



Be the **Right ONE**

Three Years Management Plan (FY2022 to FY2024)

May 2, 2022

Toyota Tsusho Corporation

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Be the **Right ONE**

1. Review of previous three years management Plan (FY2019 through FY2021)

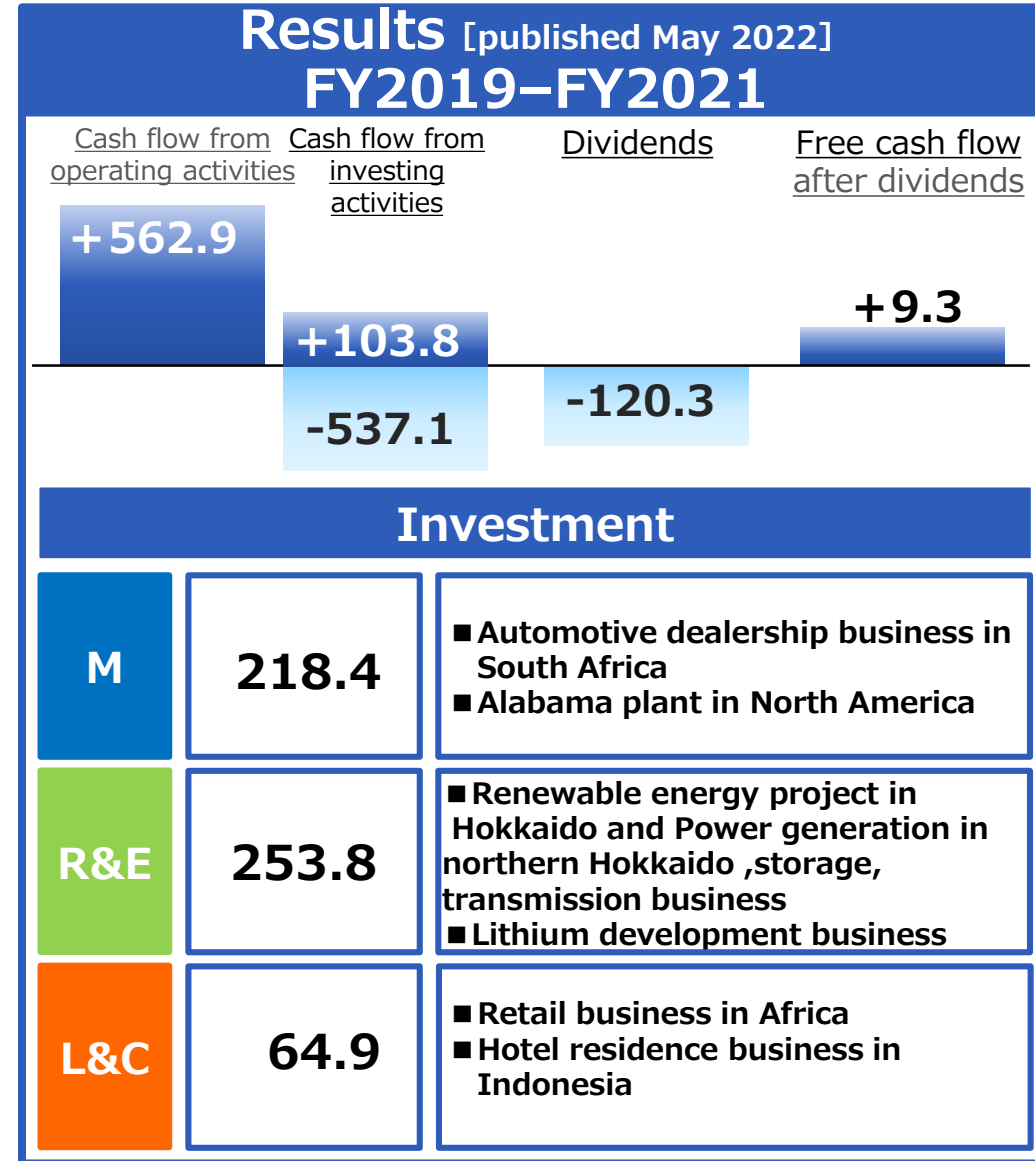
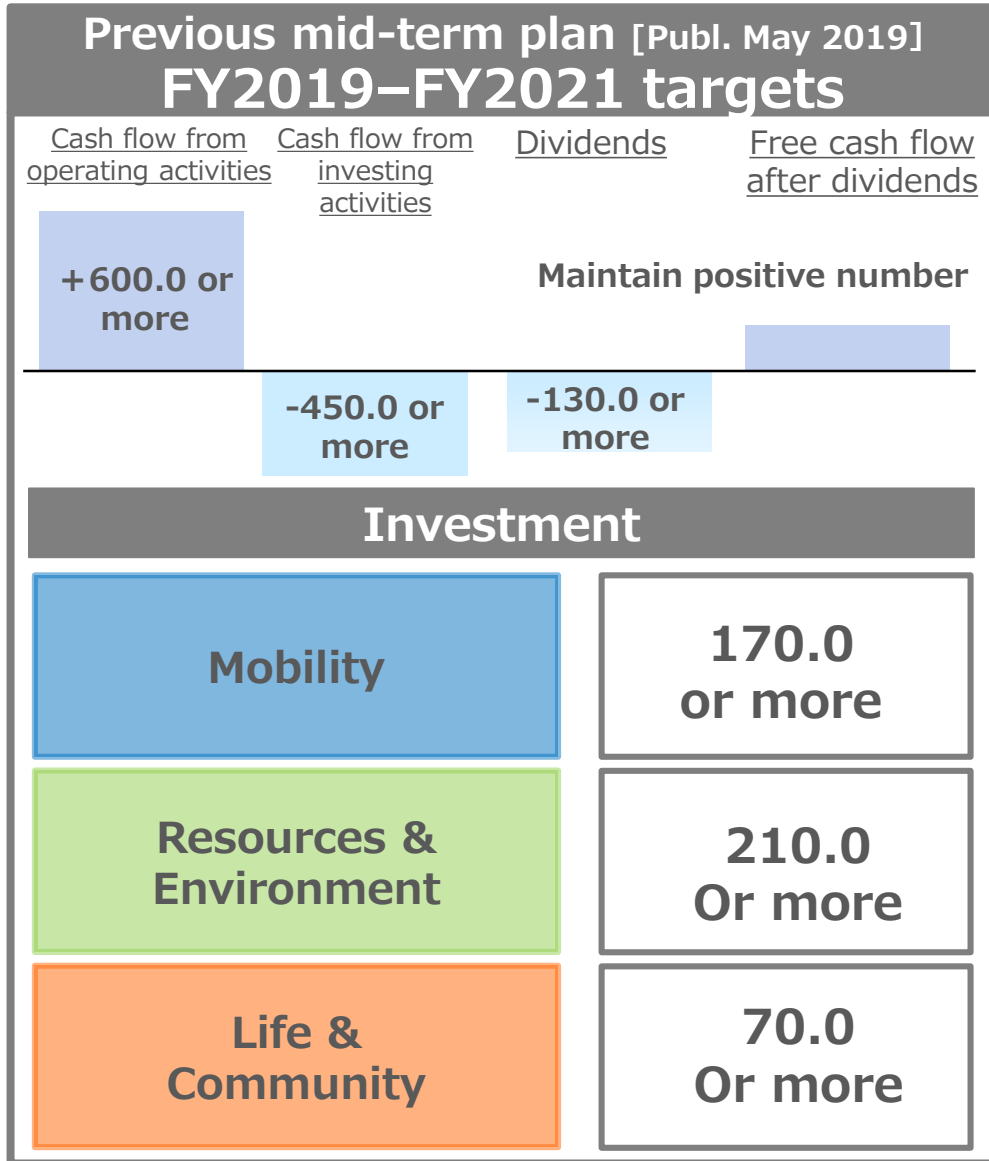
Mid-term business plan: FY2021 review

	[Published May 2019] FY2021 targets	Results	
Profit for the year	¥170 billion	¥222.2 billion	Achieved
ROE	10% or higher	13.9%	Achieved
Net D/E ratio	Within 1.0 times	0.71x	Achieved
Risk assets to risk buffer ratio (RA/RB)	Less than 1.0	0.7	Achieved
Shareholder returns	<ul style="list-style-type: none"> • Payout ratio 25% or more • Steady increase in actual dividend 	Maintained dividend payout ratio of 25% or over Stable dividend increase FY2019: ¥110 (28.6%) FY2020: ¥112 (29.3%) FY2021: ¥160 (25.3%)	Achieved

Targets achieved across the board as a result of stable growth

Cash flow and investment review

(Unit: billion yen)



Maintained positive free cash flow after paying dividends
Investment also allocated evenly between businesses



2. New three years management Plan (FY2022 through FY2024)

Qualitative aspects of mid-term business plan: Our management strategy

Carbon neutrality initiatives



Five working groups



“Be the Right One”
Aiming to become a one-of-a-kind ally
to our customers and partners

Priority areas

Next Mobility
Strategy

Renewable
Energy
Strategy

African
Growth
Strategy

Circular
Economy
Strategy

Approaches to implementing initiatives

Six key
sustainability
themes



Accelerate initiatives



Globalization



Digital
transformation

Initiatives

Organic business
growth

Create locally
operated business
in each region

Increase global
diversity &
inclusion

Respond to
technological
advances

Foundation: Toyota Tsusho’s unique points of difference

Safety and compliance, “on site, hands on, in touch” approach,
team power, passion for business, lean management

Continuous evolution towards the next new stage



<Toyota Tsusho's growth process>

2000s

2010s

2020s and beyond

Expanded globally with Toyota Group

Business grew by merging With Tomen

TOMEN

Committed to Africa with CFAO acquisition



Accelerate sowing of new seeds

Step into the next new stage

Global expansion
Business diversification

FY2000

Market cap. ¥117.9 billion
Profit for the year ¥8.2 billion
Affiliates 140
Employees 9,493

FY2010

¥485.8 billion
¥47.2 billion
592
31,081

FY2021

¥1,791.5 billion
¥222.2 billion
1,026
65,218

FY2000→FY2021

Market cap.	15.2x
Profit for the year	27.1x
Affiliates	7.3x
Employees	6.9x

Continuous growth while evolving through different stages
Stepping into the next new stage

Qualitative aspects of mid-term business plan: Achieving our vision

Changes to operating environment

- Heightened awareness of circular economy and carbon neutrality; digital transformation progress
⇒ Business opportunities, but also intensified competition
- Emergence of COVID-19 and geopolitical risks
⇒ Structural socioeconomic changes
- Constraints on global movement of people and goods
⇒ Shift to “regionalization”

Our vision & initiatives to achieve it

- 1) Hone organic business and accelerate growth sustainably with investment in priority areas and carbon neutrality
- 2) Fully secure supply chain through diversification aimed at bolstering resilience
- 3) “Glocalize” personnel to strengthen autonomy of regional operations



Be the **Right ONE**

An irreplaceable one-of-a-kind ally to our partners and stakeholders

Step into the next new stage

Global expansion
Business diversification

Accelerate sowing of new seeds

2000s

2010s

2020s and beyond

Adapted to changes in operating environment and further accelerated ongoing initiatives

1) Material issues (organic business/priority areas) and carbon neutrality/circular economy initiatives



