used for the recycling of resources for automobiles due to the difficulties in sorting out each particular type. PLANIC has

* The remains of shredded automobiles. This is what remains when an ELV has been crushed and the metals recovered. It includes metal scrap, plastics, textiles, urethane, rubber, and so on.





successfully recycled car-to-car, separating used plastics and mixed plastics using advanced technology and reusing them as high-quality recycled plastics for automobiles. This not only keeps environmental pollution low but also provides high-quality recycled plastics, contributing to the automotive industry in Japan as well.

Haraguchi

Toyota Metal has been sorting plastics for approximately 10 years now, but these have been sold for construction materials. However, we have long wanted to return used plastics sourced from automobiles back to raw materials for automobile parts, so we are now selling to PLANIC as well.

Sago

Toyota Metal understands that the advanced sorting of plastics made car-to-car recycling possible. This could be a new business model born from the co-work between the Metals Division and the Chemicals & Electronics Division at Toyota Tsusho. If we combine the distinctive Toyota Tsusho strengths of each sales division, our group can create even more value, and contribute to society. In particular, in our carbon neutrality and circular economy initiatives, we are accelerating our cross-sales division initiatives, creating a culture of partnerships that go beyond the boundaries of sales divisions. Initiatives that go beyond the framework of sales divisions and even companies will become increasingly important.

Toyota Chemical Engineering has been working on recycling rechargeable nickel-metal hydride batteries in cooperation with Toyota Motor, hasn't it?

Hayashi

Yes, we collect rechargeable nickel-metal hydride batteries and measure the remaining capacity in them to determine whether to rebuild, reuse, or recycle them. We remove the electrolytes through incineration and provide only the nickel part as the raw material for stainless steel to steel manufacturers. We have been recycling like this since 2009. Today, we process approximately 40,000 batteries a year. In 2019, we brought in equipment to enable us to sort in ways that easily allow the reuse of the modules that make up a battery.

Sago

As we have entered a once-in-a-century period of profound transformation for the automotive industry, recycling next-generation automobiles is an extremely important issue, and the key to that is recycling batteries. Toyota Tsusho is putting its efforts into its resource recycling battery-to-battery business through such actions as reusing core units and expanding the markets that use batteries.

New future challenges and the role of the Toyota Tsusho Group in ELV recycling

Sago

Drawing on the experience and expertise in ELV recycling we have already accumulated, the Toyota Tsusho Group is rolling out an appropriate processing and resource recycling business for ELVs in India as well. There are 49 million registered vehicles in India, and the annual number of new vehicles sold is over 4.85 million. The automobile market has been rapidly on the rise, so the collection and scrapping of ELVs has been becoming a social issue. Our group

established Maruti Suzuki Toyotsu India Private Limited as a joint venture company with Maruti Suzuki India Limited, Suzuki Motor Corporation's Indian subsidiary, in 2019, before the Vehicle Scrappage Policy came into effect in India. This company processes ELVs appropriately in line with Japanese standards and in environment-friendly ways at every step, from collection to scrapping and removing waste liquids. In addition, appropriately processing ELVs means less illegal dumping of vehicles or parts, helping solve the

environmental issues of global warming, soil pollution, and water contamination. In the future, we hope to expand our business in India even more, and also roll out this processing model globally so that we can contribute to achieving carbon neutrality.

Hayashi

Toyota Chemical Engineering's new challenge is to process industrial waste and batteries without generating greenhouse gas emissions. As I said at the start, while we previously focused on processing industrial waste through incineration, reducing greenhouse gas emissions is of course a profoundly big mission for us. Above all, we have to admit that we are the biggest greenhouse gas emitters in the Toyota Tsusho Group, so we heavily affect reaching the group's target of reducing greenhouse gas emissions by 50% by 2030 from the 2019 base year. Until now, we have looked for ways to recycle without incinerating processes, but from the perspective of economic rationality, incineration was the key answer if we found it impossible to sort or wash waste. That being said, the amount of used batteries is increasing as next-generation automobiles become more available, yet we cannot expand our incineration process going forward.

At the moment, our aim is to recover greenhouse gases emitted from incineration through partnerships with universities and with support from the Toyota Group, and we are tackling the challenge of technical development for this. There is a huge amount of issues that we need to solve, including processing the recovered greenhouse gases and heat recovery to keep electricity usage down, and it will be difficult to accomplish all of these without a number of technological innovations. However, if these innovations are materialized, they will be groundbreaking innovative technologies, and so we continue to make our efforts to provide them to the world.

Haraguchi

Toyota Metal is moving ahead with increasingly refined processing for things such as plastics, glass, and carbon fiber-reinforced plastic (CFRP), which are the topic of much attention as recycled materials for next-generation automobiles, and its new challenge is to improve its recycling rate. In addition, battery electric vehicle (BEV) batteries weigh roughly 500 kg, so a future issue is how to remove them and process them safely. In the same way, fuel cells need to have the hydrogen remaining in the tanks drained appropriately to prevent them from exploding. We have been researching ways to safely deal with next-generation automobiles in conjunction with

dismantling companies. In addition, we want to help with future automobile development by providing feedback to the Toyota Group—the outgoing arterial side—regarding issues on the returning venous side like this.

Sago

The concept of “easy dismantling” that incorporates being easy to take apart right from the design stage that Mr. Haraguchi discussed is actually starting to be employed. As the returning venous side, reducing man-hours would improve efficiency, so a system that reduces recycling costs as well, and even makes recirculation easier, is being constructed. To promote technical development and commercialization where both outgoing artery and returning vein are linked in *monozukuri* (manufacturing) that incorporates this returning venous concept, the Toyota Tsusho Group will act as a flagbearer and study the establishment of a Circular Economy Innovation Center in collaboration with the Toyota Group. Working with Toyota Metal's Automobile Recycle Technical Center, the plan is to become a hub for merging the outgoing arterial and returning venous streams collected in all Toyota Group companies so that we can create new businesses that contribute to a recycling-based society.

The Toyota Tsusho Group wants to further evolve such functions as its collection network with capabilities and strengths built up over 50 years, leading the design of products and the development of recycling technologies based on the assumptions of reuse and recycling to create new businesses. And we shall support circulatory *monozukuri* and contribute to achieving a sustainable society by promoting turning waste into resources beyond just the automotive industry.



Promotion of Carbon Neutrality and the Circular Economy

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

Toyota Tsusho will accelerate its company-wide efforts toward carbon neutrality and the circular economy to realize a sustainable society and fulfill its mission of “passing on a better global environment to the children of the future.”

Carbon Neutrality Declaration

The Toyota Tsusho Group announced its Carbon Neutrality Declaration in July 2021 as a concrete policy for contributing to the transition to a decarbonized society. We have set “decarbonization” and “waste recycling” as one of our Key Sustainability Issues (Materiality) and are promoting carbon neutrality and the circular economy around the world through company-wide efforts.

Our group has long been developing businesses that lead to the realization of carbon neutrality and the circular economy. We will continue to further expand businesses that will contribute to the transition to a decarbonized society, such as the end-of-life vehicle (ELV) recycling business that we started in the 1970s and the renewable energy business that we have been focusing on since the 1980s.

The Toyota Tsusho Group’s strength is its ability to accelerate and promote businesses that contribute to the reduction of greenhouse gases (GHG) throughout the industrial life cycle on a company-wide level. All of our employees will work together to contribute to the solution of these social issues by playing a leading role in realizing a carbon neutral and circular economy society.

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

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

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

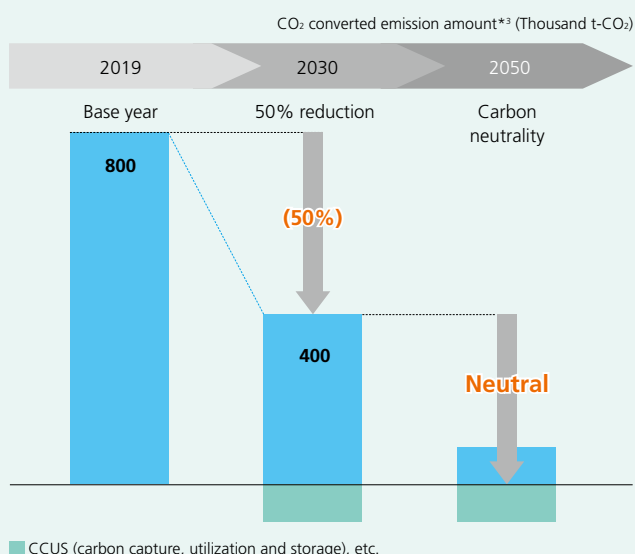
Toyota Tsusho Group Carbon Neutrality Declaration

Reduction Targets

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

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

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



Carbon Neutrality Promotion Meeting

The Toyota Tsusho Group holds the Carbon Neutrality Promotion meeting, chaired by the president & CEO, once a month to determine the strategies to achieve carbon neutrality for the group and the world.

The Carbon Neutrality Promotion meeting confirms the connection between the group's greenhouse gas emissions reduction measures and the policies and proposals of countries around the world toward the realization of carbon neutrality, and discusses and decides on growth strategies through five working groups.

Carbon Neutrality Promotion Meeting Structure

Chairperson	President & CEO
Representative officer in charge	Executive vice president (CTO)
Department	Carbon Neutrality Promotion Department
Meeting Members	Member of the Board (CSO) Member of the Board (CFO) CHRO Sales Division CEO CEO of each region Leaders of five working groups (appointed by executive officers) Assistant to CSO (responsible for Corporate Planning Department) Assistant to CSO (responsible for External Affairs Department)

* CEO : Chief Executive Officer CSO : Chief Strategy Officer CFO : Chief Financial Officer
CTO : Chief Technology Officer CHRO : Chief Human Resources Officer

Carbon Neutrality Promotion Structure

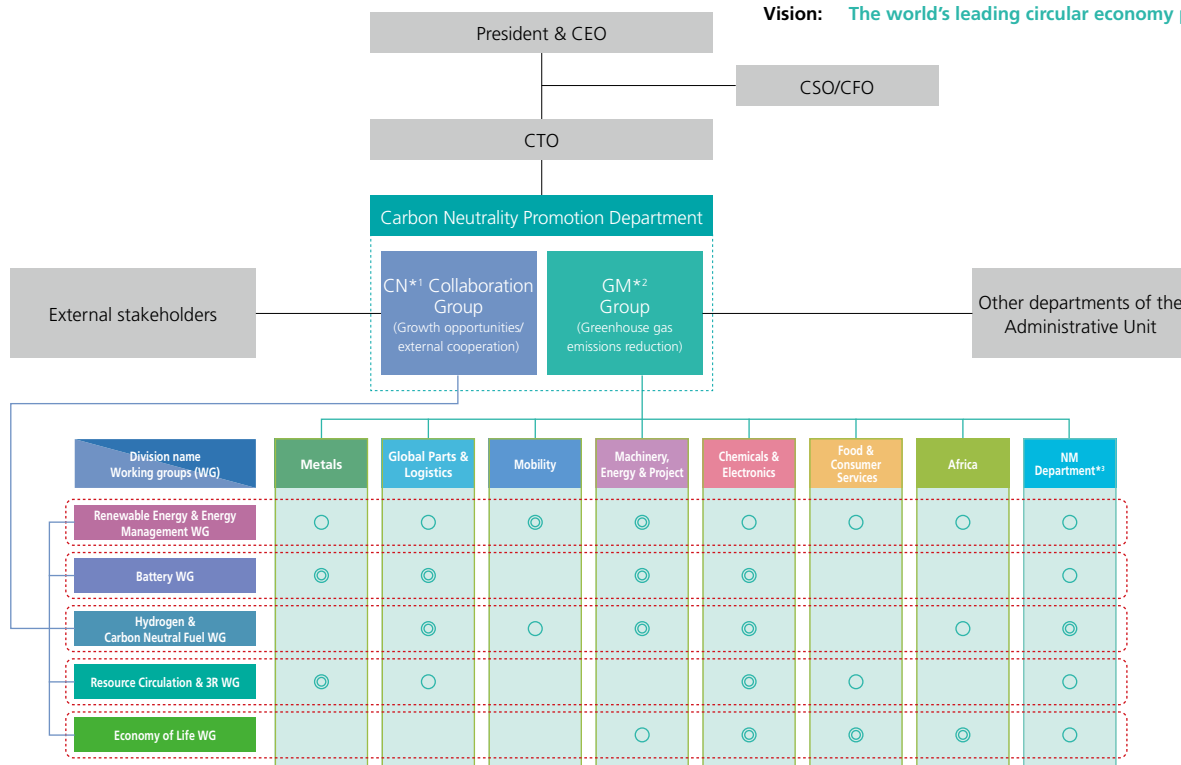
Our group established the Carbon Neutrality Promotion Department with the mission of promoting carbon neutrality throughout the company to further accelerate our initiatives toward decarbonization both within and outside the group. In addition to designing systems and managing emissions to achieve the Toyota Tsusho Group Carbon Neutrality Declaration, five working groups have been established under the initiative of the Carbon Neutrality Promotion Department.

These working groups were organized based on the growth strategies of business areas linked to carbon neutrality and the circular economy, in which our group has strengths, to achieve both business expansion and a decarbonized society along both vertical and horizontal axes. We have formulated the Carbon Neutrality Roadmap 2030 for these five working groups and are monitoring their progress (see pages 87–91).

Toyota Tsusho Group Carbon Neutrality Promotion Structure

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

Vision: The world's leading circular economy provider



* Main division: ● Related division: ○

*1 Carbon Neutrality

*2 Green Management

*3 Next Mobility Development Department

Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy

Initiatives for Reducing Greenhouse Gas Emissions

Our group has been not only engaged in its own emission reduction (Scope 1 and Scope 2), the reduction endeavors along with the supply chains (Scope 3), but in contribution to the reduction of emission of society (avoided emissions) and to the carbon neutrality in many ways unique to Toyota Tsusho. Going forward, our group will set goals for certification from SBT.*

* SBT (Science Based Targets): GHG reduction target companies set in line with the Paris Agreement.

► Scope 1 and Scope 2

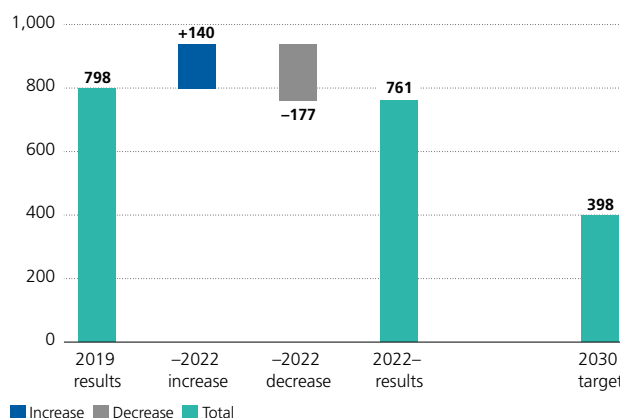
Comparing the results for 2022 and the base year (2019), while emissions themselves have increased due to business growth, the decrease has exceeded this increase, resulting in a net reduction in emissions.

Major initiatives toward carbon neutrality include promoting the use of energy-saving (such as LED lighting in offices and factories) and renewable energy sources (such as installation of solar power generation equipment in owned buildings).

We will continue our initiatives to date and implement measures such as electrification of facilities and equipment in production and logistics processes, fuel conversion and more efficient energy consumption, and investment in technologies such as CCUS to achieve our 2030 target.

Scope 1 and Scope 2 Emission Trends

(Thousand t-CO₂)



Major Initiatives toward Reduction

① Increased efficiency

- Energy saving at existing facilities (rulemaking, *kaizen* (continuous improvement))
- Installation of energy-saving equipment (high-efficiency compressors, LED lighting)



Introduction of LED lighting at offices and factories

② Fuel conversion

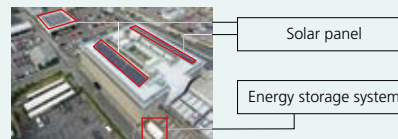
- Electrification of logistics equipment (forklifts, etc.)
- Adoption of biodiesel fuel
- Installation of heat pumps at manufacturing sites, conversion to air conditioning heat pumps



Use of biodiesel fuel for trucks

③ Renewable energy

- Installation of on-site solar panels
- Installation of storage batteries and energy management systems
- Purchase of renewable energy electricity

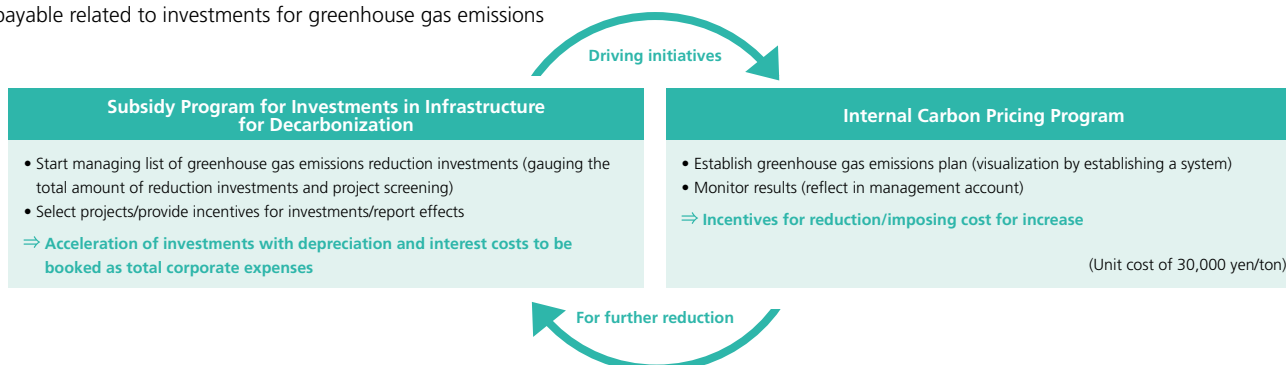


Installation of storage batteries and energy management systems at the Toyota Branch

Internal Systems to Promote Reductions

Companies of our group unite to conduct initiatives for reducing greenhouse gas emissions. At the same time, we drive these initiatives with performance evaluation in terms of management. Specifically, we have introduced a mechanism for evaluation after removing impacts—such as depreciation and interests payable related to investments for greenhouse gas emissions

reductions—from profits (subsidy system for investments in infrastructure for decarbonization), as well as a mechanism that adds or deducts from the profits of the respective sales divisions according to increases and decreases in greenhouse gas emissions (internal carbon pricing system).



► Scope 3

Our group is working to reduce greenhouse gas emissions in the supply chain with our distinctive initiatives. We work with customers and suppliers to reduce greenhouse gas emissions in the supply chain, which cannot be achieved independently.

In addition to manufacturing and logistics efficiency *kaizen* (continuous improvement) and the treatment and recycling of waste from ELVs and production processes, which have long been one of our strengths, in recent years we have focused on emissions

reduction through our EV battery manufacturing business, lithium resource development, and parts and materials supply. Further, we aim to achieve carbon neutrality for Scope 3 by reducing the Scope 1 and Scope 2 emissions of our customers and suppliers through the supply of renewable energy and low-carbon energy.

We will update Scope 3 emissions on our website as soon as a third-party certification process is completed.

Major Initiatives toward Reduction

① Manufacturing and logistics efficiency

- Highly efficient logistics
- Concentrated steel and aluminum processing and delivery
- Supply of recycled molten aluminum with a molten condition for effective CO₂ reduction
- Factory energy efficiency diagnosis, sales of various energy-saving equipment



Concentrated steel processing center



Logistics with high efficiency

② Recycling of resources

- Scrap collecting, recovering and processing business
- Recycling of airbag process scraps
- Scrap catalyst recovery
- Rare metal resource recycling business
- DPF* cleaning, recycling and sales business
- Plastic recycling
- End-of-life vehicle (ELV) collection and dismantling
- Used vehicle distribution, sales and export business

* Diesel Particulate Filter



Scrap collecting, recovering and processing business



Plastic recycling

③ Battery-related initiatives

- Rare earth production business
- Lithium carbonate refining business, lithium hydroxide manufacturing business
- Investment in a battery plant in the United States

④ Supply of low-carbon energy

- Generation and supply of renewable energy
- Sales of biodiesel fuel



Sales of biodiesel fuel

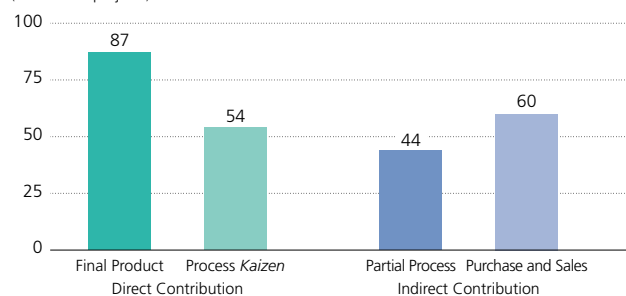
► Avoided Emissions

Our group focuses not only on reducing GHG emissions in its supply chains, but also on contributing to reductions of emissions in the world (avoided emissions).

We engage in a wide variety of initiatives, including by increase of renewable energy supply and replacement of the current products with bio-derived/recycled products.

Number of Projects for Avoided Emissions

(Number of projects)



As of 2023, we have 245 projects contributing to emissions reduction.

Direct Contribution		Indirect Contribution	
Final Product	Process Kaizen	Partial Process	Purchase and Sales
Businesses that produce products/services with greenhouse gas emissions reduction benefits	Businesses that reduce greenhouse gas emissions through kaizen of business processes	Businesses that are responsible for a part of the process that produces products/services with greenhouse gas emissions reduction benefits	Businesses that involve purchase and sales of carbon neutral materials, parts, etc., with greenhouse gas emissions reduction benefits

Examples of Businesses for Avoided Emissions

Direct Contribution		Indirect Contribution	
Final Product		Partial Process	
<p>PET bottle horizontal recycling business</p>		<p>Lithium hydroxide production</p>	
Process Kaizen		Purchase and Sales	
<p>Reduction of molten process at our customers' sites</p>		<p>Replacing fossil fuel-based materials with renewable materials</p>	
		<p>Sales of plant-derived polyethylene</p>	

Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy

Five Working Groups to Promote Carbon Neutrality

We have formed working groups (WG) in five areas in which we are particularly strong to aggressively promote these initiatives that will lead to carbon neutrality.