Be the **Right ONE**

Business areas

carbon neutrality/circular economy

Priority areas in materiality

Five working groups



Next Mobility Strategy



Renewable Energy Strategy



Circular Economy Strategy



African Growth Strategy



Organic



Renewable Energy/Energy Management Working Group



Battery Working Group



Economy of Life Working Group



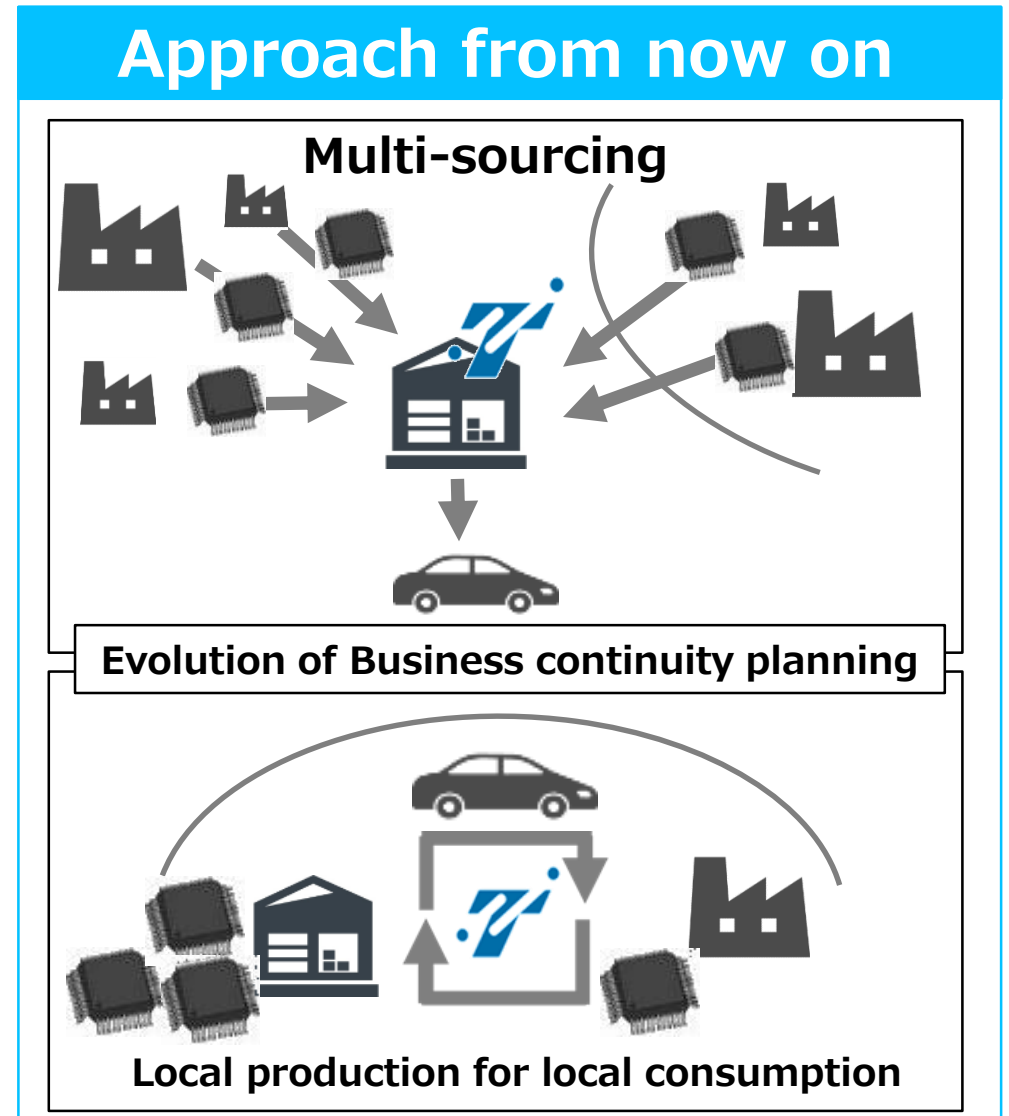
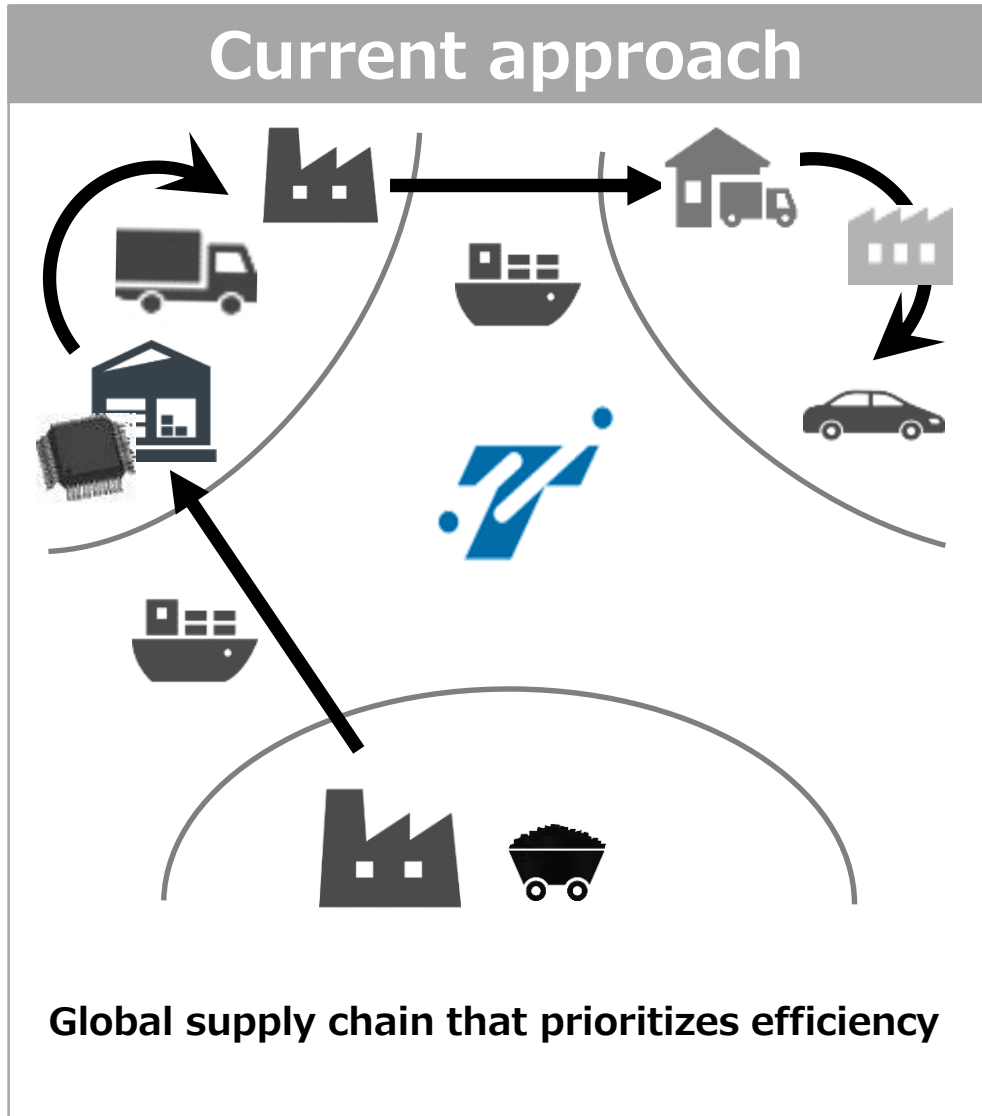
Resource Recycling/3Rs Working Group



Hydrogen/Alternative Fuels Working Group

Combining organic business and priority areas with carbon neutrality/circular economy initiatives

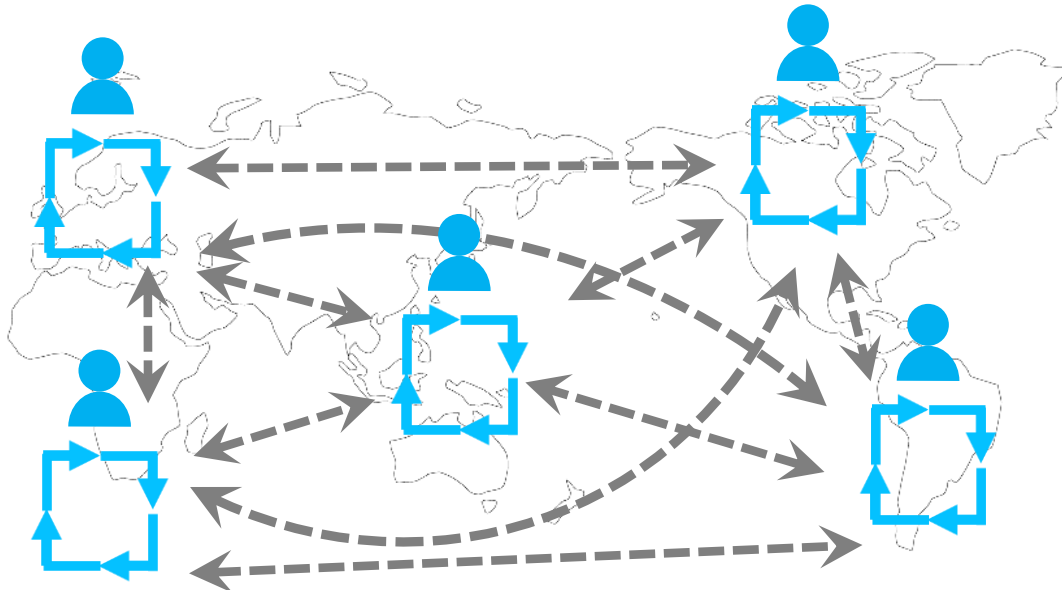
2) Evolve supply chain in order to fully secure it



Retain competitive advantage by building resilient supply chain that is responsive to changes in the operating environment

3) "Glocalization" personnel

Approach from now on



- Autonomous regional management and governance
 - Localization of management to support the above
 - Assignment personals
- Inter-regional communication between personnel
⇒ glocalization of personnel

< Glocalization of personnel >

Identify global posts* outside Japan

 **113**
positions

From these posts select those that can be filled by local personnel

 **74**
positions

Select candidates and train them to increase proportion of these posts filled by local personnel



FY2021:

No. of these positions filled by local personnel: **37**/113

⇒ Target : **74**/113

* Global posts: Key group management roles

Train and promote overseas personnel for global posts to underpin truly global operations



Examples of organic business initiatives



Smart factories (Manufacturing)

Improving competitiveness with digitalization

Steel Center

Automotive manufacture

Recycling

Gather data
Analysis and Visualize
Optimization and Forecasting

Cost reduction, labor saving

EC Platform (spare materials for machinery)

Global optimized procurement

Alternative proposal

Supplier

Supplier

Match supply and demand

EC Platform

Strengthen logistics and service

Inventory sharing

Customer

Customer

Maintain forecast

DX Examples

[Streams]
Global logistics matching platform

[Uveye]
Vehicle inspection Service by AI analysis

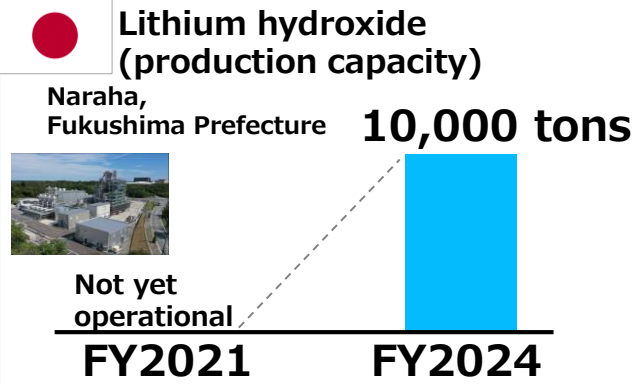
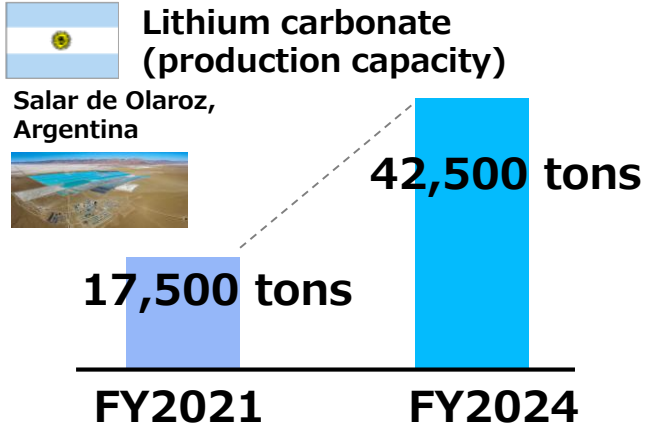
そらいいな株式会社 **[sora-iina]**
Medicine logistics services via drones

Further refine organic business through digital transformation



Areas of strength

Resources (raw materials)



Areas to grow

Raw materials and parts processing

Aluminum foil
Cell cases
Cathode materials
Copper foil, etc.

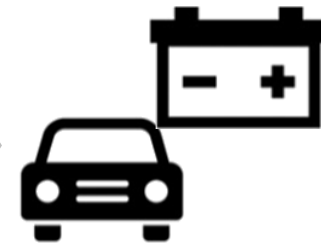
Battery manufacture

Production support functions

Introduce solar power generation	Explore renewable energy procurement (VPPAs, etc.)
In-house logistics	Production equipment delivery, etc.
Recycling	IT support

Recycle

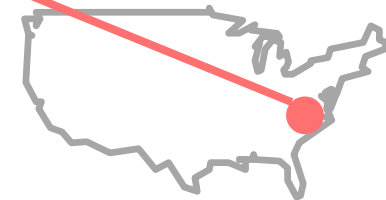
Recycle·3R



TBMNC

Automotive battery manufacturing for electrified vehicles (Initially focusing on HEV) (Toyota Tsusho has 10% stake worth USD46.8 million)
 Launch of operations: 2025 (tentative)
 Capital: USD468 million

Greensboro-Randolph Megasite, North Carolina



Expanding battery supply chain-related business ahead of electric vehicle production growth





Renewable Energy Strategy: Regional strategy map

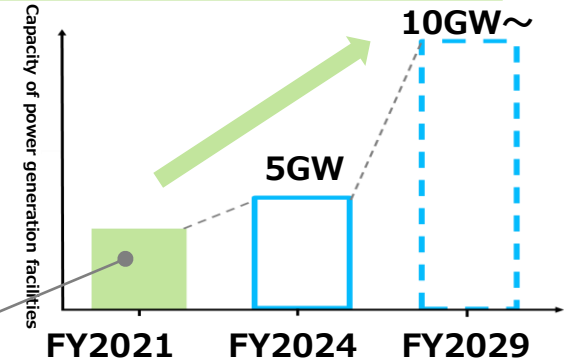


Electric power value chain

Generate → Store → Adjust → Deliver

Total power generation capacity **3,610MW**

	Wind power	2,971MW
	Solar power	344MW
	Hydro power	270MW
	Biomass	25MW



Europe: **1,196MW**

Generate → Store → Adjust → Deliver

South Korea/Taiwan: **183MW**

Generate → → → →

Japan: **1,245MW**

Generate → Store → Prepare → Deliver

North America: **457MW**

Generate → Store → Adjust → Deliver

Africa: **263MW**

Generate → → → →

Asia: **156MW**

Generate → → → → Deliver

South America: **110MW**

Generate → → → →

Endeavor to protect the planet with a stable and affordable supply of carbon-neutral energy and the building of necessary infrastructure



FY2021



FY2024



- Wind Research Assessment



- Strengthen core development capabilities
- Secure absolute volume for the Toyota Group

Onshore wind power



Hydro power



Solar power



- Expand electric power venture capital functions
Japan: Hokkaido(power generation/storage/transmission)

Total business costs: **¥230bn**



Amount of power generation: 540MW



Transmission lines: Approx. 78km



One of the world's largest storage battery systems



- Offshore wind power Strategies as a strength of Electronics Value-Chain



- geothermal heat

No.1 competitive player among renewable energy providers

No. 1 contributor to Toyota Group's renewable energy and carbon neutrality goals



WITH AFRICA FOR AFRICA

Made In Africa

Develop retail activities



Mobility market leader
Sub-Sahara
(B2B and B2C)

P17



Healthcare market leader
Morocco,
Sub-Sahara,
French overseas territories

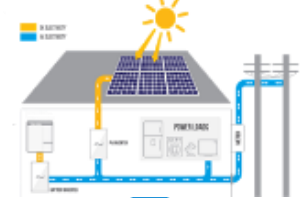
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Consumer goods
Tackling expansion of the consumer goods and beverages businesses



Several Projects for clean Electricity production

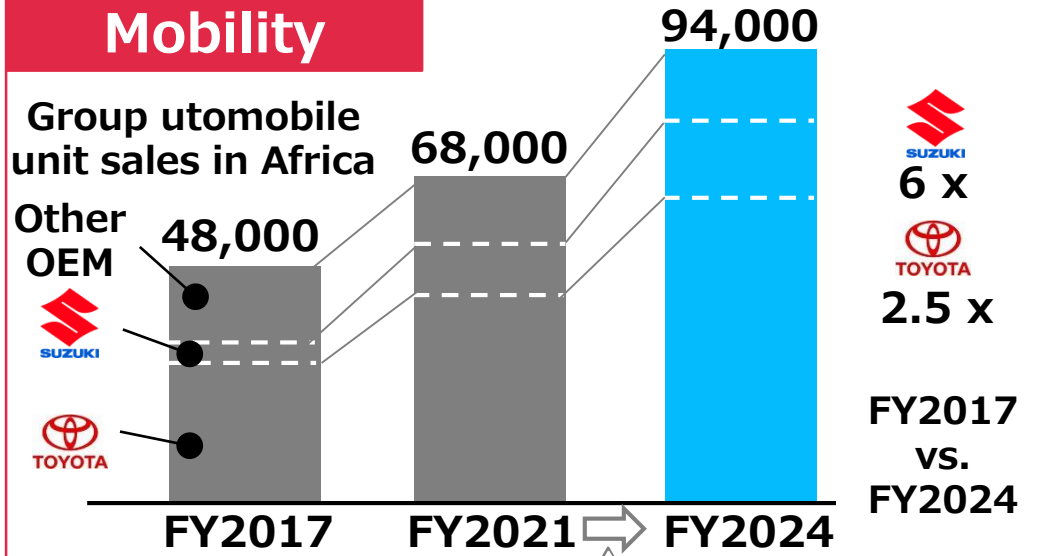


Electric power & infrastructure
Business growth strategies for energy and telecommunications (B2B and B2G)



Tapping into growth potential in each field

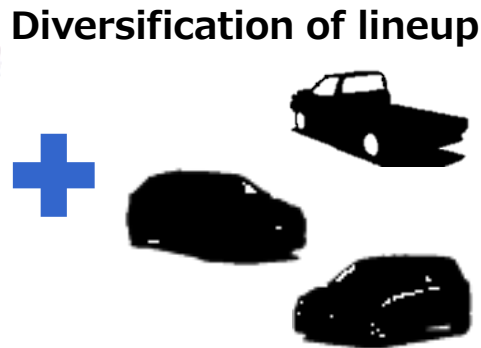
Mobility



Until FY2021



From FY2022



Healthcare

French-speaking countries

English-speaking countries

Expand share in French-speaking countries and establish sales channels in English-speaking countries

Contribute to global health

First delivery ceremony (Ghana)

Dedicated vaccine refrigerator trucks

Contribute to healthcare in Africa

Local production → Wholesale → Retail

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

Goodlife
Pharmacy Health Beauty

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

health54
CFAO Group Company

Healthcare startup investment firm

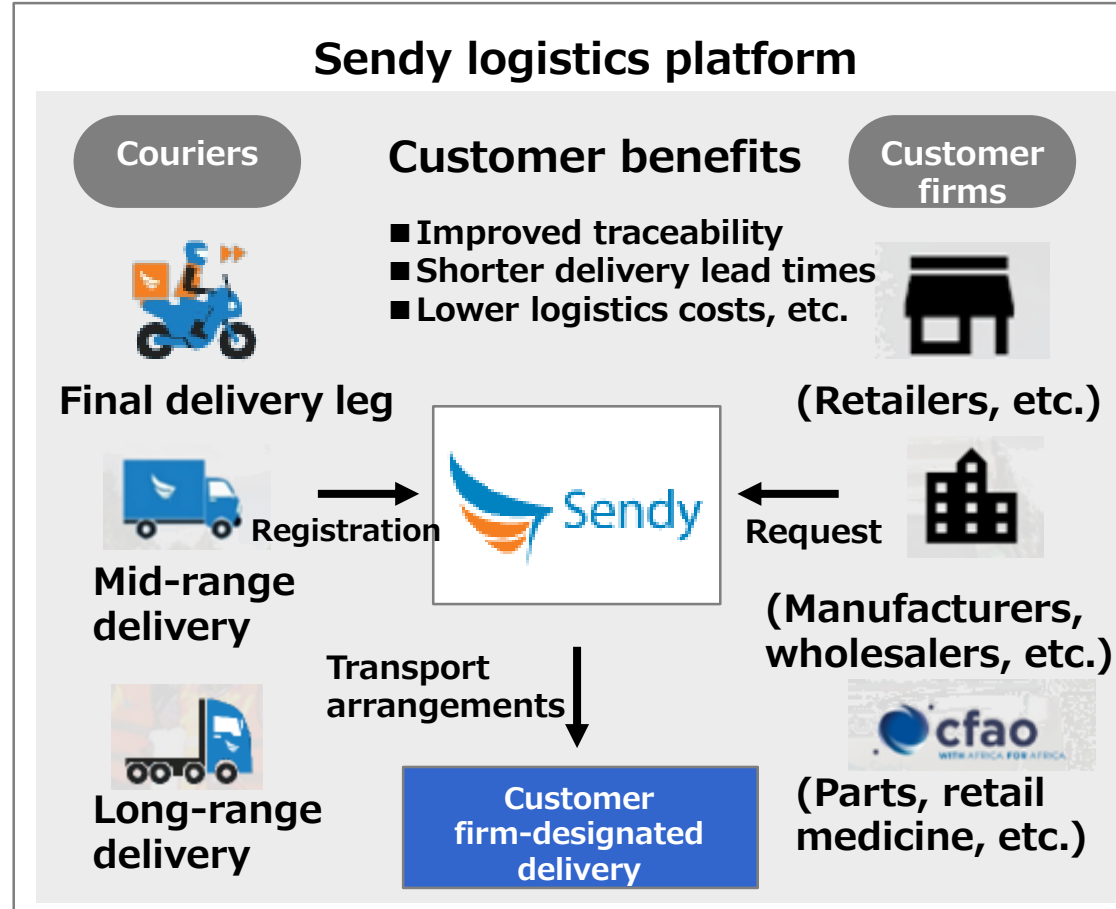
Balancing business growth and functional enhancement



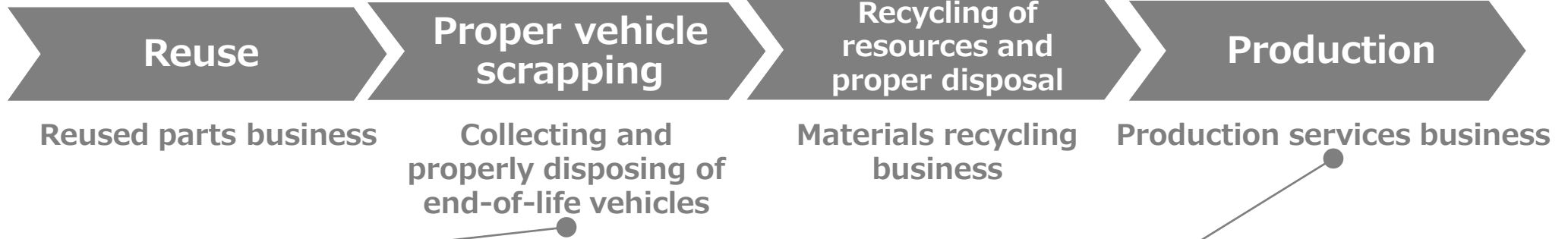
Fund No. 1 11件/
2019 through Dec 2021 approx. **21M EUR**

Fund No. 2 **40M EUR**
(from Jan 2022)

Fields	No. of Projects/value
 Logistics services	2 / approx. 10M EUR
 Mobility services	3 / approx. 1M EUR
 Financial services	3 / approx. 6M EUR
 Vehicle charging services	3 / approx. 3M EUR