We are engaged in businesses that support a circular economy at each stage of the industrial life cycle, which consists of energy creation, energy collection and coordination, manufacture of goods, transport of goods, use of goods, waste processing, and reuse and recycling.

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

RdRE (Road Renewable Energy)
Renewable Energy &
Energy Management WG

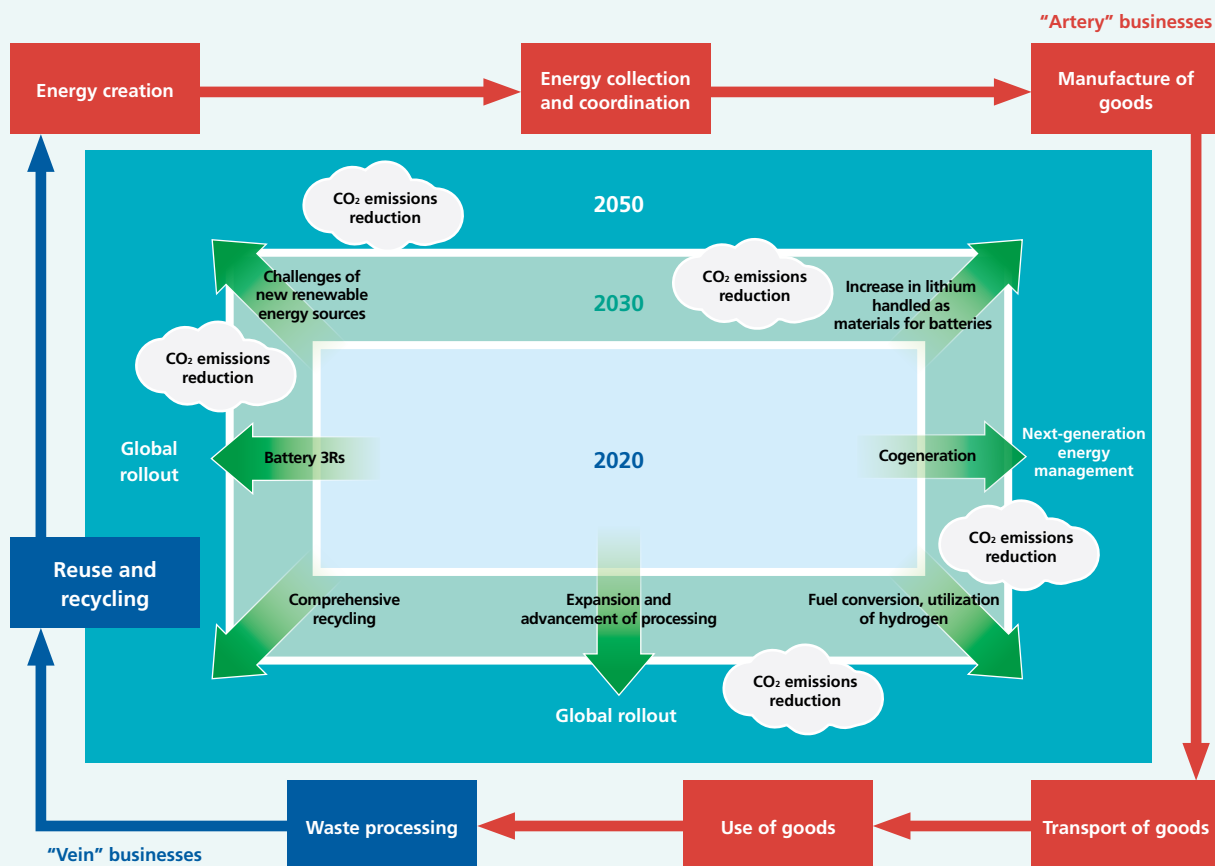
Investment:
700 billion yen

- Having renewable energy account for 50% of our power consumption
- Contributing to meeting the renewable energy needs of major customers
- Expanding the introduction of renewable energy generation

RdBT (Road Batteries)
Battery WG

Investment:
400 billion yen

- Facilitating supply chains for local production for local consumption
- Entering the battery manufacturing business
- Expanding the supply capacity for lithium and other resources
- Entering the raw materials and parts manufacturing businesses



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

Investment:
200 billion yen

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

* Rebuild, Reuse, Recycle

RdEoL (Road Economy of Life)
Economy of Life WG

Investment:
100 billion yen

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

RdHY (Road Hydrogen)
Hydrogen &
Carbon Neutral Fuel WG

Investment:
200 billion yen

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

Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy



Battery Working Group

Road Batteries: Carbon Neutrality Innovation Cycle

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

► Overview of Initiatives

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

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

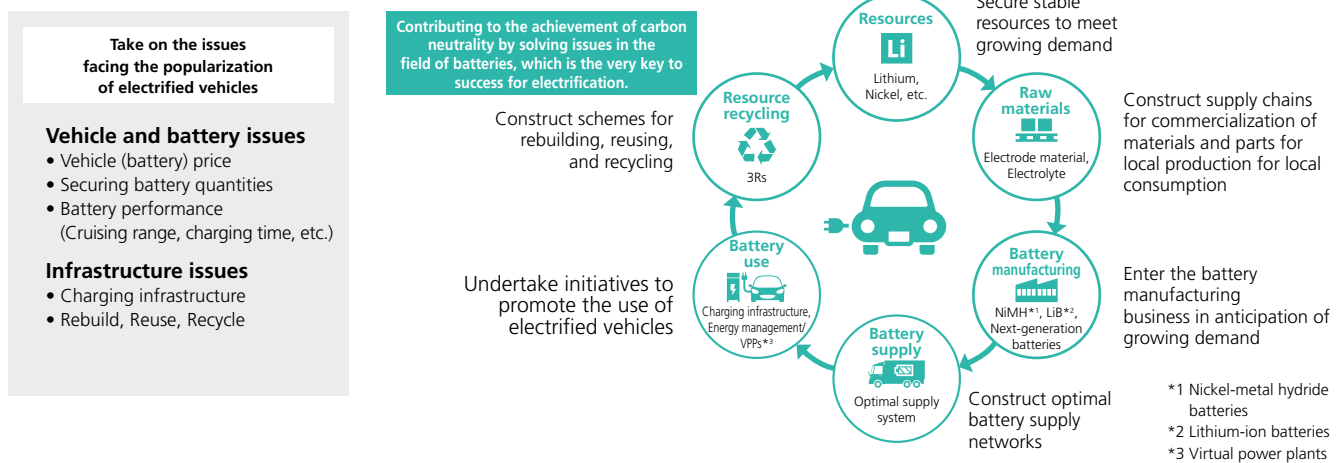
- Secure stable rare resources such as lithium that serve as raw materials for batteries

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

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

► Results of Major Initiatives

In the fiscal year ended March 31, 2023, we made a further investment in Toyota Battery Manufacturing, North Carolina (TBMNC), an automotive battery manufacturing company in North America, and in Hunan Fluopont, an electrolytic lithium salt (LiFSI) manufacturer for lithium-ion batteries (LiBs) in China. (See page 26)



► Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Period of battery electric vehicle (BEV) introduction				Period of battery electric vehicle (BEV) popularization					
Resources	Increase in lithium production and refining capacity									
	Securement of resources in anticipation of further demand growth									
Raw materials	Entrance into battery materials and parts manufacturing business				Local production for local consumption of battery materials and parts manufacturing business					
	Accelerated response to technological innovations and accelerated initiatives for next-generation batteries									
Battery manufacturing and supply	Entrance into battery manufacturing business			Increase in capacity and global rollout of battery manufacturing						
	Awarded of turn-key equipment orders and establishment of an optimal supply function									
Battery use	Initiatives for preparing a charging infrastructure									
	Verification of reuse and rebuild model				Global rollout of reuse and rebuild business					
Resource recycling	Expansion of factory waste material recycling business				Expansion of end-of-life battery recycling business					
	Development of recycling technologies				Mass production, global rollout, and development of technologies for producing high-level quality					



Hydrogen & Carbon Neutral Fuel Working Group

Road Hydrogen: Path toward Future Energy

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

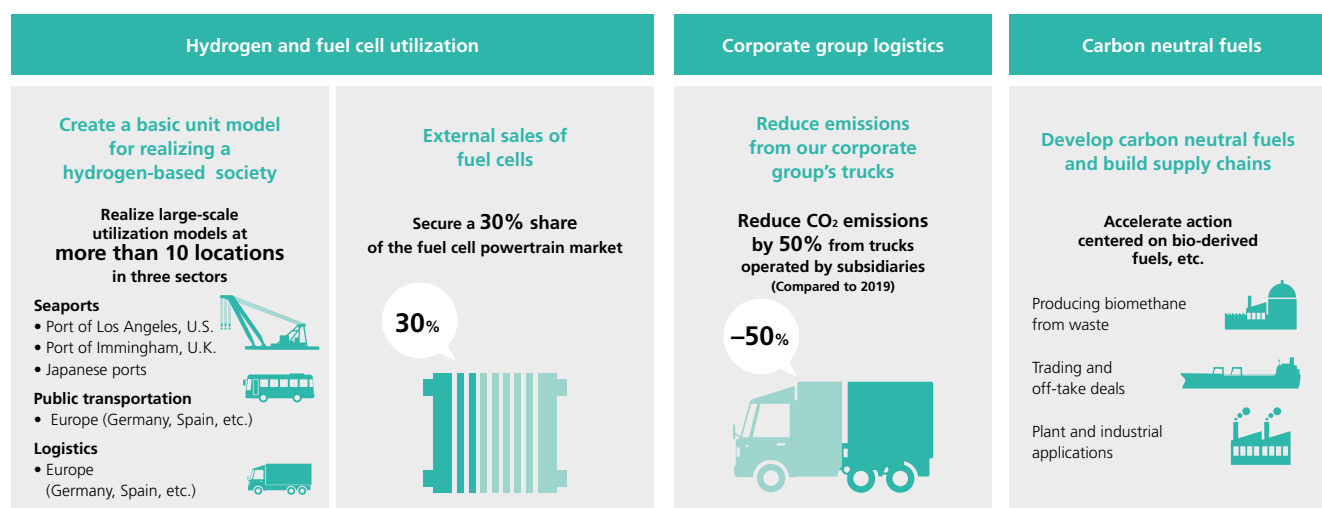
► Overview of Initiatives

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

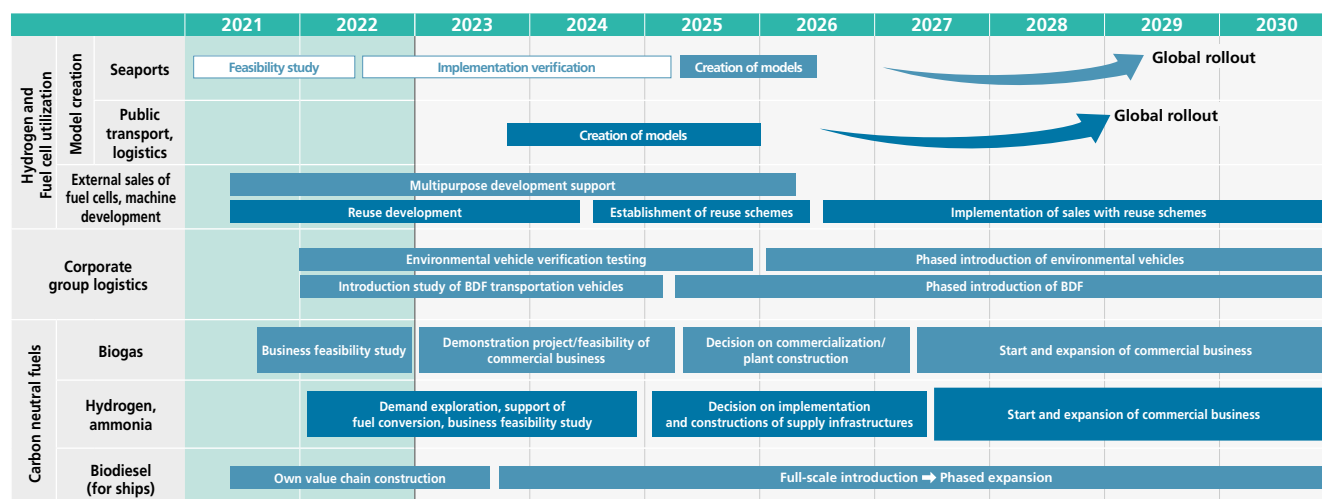
alternative fuels to reduce the CO₂ emissions of the Toyota Tsusho Group and our stakeholders. The third area is the building of supply chains for carbon neutral fuels such as biofuels, hydrogen, and ammonia. Through these activities, the working group will contribute to stakeholders working on carbon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

► Results of Major Initiatives

In the fiscal year ended March 31, 2023, we secured Japan's first commercial sales contract for biodiesel fuel (BDF) for ships and signed a basic agreement to explore the joint undertaking of the hydrogen production business using waste plastic gasification facilities. (See page 27)



► Carbon Neutrality Roadmap 2030



Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy



Resource Circulation & 3R Working Group

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

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

► Overview of Initiatives

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

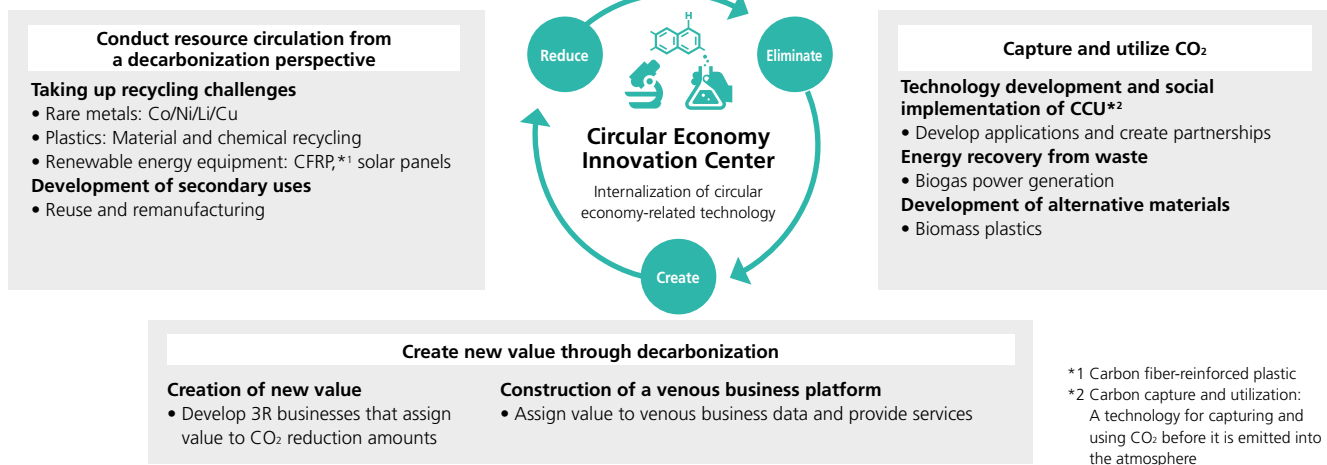
Our focus areas are: Vehicle battery 3R businesses, as vehicle batteries are increasing with electrification; recycling of renewable energy equipment such as solar panels, hydrogen tanks, and wind turbine blades, which are expected to be disposed of in large quantities in the future; and

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

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

► Results of Major Initiatives

In the fiscal year ended March 31, 2023, we began full-scale operations of plastic material recycling businesses, including PLANIC Co., Ltd, one of the largest manufacturers of recycled plastics in Japan, and Toyotsu PET Recycling Systems Co., Ltd. a recycling company for used PET bottles to new beverage bottles. (See page 25)



► Carbon Neutrality Roadmap 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
① Circular Economy Innovation Center		Establishment preparation								
Battery 3Rs		Expansion of factory waste material recycling business				Expansion of end-of-life battery recycling business				
		Technology development				Development of technologies for multi-base mass production and achieving a high level of quality				
Renewable energy and new energy		Solar panels	Market research Verification planning		Development of recycling technology		Verification		Commercialization	
		CFRP		Verification	Scale-up verification			Commercialization of reuse		
			Application development		Laboratory and small-scale verification		Development of large-scale and mass production		Plant verification	
			CCU basic technology development		Laboratory and small-scale verification	Large-scale verification		Plant verification	Commercialization	
Metals and plastic materials			Expansion of plastic material recycling business					Composite plastic, chemical recycling technology development and commercialization		
				Commercialization of biomass plastics						
			Expansion of electronic components circulation business							
② Creation of new values and platform business		C2B* platform/ELV collection platform projects		Planning	Verification	Commercialization	Investment in platform companies		Dissemination of platform to other domains and markets	
				Verification	Commercialization	Development of expanded platform functions				

* Consumer-to-business



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

The third major initiative is to build a circular economy in the EoL domain, in which we will aim to develop a recycling business in the field of apparel, as this field creates a tremendous amount of waste

* Grains produced and collected in an environmentally friendly manner

Response to Climate Change

Promotion of Carbon Neutrality and the Circular Economy

Internal and External Collaboration

Our group strives for corporate value enhancement by proactively disclosing information on carbon neutrality to internal and external stakeholders. Internally, we released the Carbon Neutrality Internal PR Video and Carbon Neutrality App to foster a culture in which all employees view carbon neutrality as their own business and promote it. Externally, we issued 41 carbon neutrality-related press releases and published the Carbon Neutral Product and Service Catalog to widely publicize our carbon neutrality projects.

► Internal Awareness

Carbon Neutrality Internal PR Video

This internal PR video was created to make carbon neutrality a personal matter for employees and to foster a sense of unity company-wide.

Videos featuring young employees and division CEOs from each division are linked together in a relay format into a single video.



Carbon Neutrality App

This is a behavior modification app that can be used as a sales tool to deepen understanding of carbon neutrality among all employees. It enables employees to make carbon neutrality their own business using various content. It also provides one-stop access to our carbon neutrality-related information, enabling prompt proposal of solutions during business meetings with customers. In addition, points earned through the use of the app can be donated to a sapling fostering project.



Carbon Neutrality Strategy and Activities Session with Mr. Jacques Attali

In April, 2023, we hosted a special session on carbon neutrality with world-renowned economist and thinker, Mr. Jacques Attali.

During this session, a wide range of topics related to our overall carbon neutrality strategy and respective strategies and trajectories our cross-functional organization, the five working groups, should pursue were discussed. Throughout the session, while Mr. Attali emphasized the importance of innovation and environmental technology as well as the important concept of “Economy of Life,” he pointed out the importance of a long-term perspective, including education and awareness-raising, through which he reaffirmed the challenges and possibilities of our carbon neutrality strategy. Further, he also emphasized the importance of having more female employees in decision-making positions. This allowed us to gain inspiration for new visions and goals. In addition, we were able to foster a sense of unity among our employees toward carbon neutrality. Based on Mr. Attali’s suggestions, we will continue to actively pursue our efforts to achieve a decarbonized society.



► External Collaboration

Carbon Neutral Product and Service Catalog

This catalog covers our corporate group’s carbon neutrality-related solutions, which are linked to each of Scope 1, Scope 2, and Scope 3. We will contribute to the transition to a decarbonized society by helping our customers reduce greenhouse gas emissions through the various solutions that our group has accumulated over the years.



For more information on the Toyota Tsusho Group’s carbon neutrality-related solutions, please visit the “Carbon Neutral Products and Services” section of our website. (In Japanese only)
https://www.toyota-tsusho.com/sustainability/cn_catalog



Strengthening Collaboration with Zeroboard, a Provider of Greenhouse Gas Emissions Calculation and Visualization Services

Our group has been enthusiastically working with Zeroboard Inc. who provide “zeroboard,” visualization of greenhouse gas emissions and response to the carbon footprint of products. In addition to “zeroboard” on our own, we work with customers in Japan and overseas, particularly in the automotive industry, we contribute toward the achievement of carbon neutrality by customers as a one-stop provider of solutions for greenhouse gas emissions reduction, such as our renewable energy and recycling businesses.



“zeroboard” cloud service for greenhouse gas emissions calculation and visualization

Disclosure Based on TCFD Recommendations

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

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

1 Governance

We identified climate change as one of the material issues that matter most to our business. The content of Materiality initiatives is verified by the Sustainability Management Committee (held annually),*¹ which is chaired by the president & CEO, and incorporated into our business strategies via the sales division CEOs who make up the committee. Since 2020, the committee has been tasked with setting key performance indicators (KPIs) for material issues, monitoring their progress, and reporting on the particulars of deliberations to the Board of Directors meeting. Members of the Board have a wealth of competence and experience concerning ESG issues, including climate change, and have put in place a system to ensure that appropriate oversight is carried out.

To address climate change, the Carbon Neutrality Promotion Meeting (held monthly),*² which is chaired by the president & CEO, discusses strategies for transitioning to a decarbonized society. The meeting also manages progress in reducing our greenhouse gas emissions. The Carbon Neutrality Promotion Department, which was established in April 2022, serves as the secretariat for the committee and is responsible for further accelerating our decarbonization efforts as a specialized organization.

The status of achievement of energy-saving targets, as well as responses to climate change-related revisions to laws and regulations and new requirements, are deliberated at our Safety and Environment Conference*³ once in a year. Our progress is also confirmed at the conference. The representatives of the sales divisions and group companies who make up the members of the conference incorporate the details of these deliberations into our business activities.

We have introduced an internal carbon pricing system to promote greenhouse gas emissions reductions. Under this system, the progress of each sales division's efforts to reduce greenhouse gas emissions is reflected in the performance and compensation of the CEO who is responsible for that division.

For more information, please see "Promotion of Carbon Neutrality and the Circular Economy" on pages 82–92.