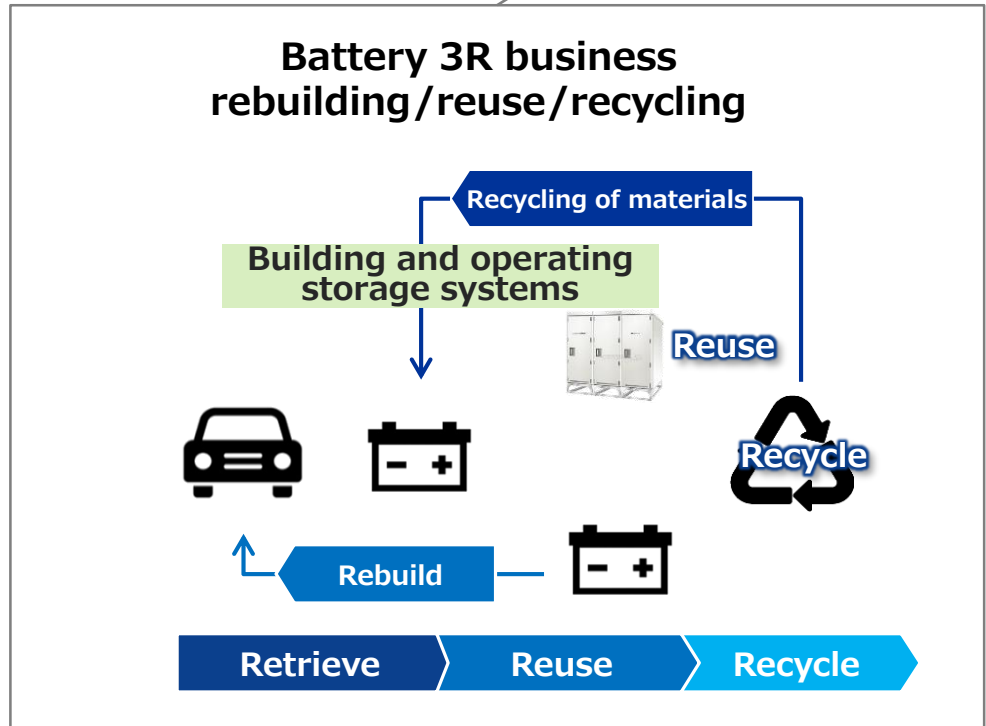
solve societal issues in Africa through grass-roots synergies



Establishment of end-of-life-vehicle value chain with area partners in India and China

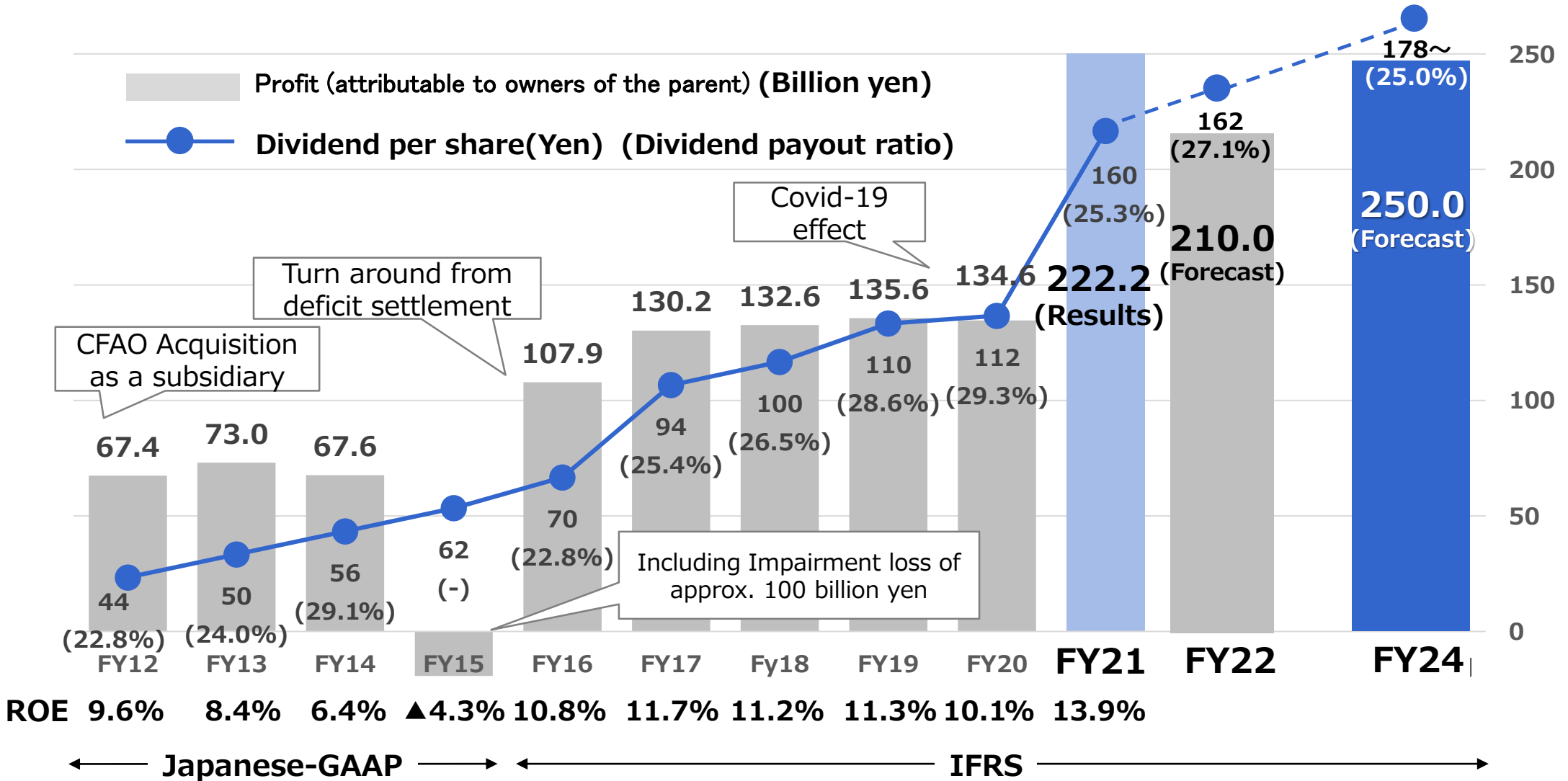


Maruti Suzuki Toyotsu India Private Limited launched operations on November 23



Providing decarbonization solutions through recycling business

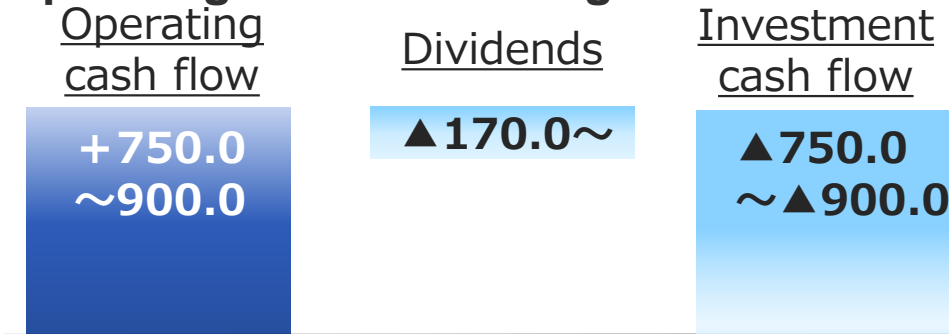
Mid-term plan : Quantitative targets (profit for the year)



Maintain record-high profit level in FY21 and step into the next new stage

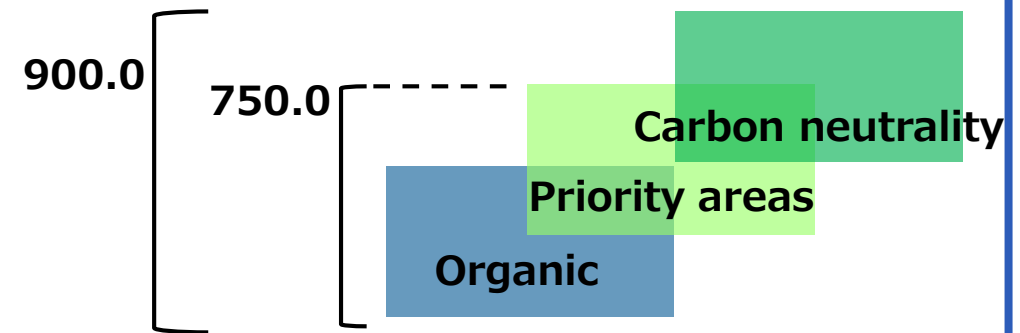
Investment Policy

① Investments within the capacity of operating cash flow as a general rule



Three-year cumulative cash flow assumptions (FY2022, FY2023, and FY2024)

② Carbon neutrality-related investment as upfront investments in future growth



Ramping up carbon neutrality investment may mean the total amount investment outweighs operating cash flow during the period covered by current mid-term plan

Financial Policy

- Net Debt/equity ratio : within 1.0× borrowing cap for keep net DER 1.0

FY2021	500.0
FY2024	800.0
- Risk Assets/Risk Buffer : manage less than 1.0

Policy on shareholder returns

- Payout ratio 25% or more
- Steady increase in actual dividend

Balancing shareholder returns with investments for growth on the way to the next new stage

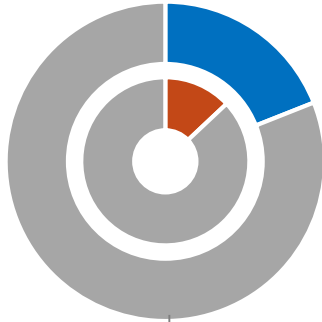


Be the **Right ONE** **3. Governance Structure**

Corporate governance reforms

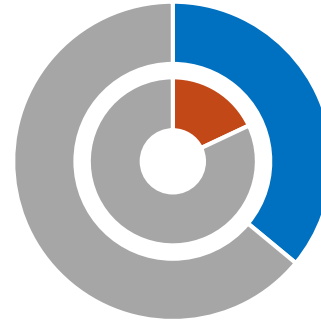
From FY2014

Outside directors **19%** **【3 of 16】**
 Female directors **13%** **【2 of 16】**



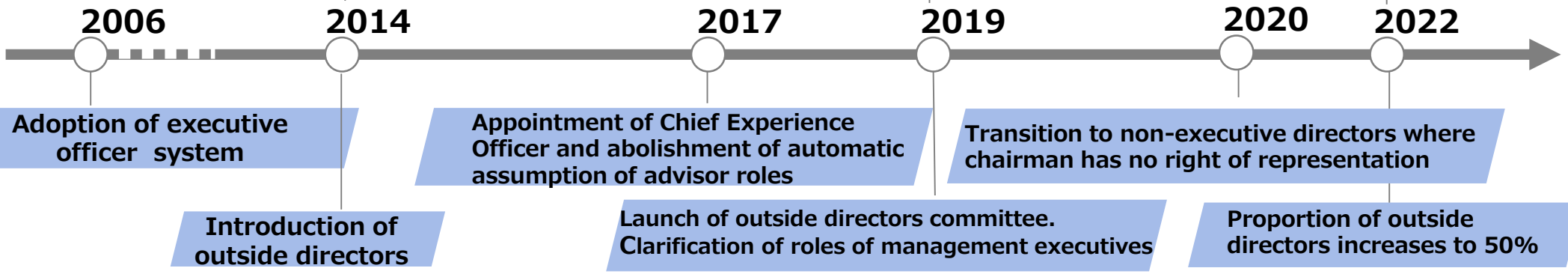
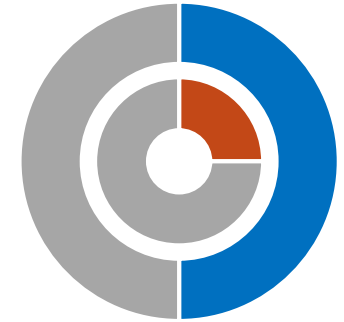
From FY2018

Outside directors **36%** **【4 of 11】**
 Female directors **18%** **【2 of 11】**



FY2022
 Anticipated composition after
 Ordinary General Meeting of
 Shareholders in June

Outside directors **50%** **【4 of 8】**
 Female directors **25%** **【2 of 8】**



Highly effective management structure that guarantees order, flexibility, and diversity



Be the **Right ONE**

4. Initiatives of Carbon neutrality

Initiatives for climate change (internal)

Carbon neutrality declaration (July 2021)