*1	Sustainability Management Committee	Decisions on policies and important issues related to Materialities, including climate change
	Chairperson	Ichiro Kashitani (President & CEO)
	Representative officer in charge	Hiroshi Tominaga (Member of the Board, CSO* ⁴)
	Secretariat	Sustainability Management Group, Corporate Planning Department
*2	Carbon Neutrality Promotion Meeting	Decisions on strategies toward the achievement of carbon neutrality
	Chairperson	Ichiro Kashitani (President & CEO)
	Representative officer in charge	Toshimitsu Imai (Executive Vice President, CTO* ⁵)
	Secretariat	Carbon Neutrality Promotion Department
*3	Safety and Environment Conference	Progress management of responses to climate change-related laws and regulations, etc.
	Chairperson	Akihiro Sago (Executive Vice President)
	Representative officer in charge	Akinori Saito (CSKO* ⁶)
	Secretariat	Global Safety & Environmental Promotion Department

*4 CSO : Chief Strategy Officer *5 CTO : Chief Technology Officer

*6 CSKO : Chief Safety & KAIZEN Officer

2 Strategy

(1) Climate-related Risks and Opportunities

Category		Anticipated Impact
Risks	Transition* ¹	Policy and Regulation Increase in business costs due to introduction of carbon tax, etc.
		Technology Change in demand for existing products/services due to introduction of low carbon/decarbonization technologies
		Markets Changes in demand for existing products/services due to changes in market conditions
		Reputation Reputation damage due to delays in climate change action or poor disclosure
	Physical* ²	Acute Business damage due to more frequent and increasingly severe wind and flood damage
		Chronic Impact on business due to rising temperatures and sea levels
Opportunities	Resource Efficiency	Increased demand for our recycling business due to growing awareness of resource recycling
	Energy Sources	Growing demand for our renewable energy business due to increasing need for renewable energy
	Products and Services	Growing demand for products and services that contribute to decarbonization and reducing carbon
	Markets	Growing business opportunities in emerging markets as they grow and mature

*1 Transition risks: Risks posed by changes in policy and regulation, technology, market environment, etc., associated with the transition to carbon neutrality

*2 Physical risks: Risks posed by increasingly severe natural disasters and changes in temperature and precipitation

Response to Climate Change

Disclosure Based on TCFD Recommendations

In response to the risks and opportunities described on the previous page, we are actively working to not only reduce Scope 1 and Scope 2 emissions but also to reduce Scope 3 emissions and contribute to the greenhouse gas emissions reduction efforts of society.

(2) Scenario Analysis

We conduct scenario analysis, following the TCFD recommendations, of selected businesses that are significantly impacted by climate change.

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

taking into account resource efficiency, energy sources, products and services, and markets in terms of opportunities.

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

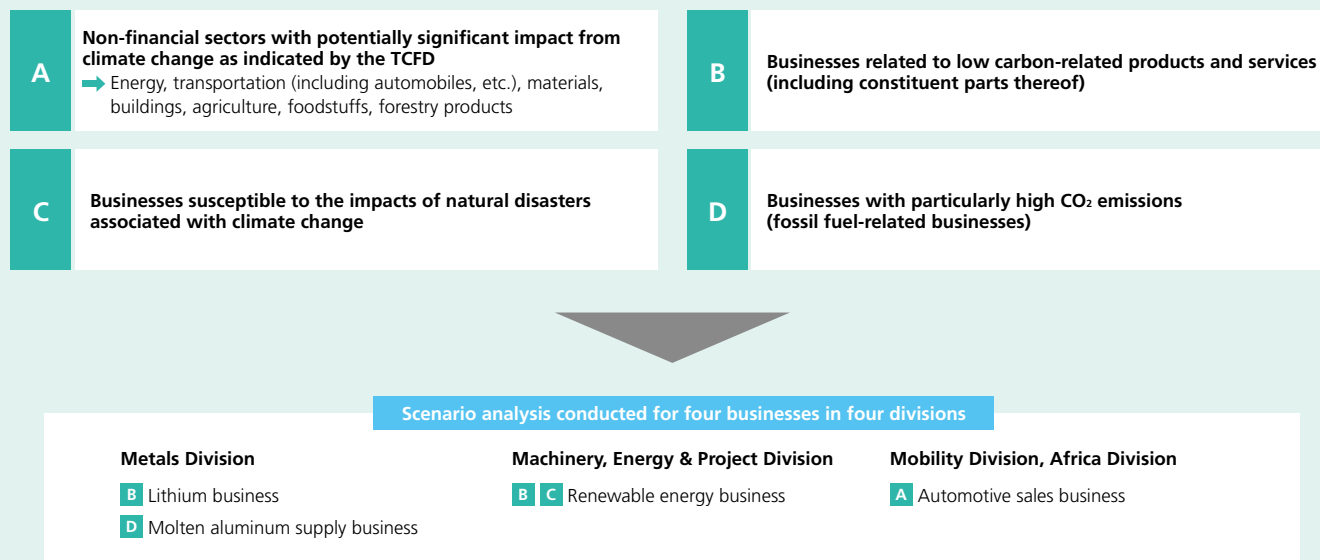
Reference Scenarios

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

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




Selection of Subject Businesses

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



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

Impact on Business

 Positive impact on business
  Limited impact on business
  Negative impact on business

(3) Results of Scenario Analysis for Each Business



Lithium business

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

Climate-related Risks and Opportunities

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

Impact on Businesses in Each Scenario

Below 1.5°C/2°C scenario	In a comparison between the below 1.5°C/2°C scenario and the 4°C scenario, a larger increase in demand for electrified vehicles and storage batteries is expected in the below 1.5°C/2°C scenario, resulting in greater opportunities for this business overall.	
4°C scenario	Regarding the risk of reduced lithium production efficiency at the lithium carbonate production site in Argentina due to changes in rainfall, any impact on lithium production is expected to be minor as the level of precipitation is expected to remain relatively constant, judging from the results for 2022 and the years leading up to it.	

In both scenarios, demand for electrified vehicles and storage facilities that use lithium batteries is expected to increase.

Our Measures

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



Molten aluminum supply business

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

Climate-related Risks and Opportunities

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

Impact on Businesses in Each Scenario

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


Our Measures

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

Response to Climate Change

Disclosure Based on TCFD Recommendations

Impact on Business

 Positive impact on business
  Limited impact on business
  Negative impact on business



Renewable energy business

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

Climate-related Risks and Opportunities

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

Impact on Businesses in Each Scenario

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

Our Measures

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



Automotive sales business

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

Climate-related Risks and Opportunities

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

Impact on Businesses in Each Scenario

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

In both scenarios, the total sales volume of new vehicles is expected to increase globally, especially in emerging countries, thus the risk to the overall business is expected to be minor.

Our Measures

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

3 Risk Management

We manage environmental risks and opportunities, including climate change, to a high standard. Businesses and risks/opportunities related to climate change are deliberated by the Carbon Neutrality Promotion Meeting, the Safety and Environment Conference, and the Sustainability Management Committee, and their members incorporate the details of these deliberations into our business strategies and activities. In particular, the Carbon Neutrality Promotion Meeting, chaired by the president & CEO, meets monthly to identify climate change risks and opportunities in light of the external environment and assess their impact on us, as well as to verify the progress of climate change-related businesses.

The Integrated Risk Management Committee defines the 10 most important risk items, including the environment, to focus on to review our global risk management status. The committee also manages climate change risk in the company-wide risk management process.

We have acquired certification under ISO 14001, an international standard related to environmental management systems, to monitor our risk management processes. Toyota Tsusho conducts internal environmental audits of domestic and overseas consolidated subsidiaries once every three years.

Investments and Loans

At Toyota Tsusho, our officers participate in various meetings to see the impacts that our investment activities have on ESG: The executive vice president, CSO, and CFO take part in the Investment and Loan Committee; the deputy CSO and deputy CFO in the Investment and Loan Meeting; and the president & CEO, executive vice president, CSO, CFO, and general manager of the Corporate Planning Department in the Investment Strategy Meeting. Projects that meet or exceed certain requirements and are approved by the Investment and Loan Committee or the Investment and Loan Meeting are required to undergo a preliminary carbon neutrality assessment. This assessment

determines the Scope 1*¹ and Scope 2*² emissions that will increase as a result of the investment, how they can be reduced, and how the investment will contribute to Scope 3*³ reductions as well as to greenhouse gas emissions reductions in society.

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

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

*3 Greenhouse gas emissions, encompassing production processes through raw material procurement, manufacturing, sales, consumption and waste

4 Metrics and Targets

Greenhouse Gas Emissions Reduction Targets and Future Initiatives

The carbon neutrality of our greenhouse gas emissions, as well as our contribution to a decarbonized society, is essential. Therefore, in support of the Paris Agreement and as a concrete policy toward contributing to the transition into a decarbonized society, we established a target of reducing greenhouse gas emissions (Scope 1 and Scope 2) by 50% compared to 2019 levels by 2030 and achieving carbon neutrality by 2050.

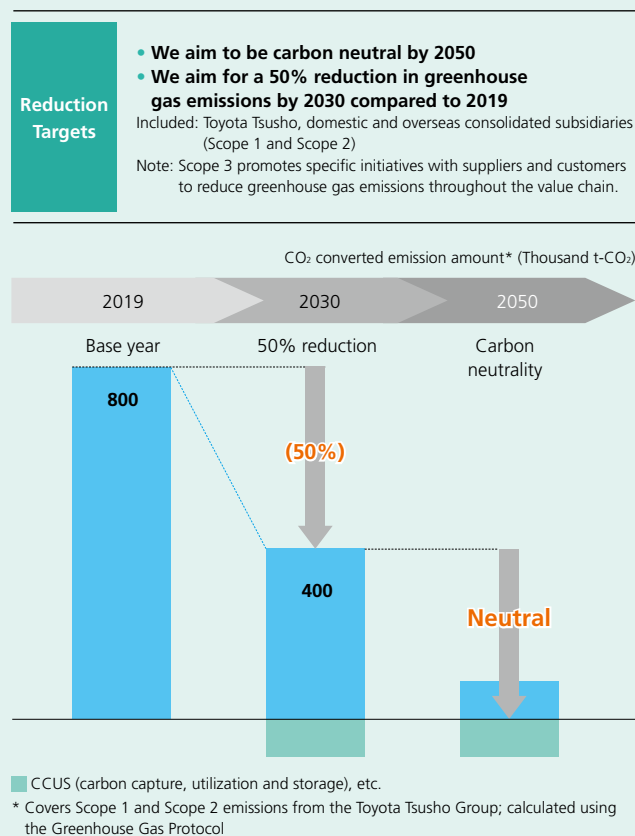
We are promoting comprehensive energy conservation and renewable energy measures (installing LED lighting and solar power generation facilities, etc.). We also aim to achieve this goal by reducing greenhouse gas emissions from production processes and logistics operations through fuel conversion, efficient consumption, and technological innovation.

The capability to accelerate and promote businesses that contribute to the reduction of greenhouse gases (GHG) throughout the entire industrial life cycle is one of our strengths. All of our employees will unite and exert themselves to contribute to the solution of these social issues.

Internal Carbon Pricing System

We introduced an internal carbon pricing system to encourage efforts to reduce greenhouse gas emissions in our internal management performance evaluation, and have set the price per ton at 30,000 yen.

For more information, please see "Promotion of Carbon Neutrality and the Circular Economy" on pages 82–92.



At a Glance



Metals Division

P.100



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

Market Environment

As the demand for resources recycling and decarbonization increases, customers have high expectations for the global expansion of integrated vein and artery businesses, which are one of our division's strengths. Along with those expectations, there is a demand for changes to our business continuity plans (BCPs), given the ongoing disruptions to our supply chains caused by issues such as natural disasters, pandemics, and the state of society. We expect to see growing needs for diverse products and functions tailored to individual regions.



Global Parts & Logistics Division

P.102



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 development and materials procurement to production and sales of automotive interior and exterior parts and accessories
Business Development	New business creation with a focus on fuel cells, environmental solutions, aircraft parts, airport management, and electrification products

Market Environment

In conjunction with instability in supply chains due to natural disasters and the effects of semiconductor shortages, customer expectations of the division concerning our BCP have increased. Furthermore, the automobile industry, which is our division's primary market, is shifting toward vehicle electrification. We are being called on to create competitive new technologies, products, and services that contribute to the realization of carbon neutrality.



Mobility Division

P.104



Distributors	Operation of distributors that import and wholesale products from manufacturers
Automotive Dealers	Operation of dealers that provide retail and after-sales services for products from manufacturers in designated regions
Production Business	Vehicle assembly business in emerging countries (knockdown production)
Value Chain Business Related to Automotive Sales	Building of comprehensive automotive value chains, primarily in countries in which the division operates distributors, with spare parts supply, vehicle installation and conversion, used car sales, and captive financing and leasing

Market Environment

The Mobility Division must respond to geopolitical risks and the characteristics of each country's market with measures such as portfolio diversification. Also, the entire mobility industry is accelerating its efforts to contribute to the global trend of carbon neutrality. Amid this paradigm shift, we are being called on to supply services that have a high level of added value and that can help solve social issues in each region.



Machinery, Energy & Project Division

P.106



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

Market Environment

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



Chemicals & Electronics Division

P.108



Automotive Materials	Global implementation of integrated functions ranging from the procurement of raw materials to parts processing, sales, logistics, and molding, and the provision of customer-oriented technology, expansion of the battery supply chain in the next mobility field, manufacturing entity operation and global implementation in the optical field, and development of the circulation business in the carbon neutrality and circular economy fields
Chemicals	Sales of a wide range of products and raw materials including detergents, sanitary materials, packaging materials, solvents, and inorganic chemicals (iodine, phosphorous, etc.), operation of manufacturing businesses for these products, handling of industry-leading biochemicals, and operation 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, global rollout of information and communication technologies (ICT) services, and development of the connected services business

Market Environment	Along with the needs of decarbonization and advancement of recycling, the automotive industry is developing new technologies and materials to make vehicles electrified, more lightweight, and environment-friendly, and is accelerating innovation in autonomous driving and other next-generation mobility technologies. At the same time, the use of digital technology is about to be in full swing. Rising environmental awareness around the world is expected to increase demand for environment-friendly technologies and products.
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Food & Consumer Services Division

P.110



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

Market Environment	The world around us is becoming increasingly complex and the future is difficult to predict. In addition, people's lives are changing at an unprecedented pace on a global scale. Even in times like these, people continue to demand a safe, secure, and comfortable environment to live in, and we must meet their expectations.
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Africa Division

P.112



Mobility	Automobile sales and after-sales services, used car sales, knockdown vehicle assembly, construction and agricultural machinery import, wholesale, and leasing throughout Africa, automobile production support, local parts production, distributor businesses, and next mobility/Mobility as a Service (MaaS) businesses through investment in start-ups
Healthcare	Wholesaling of pharmaceuticals mainly in western Africa, production of pharmaceuticals in North Africa, retailing of pharmaceuticals in East Africa, and promotion of digitalization in the healthcare field through investment in start-ups
Consumer	Manufacture and wholesale of consumer goods (hygiene products, beverages, etc.), shopping mall and supermarket development and operation
Energy, Infrastructure, and Technology	Facility management (design, system integration, maintenance) for elevators, air conditioners, solar panels, etc. Infrastructure businesses for renewable energy, seaport development, water supply, etc.

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



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

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

CEO:Chief Executive Officer

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 propose optimal products and logistics matching the needs of both suppliers and users. Furthermore, through restructuring our SBUs* into four—Mobility Material, 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, the division creates and offers new business value that contributes to solving social issues in the circular economy and carbon neutrality beyond the field of mobility by responding to rapidly changing social needs through a combination of functions, technologies, and markets, based on procurement capabilities with the global network we have developed over many years and our diverse processing and logistics functions available on a global basis.

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

future and actively addressing the new needs of customers and society in social infrastructure and other areas.

At the same time, to meet the needs for transitioning to a decarbonized and recycling-based society, the division is identifying areas unique to it that can lead to the solution of social issues by leveraging its capabilities in the mobility field, which is our foundation, to develop new markets and businesses in areas in which Toyota Tsusho is strong, such as recycling and resource development.

Furthermore, in terms of initiatives that transform the division's operating base, we are focusing not only on DX but also on measures that lead to new value creation through the leveraging of digital technologies. Regarding the workplace environment, we are accelerating our investment in people and promoting DE&I-based human resources and organizational development. We demand diverse ideas and flexibly promote human resources, valuing each individual's job satisfaction.

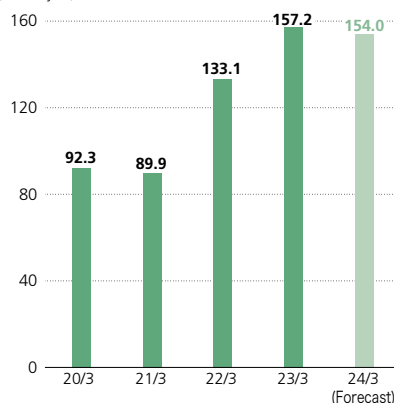
Through these wide-ranging initiatives, the division is developing existing businesses and creating new businesses that emerge through that development, and it has established a well-balanced business structure that is resilient to change to achieve its mid- to long-term goals.

* Strategic Business Unit

Business Performance and Forecast

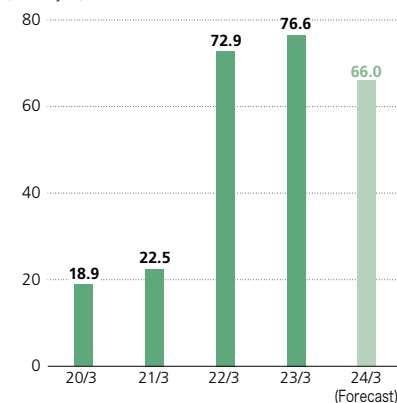
Gross Profit

(Billion yen)



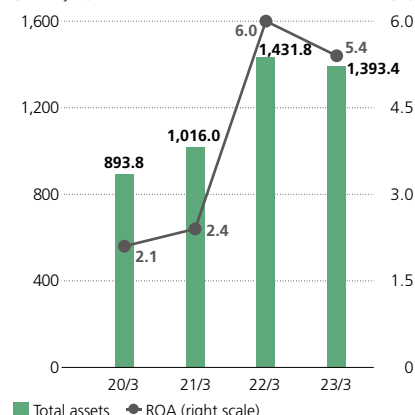
Profit for the Year Attributable to Owners of the Parent

(Billion yen)



Total Assets/ROA*

(Billion yen)



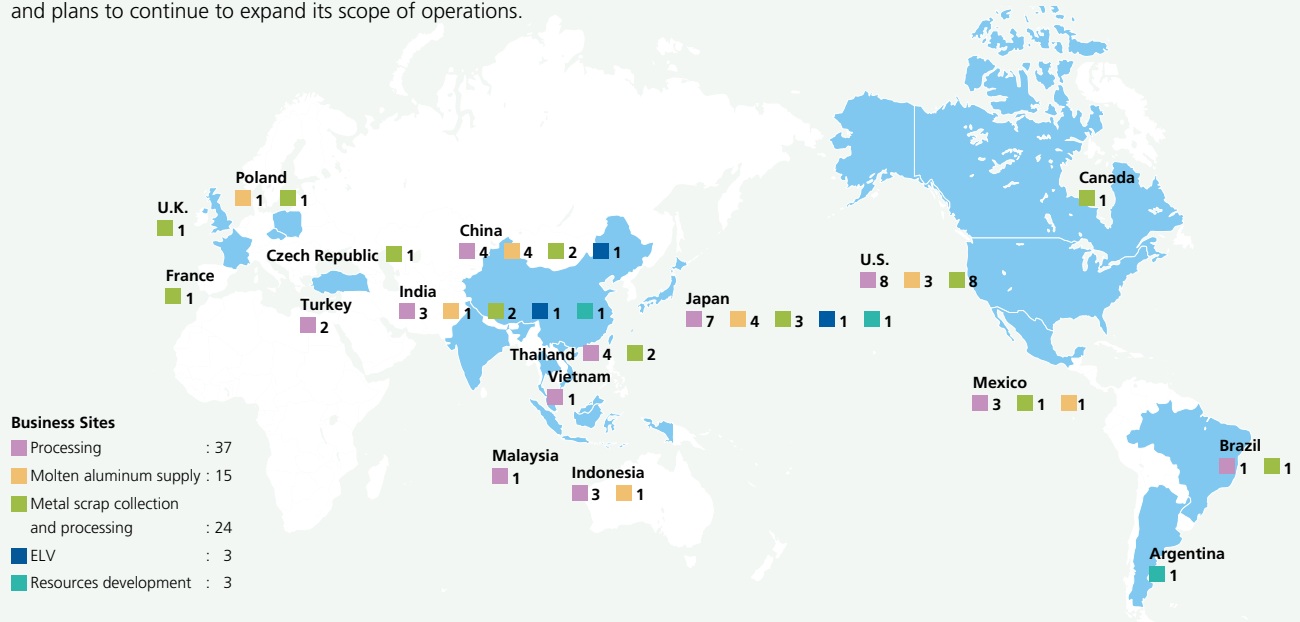
* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

Initiatives to Solve Social Issues

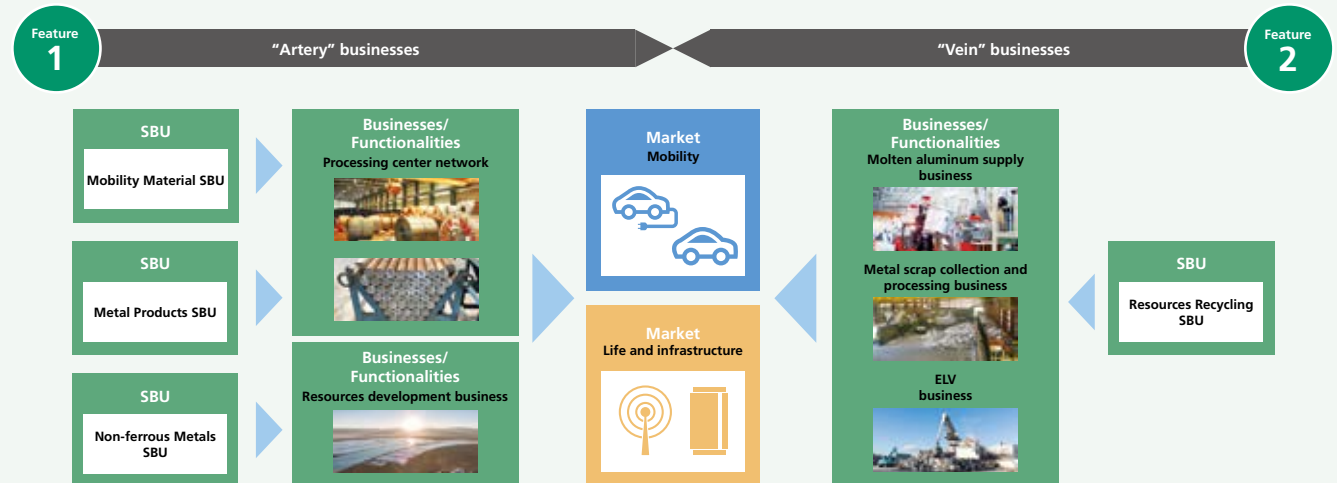
- Contribute to the transition to a decarbonized society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies
- Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing

► Metals Division's Business Portfolio

As a multimaterials 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 globally in the mobility and other fields. In addition, we support our customers' day-to-day production activities through the handling of multimaterials. 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 impact based on social demand. We are also advancing our contribution to future society through the construction of a sustainable resources recycling business.



Global Parts & Logistics Division



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

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

Business Model and Mid-term and Long-term Strategies

The Global Parts & Logistics Division has 167 sites operated by 109 subsidiaries in 38 countries around the world. By using these sites and our logistics networks and by establishing an optimally integrated parts logistics system, the division has established a global automotive parts supply chain. We aim to achieve sustainable growth together with our technologically skilled partners under the division's Vision2030, which is to "change the concepts of production, transportation, and connection to fulfill our responsibilities to future society."

In the area of production, our operations include tire and wheel assembly and other assembly businesses, a production business for airbag and other parts, as well as an interior and exterior parts and accessories business covering all aspects of operations from planning and development through raw materials procurement and processing. Furthermore, we promote circular manufacturing by recycling and reusing scraps generated during the manufacture of airbags and other products.

In the area of transportation, we successfully serve the diverse needs of our customers by using our global logistics network and supply-and-demand management functions. Also, we promote CO₂ reduction in the field of logistics by working with partners that have digital technologies in areas such as logistics optimization, automation

of warehouse operations, and the development and reuse of packaging materials used in transportation.

In the area of connection, we visualize the supply chain by combining the division's unique business partner network, manufacturing and logistics functions, and systems for managing global supply chains. We can provide solutions to manage disaster and other risks and centrally manage data, contributing toward solving issues faced by customers not just in the automobile industry but also in other industries.

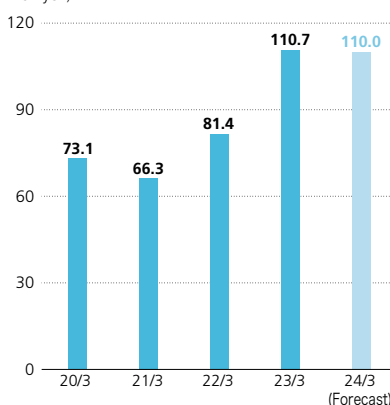
To achieve these, we will continue to focus on the identification of advanced technologies and new materials and the development of new functions. Also, the division is promoting the social development of core and prospective functions by finding new business partners and customers and seeking to expand our network, including in the field of environmental solutions such as fuel cells.

Toward achieving carbon neutrality, we will take on challenges around the four pillars of energy conservation, renewable energy, alternative fuels, and electrified vehicles to fulfill our responsibilities to future society. We connect people, products, technologies, and society in environment-friendly ways and contribute to the development of a next-generation mobility society.

Business Performance and Forecast

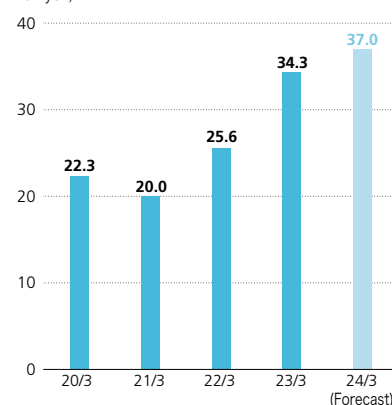
Gross Profit

(Billion yen)



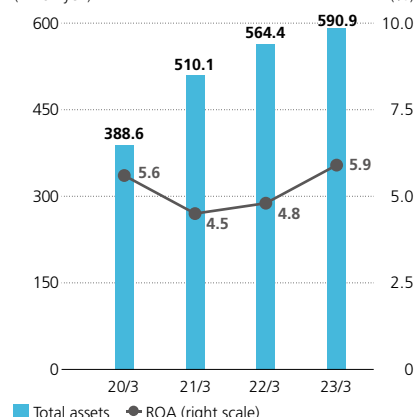
Profit for the Year Attributable to Owners of the Parent

(Billion yen)



Total Assets/ROA*

(Billion yen)

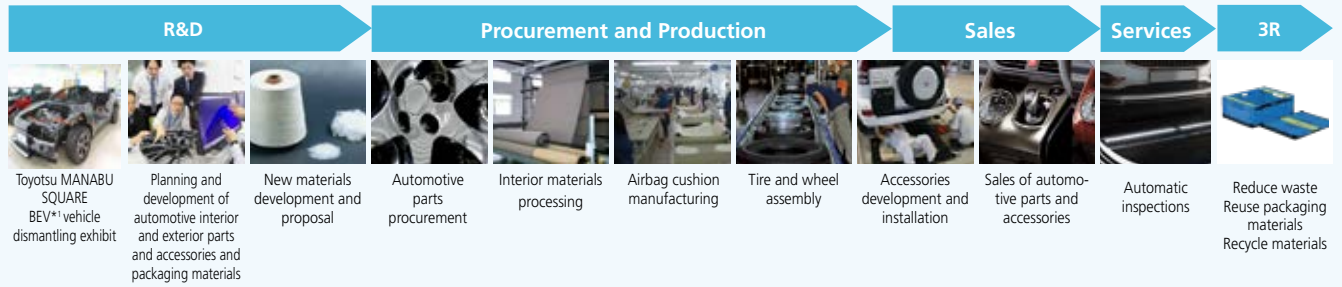


* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

Initiatives to Solve Social Issues

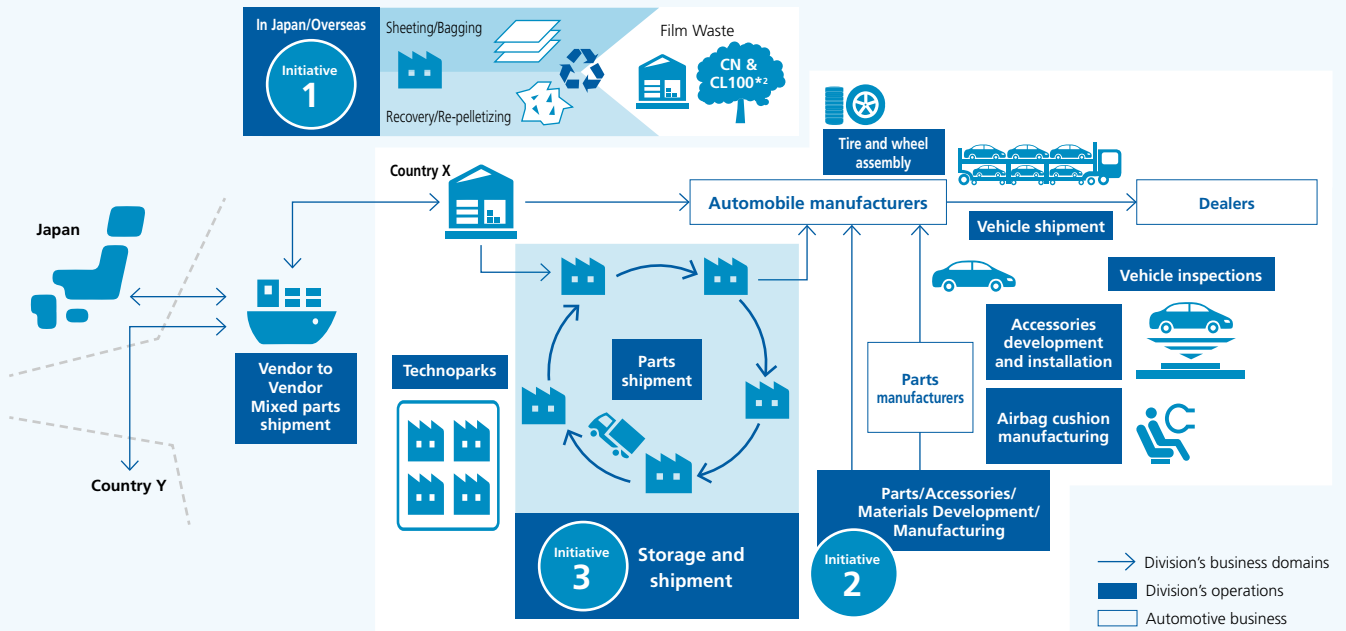
- Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society
- Contribute to the transition to a decarbonized society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

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

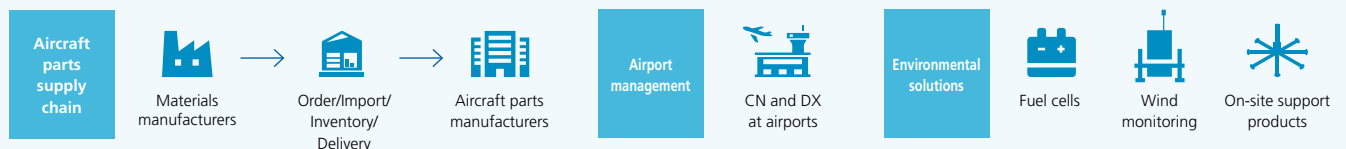


► Business Lines of the Global Parts & Logistics Division

Mobility Businesses



Non-mobility Businesses



Initiative 1

CL100 Project

We aim to achieve circular logistics by implementing measures such as eliminating petroleum-based packaging materials and developing new logistics containers made of recycled plastic with the objective of logistics that leaves no waste.

Initiative 2

3Rs of Parts and Materials

We will focus on the 3Rs of parts and materials through initiatives such as starting a recycling business for nylon scraps generated during airbag manufacturing in Vietnam. We will contribute to the realization of a circular economy by promoting businesses that reuse waste.

Initiative 3

Next-generation Logistics Warehouses

We are actively investing in logistics warehouses to build a sustainable supply chain. We will introduce large, automated warehouses/material handling systems to reform conventional operations that are highly dependent on human capital. This will allow us to address increasingly severe manpower shortages at logistics sites and improve storage capacity.

*1 Battery electric vehicle
*2 Circular Logistics 100 Project



Mobility Division



We aim to become the world's most reliable mobility business organization by building businesses that support safe and reassuring movement for people and goods in both products and services in markets undergoing transformation.

CEO for Mobility Division **Shigeru Harada**

Business Model and Mid-term and Long-term Strategies

The Automotive Division has been renamed the Mobility Division this fiscal year. In addition to automotive sales and other services, which we have previously been engaged in, we will strive to “Be the Right ONE” through the establishment of businesses that support safe and reassuring movement for both people and goods.

The Mobility Division conducts business globally, mainly in emerging regions such as Asia and Latin America, where further growth is expected. We will continue to deepen and explore business areas to provide services that meet various needs by closely assessing ever-changing social and economic trends, such as the shift toward carbon neutrality, the diversifying lifestyles of customers, and uncertainties in geopolitical conditions.

The Toyota SBU and Multi Brand SBU engage in the export of passenger cars, commercial vehicles, and industrial vehicles produced mainly by Toyota Group companies and other automotive and transportation equipment manufacturers, in Japan and overseas to countries around the world, through a global network that extends to 150 countries. Of which, we also operate a distributor business and dealership business, and knockdown production in 48 countries. Going

forward, we aim to establish a business that provides customers with solutions tailored to their needs.

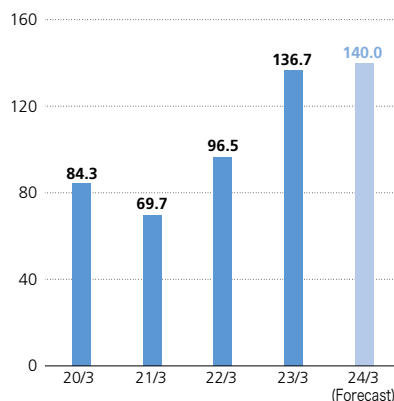
The Value Chain SBU engages in the after-sales service and whole-sale parts business, used vehicle business, and captive financing and leasing business. With these businesses at the core, we seek to contribute to the development of societies and economies by utilizing data obtained through customers, vehicles, the internet, etc., and by providing services with a high degree of added value across the entire mobility value chain, from upstream to downstream.

In this manner, we are providing value in four areas—mobility value (the pursuit of safety, security, and comfort), social value (contributions to job creation 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.

Business Performance and Forecast

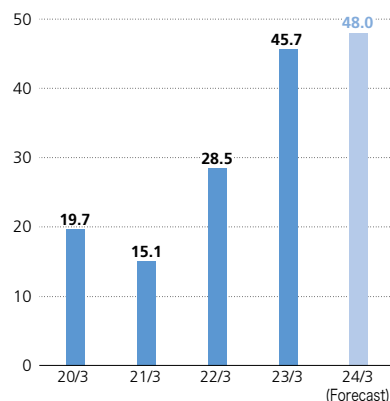
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

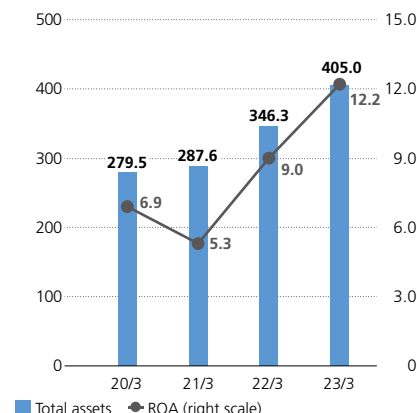
(Billion yen)



Total 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 Solve 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 decarbonized society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies

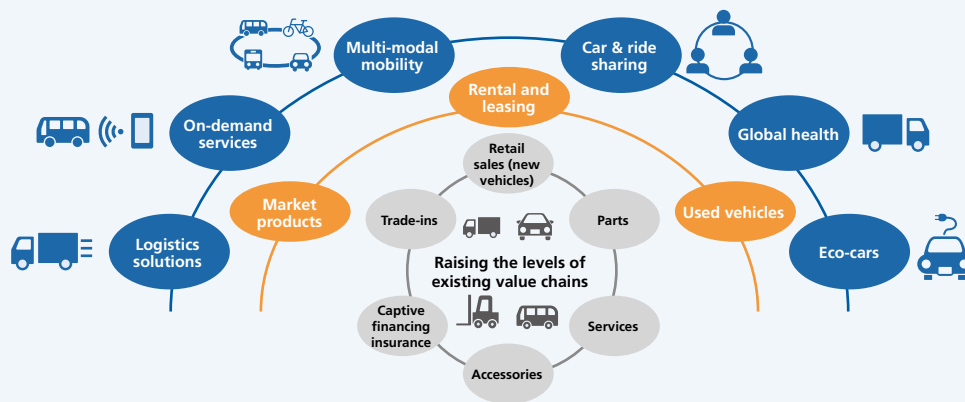
► Worldwide Operations and Regional Strategies



► Build and Expand the Mobility Value Chain



► Respond to Diversifying Lifestyles and New Mobility Needs



Feature 1

The division currently operates distributors and dealers and is expanding services in 48 countries 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" (retail sales, spare parts, and after-sales service) operations of dealers. We are also acquiring capabilities in new mobility service areas and working to help solve various problems related to the transportation of people and goods.



Machinery, Energy & Project Division



The Machinery, Energy & Project Division will realize a highly productive organization that is conscious of basic unit management.* At the same time, the division will always solve problems from the customer's perspective, as well as contribute to the creation of a sustainable society centered around renewable energy, with an eye toward a decarbonized society.

*Management in conscious of scales with competitiveness (strength) namely profit ratio, market share, investment return etc., none of which is susceptible to outside business environment.

CEO for Machinery, Energy & Project Division **Kosuke Kunihiro**

Business Model and Mid-term and Long-term Strategies

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

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

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

The division is expanding renewable energy power generation businesses around the world, including wind, solar, hydroelectric, geothermal, and biomass. We provide competitive renewable energy through further power development, including virtual power plants (VPPs*¹) and decentralized power sources, while not only promoting development in Africa and other emerging countries but also strengthening our power generation business, such as through offshore wind power initiatives. We also provide necessary solutions to mitigate our customers' negative environmental impact, including the switching of ship fuels to LNG and

supplying high-quality and clean fuels such as biodiesel. In Japan's Miyazaki Prefecture, we are growing cedar container saplings*² through a partnership with the Miyakonojo Forest Owners Association for promoting the circular usage of forest resources.

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

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

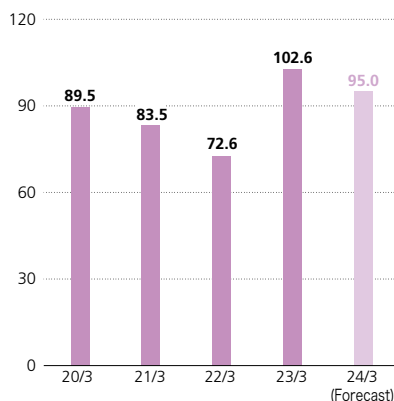
*¹ A virtual power plant connects distributed power sources via a network and adjusts the balance of electricity supply and demand.

*² Cedar saplings fostered in a specialized containers with soil

Business Performance and Forecast

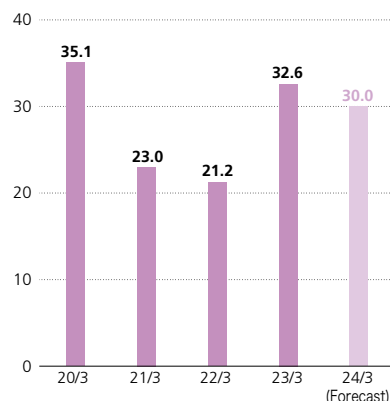
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

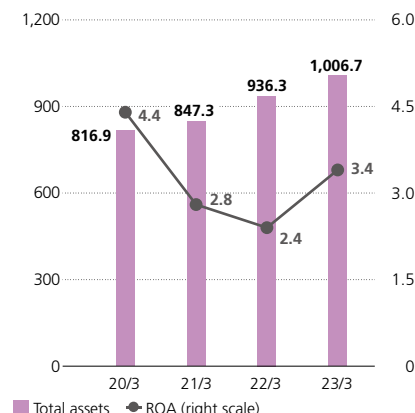
(Billion yen)



Total Assets/ROA*

(Billion yen)

(%)



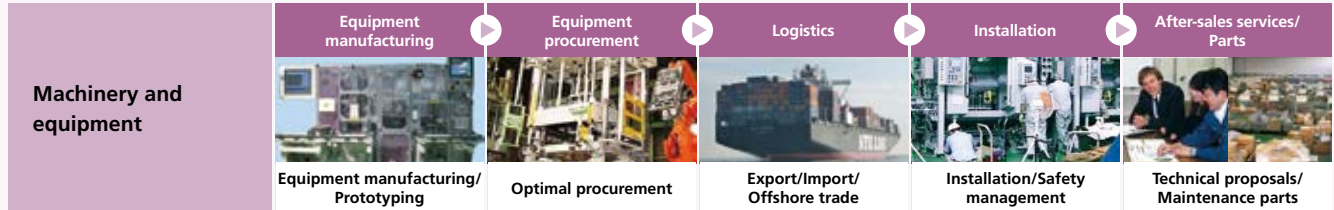
* To calculate ROA, the average of total assets at the beginning and end of the fiscal year is used as the denominator.

Initiatives to Solve Social Issues

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

► An Integrated Support Function for Machinery and Equipment

Feature
1



► Strengthening the Renewable Energy Business

Feature
2

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

Wind power station



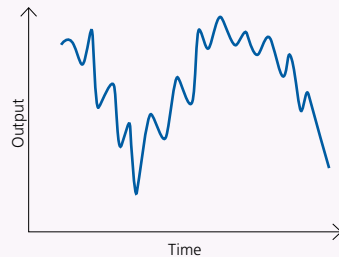
Hamasato, Northern Hokkaido

Storage system



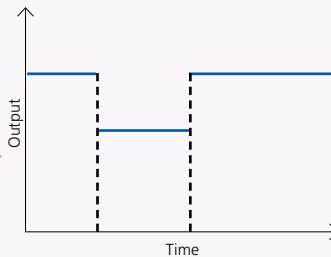
Storage battery exterior

Before output shaping with storage batteries



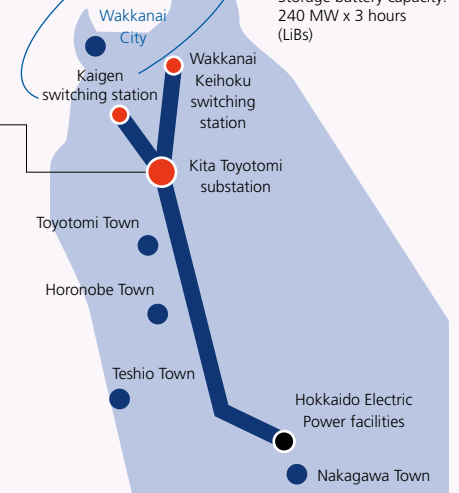
Charging and discharging

After output shaping with storage batteries



Overview of transmission routes

Sites planned for wind power plants



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

Feature
1

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

Feature
2

The division raises operation rates and lowers its operation cost by analyzing a wealth of operational data from wind power stations and performing effective maintenance. The division continues to endeavor to be an operator that can achieve the stability and cost-effectiveness required for renewable energy.