【Launch of in-house carbon pricing】

1. Reflect greenhouse gas reduction contributions in earnings results

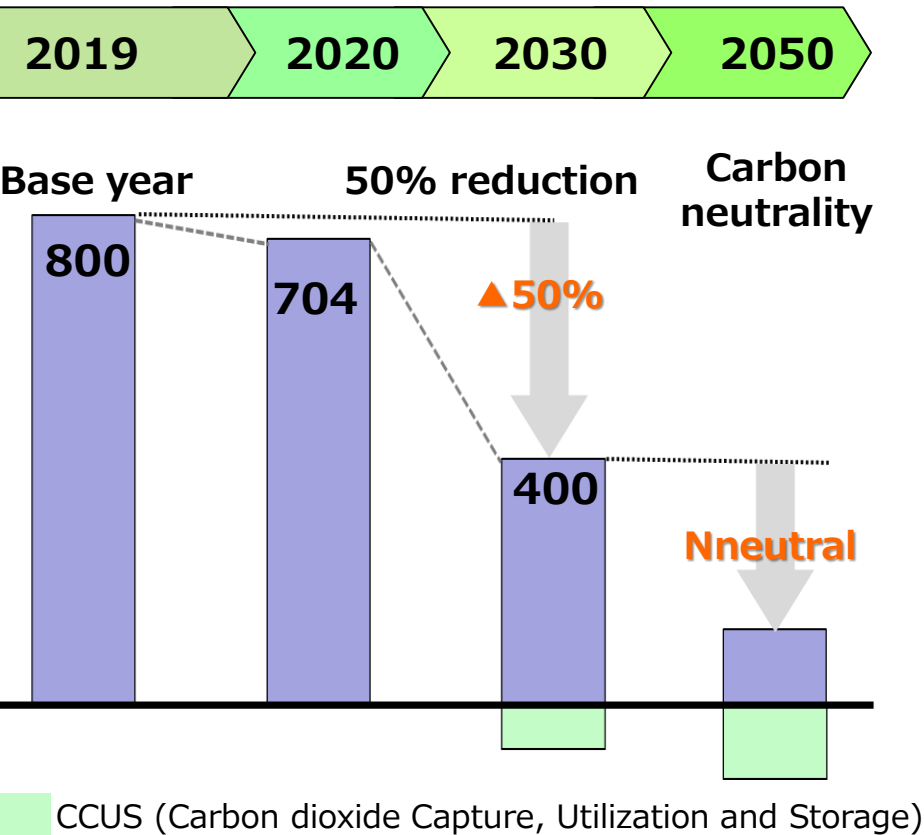
- Establishing a plan of Greenhouse Gas (Visualization by system)
- Monitoring a results (reflect management accounting)

⇒ **Incentives for reduction / imposing cost for increasing**

2. Incentives for investing in GHG reductions

- Start managing list of greenhouse gas reduction investments (Gauging total amount of reduction investments, and project screening)
- Selecting items/ incentives for investments/report effects)

⇒ **Investments to be ramped up with repayments and interest costs to be booked as corporate expenses**



All employees of our group will unite and work full force to contribute to reduce greenhouse gas emissions as a personnel issues



Be the **Right ONE** **5. Reference Materials**



Be the **Right ONE**

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

contribute to the creation of a safe and comfortable mobility society

Next Mobility Strategy



Contribute to the transition to a carbon neutral society

Renewable Energy Strategy



Contribute to the development of a recycling-based society

Circular Economy Strategy



CSR Materiality for the Toyota Tsusho Group



Grow with developing countries

African Growth Strategy



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



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

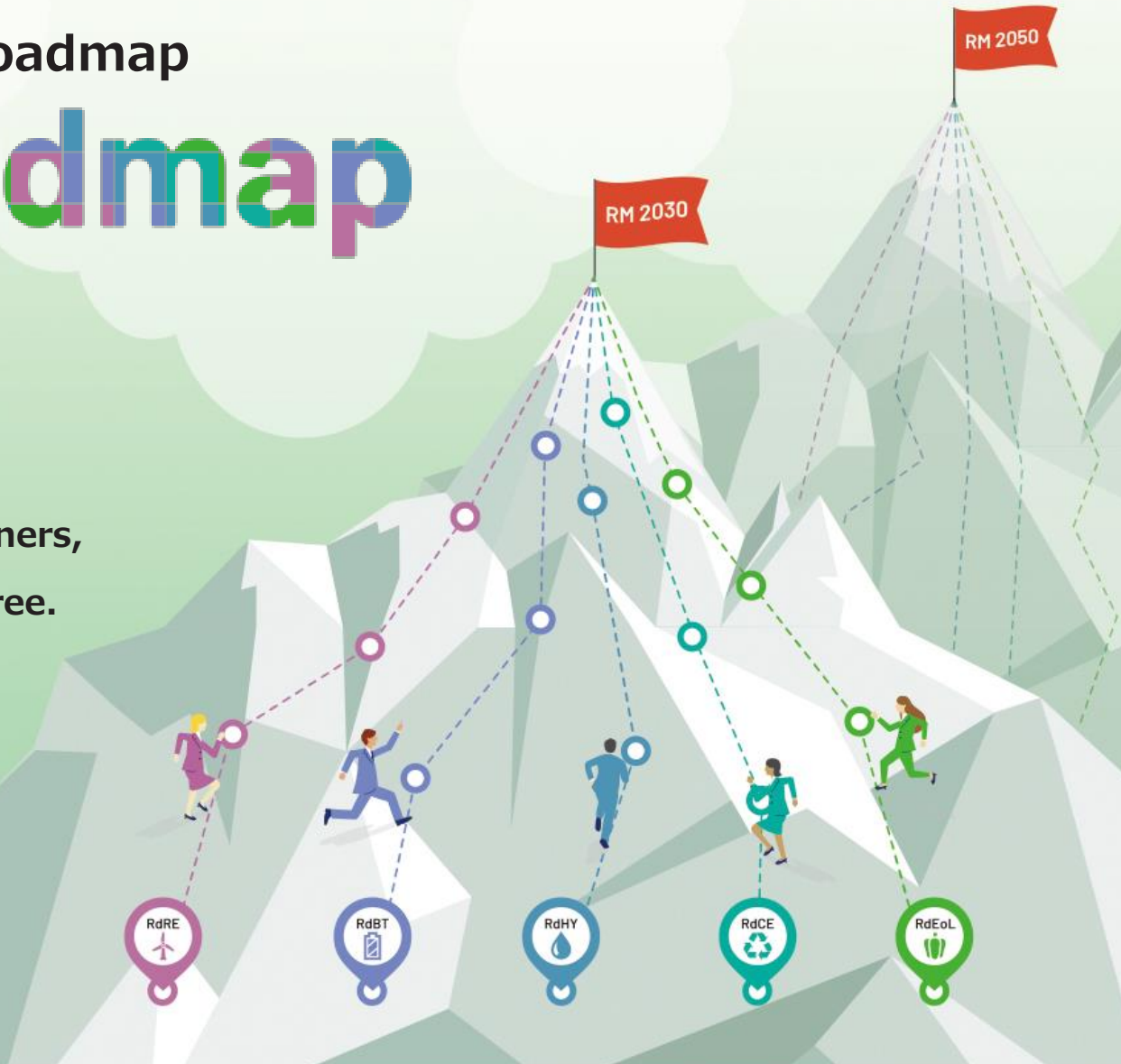


Accelerate materiality initiatives

Carbon Neutrality Roadmap

CN Roadmap 2030

Going up five roads to help our customers, business partners, and society become carbon-free.



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

Our Corporate Philosophy

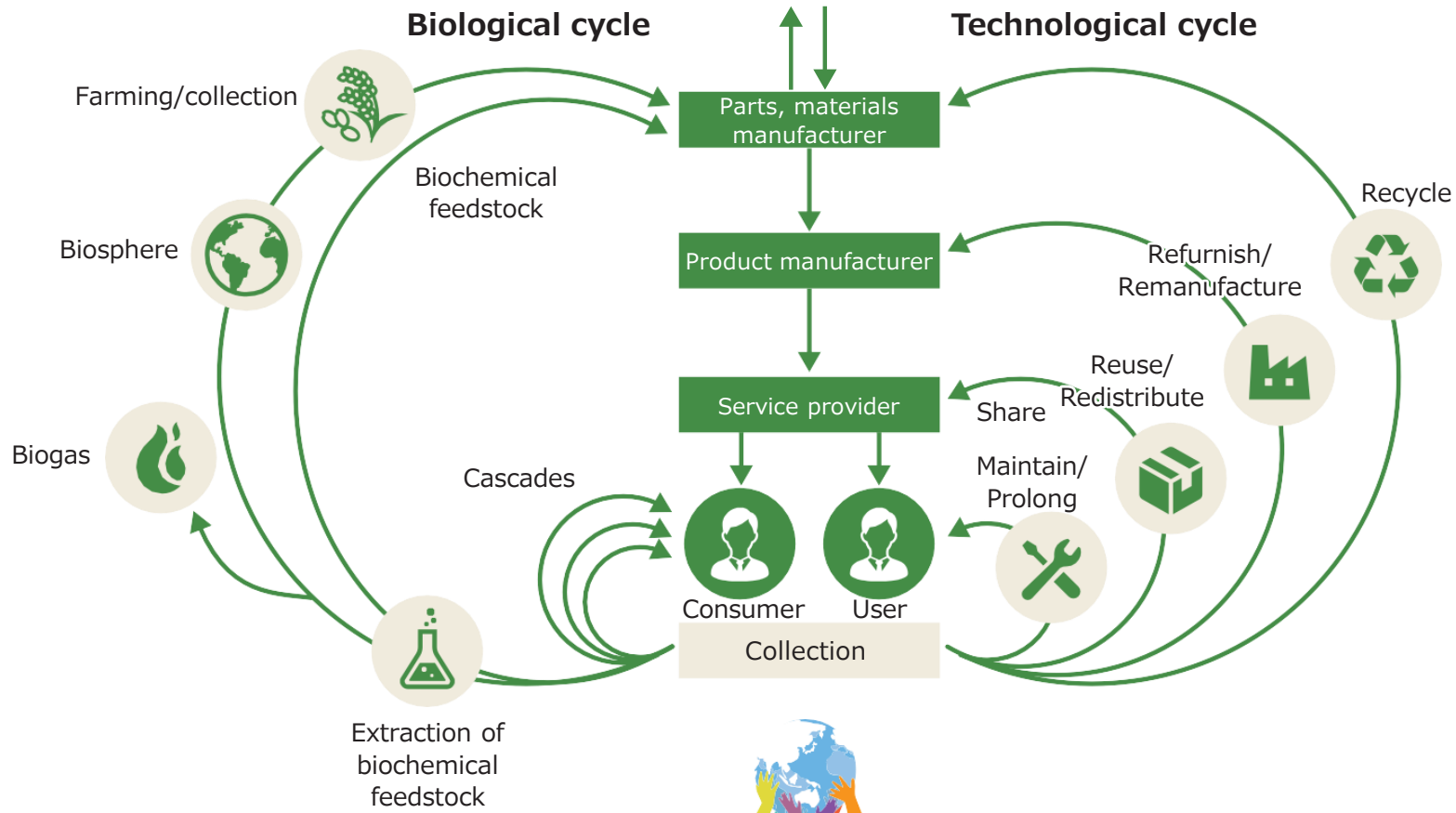
We will aim to achieve our mission in accordance with our principle of “Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.”



Leading circular economy* provider

*An economy that maximizes added value through efficient and recycling-oriented use of resources at all stages.

Toward achieving carbon neutrality, we will break through the center as the top runner and expand our frontline to span the entirety of a circular economy.



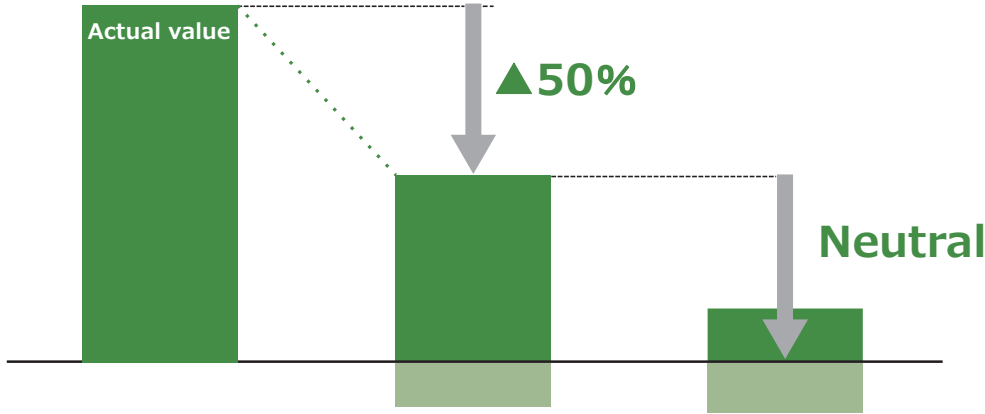
We aim to be **carbon neutral** by 2050.

We aim for a **50% reduction** in GHG* by 2030 compared to 2019.

*Greenhouse gases

- Included**
- Parent company, domestic and overseas consolidated subsidiaries
 - Scope 1, Scope 2

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



■ CCUS (carbon dioxide capture, utilization, and storage), etc.