Chemicals & Electronics Division



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

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

Business Model and Mid-term and Long-term Strategies

The Chemicals & Electronics Division conducts business in three fields—automotive materials, chemicals, and electronics—to contribute to stakeholders who are responding to major environmental changes such as the recent movement toward realizing a decarbonized society, the movement toward realizing a new mobility society, and geopolitical changes.

In the automotive materials business, the division is concentrating on globally establishing battery supply chains for local production for local consumption in anticipation of growing battery demand. From the perspectives of decarbonization and circular economy businesses, the division is creating a car-to-car recycling system through recycler PLANIC Co., Ltd., in which it has invested. Furthermore, it aims to contribute to the development of optics for use in next-generation automobiles by applying its vehicle-lamp optical lens technologies.

In the chemicals business, the division handles a wide range of chemical products, such as detergent raw materials, sanitary materials, and packaging materials, and strives to expand its business even further by leveraging its well-advanced sales network. Regarding the production and sales of the important resource iodine, of which the division has the largest share in the global market, the division is strengthening its value chains through activities such as the

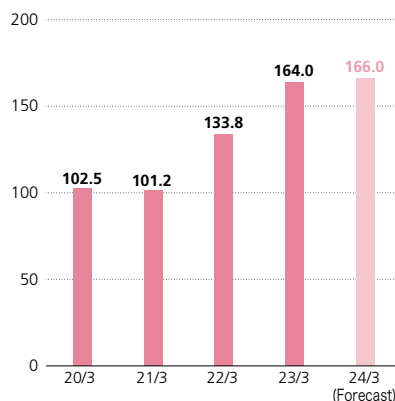
manufacture and sale of iodine compounds. Toyotsu PET Recycling Systems Co., Ltd. started full-scale operations in October 2022, and the division will contribute to raw material recycling and conversion by recycling plastic resources and promoting the widespread use of plant-derived biomass plastics.

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

Business Performance and Forecast

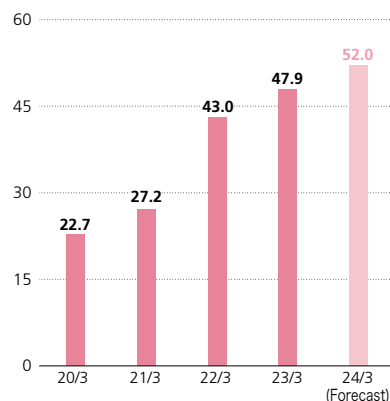
Gross Profit

(Billion yen)



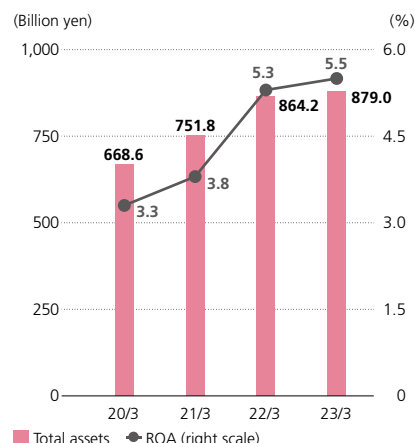
Profit for the Year Attributable to Owners of the Parent

(Billion yen)



Total 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.

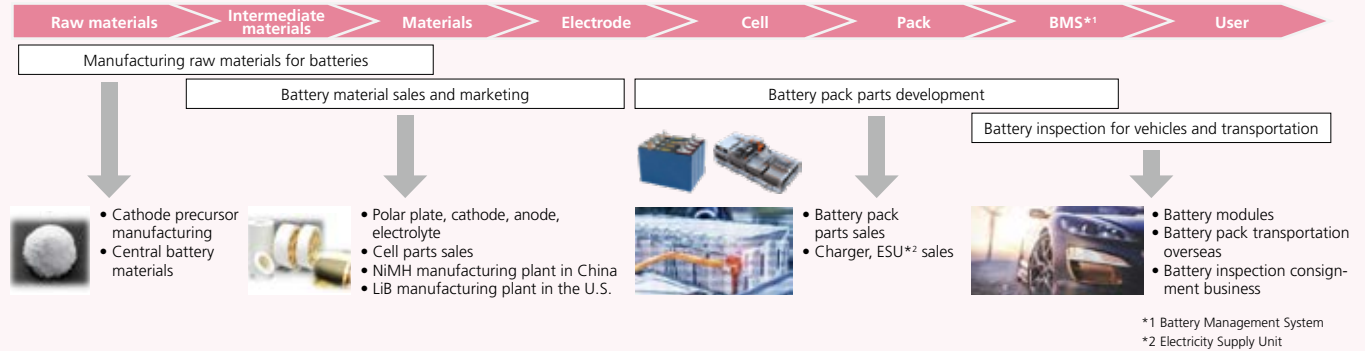
Initiatives to Solve Social Issues

- 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

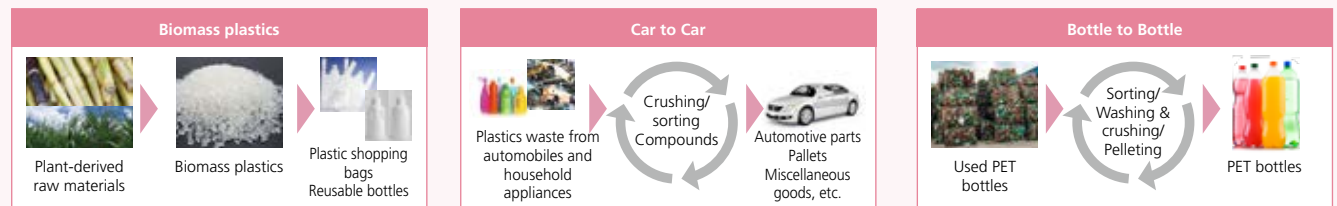
► Initiatives in the Automotive Materials Business

Battery development and support business

Problem-solving proposals at every level of our value chains

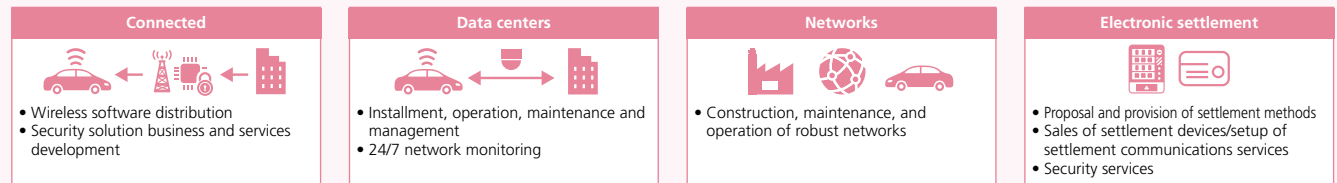


► Initiatives in the Chemicals Business

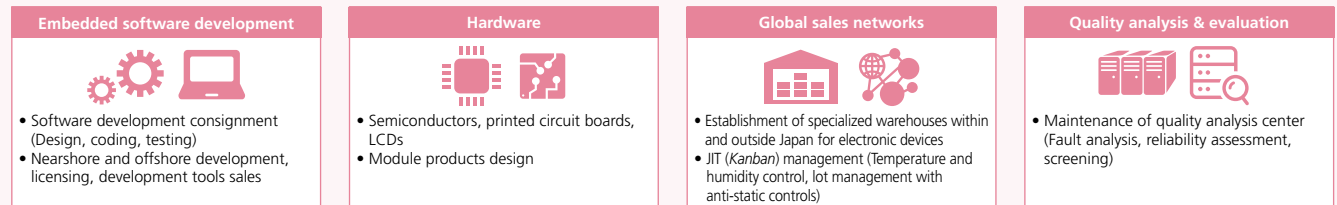


► Initiatives in the Electronics Business

Information Industry Business Domain



Electronic Devices Business Domain



Feature 1

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

Feature 2

We are accelerating our initiatives related to decarbonization and circular economy businesses to maintain sustainable growth with society. In the chemicals business, we handle industry-leading biochemicals and are operating and 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 mission of the Food & Consumer Services Division is to be the one and only company that supports people's lives, enhances prosperity, and passes these gains on to the next generation to realize a sustainable and prosperous society.

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

Business Model and Mid-term and Long-term Strategies

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

In the grain business, the division's strengths are its import of feed raw materials from overseas and its many years of experience and operational excellence in the prominent grain silo business in Japan. Globally, it is primarily enhancing initiatives for the stable supply of environment-friendly Brazilian grain and will continue to link its knowledge with its assets, functions, and global network to further expand its businesses.

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

In the insurance business, the division's strengths are its class-leading insurance agency business 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 has strength as a comprehensive supplier that handles everything from materials development to production and product sales. It is actively working to reduce apparel loss and environmental impacts, including by recycling clothing and industrial materials, as well as by developing materials and products made from recycled resources.

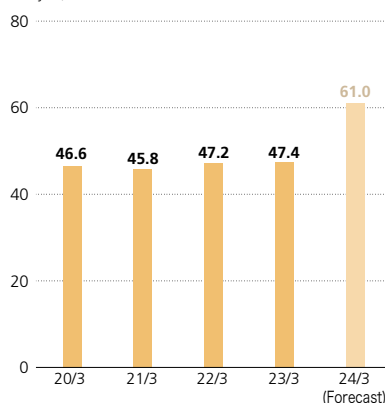
In the living environment business, the division is making effective use of hotel residences to support companies that are expanding operations overseas as well as company-owned real estate, renovating offices and other facilities, and operating a leasing business for houses and other properties. The 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 healthcare and medical business, the division is reinforcing the medical institution support business, rehabilitation business, nursing care products business, and other businesses intended to help solve social issues in Japan. Overseas, the division is developing the hospital and peripheral businesses in India to provide Japanese healthcare technologies and services, as well as operating clinical testing centers in Indonesia. In doing so, the division contributes to raising the level of local medical care and promoting people's health.

Business Performance and Forecast

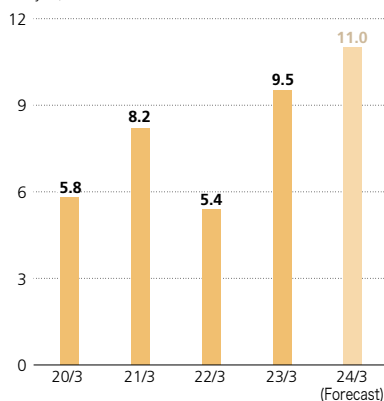
Gross Profit

(Billion yen)



Profit for the Year Attributable to Owners of the Parent

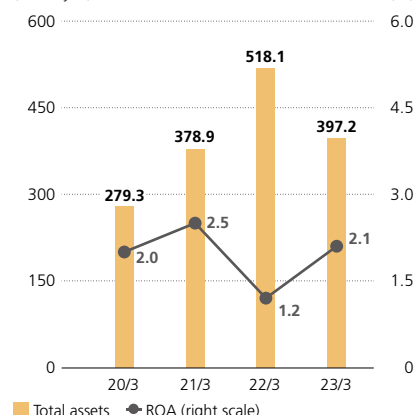
(Billion yen)



Total 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 Solve Social Issues

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

► Contributing to a Sustainable Society through Business Activities

Feature
1

Food & Agribusiness SBU

Sustainable Supply of Marine Resources



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

Stable Supply of Grain Raw Materials



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

Reducing Food Loss



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

Life Style SBU

Sustainable Materials



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

Sustainable Cities and Lifestyles



The SBU is contributing to the creation of sustainable cities and lifestyles through trade in environment-conscious products and disaster mitigation products, including solar power systems, and 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 is providing remote treatment to improve medical services at both those clinics and the hospital in India. In this way, the group will contribute to improving the safety, quality, and efficiency of healthcare in the countries concerned.



Pharmaceutical Wholesaling Business in India

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



Grain Business in Brazil

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



AXIA Business

In 2014, the Toyota Tsusho Group started operating serviced apartments for Japanese expatriates and business travelers in Indonesia. The group developed and started operating AXIA II serviced apartments in 2016. To further meet the needs of customers, the group also launched in 2019 a project for the AXIA III serviced apartments for families using its experience operating safe and secure housing.



Bungasari Flour Mills Indonesia

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



On-site Medical Clinic Business

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





Africa Division



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

CEO for Africa Division **Richard Bielle**

Business Model and Mid-term and Long-term Strategies

The Africa Division currently has a network encompassing all 54 countries in Africa with a total of approximately 23,000 employees and engages in a diverse range of businesses in four business fields. By (1) diversifying its business portfolio, (2) strengthening partnerships with global brands, (3) integrating value chains, and (4) promoting carbon neutrality as its business strategies, the Africa Division is contributing to Africa’s economic growth and industrialization, and responding to the expanding middle class.

In the automotive business, which is the core of the mobility field, we will expand our product lineup, including compact cars, targeted at the middle class, enhance our automotive value chain such as parts & sales and used car sales, strengthen sales efforts utilizing CFAO Motors South Africa, which is one of the largest automobile dealers in South Africa, and encourage the adoption of eco-cars such as HEVs and PHEVs. Furthermore, we will develop business in the MaaS* field through Mobility 54 Investment SAS, a corporate venture capital specializing in start-ups in Africa, to support comprehensive development of industries centered on mobility.

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

business, creating new services, and achieving the establishment of a unified value chain spanning local production, wholesale, and retail of pharmaceuticals, we are strengthening our initiatives to contribute to the health of Africa’s people. Furthermore, we will promote the digitalization of the healthcare field through Health54 SAS, a corporate venture capital specializing in start-ups in Africa.

In the consumer field, we will expand our local production and wholesale business of consumer goods, such as hygiene products and beverages, as well as 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 job creation in Africa through local procurement, production, and sales.

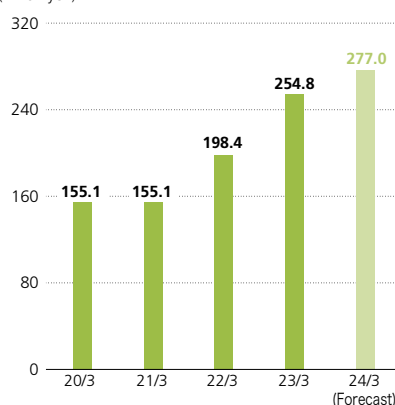
In the energy, infrastructure, and technology fields, we are developing projects that make the most of the potential of African nations and the strengths of partner companies, mainly in renewable energy businesses (such as wind, solar, and geothermal) and a seaport development business. We will contribute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

* Mobility as a Service

Business Performance and Forecast

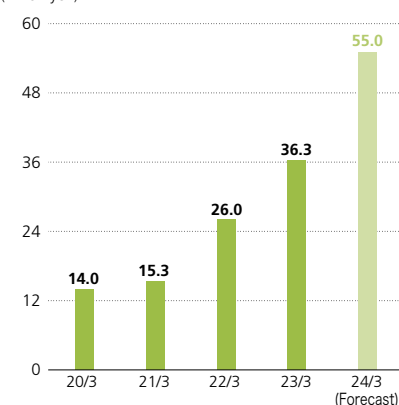
Gross Profit

(Billion yen)



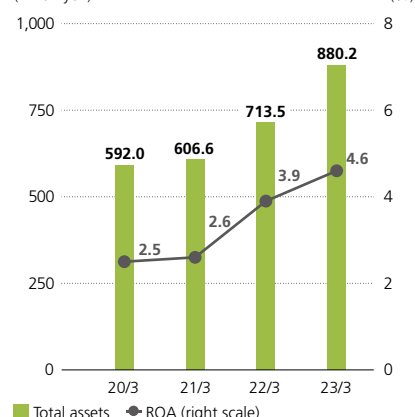
Profit for the Year Attributable to Owners of the Parent

(Billion yen)



Total 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 Solve Social Issues

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

Toyota Tsusho's Group Vision for Africa

Feature
1

Businesses



Mobility SBU



Healthcare SBU

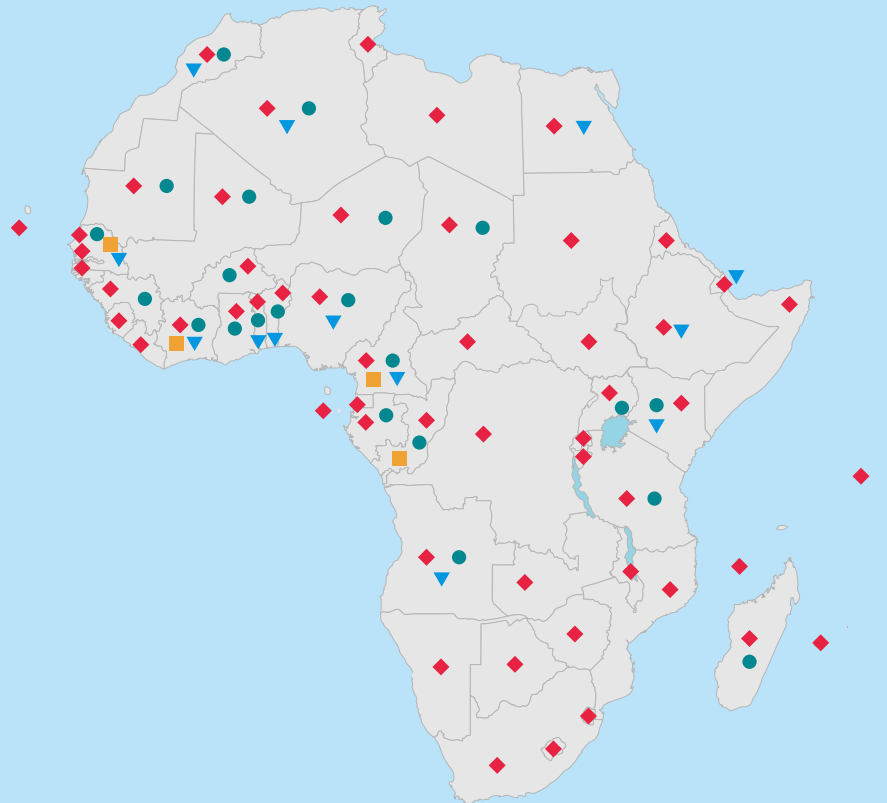


Consumer SBU



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 merger between Toyota Tsusho, which has created a network in Africa over the past 100 years based on the automobile distributor business, primarily in East and South Africa, and CFAO, which has a 170-year history and a solid presence in central and western Francophone Africa, we will conduct efficient and strategic business throughout the continent.

Messages from Outside Members of the Board



Kunihiro Koumoto

Outside Member of the Board

Received a Ph.D. in industrial chemistry from the University of Tokyo Graduate School of Engineering in 1979. Later, he served as associate professor at the Faculty of Engineering, University of Tokyo, professor at the School of Engineering, Nagoya University, and professor at Nagoya University's Graduate School of Engineering. After being a fellow of the Toyota Physical and Chemical Research Institute, he became a part-time distinguished professor at King Abdulaziz University in 2017, and a senior researcher at the Nagoya Industrial Science Research Institute in 2018. He was appointed director of Toyota Tsusho Corporation in June 2018.

Driving growth through DX and AI technologies in the next new stage

Without materials, we can make nothing and do nothing. We use physics to maximize the function of materials, chemistry to create materials, engineering to combine materials and create devices and systems, and IT technology (DX, AI, data science, IoT) to connect them all and assist human activity. In this case, it is easy to understand that material and chemical technologies support our economy and industry from the ground up. I aim to look closely, from the perspective of enhancing corporate value, at whether the businesses that Toyota Tsusho is focusing on, together with new businesses for the next stage, are grounded in solid material and chemical technologies.

To achieve dramatic growth in the next new stage, we must further intensify and expand businesses in fields where we have our strengths, move away from the mentality of always relying on others, and take on the challenge of opening up new businesses. And to do this, we will require a global approach using DX and AI technologies to streamline our businesses and projects, secure and optimize our personnel assignment, achieve sweeping reform of our business portfolio, and create unprecedented businesses that connect advanced technologies.



Didier Leroy

Outside Member of the Board

Joined Renault S.A. in 1982 and joined Toyota in 1998. He subsequently served as president of Toyota Motor Manufacturing France S.A.S., president of Toyota Motor Europe NV/SA, and executive vice president of Toyota Motor Corporation. He is presently Chairman of Toyota Motor Europe NV/SA. He was appointed director of Toyota Tsusho Corporation in June 2018.

Contributing to TOYOTA TSUSHO business reform and human resources development to “Be the Right ONE” and to create value with stakeholders toward a sustainable future

The world changed so quickly during the last years, and multiple crisis created enormous uncertainties.

The society is changing, and the customer needs are changing. The business environment is becoming difficult for many companies. But it's also creating real opportunities for companies that can redefine quickly their business model, which can be very agile to bring practical solutions to the business partners and customers.

More than ever before the “Be the Right ONE” vision is key for our customers, business partners and our employees.

Our ability to offer optimal solutions for the society and for the planet is essential to be able to differentiate ourselves from competition.

I am very honoured to be an outside member of the board of Toyota Tsusho. In this very challenging world, I deeply feel the importance and responsibility of this position. I will leverage my experience in business reform and human resource development at Toyota Motor Corporation, and challenge the management team with opinions, to help Toyota Tsusho to “Be the Right ONE” and to create value with the stakeholders. As part of this, our employees will be more important enablers than before in achieving greater growth for the company going forward.

Of course, robust leadership is essential to accomplish this goal. More than ever, I would like to stress that with ENERGY, PASSION, and a FIGHTING SPIRIT, NOTHING is impossible.



Yukari Inoue

Outside Member of the Board

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

Contributing to further evolution toward the “Be the Right ONE” vision

Toyota Tsusho’s main businesses are BtoB, so leveraging my experience at a manufacturer of consumer goods to contribute to enhanced corporate value is not so easy. I am always exploring ways to do this. For several reasons, including restrictions during the COVID-19 pandemic, I have limited opportunities to visit each site. However, I can question and offer opinions, applying my knowledge, about consumer goods projects of the Food & Consumer Services Division and Africa Division. For projects of other divisions, I can question and exchange opinions from the perspectives of whether there is a competitive advantage, or whether we can secure an ongoing competitive advantage, by looking past our customers to the consumers and users beyond. Consumer needs are becoming more diverse, and are always changing, so we would be unable to propose solutions that beat our competitors by just responding to customer feedback, even in the BtoB industry. The support I provide is aimed at creating an environment that enables each of our employees to step out and step forward, understand end-user trends, and continually generate new ideas.

Over these past few years, Toyota Tsusho has grown to a new level through the leadership of management, the efforts of employees, and the support of customers and suppliers. This is a wonderful thing. I would like to mention two things that are necessary for further growth going forward. The first is that we need to verify whether the current classification of the seven business divisions is optimal for driving our priority domains. It might be time to restructure these divisions in a way that creates end-to-end synergies from the customer’s perspective. The second is that we need to strike the right balance between concentrated and dispersed. Concentrating efforts certainly has benefits, but my understanding is that as a trading company, it is also extremely important that we expand our business portfolio to meet the demands of customers. It is time for Toyota Tsusho to create processes and a culture for achieving optimal balance by leveraging its recent rapid expansion. As an outside member of the Board, I will provide my objective and diverse perspectives to help enhance corporate value for the company.



New Appointment

Chieko Matsuda

Outside Member of the Board

After working at Long-Term Credit Bank of Japan, Ltd., spent time as a ratings analyst at Moody’s Japan K.K., as a partner at Corporate Directions, Inc., and as a vice president and partner at Booz and Company. She has been in her current role as professor at the Graduate School of Management, Tokyo Metropolitan University, since 2011. She has also been a non-executive director of Kirin Holdings Co., Ltd., and an outside director of IHI Corporation since 2020.

Looking forward to continuing to create shared value with stakeholders through sustainable management

I have spent a third of my career in financial and capital markets, another third in corporate management support, and the final third in universities. Currently, I am researching and addressing corporate strategy and various issues between corporate management and the capital markets, areas in which I am deeply interested.

These days, the entire corporate environment is undergoing radical change in an era of increasing uncertainty. Management strategy has also changed from one that prioritizes maintaining a competitive edge for as long as possible to one that prioritizes the ability to continually create competitive edges with agility. The “Be the Right ONE” vision is extremely important for making further improvements to this ability. I have great expectations for this vision as an ongoing driver of sturdy management based on our corporate philosophy and medium- to long-term management strategy. I will also do my best to contribute where I can.

Also, as a factor in all of this, sustainability is an important management challenge at present. Rather than just contributing to society, I strongly believe that our businesses will also work to create shared value that contributes to enhancing corporate value through close ties with society.

However, management of this type does not work solely within the confines of a company. What is essential in these current times is to have constructive dialogue, and create a deeper understanding and cooperation, with shareholders and other stakeholders. I hope that Toyota Tsusho becomes more attractive to all manner of stakeholders, so I look forward to working with everyone to consider the future of the company.

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, which articulates the unique values, beliefs, and bedrock 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.



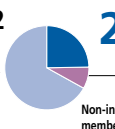
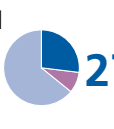
The company carries out consolidated management based on a divisional organization that comprises seven sales divisions under the leadership of divisional chief executive officers (CEOs) and the Administrative Unit.

For independence, a non-executive director continues to serve as chairman of the Board as well as chairperson of the Executive Compensation Committee and the Executive Appointment Committee. Three senior executive officers are also members of the Board: The president & CEO, the chief strategy officer (CSO), and the chief financial officer (CFO). At least one-third of the members of the Board are

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

The company aims to boost its expertise and the speed of its decision-making by having established chief technology officer (CTO), chief strategy officer (CSO), chief financial officer (CFO), chief safety & KAIZEN officer (CSKO), and chief human resources officer (CHRO) positions as

Corporate Governance Transformation Trends

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Number of members of the Board and percentage of independent outside members of the Board	<p>16  19%</p> <p>June 2016</p>	<p>12  25%</p> <p>June 2017</p>	<p>12  25%</p> <p>June 2018</p> <p>Non-independent outside members of the Board</p>	<p>11  27%</p> <p>June 2019</p>
Improve the transparency and objectivity of management	Started evaluating the effectiveness of the Board of Directors meeting	Eliminated automatic appointment of councilors and advisors	Increased the number of outside members of the Board to 4 (including 1 foreign national)	Started meetings for outside directors/auditors
Separation of management and operations		Appointment of CSO, CFO, CAO, CIO, CCO, and CTO*	Sales division CEOs work exclusively on business execution; there are no directors with executive responsibilities	
Executive appointment and compensation				Clarification of senior executive officer

* As of April 2023, chief officer positions consist of a CEO, CTO, CSO, CFO, CSKO, and CHRO.

Summary of Corporate Governance Structure (As of June 23, 2023)

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

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 directors. This serves as an opportunity for outside directors to deepen their understanding of the respective

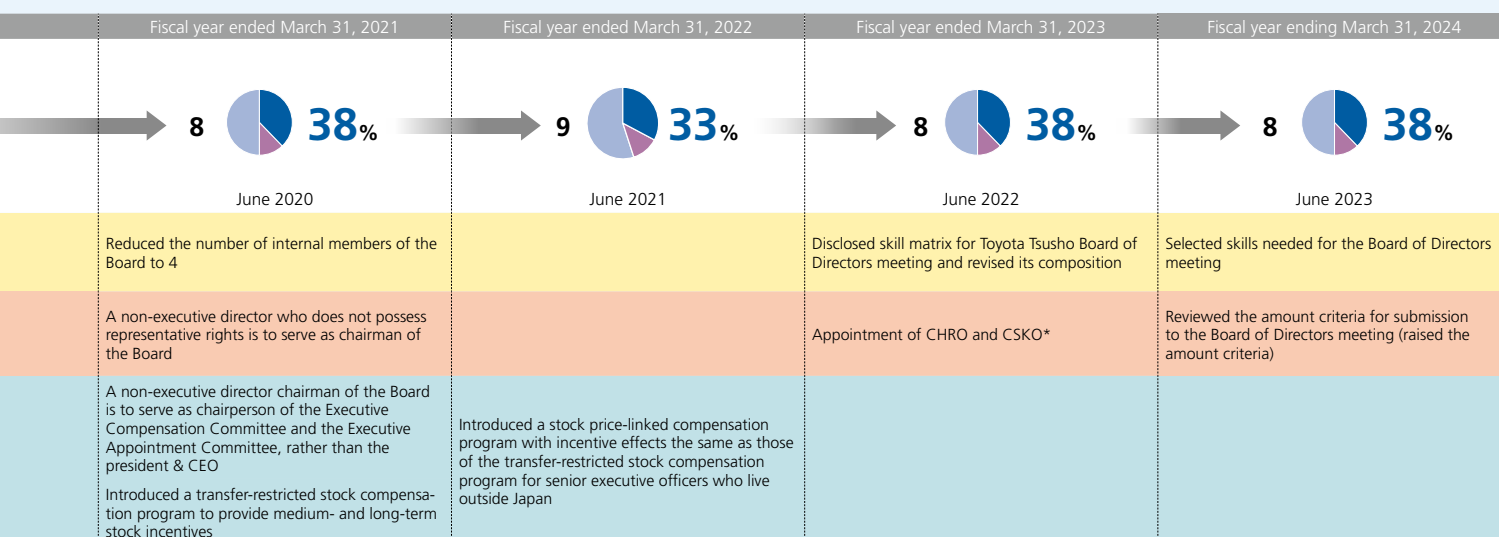
business as well as a chance to provide advice from the perspective of an external party. On-site inspections of domestic subsidiaries by outside directors/auditors (outside members of the Board and Audit & Supervisory Board members (outside)) will be restarted depending on whether COVID-19 is brought under control. Meetings for outside directors/auditors are also held so that they can freely and openly exchange opinions among themselves

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

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

Topics Discussed in the Fiscal Year Ended March 31, 2023:

- 1) Hydrogen and alternative fuel business that contributes to carbon neutrality (keynote speech by Kunihiro Koumoto, outside member of the Board)
- 2) Management direction for the next 15 years to become a truly global company
- 3) Carbon neutrality (specific initiatives for the current fiscal year and issues for the next fiscal year centered on five working groups)

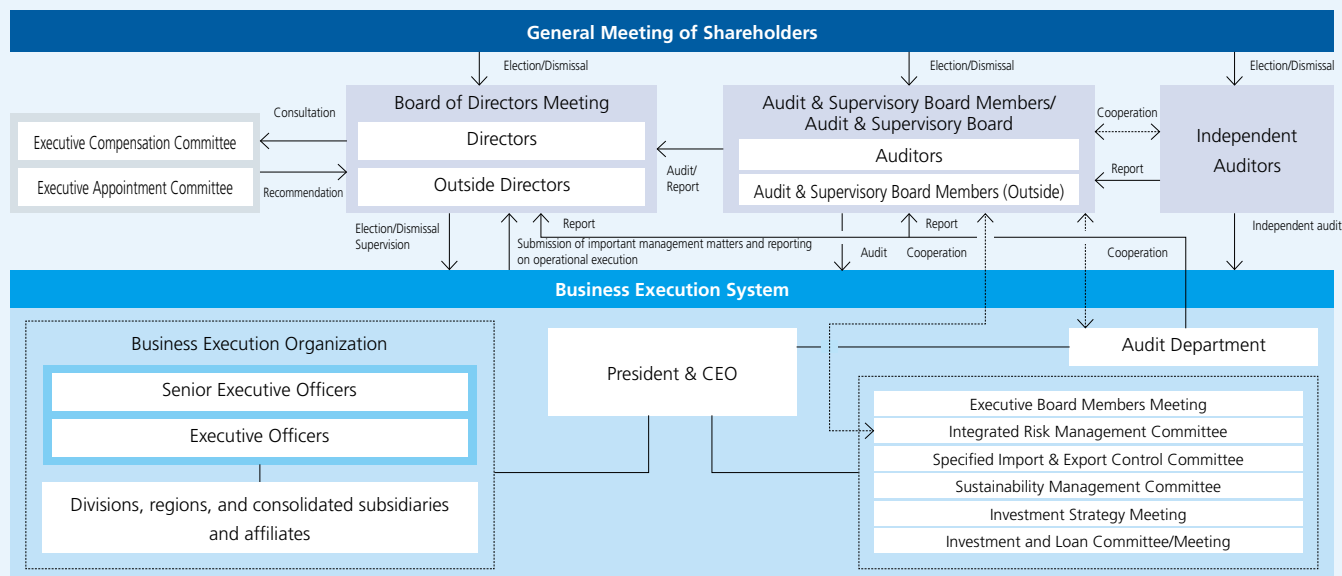


For details on required skills and the skill matrix, please see page 120. [➤](#)

Governance

Corporate Governance

Corporate Governance Structure (As of June 2023)



Board of Directors Meeting

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

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

Main Agenda Items for the Board of Directors Meeting in the Fiscal Year Ended March 31, 2023

Topic	Main resolutions and reports	
Management strategy	<ul style="list-style-type: none"> Management mission statement Promotion of carbon neutrality Organization and structure of divisions, SBUs, and departments 	<ul style="list-style-type: none"> Mid-term Business Plan and profit plan for the fiscal year Promotion of sustainability
Corporate governance	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors meeting Executive appointments and compensation Personnel policies and reports on initiatives Integrated risk management 	<ul style="list-style-type: none"> Verification of the significance of cross-shareholdings Audit reports by Audit & Supervisory Board members and the Audit Department Report on IR activities Board of Directors meeting annual agenda plan
Supervision of business execution	<ul style="list-style-type: none"> Progress of approval-related matters and profit plans Competing transactions and conflicting interest transactions Reports on status of compliance 	<ul style="list-style-type: none"> Status of investments Matters relating to Basic Policies on Establishing Internal Control Systems Reports on safety
Investments and loans	<ul style="list-style-type: none"> Renewable energy Business investments in Africa 	<ul style="list-style-type: none"> Lithium business Battery business
Others	<ul style="list-style-type: none"> Agenda items for the General Meeting of Shareholders Situation in Ukraine 	<ul style="list-style-type: none"> Implementation of office renewal Revision of main rules



Board of Directors meeting



Dialogue between outside directors/auditors and officers of the sales divisions

Evaluating the Effectiveness of the Board of Directors Meeting

Overview of Evaluation of the Effectiveness of the Board of Directors Meeting

Toyota Tsusho evaluates the effectiveness of the Board of Directors meeting annually to continue to maintain and improve the effectiveness of its corporate governance. Specifically, the company administers questionnaires to all members of the Board and then reports to the Board of Directors meeting on its effectiveness after the questionnaire responses are analyzed and evaluated. An overview of the fiscal year ended March 31, 2023, and the evaluation results are as follows.

Overview of Evaluation Implementation (Fiscal year ended March 31, 2023)

Individuals who responded to the questionnaire	All members of the Board (8 people) and all Audit & Supervisory Board members (5 people)
Implementation method	Administer questionnaires to all members of the Board and all Audit & Supervisory Board members
Priority Agenda	Further improvement of the effectiveness of the meetings
Evaluation items	1) Composition of the meetings 2) Operation of the meetings 3) Agenda and deliberation processes of the meetings 4) Support system for the meetings 5) Evaluation of members of the Board and Audit & Supervisory Board members

Results of Evaluating the Effectiveness of the Board of Directors Meeting

The collected questionnaire responses were generally positive across all of the matters evaluated, confirming the effectiveness of the Board of Directors meeting.

	Initiatives for the fiscal year ended March 31, 2023, taking into account issues in the fiscal year ended March 31, 2022	Initiatives for the fiscal year ending March 31, 2024, taking into account issues in the fiscal year ended March 31, 2023
Systems for supporting the Board of Directors meeting (systems for supporting outside directors/auditors in exercising their functions)	<ul style="list-style-type: none"> Continued holding of meetings and exchanges of opinions with all outside members of the Board and Audit & Supervisory Board members (twice a year) Participation of all outside members of the Board as advisors to the Sustainability Management Committee Holding of meeting for dialogue with outside officers about cybersecurity Restart domestic on-site inspections depending on whether COVID-19 is brought under control 	<ul style="list-style-type: none"> Holding of Board of Directors meetings outside the company for site visits, and proposing of site visits to key locations on a planned basis each fiscal year Regarding dialogue meetings with sales divisions, meetings are used as opportunities for consultation to address businesses with issues and topics that are difficult to disclose in each division. In addition, the long-term vision and business model concerning the competitive environment are explained. Holding of new dialogue meetings between outside directors/auditors and each overseas region* <p>* North America, Europe, East Asia, and Asia Pacific</p>
Operation of the Board of Directors meeting	<ul style="list-style-type: none"> Incorporate market trends, customer expectations, and competitors' strategies into approvals and reports of each sales division and hold briefings 	<ul style="list-style-type: none"> Review the amount criteria for submission to the Board of Directors meeting and raise it in line with the expansion of the company's business
Agenda and deliberation processes of the Board of Directors meeting	<ul style="list-style-type: none"> Report on revisions to the Sustainability Policy and Human Rights Policy, as well as on safety at Board of Directors meetings Held management discussions on major topics (August, September, and December 2022) 	<ul style="list-style-type: none"> Report on progress on matters pointed out by the Audit & Supervisory Board at Board of Directors meetings



Management discussion with outside directors/auditors



Site visit by outside directors/auditors

Governance

Corporate Governance

Skill Matrix

The company is dedicated to the vision of realizing “Be the Right ONE” to advance to its next new stage based on a vision for the future. The aims are to create distinctive forms of value that contribute to society, protect the environment, and establish business domains linked to the unique strengths of Toyota Tsusho. To accomplish these goals, the Board of Directors meeting has established a skill matrix covering the expertise required of members of the Board and the Audit & Supervisory Board members to enable the Board of Directors meeting to properly make decisions and supervise management.

Required skills	Reasons for the selection of these skills
Business management	Experience involving corporate management is required for making proper management decisions for the consistent growth of corporate value as the business environment changes rapidly.
Global	The Toyota Tsusho Group operates in more than 130 countries. Consequently, extensive knowledge and experience involving job postings in other countries and lifestyles, cultures, business climates, and other aspects of other countries are required.
Sales/Marketing	The Toyota Tsusho Group must accurately identify and meet a broad range of customer needs as a trading company handling many types of products. This requires sales and marketing expertise along with a thorough understanding of numerous markets.
Finance/Accounting	Knowledge and experience involving finance and accounting are required for making strategic investments for sustained growth and other goals while using capital more efficiently and preserving financial soundness.
Legal/Risk management	Expertise and experience involving legal affairs and risk management are required for maintaining corporate governance for sustainable growth and the long-term growth of corporate value and for establishing a risk management framework for supporting business operations, including activities in emerging countries in Africa and other regions.
Technology/Digital	Knowledge and experience involving new technologies and services, including IT and DX, are required for benefiting from advances in technologies, especially in the field of mobility.
ESG	Sustainability is an integral component of management at the Toyota Tsusho Group. Knowledge and experience are required concerning ESG issues and for achieving the sustainable growth of corporate value from a long-term perspective.

The capabilities and experience of members of the Board and Audit & Supervisory Board members of the company are as below.

Concerning the outside directors/auditors, two concentric circles designate an area of special expertise or insight that each officer has, and the company expects that this expertise and insight will be demonstrated in officers' roles in the management of the company.

In addition to their expertise and wealth of experience, the Board of Directors meeting comprises a diverse group of members in terms of gender, nationality, and so on, and the company has a structure that can flexibly adapt to various changes in the business environment.

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

Reasons for Selection and Attendance of Members of the Board and Audit & Supervisory Board Members

		Name/Reason for selection	Concurrent positions	Frequency of attendance for the fiscal year ended March 31, 2023
Members of the Board	Internal	Nobuhiko Murakami Served as an officer for Toyota Motor Corporation and SUBARU Corporation, mainly in global management and marketing. Has expertise in the automobile industry, with global experience in management. Has served as chairman of the Board since June 2022. Appointment as a director maintained to provide objective business advice and supervise directors from a standpoint distanced from the execution of business operations and without representative rights.	Director, Nagoya Railroad Co., Ltd.	Board of Directors meetings 10/10* ¹
		Ichiro Kashitani After a wealth of experience in five lines of business, including automobile, foodstuff, Africa, and the Administrative Unit, has been president & CEO since April 2018, demonstrating management prowess. Appointment as a director maintained so that he can apply his experience in global management and leadership toward enhancing corporate value.	—	Board of Directors meetings 13/13
		Hiroshi Tominaga Mainly engaged in accounting, finance, and corporate planning and is currently CSO. Appointment as a director maintained because of his experience in global management and overall management knowledge, particularly in the fields of finance, accounting, and risk management, enhancing corporate value.	—	Board of Directors meetings 13/13
		Hideyuki Iwamoto Mainly engaged in accounting, finance, and corporate planning and is currently CFO. Appointment as a director maintained because of his experience in global management and overall management knowledge, particularly in the fields of finance, accounting, and risk management, enhancing corporate value.	—	Board of Directors meetings 13/13
	Outside	Kunihito Koumoto Has a high level of academic knowledge cultivated as a researcher at universities and research institutes. Appointment as an outside member of the Board maintained with expectations that he will provide advice on new businesses and other matters for advanced technological innovations and supervise directors.	—	Board of Directors meetings 13/13
		Didier Leroy Has global management experience and expertise in the automobile industry cultivated as an officer of Toyota Motor Corporation and its affiliates. Appointment as an outside member of the Board maintained with expectations that he will provide advice on all aspects of business, including in the mobility field, and supervise directors.	Chairman, Toyota Motor Europe NV/SA	Board of Directors meetings 13/13
		Yukari Inoue Has consumer business management experience and expertise in a global company. Appointment as an outside member of the Board maintained with expectations that she will provide advice on all aspects of business, including the Economy of Life business domain, diversity management, and globalization, and supervise directors.	Vice president & managing director Japan, Korea, Taiwan & Hong Kong, Kellogg AMEA External Director, Suntory Beverage & Food Limited	Board of Directors meetings 12/13
		Chieko Matsuda Has experience at a bank and credit rating agency as well as in the field of research and as an outside director of an operating company. Has many years of experience and extensive professional knowledge of corporate management, finance, and corporate governance. Appointed as an outside member of the Board with expectations that she will use this experience and knowledge to provide advice about management and corporate governance and to supervise the execution of duties by directors.	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Director, Kirin Holdings Company, Limited Director, IHI Corporation	—* ²

*1 Nobuhiko Murakami assumed office on June 24, 2022 (the date of the 101st Ordinary General Meeting of Shareholders). For this reason, the number of Board of Directors meetings attended differs from that of other directors.

*2 Chieko Matsuda assumed office on June 23, 2023 (the date of the 102nd Ordinary General Meeting of Shareholders).