While focusing on reducing the GHG emissions of our corporate group, customers, and business partners, we aim to achieve further growth by expanding our business domains with ideas and proposals that contribute to the reduction of GHGs.

① MUST DO	② CHANCE Competitive Domains/Growth Strategy
<p align="center">Reduce the Toyota Tsusho Group's GHG emissions</p> <p align="center">Take ownership in reducing our own GHG emissions</p> <p align="center">Carbon neutrality for our group Scope 1+2 Becoming carbon neutral by 2050 50% reduction in GHG emissions by 2030 (compared to 2019)</p>	<p align="center">Engage in five strategic domains</p> <p align="center">Propose technologies and ideas for reducing GHG emissions</p> <ul style="list-style-type: none"> ● Renewable energy and energy management ● Batteries ● Hydrogen and carbon neutral fuels ● Resource circulation and the 3Rs (rebuild, reuse, recycle) ● Economy of Life

MUST/CHANCE

Reduce our GHG emissions and contribute to the reduction of GHGs emitted by our customers and society

▼

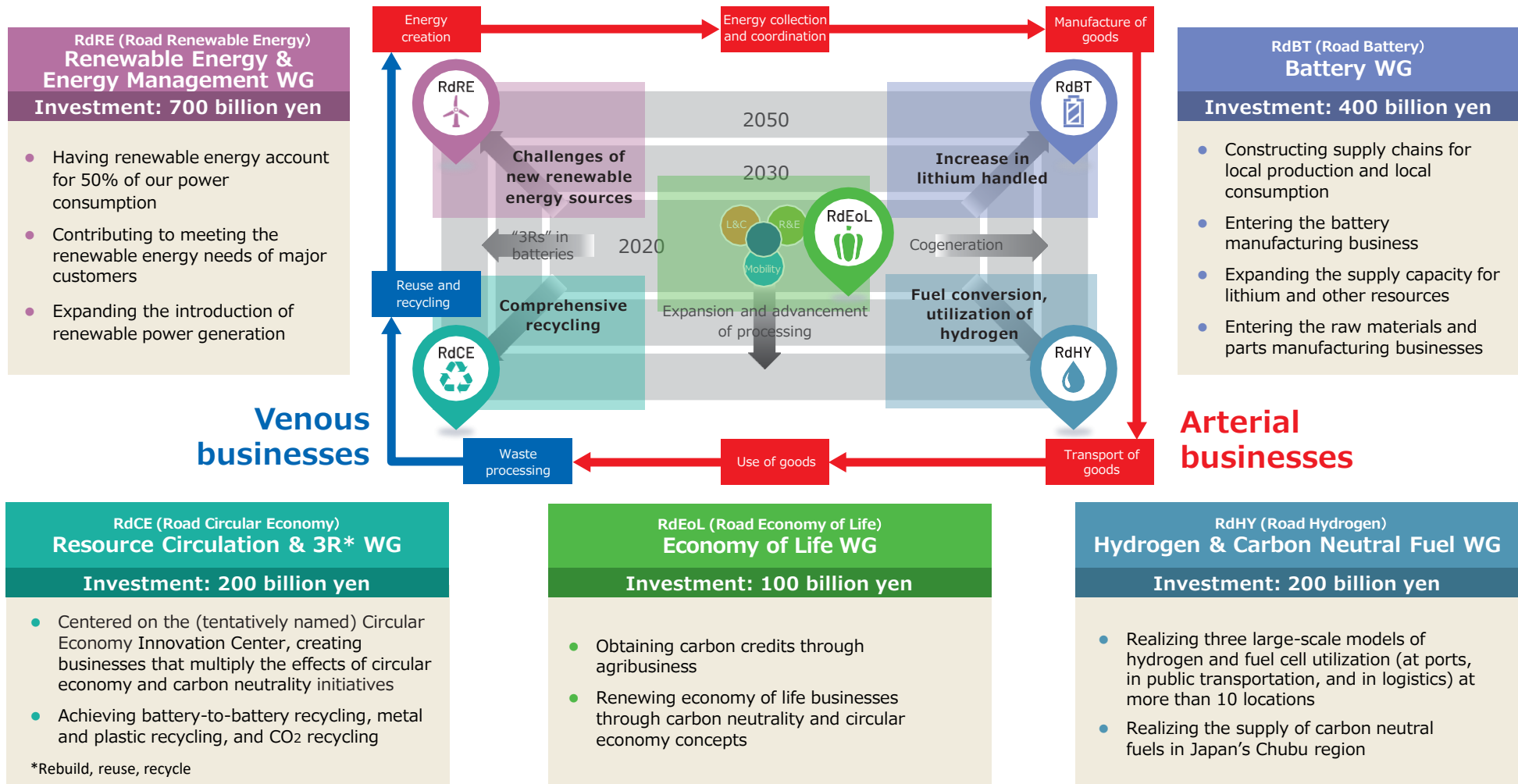
New leap for Toyota Tsusho
(Becoming a leading circular economy provider)

Domains of strength and 5 WG*s

*Working group

As part of our efforts to contribute to the transition to a carbon-free society, our corporate group is engaged in businesses that support a circular economy at each stage of the industrial life cycle, which consists of producing energy, gathering and preparing energy, producing goods, transporting goods, using goods, processing waste, and reusing goods.

Carbon Neutrality Roadmap



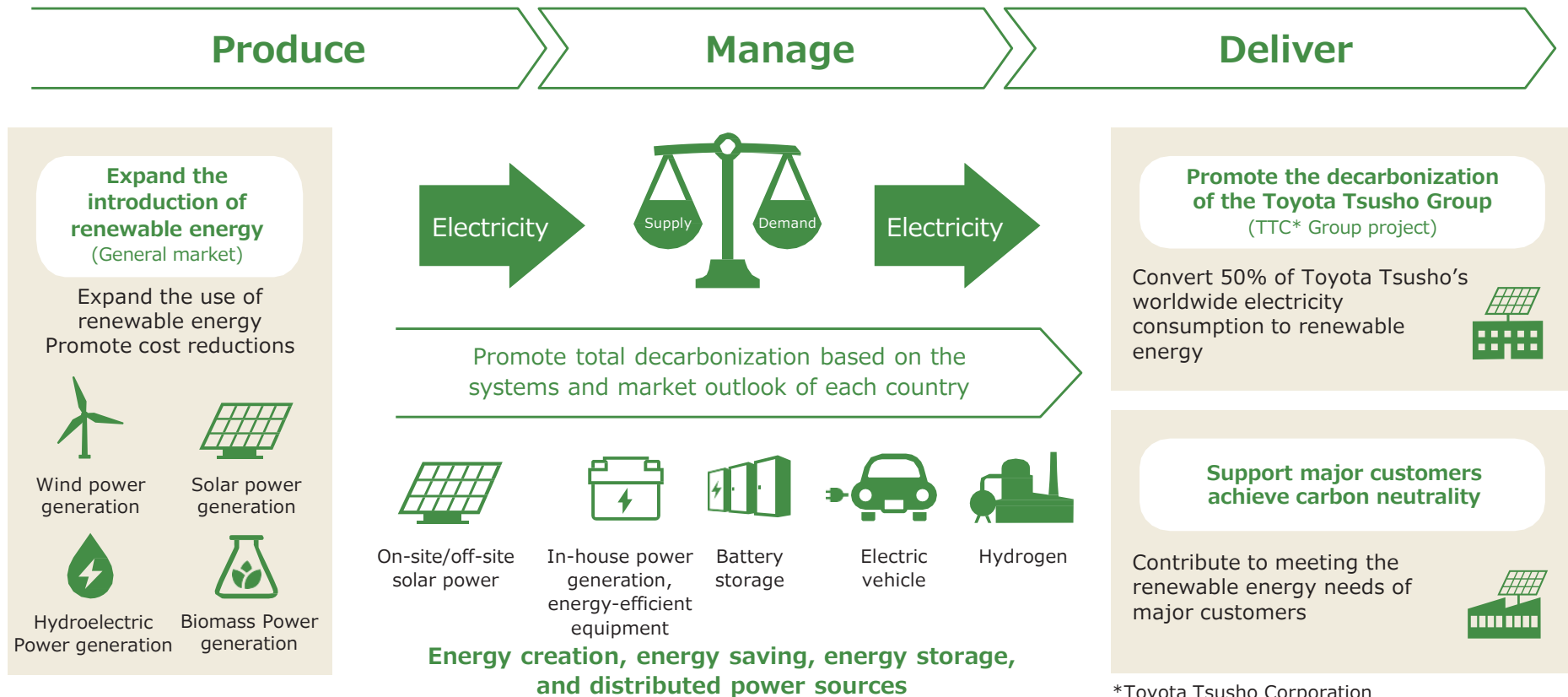
Investment for the realization of a decarbonized society: 1.6 trillion yen by 2030



Road Renewable Energy: Experience-based, Practical Approach to Carbon Neutrality

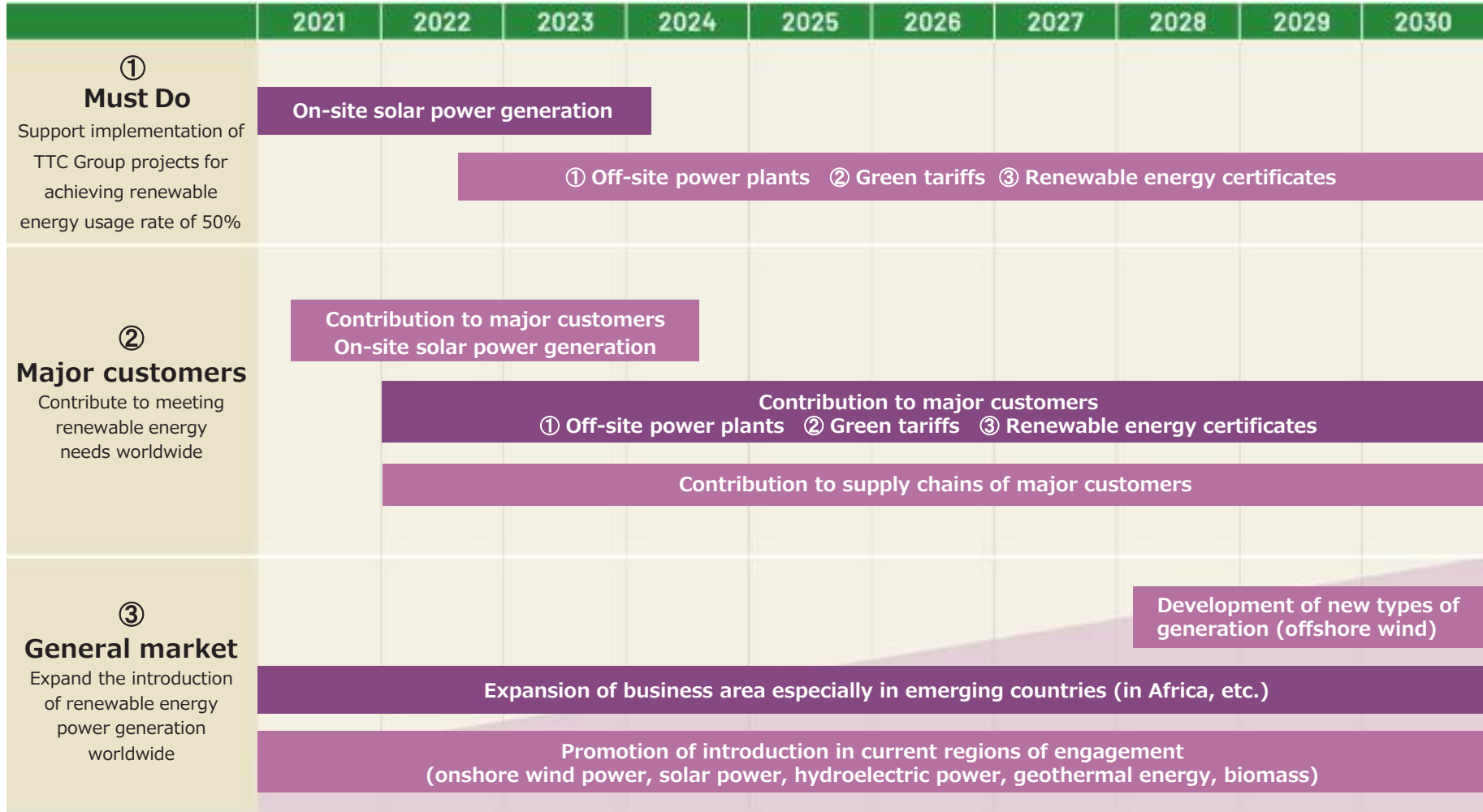
We will contribute to the achievement of carbon neutrality by applying the knowledge that we have cultivated in developing renewable energy.