Governance

Corporate Governance

		Name/Reason for selection	Concurrent positions	Frequency of attendance for the fiscal year ended March 31, 2023
Audit & Supervisory Board Members	Internal	Kazumasa Miyazaki Has experience and knowledge of accounting, finance, and management strategy and a global perspective cultivated as a senior vice president and treasurer at the company's U.S. subsidiary. Appointment as an Audit & Supervisory Board member maintained because of his current role in which he appropriately supervises directors from an independent and neutral standpoint.	—	Board of Directors meetings 13/13 Audit & Supervisory Board meetings 14/14
		Kentaro Hayashi Served as general manager of the Enterprise Risk Management Department and senior vice president and CFO at the company's U.S. subsidiary and has experience and knowledge of risk management, accounting, and finance. Appointed as an Audit & Supervisory Board member because he is believed to be capable of supervising directors.	—	Board of Directors meetings 10/10* ¹ Audit & Supervisory Board meetings 10/10* ²
	Outside	Yuichiro Kuwano Has worked as an attorney-at-law and has experience and expertise in corporate law and compliance. Appointment as an Audit & Supervisory Board member (outside) maintained so that he can continue to appropriately supervise directors from an independent and neutral standpoint.	Takagicho Law Office (Representative lawyer) Director (Audit & Supervisory Committee member), Shobunsha Holdings, Inc.	Board of Directors meetings 13/13 Audit & Supervisory Board meetings 14/14
		Tsutomu Takahashi Worked as a certified public accountant, served in key positions at KPMG AZSA LLC, and has experience and expertise in corporate accounting, auditing, and compliance. Appointment as an Audit & Supervisory Board member (outside) maintained so that he can continue to appropriately audit directors from an independent and neutral standpoint.	Member of the Board of Directors (Audit & Supervisory Committee Member), Mizuho Trust & Banking Co., Ltd.	Board of Directors meetings 13/13 Audit & Supervisory Board meetings 14/14
		Seishi Tanoue Served as the president of Toppan Inc.'s U.S. subsidiary and as its Management Audit Office manager and member of its Audit & Supervisory Board and has global experience and knowledge. Appointment as an Audit & Supervisory Board member (outside) maintained because he is believed to appropriately audit directors from an independent and neutral standpoint.	—	Board of Directors meetings 10/10* ¹ Audit & Supervisory Board meetings 10/10* ²

*1 Kentaro Hayashi and Seishi Tanoue assumed office on June 24, 2022 (the date of the 101st Ordinary General Meeting of Shareholders). For this reason, the number of Board of Directors meetings attended differs from that of other members.

*2 Kentaro Hayashi and Seishi Tanoue assumed office on June 24, 2022 (the date of the 101st Ordinary General Meeting of Shareholders). For this reason, the number of Audit & Supervisory Board meetings attended differs from that of other members.

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

Toyota Tsusho has established the Executive Appointment Committee and the Executive Compensation Committee as advisory bodies to the Board of Directors meeting. Both committees are chaired by the chairman of the Board without representative rights and with no involvement in operational management. Each committee comprises five members—three independent outside members of the Board and two internal members of the Board. The majority of each committee being made up of independent outside members of the Board enhances the objectivity and transparency of each committee.

The Executive Appointment Committee deliberates the appointment and dismissal of members of the Board, 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 development plans and other important matters related to executives' appointment.

The Executive Compensation Committee deliberates on the policy for determining the details of compensation for each member of the Board, compensation system, compensation proposals to be submitted to the General Meeting of Shareholders, and other important matters concerning the compensation for members of the Board and Audit & Supervisory Board members.

Members of Both Committees: As of June 23, 2023

Nobuhiko Murakami (Chairman of the Board/Committee Chairman)	Kunihito Koumoto (Independent outside member of the Board)
Ichiro Kashitani (President & CEO)	Yukari Inoue (Independent outside member of the Board)
	Chieko Matsuda (Independent outside member of the Board)

Audit & Supervisory Board Meeting

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

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

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. Members of the Board, senior executive officers, and executive officers consider countermeasures for each management issue and, where appropriate, consult the Board of Directors meeting.

Integrated Risk Management Committee

For details, please see pages 36, 56, and 97.



Investment Strategy Meeting

For details, please see pages 35 and 97.



Sustainability Management Committee

For details, please see pages 42, 43, and 93.



Investment and Loan Committee/Meeting

For details, please see pages 35 and 97.



Other Key Meetings

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

Primary Company-wide Meetings

Meetings	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
Specified Import & Export Control Committee	Decides on the overall direction regarding transaction management and export and import of regulated goods	Once a year
Kaizen & Cost Reduction Promotion Committee	Promotes reductions in costs and shares and develops improvement case studies throughout the company	Once a year
Safety and Environment Conference	Discusses measures for enhancing safety management, promotes improvements to occupational safety and health activities, and promotes environmental management	Once a month
Carbon Neutrality Promotion Meeting	Discusses action plans, establishment of structures, and sharing of information for promoting carbon neutrality	Once a month

Details on Deciding the Compensation, etc., for Members of the Board and the Calculation Method thereof, and the Decision Method

Decision policy and decision process

Compensation for members of the Board of Toyota Tsusho shall consist of (i) fixed remuneration as basic compensation, (ii) bonuses (short-term incentives) as performance-linked compensation, and (iii) transfer-restricted stock compensation (medium- to long-term incentives). The ratio of fixed remuneration to performance-linked compensation is determined with a target ratio of 50:50. For performance-linked compensation, the ratio of “bonuses” to “transfer-restricted stock compensation” shall be determined at a ratio of 70:30. Members of the Board are responsible for the final profit (including temporary and incidental gains/losses) of all Toyota Tsusho Group companies, and the amount of performance-linked compensation paid in each fiscal year shall be determined for each position with the consolidated profit for the year attributable to owners of the parent for the previous fiscal year as an indicator.

However, outside members of the Board are independent of operational management, and, therefore, they are paid fixed remuneration only and are not paid bonuses or transfer-restricted stock compensation. Audit & Supervisory Board members are also paid fixed remuneration only because they are independent so that they carry out audits appropriately.

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

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

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

Governance

Corporate Governance

Method of deciding on compensation

[i] Fixed remuneration

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

[ii] Bonuses

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

[iii] Transfer-restricted stock compensation

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

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

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

Compensations Model for Each Director

Fixed remuneration	Performance-linked compensation
50	35 : 15
Basic compensation	Bonuses : Stock compensation

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

Executive category	Total amount of compensation and other remuneration (Millions of yen)	Total amount per type of compensation (Millions of yen)			Number of members
		Fixed remuneration	Bonuses	Transfer-restricted stock compensation	
Members of the Board / (Outside members of the Board)	518 (57)	271 (57)	172 (–)	74 (–)	10 (4)
Audit & Supervisory Board members/(Audit & Supervisory Board members (Outside))	126 (43)	126 (43)	– (–)	– (–)	7 (4)
Total/(Outside officers)	645 (100)	398 (100)	172 (–)	74 (–)	17 (8)

Notes:

- No directors are serving concurrently as employees.
- The above includes two members of the Board (not outside members of the Board) and two Audit & Supervisory Board members (one outside Audit & Supervisory Board member) who retired at the close of the 101st Ordinary General Meeting of Shareholders held on June 24, 2022.
- As per a resolution at the 99th Ordinary General Meeting of Shareholders held on June 23, 2020, 1) the maximum amount of fixed remuneration for members of the Board is 600 million yen per year (including 90 million yen per year for outside members of the Board), 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 members of the Board (including four outside members of the Board) as of the close of the General Meeting of Shareholders related to 1) above and four members of the Board (excluding outside members of the Board) as of the close of the General Meeting of Shareholders related to 2) above.
- The remuneration limit for the Audit & Supervisory Board members was resolved at the 93rd Ordinary General Meeting of Shareholders held on June 20, 2014 to be 16 million yen a month. There are five Audit & Supervisory Board members including three Audit & Supervisory Board members (outside) as of the close of the General Meeting of Shareholders related to the resolution.
- Total remuneration includes bonuses totaling 172 million yen, subject to shareholder approval at the 102nd Ordinary General Meeting of Shareholders held on June 23, 2023, to be paid to four members of the Board.
- 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 284.1 billion yen.
- The above stock compensation is, as a reference value, the amount that is assumed (provisional) to be granted as a monetary claim to be used for payment in exchange for the transfer-restricted stock, which is the stock compensation for the current fiscal year.
- Ichiro Kashitani, president & CEO of the company, will determine the fixed remuneration and bonuses for the current fiscal year for each Toyota Tsusho member of the Board based on a resolution of the Board of Directors meeting. Please refer to "Decision policy and decision process" above for the details and reasons for the delegation.

Policy for Investments in Stock (As of March 31, 2023)

(1) Policy for stock ownership for business relationships

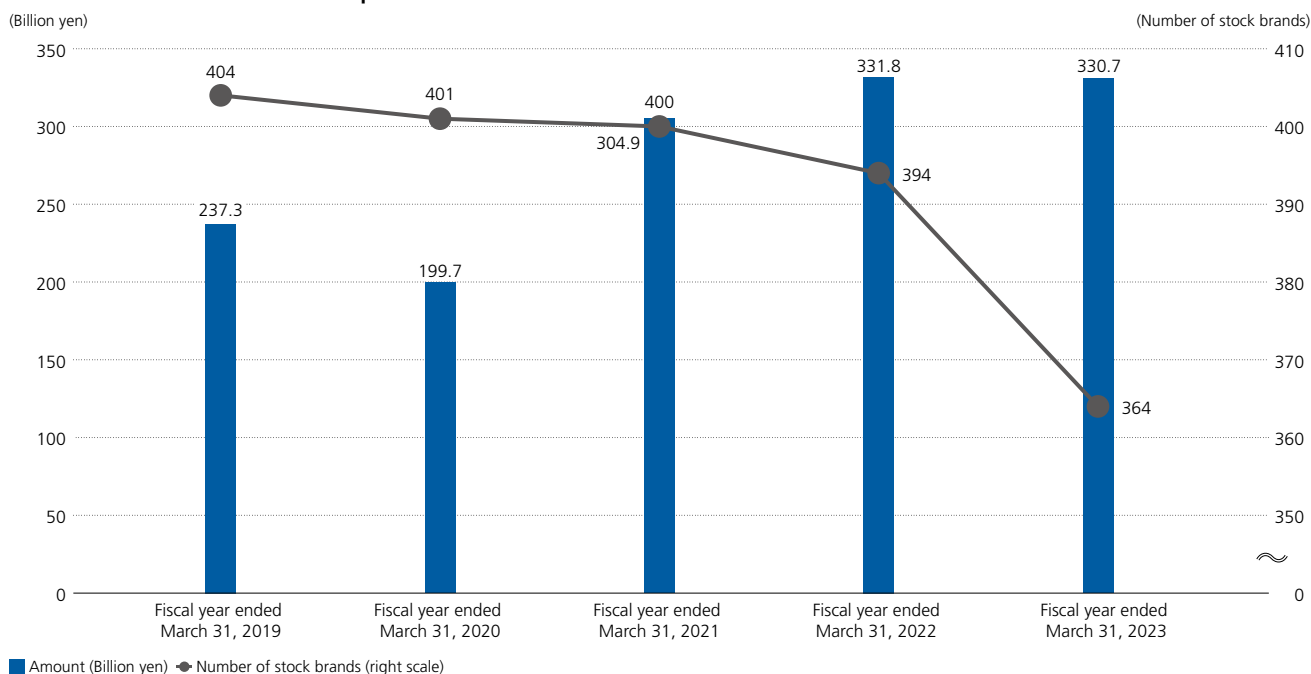
Maintaining and strengthening business and collaborative relationships with a variety of companies is necessary for the sustainable enhancement of Toyota Tsusho's corporate value. The company owns on a limited and strategic basis the stock of important suppliers and other partners where it believes that the ownership of this stock is beneficial and important from a medium- to long-term perspective (shareholding). Once every year, the Board of Directors meeting receives a report about the results of a reexamination of stock holdings and if stock should be retained or sold. It reduces holdings of stocks where ownership is not beneficial.

(2) Examination of justification of stock shareholdings

Toyota Tsusho uses an indicator of its own, which is based on the cost of capital, to determine comprehensive assessments of stock holdings. Assessments incorporate profitability; building, preserving, and reinforcing business relationships; contributions and cooperation for regional and social progress; and other considerations. This process is used to decide if the company should continue to hold a stock and to reexamine the number of shares held.

As needed, constructive dialogues take place with companies in which stock is held from the standpoint of preserving and increasing corporate value and achieving sustainable growth. These dialogues facilitate the sharing of information about management issues and making improvements.

Stock Held for Business Relationships



	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Number of stock brands	404	401	400	394	364
Book value (Billion yen) (a)	237.3	199.7	304.9	331.8	330.7
Consolidated capital (Billion yen) (b)	1,389.6	1,372.4	1,658.0	1,942.8	2,068.5
Ratio (a / b)	17.1%	14.6%	18.4%	17.1%	16.0%

Management Structure

Members of the Board * Representative Directors



Nobuhiko Murakami
Chairman of the Board



Ichiro Kashitani
Member of the Board*,
President & CEO



Hiroshi Tominaga
Member of the Board*



Hideyuki Iwamoto
Member of the Board*



Kunihiro Koumoto
Outside Member of
the Board



Didier Leroy
Outside Member of
the Board



Yukari Inoue
Outside Member of
the Board



Chieko Matsuda
Outside Member of
the Board

Senior Executive Officers

Ichiro Kashitani

President & CEO

Akihiro Sago

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

Toshimitsu Imai

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

Richard Bielle

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

Hiroshi Tominaga

CSO, CEO for Emerging Regions
Officer Responsible for Tokyo Head Office,
Officer Responsible for Japan Regional
Strategy & Coordination, Officer Respon-
sible for Global Strategy and Management,
CEO for Emerging Regions

Hideyuki Iwamoto

CFO

Jun Eyama

CEO for Global Parts & Logistics Division

Akinori Saito

CSKO

Naoyuki Hata

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

Hiroshi Yonenaga

CEO for Food & Consumer Services Division

Tatsuya Watanuki

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

Shigeki Maeda

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

Shigeru Harada

CEO for Mobility Division

Akio Hamada

CEO for Chemicals & Electronics Division

Kosuke Kunihiro

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

Makiko Hamase

CHRO

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

Audit & Supervisory Board Members



Kazumasa Miyazaki
Audit & Supervisory
Board Member



Kentaro Hayashi
Audit & Supervisory
Board Member



Yuichiro Kuwano
Audit & Supervisory
Board Member (Outside)



Tsutomu Takahashi
Audit & Supervisory
Board Member (Outside)



Seishi Tanoue
Audit & Supervisory
Board Member (Outside)

Executive Officers

Kazumasa Kimura

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

Yasuhiro Kakiyama

Company President
President of NEXTY Electronics Corporation

Tetsuya Ezumi

COO for Mobility Division

Haruyuki Hattori

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

Kazuyuki Urata

COO for Chemicals & Electronics Division

Hiroki Nakayama

Regional Officer for Asia Pacific
President of
Toyota Tsusho Asia Pacific Pte. Ltd.

Yuichi Kanazawa

COO for Global Parts & Logistics Division

Koji Minami

COO for Food & Consumer Services Division

Masaharu Katayama

COO for Metals Division

Futoshi Horisaki

COO for Global Parts & Logistics Division

Kazunori Sato

COO for Chemicals & Electronics Division

Toshiyuki Azeo

COO for Food & Consumer Services Division

Jun Karato

Assistant to CTO

Takashi Hirobe

COO for Metals Division

Hiromasa Ishii

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

Tatsuya Hirata

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

Eiji Matsuzaki

COO for Chemicals & Electronics Division

Masato Ozaki

President of Toyotsu Chemiplas Corporation

Nobuaki Yahiro

Regional Officer for Asia Pacific
President of Toyota Tsusho India Private
Limited

Takuro Akasaka

COO for Mobility Division

Shinichiro Otsuka

COO for Africa Division
Regional Officer for Africa

Shigeharu Kato

Regional Officer for Emerging Regions
President of
Toyota Tsusho DE Venezuela, C.A.
President of C.I. Toyota Tsusho de
Colombia S.A.
Chairman & CEO of NovaAgri

Kohei Okada

Assistant to CSO

Hiroshi Yanagisawa

COO for Metals Division

Yuko Kondo

Assistant to CFO

Yasushi Aida

Assistant to CFO

Shigeo Obata

Assistant to CSO

Yuji Makino

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

Akihiro Endo

COO for Global Parts & Logistics Division

Toshiyuki Ishikuro

COO for Machinery,
Energy & Project Division

James Blyth

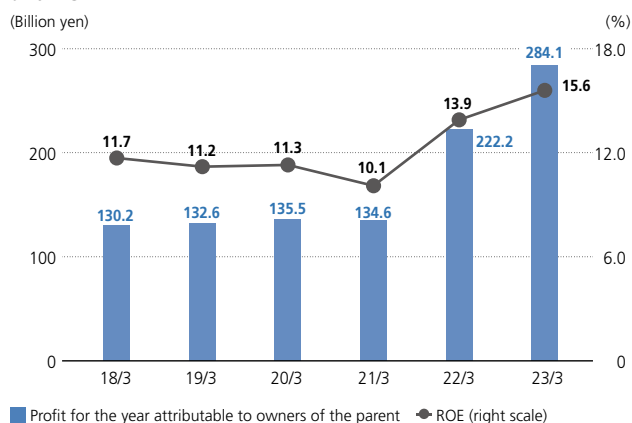
Regional Officer for North America
Senior Vice President of
Toyota Tsusho America, Inc.

Note: Company names and titles are as of June 23, 2023.

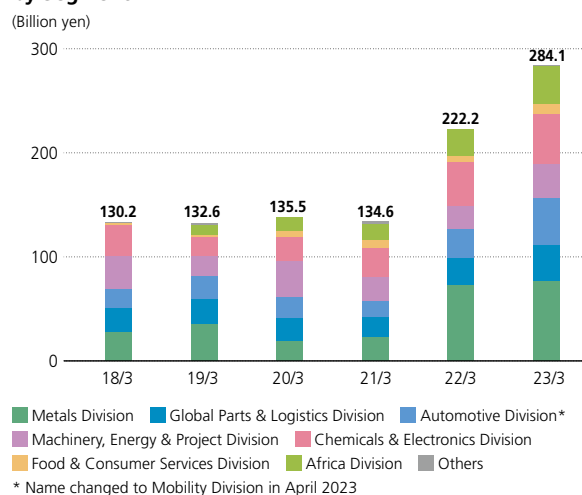
Financial and Non-financial Highlights

Financial Highlights

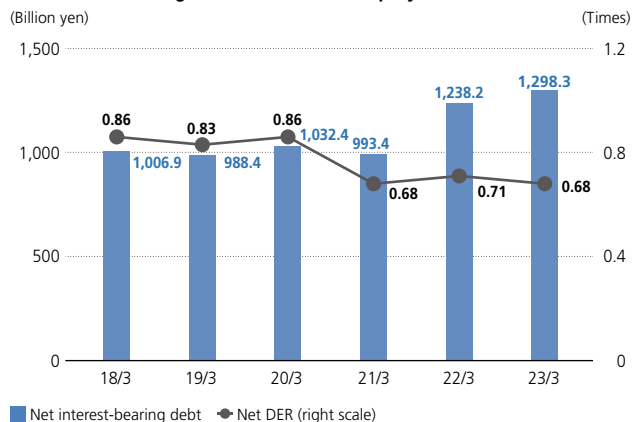
Profit for the Year Attributable to Owners of the Parent and ROE



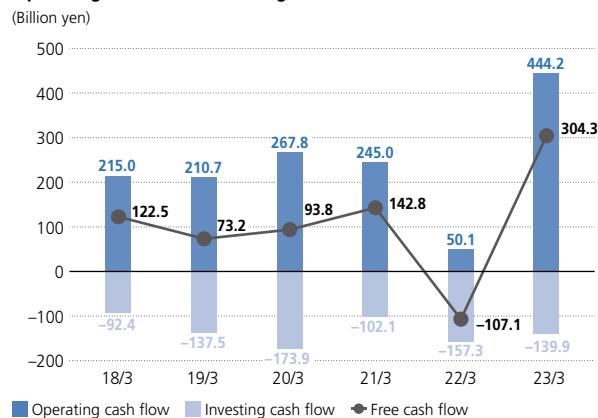
Profit for the Year Attributable to Owners of the Parent by Segment



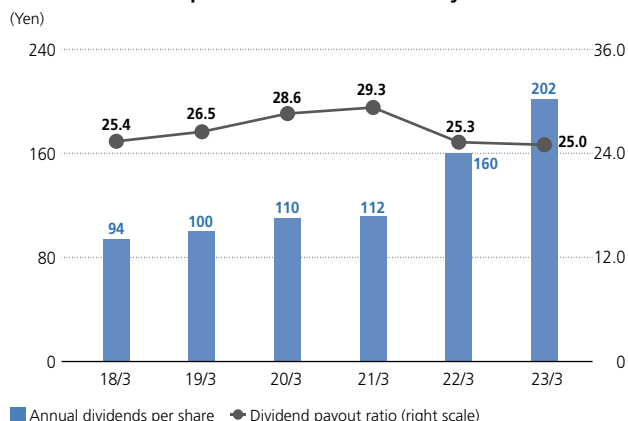
Net Interest-bearing Debt and Net Debt-equity Ratio (Net DER)



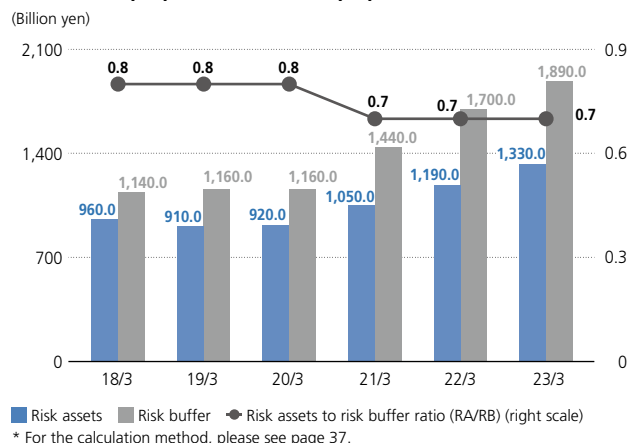
Operating Cash Flow, Investing Cash Flow, and Free Cash Flow