► Approach overview



*Toyota Tsusho Corporation

► Carbon Neutrality Roadmap 2030





Road Batteries: Carbon Neutrality Innovation Cycle

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

► Approach overview

Contributing to the achievement of carbon neutrality by solving issues in the field of batteries, which is the very key to success for electrification.

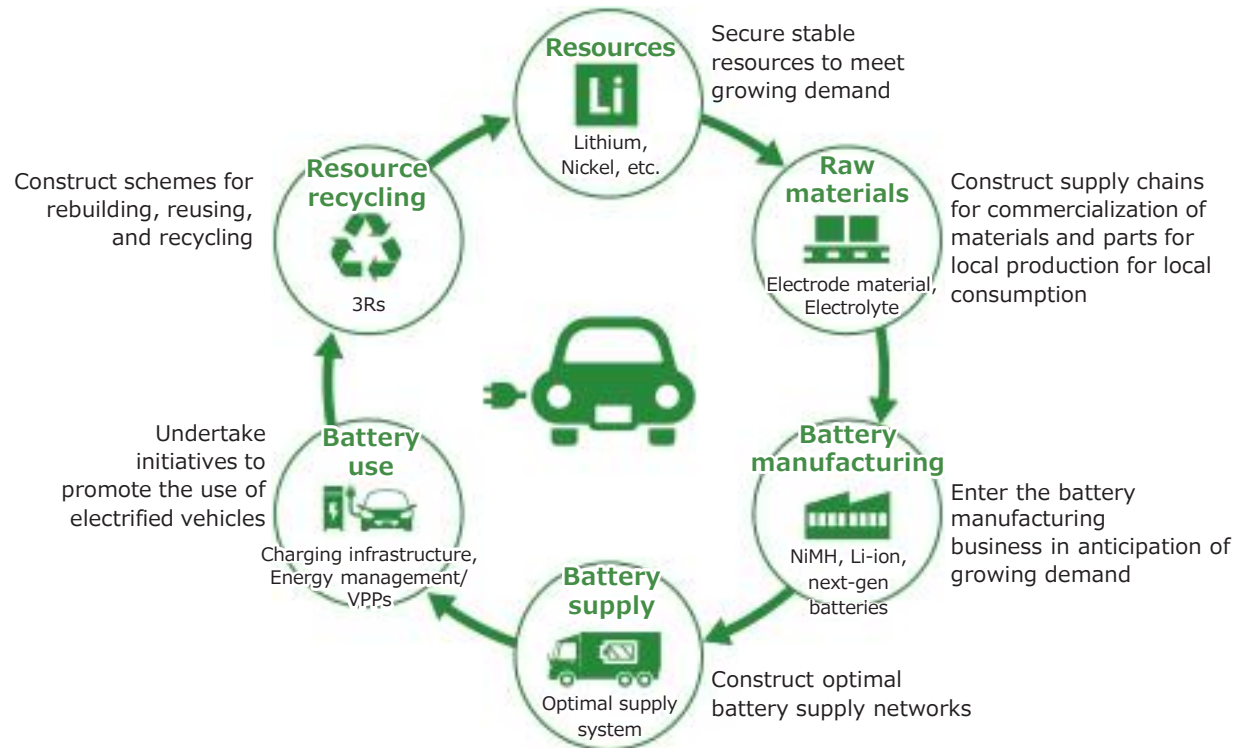
Take on the issues facing the popularization of electrified vehicles

Vehicle and battery issues

- Vehicle (battery) price
- Securing battery quantities
- Battery performance (Cruising range, charging time, etc.)

Infrastructure issues

- Charging infrastructure
- Rebuild, Reuse, Recycle



Battery WG

► Carbon Neutrality Roadmap 2030

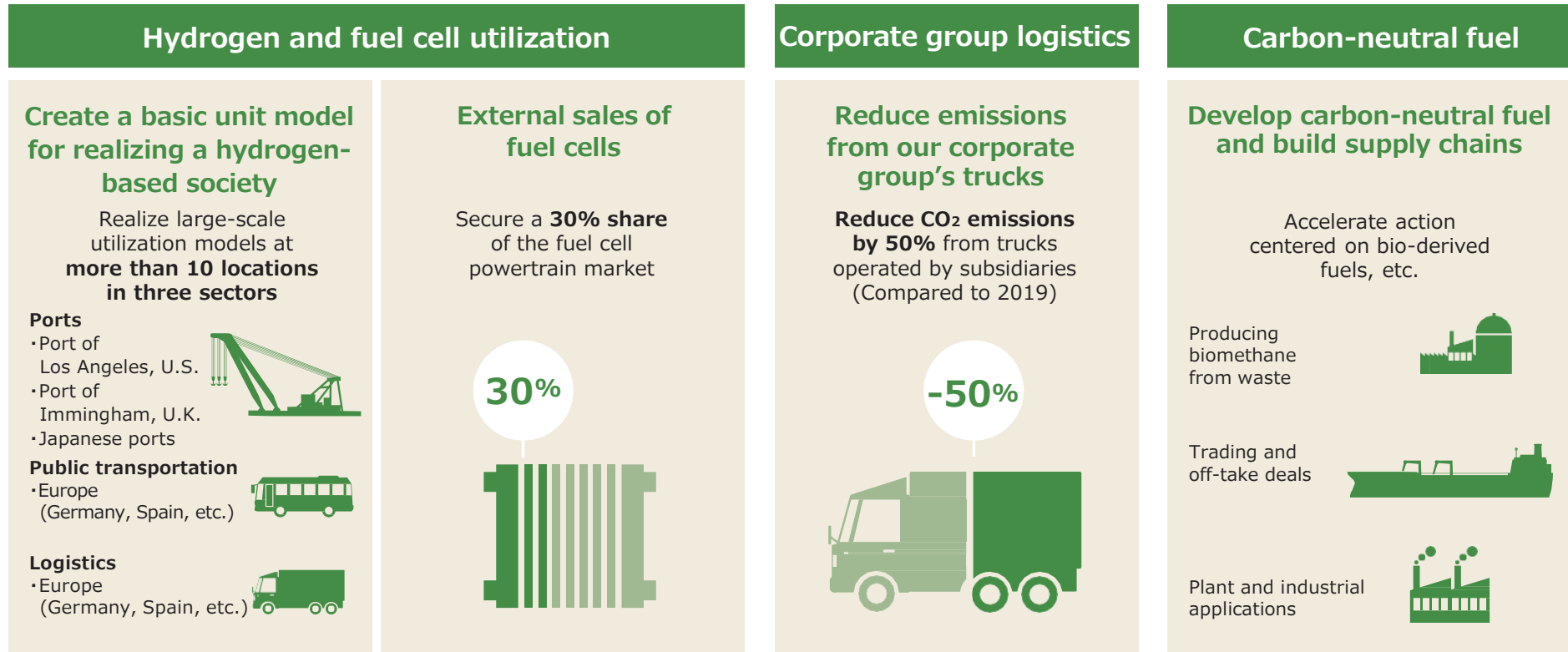
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Period of battery electric vehicle introduction					Period of battery electric vehicle popularization				
Resources	Increase in Lithium production and refining capacity									
	Securement of resources (Lithium, Nickel, etc.) in anticipation of further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



Road Hydrogen: Path Toward Future Energy

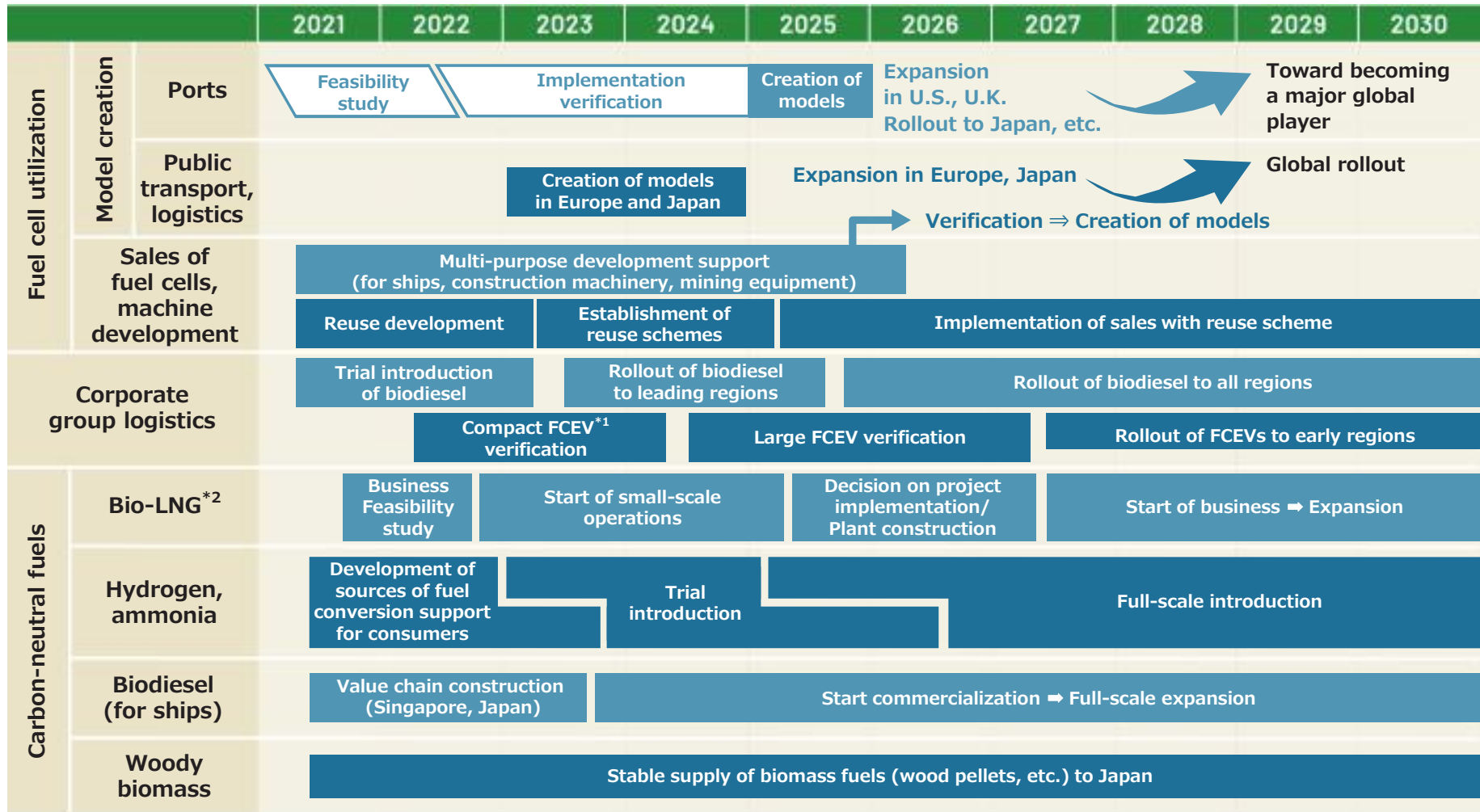
We will accelerate our efforts related to hydrogen and carbon neutral fuels, which are key for achieving carbon neutrality.