Annual Dividends per Share and Dividend Payout Ratio

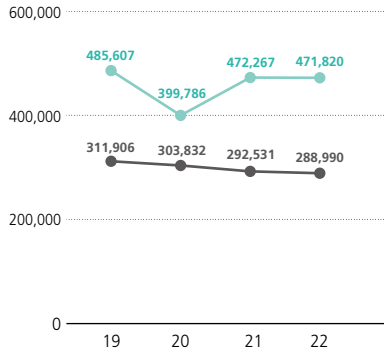


Risk Assets (RA) and Risk Buffer (RB)



Non-financial Highlights

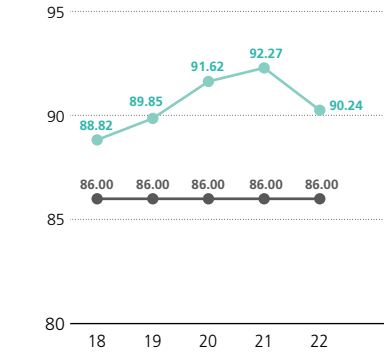
Greenhouse Gas Emissions (Scope 1 and Scope 2, Domestic and Overseas) (t-CO₂)



◆ Scope 1 (Domestic and Overseas)
◆ Scope 2 (Domestic and Overseas)

Note: Scope of calculation: Toyota Tsusho (head offices, branches, sales offices, branch offices), domestic consolidated subsidiaries, and overseas consolidated subsidiaries

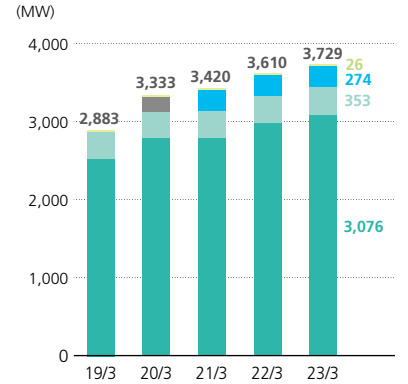
Recycling Rate (Actual value and Target value) (%)



◆ Actual value ◆ Target value

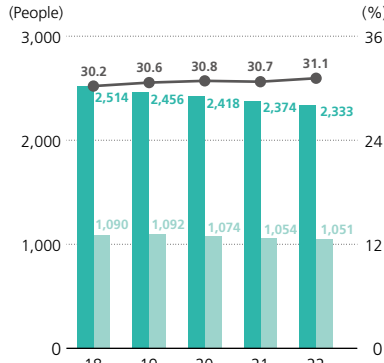
Note: Scope of calculation: General waste from business activities at Tokyo Head Office and Nagoya Head Office (Century Toyota Building) operations

Change in Total Power Generation Capacity from Renewable Energy Sources (MW)



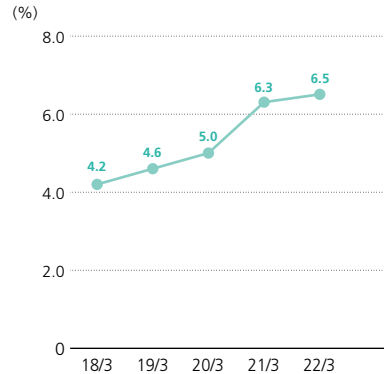
■ Wind power generation ■ Solar power generation
■ Hydroelectric power generation ■ Biomass power generation
■ Total power generation capacity

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

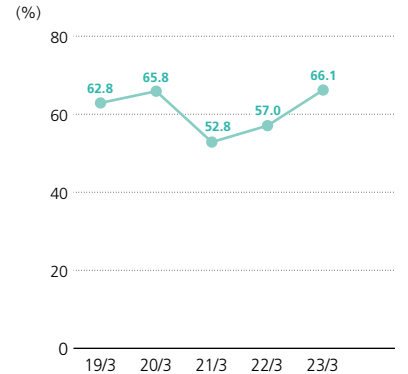


■ Number of male employees
■ Number of female employees
◆ Female staff ratio (right scale)

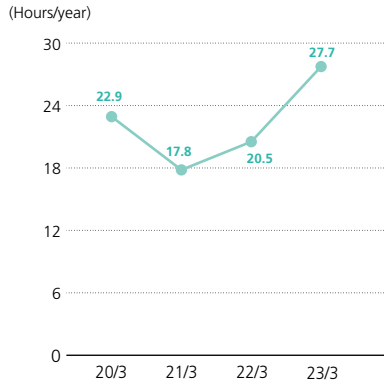
Proportion of Female Employees in Managerial Positions (%)



Percentage of Paid Leave Used (%)

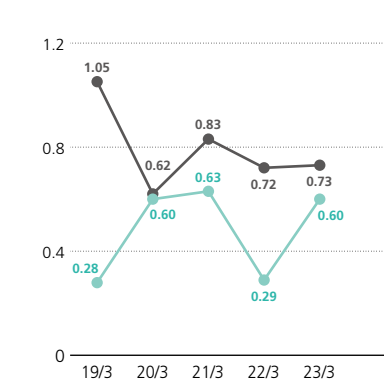


Average Training Time per Employee (Non-consolidated)



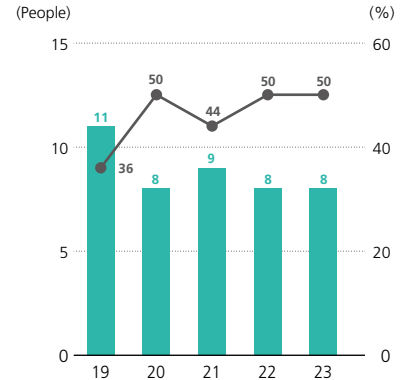
* Human resources development

Lost Work Time Incident Rate



◆ In Japan ◆ Overseas

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

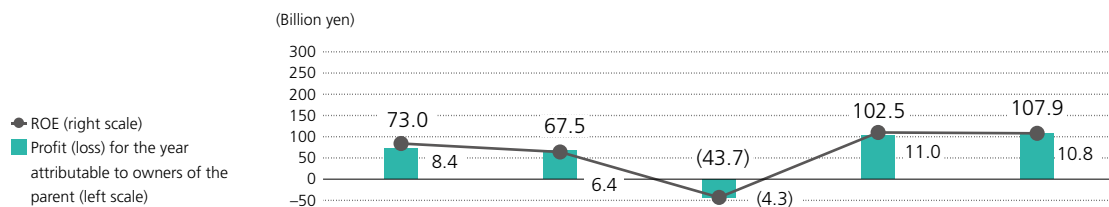


■ Number of members of the Board
◆ Percentage of outside members of the Board (right scale)

Financial Summary

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

As of and for the years ended March 31

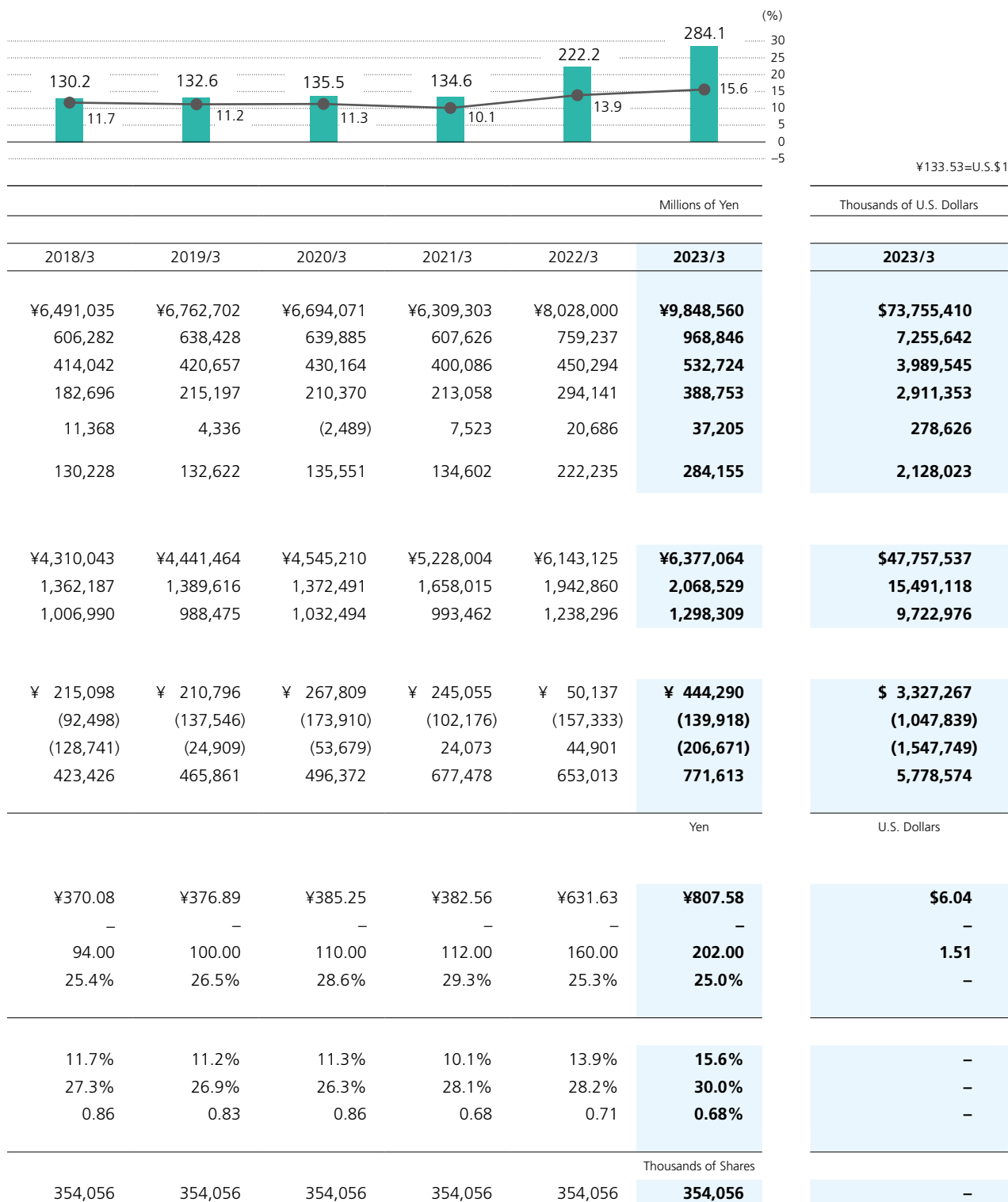


	Japanese GAAP				IFRS
	2014/3	2015/3	2016/3	2017/3	2017/3
Results of Operations:					
Revenue* ¹	¥7,743,237	¥8,663,460	¥8,170,237	¥7,919,663	¥5,797,362
Gross profit	582,498	634,572	616,042	578,887	570,872
Selling, general and administrative expenses	421,177	465,115	475,742	432,231	411,235
Operating profit* ¹	161,321	169,456	140,299	146,656	133,669
Share of profit (loss) of investments accounted for using the equity method	13,783	4,060	(5,676)	10,254	10,476
Profit (loss) for the year attributable to owners of the parent* ¹	73,034	67,571	(43,714)	102,597	107,903
Financial Position at Year-end:					
Total assets* ¹	¥4,072,728	¥4,533,693	¥3,952,100	¥4,096,843	¥4,212,064
Total equity* ¹	1,156,080	1,304,483	1,055,777	1,151,969	1,223,513
Net interest-bearing debt	1,088,974	1,233,559	1,102,786	1,050,229	1,101,974
Cash Flows:					
Net cash provided by operating activities	¥ 133,937	¥ 169,100	¥ 308,338	¥ 193,769	¥ 159,770
Net cash used in investing activities	(135,587)	(199,512)	(170,839)	(130,428)	(127,525)
Net cash provided by (used in) financing activities	5,356	108,247	(225,202)	(28,343)	5,656
Cash and cash equivalents at the end of the year	412,032	499,157	399,191	430,517	426,208
Per Share:					
Yen					
Earnings (losses) per share attributable to owners of the parent* ¹					
Basic earnings (losses) per share	¥208.01	¥192.23	¥(124.26)	¥291.56	¥306.64
Diluted earnings (losses) per share* ²	207.82	192.10	—	291.56	306.63
Cash dividends for the year	50.00	56.00	62.00	70.00	70.00
Dividend payout ratio* ³	24.0%	29.1%	—	24.0%	22.8%
Financial Measures:					
Return on equity (ROE)	8.4%	6.4%	(4.3)%	11.0%	10.8%
Ratio of equity attributable to owners of the parent* ¹	23.9%	24.8%	22.5%	24.0%	24.9%
Net debt-equity ratio (Net DER) (times)	1.12	1.10	1.24	1.07	1.05
Common Stock:					
Thousands of Shares					
Number of shares outstanding at year-end	354,056	354,056	354,056	354,056	354,056

Notes: 1. As of the fiscal year ended March 31, 2017, the company prepares its consolidated financial statements based on International Financial Reporting Standards (IFRS).

2. For the convenience of readers, consolidated financial statements in Japanese yen for the fiscal year ended March 31, 2017, are based on both Japanese generally accepted accounting principles (GAAP) and IFRS.

3. U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of readers outside Japan, at the rate of ¥133.53=U.S.\$1, the approximate exchange rate prevailing on March 31, 2023, which was the final business day of financial institutions in the fiscal year ended March 31, 2023.



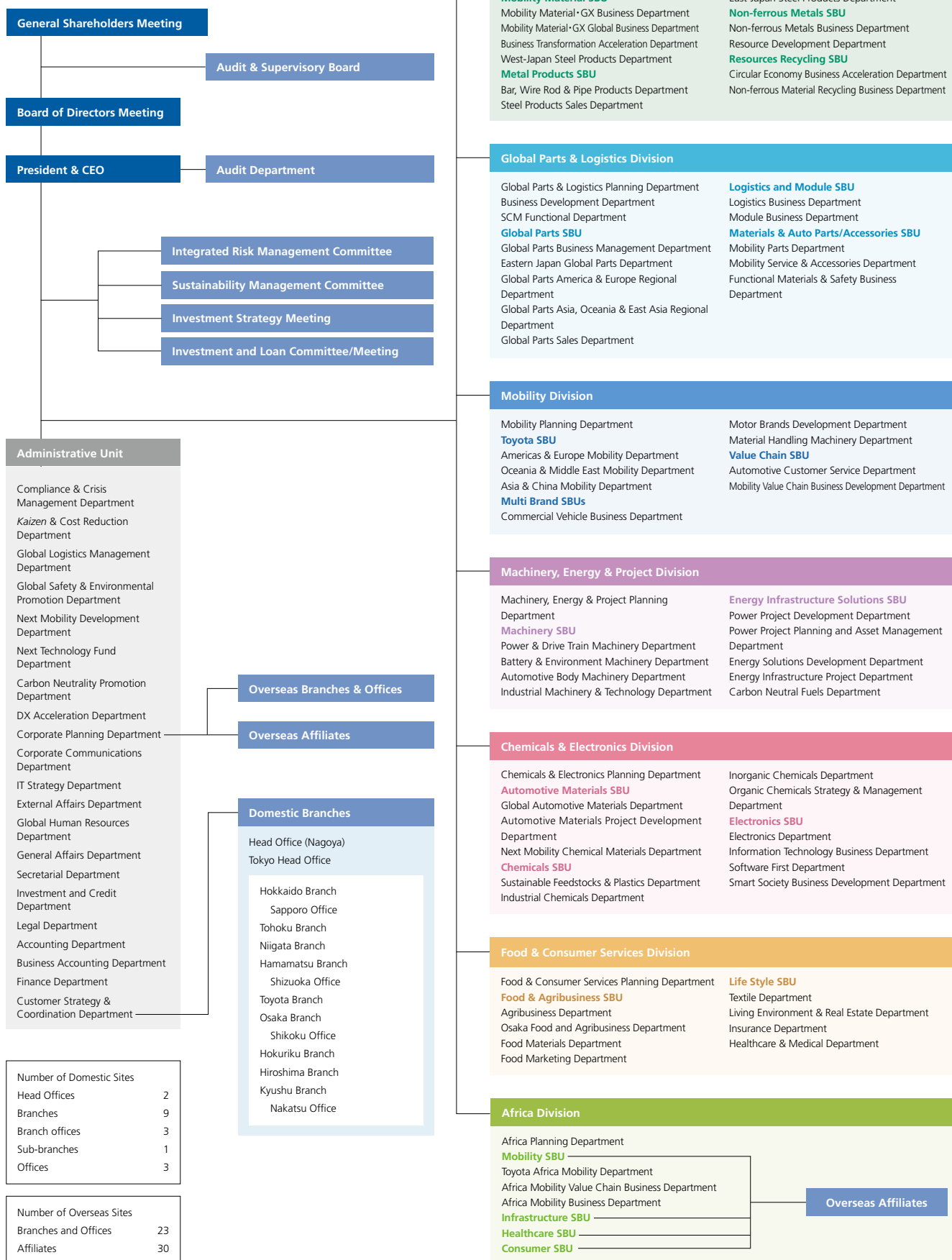
*1 All item names in the above table are IFRS categories. IFRS categories under Japanese GAAP are as follows: "Revenue" corresponds to "Net sales," "Operating profit" corresponds to "Operating income," "Profit (loss) for the year attributable to owners of the parent" corresponds to "Profit (loss) for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

*2 The figure for diluted earnings (losses) (Japanese GAAP) per share for the fiscal year ended March 31, 2016, is not presented as the company posted a net loss per share, although there were latent shares. Figures for diluted earnings (losses) per share for the fiscal years ended March 31, 2018, 2019, 2020, 2021, 2022, and 2023 are not presented as there were no latent shares with a dilution effect.

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

Organizational Chart

(As of April 1, 2023)



Corporate Data

(As of March 31, 2023)

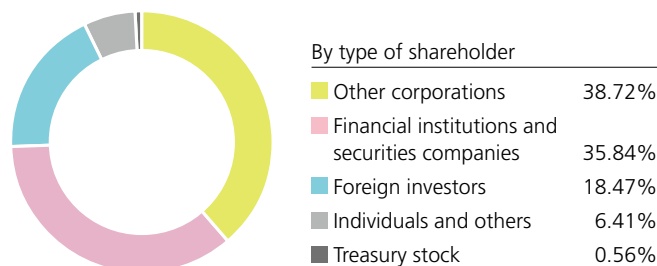
Name	TOYOTA TSUSHO CORPORATION	
Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan	
Established	July 1, 1948	
Number of Employees	Parent company: 3,315 Consolidated: 66,944	
Paid-in Capital	64,936 million yen	
Common Stock	Authorized:	1,000,000,000
	Issued:	352,078,449
	(excluding 1,978,067 treasury stock)	
Number of Shareholders	41,010	
Stock Listings	Tokyo, Nagoya (Ticker code 8015)	
Independent Auditors	PricewaterhouseCoopers Aarata LLC	
Transfer Agent for Shares / Special Management of Accounts	Mitsubishi UFJ Trust and Banking Corporation	
Address	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan Phone (toll-free within Japan): 0120-232-711 (Tokyo) 0120-094-777 (Osaka)	
Handling Offices	All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation All branches nationwide of Nomura Securities Co., Ltd.	
URL	https://www.tr.mufg.jp/english/	

Major Shareholders

Name	Number of shares (Thousands)	Shareholding (%)
TOYOTA MOTOR CORPORATION	76,368	21.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,028	14.78
TOYOTA INDUSTRIES CORPORATION	39,365	11.18
Custody Bank of Japan, Ltd. (Trust Account)	20,967	5.96
MUFG Bank, Ltd.	8,098	2.30
Sumitomo Mitsui Banking Corporation	4,249	1.21
JPMorgan Securities Japan Co., Ltd.	3,778	1.07
State Street Bank West Client Treaty 505234	3,556	1.01
Nippon Life Insurance Company	3,522	1.00
Kochi Shinkin Bank	3,265	0.93

Note: The percentage of shareholding is computed excluding 1,978,067 shares of treasury stock.

Breakdown of Issued Shares

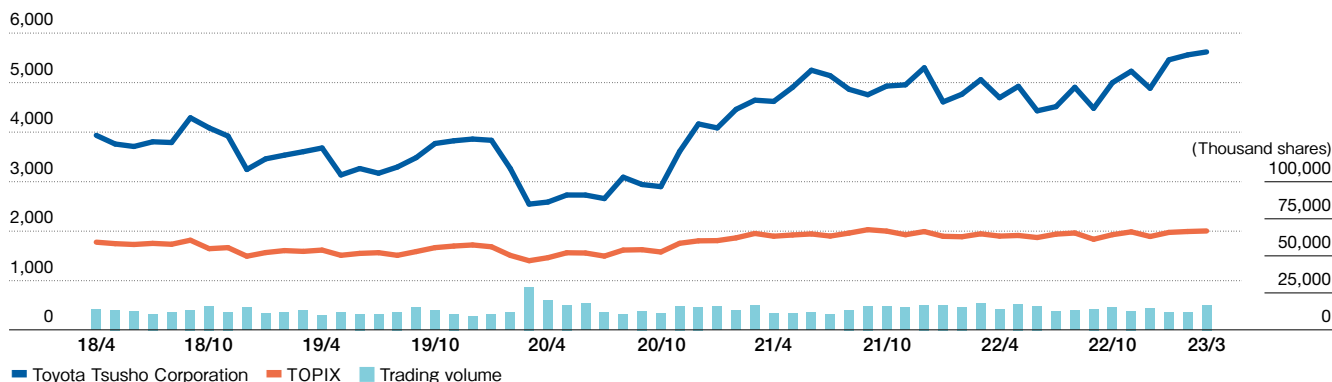


Credit Ratings

	Long-term	Long-term
Rating and Investment Information (R&I)	AA- (Stable)	a-1+
S&P Global Rating	A (Stable)	A-1
Moody's Investors Service (Moody's)	A3 (Stable)	—

Stock Price Range and Trading Volume

(Yen / Point)





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▶ **Further Information Regarding Financial Results**

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



▶ **Information Related to Sustainability**

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



▶ **Online Integrated Report**

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