► Approach overview



Hydrogen & Carbon Neutral Fuel WG

► Carbon Neutrality Roadmap 2030



*1 Fuel cell electric vehicle *2 Liquefied natural gas

Resource Circulation & 3R WG

► Carbon Neutrality Roadmap 2030

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










*1 Consumer-to-business *2 End-of-life vehicle



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

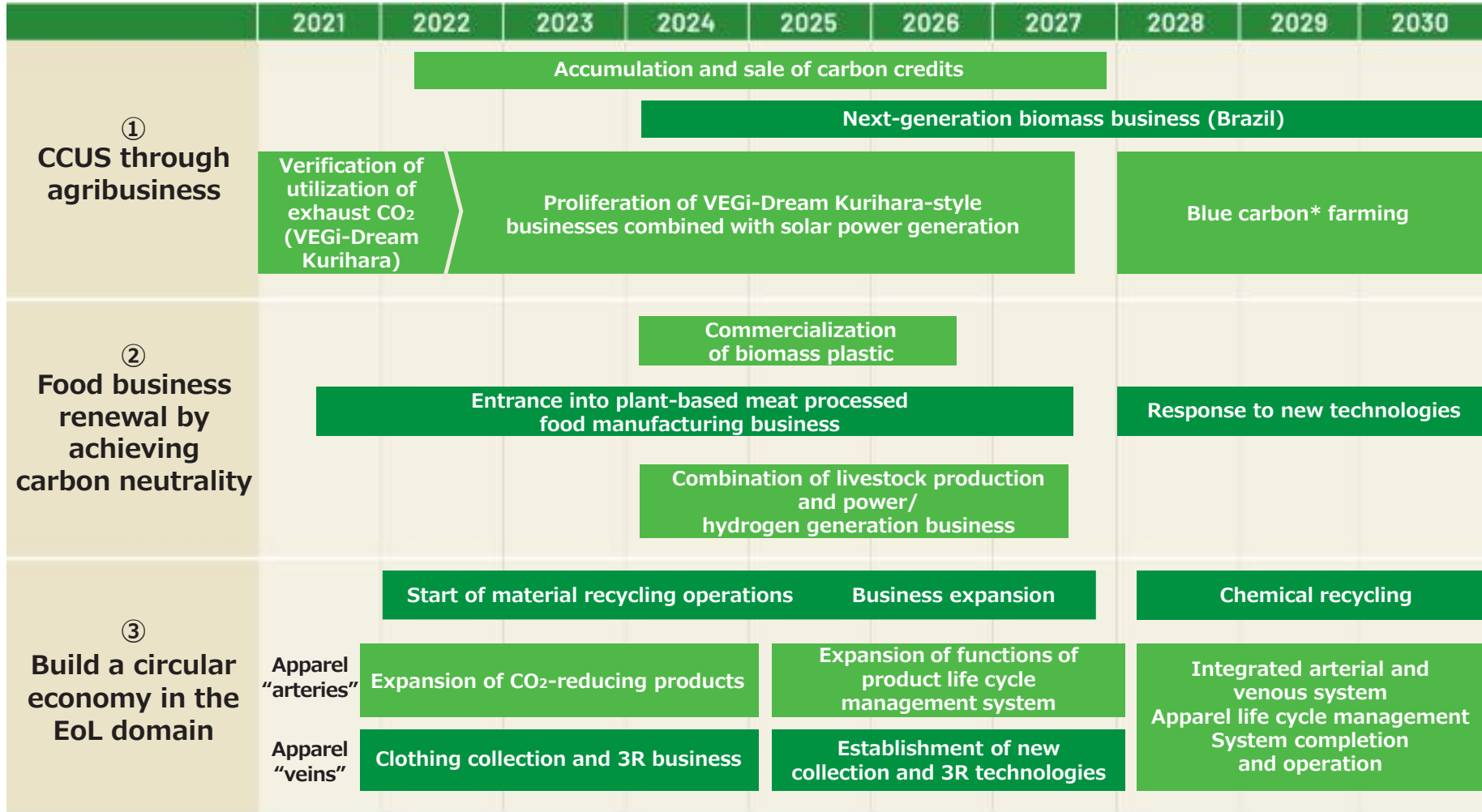
We will work to reduce, absorb, and utilize GHG emissions in domains related to medicine, textiles, food, and housing.

► Approach overview

CCUS* through agribusiness	Food business renewal by achieving carbon neutrality	Build a circular economy in the EoL domain
<p>Leading the way to sustainable agriculture</p> 	<p>Manufacturing and processing of plant-based meat</p> 	<p>Material recycling business</p> 
<p>Accumulation and sale of carbon credits in conjunction with afforestation and reforestation (Brazil)</p> 	<p>Biomass plastics business</p> 	<p>Realization of a circular economy in apparel, which has high environmental impact</p> 
<p>Next-generation biomass business</p> 	<p>Combination of Livestock production and power/hydrogen generation businesses</p> 	<p>Integrated arterial-venous life cycle management system</p> 

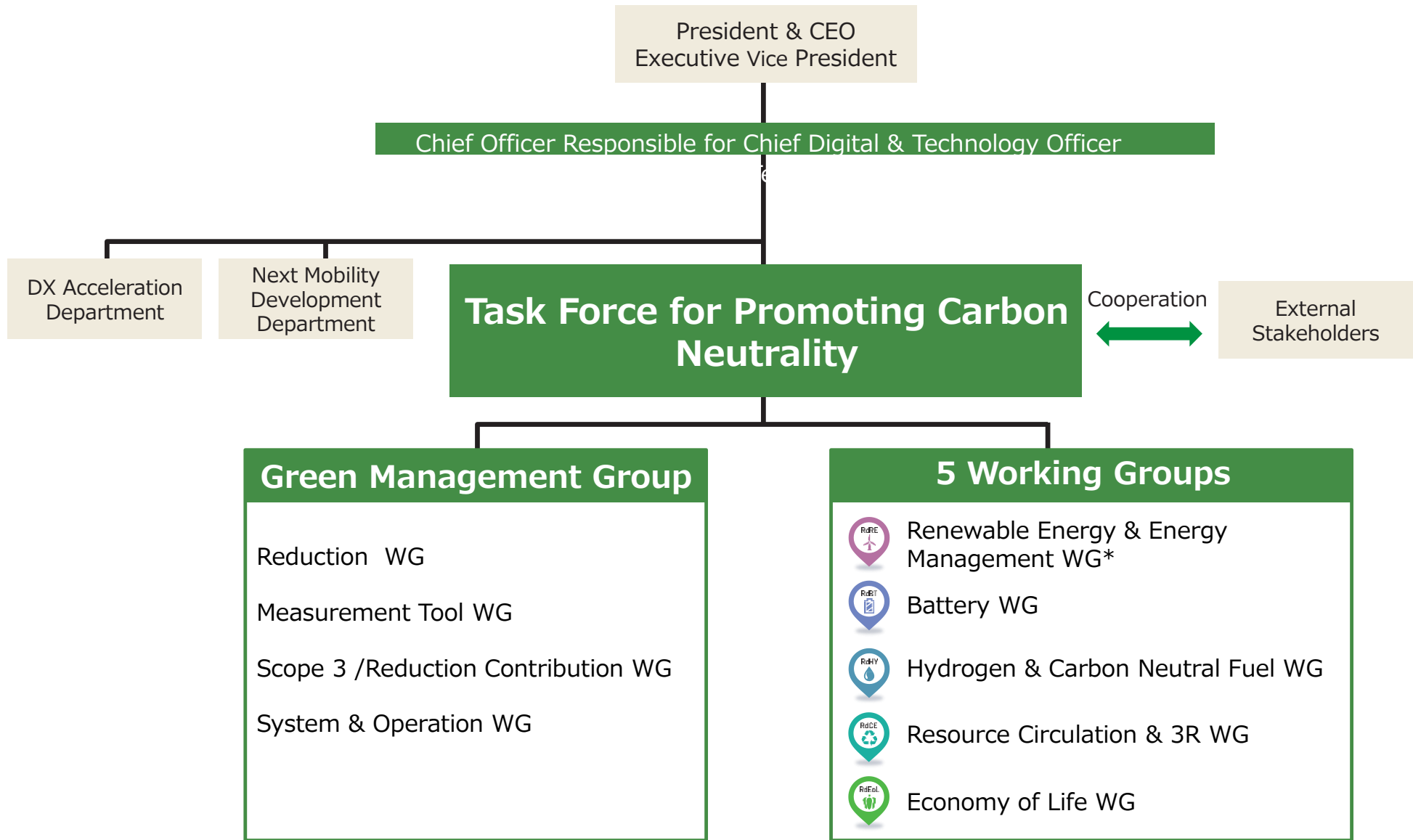
*Carbon dioxide capture, utilization, and storage

▶ Carbon Neutrality Roadmap 2030



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

Promotion System



*Working group

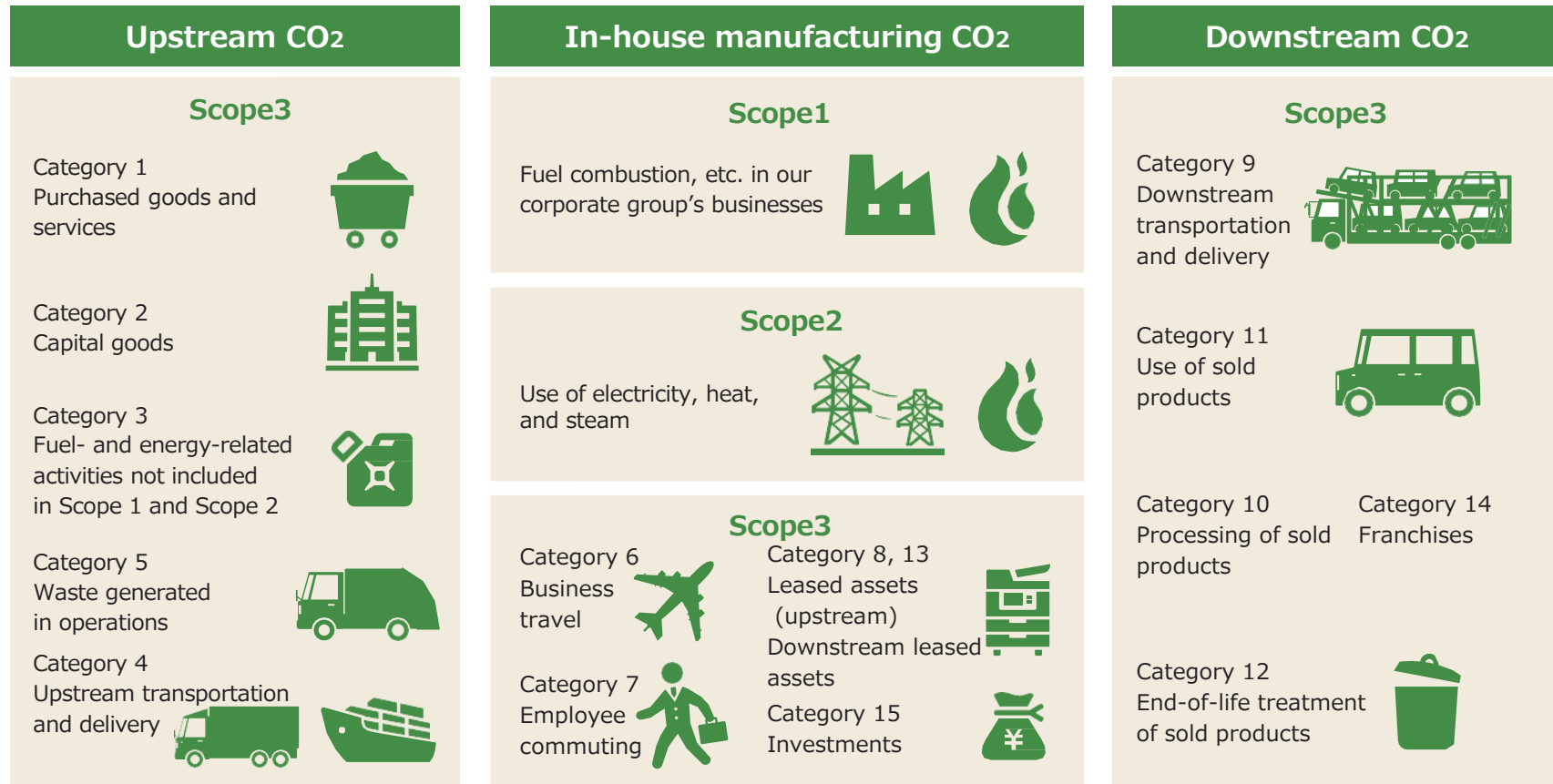
3 Scopes for Knowing CO₂ Emissions

It is necessary to reduce CO₂ emissions from all company activities, not only direct emissions from business activities, but also indirect emissions during commuting and product transportation.

CO₂ emissions are calculated according to three scopes based on international calculation standards. It is necessary to correctly grasp and address our company's CO₂ emissions.

$$\text{Supply chain emissions volume} = \text{Scope 1 emissions volume} + \text{Scope 2 emissions volume} + \text{Scope 3 emissions volume}$$

- Scope1** Direct emissions from the reporting company's factories, offices, vehicles, etc.
- Scope2** Indirect energy-derived emissions from electric power and other energy consumed by the reporting company
- Scope3** Other indirect emissions Divided into 15 categories



Source: Green Value Chain Platform

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