



# Integrated Report 2019

Fiscal year ended March 31, 2019

# On site for a better tomorrow

Toyota Tsusho strives to live and prosper together with people, society, and the planet, and to be a value-generating corporation that contributes to the creation of prosperous societies.

We will continue to work on site for a better tomorrow. To contribute to society through our business, we will maintain our stance of taking on challenges in business fields around the world together with our partners and local communities.

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\* Environmental, social, and governance



### Editorial Policy

In the fiscal year ended March 31, 2015, Toyota Tsusho began issuing its annual Integrated Report, which provides comprehensive reports on financial information, management strategies, business results, and environmental, social, and governance (ESG) information with the aim of deepening the understanding of stakeholders regarding the company. When preparing this report, we referred to the International Integrated Reporting Framework Advocated by the International Integrated Reporting Council (IIRC), the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation of the Ministry of Economy, Trade and Industry, the Environmental Reporting Standards of the Ministry of the Environment in Japan, and the ISO 26000 Guidance on Social Responsibility. In addition to reporting on management strategies, business performance, and business activities, this Integrated Report also covers topics such as Toyota Tsusho's contributions to resolving social issues and contributions to local communities through business with the hope of increasing understanding of our efforts to achieve sustainable growth. Going forward, taking into consideration stakeholder feedback, we will review the contents of the Integrated Report and continue to enhance the report for easier reader understanding.

### Cautionary Note on Forward-looking Statements

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

### ► CSR-related Information

For additional information on occupational safety and health, the environment, human resources, social contributions, conflict minerals, and other corporate social responsibility (CSR)-related topics, please refer to the CSR section on Toyota Tsusho's website.



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

### ► Online Integrated Report

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



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

### ► Inclusion in SRI Indices

As of July 2019, Toyota Tsusho was included in the following socially responsible investment (SRI) indices.



### MSCI Japan Empowering Women Index (WIN)

An index that targets the 500 companies with the highest market capitalization in Japan that excel in gender diversity in their industries based on the gender diversity score developed by MSCI.

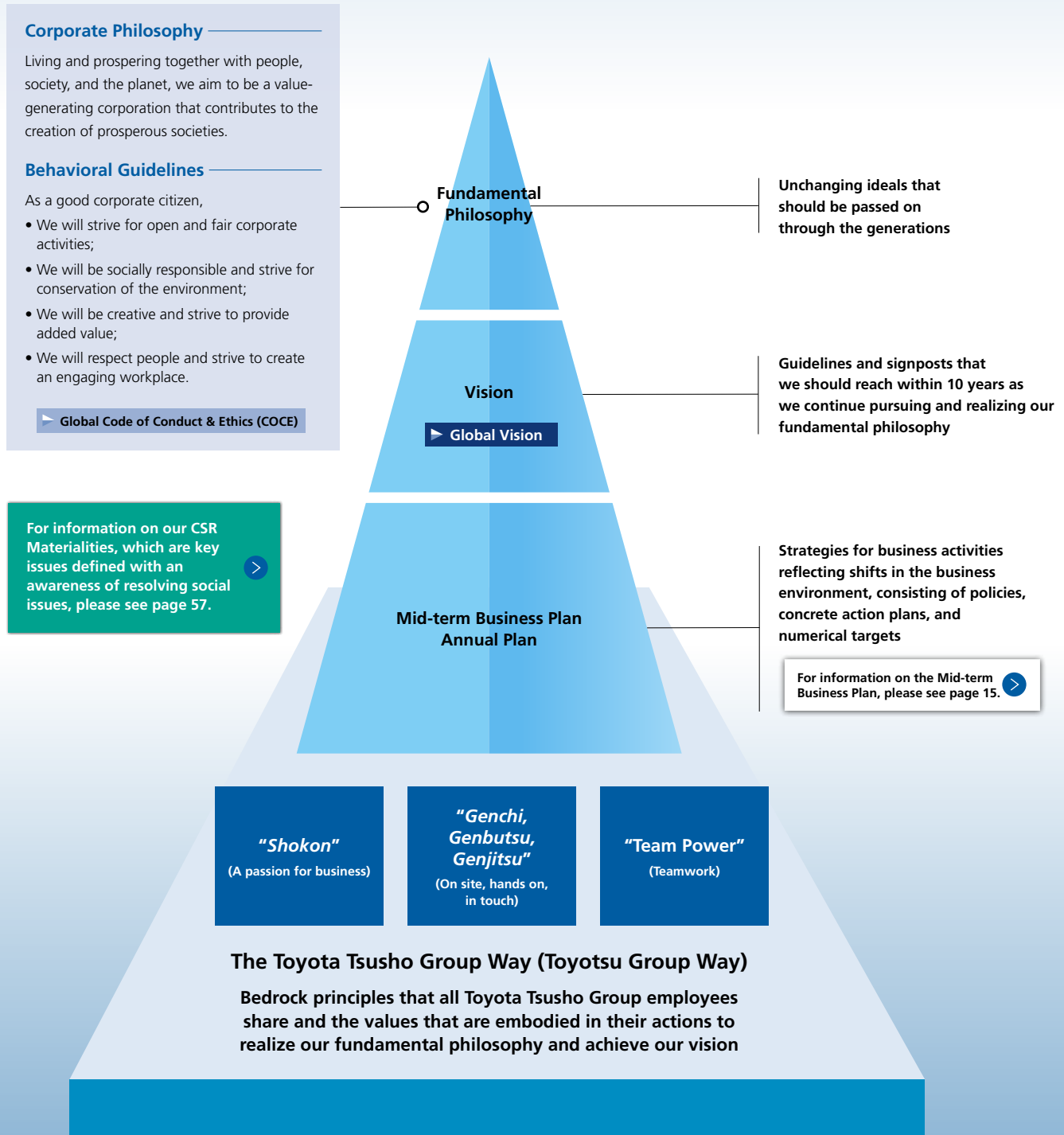


### S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is constructed by S&P Dow Jones Indices based on carbon emission data by Trucost. The index heavily invests in companies that are carbon-efficient relative to other companies in their industries, as well as companies that disclose information about greenhouse gas emissions.

# Philosophy

We in the Toyota Tsusho Group deliver to nations around the world a diverse range of products and services essential for building prosperous and comfortable societies. We are guided by a four-tier philosophy that enables us to successfully meet the challenges of each new age.



## ▶ Global Vision

The Toyota Tsusho Global Vision was announced in May 2016 to serve as a milestone in guiding our corporate group's business over the next 10 years.

### Ideal Image

For the next 10 years, the Toyota Tsusho Group will evoke our ideal as



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

#### The Right ONE for future

We will fully apply our unique insights and capabilities as we strive to lead the way for a sustainable society and for the future.

### Toyotsu Core Values to Achieve Growth

The Toyotsu Core Values are the corporate strengths we will use over the next 10 years. Using the Toyotsu Group Way as a foundation, these values will help us ensure the achievement of our Global Vision. Using the Toyotsu Core Values, we will focus our efforts on three core business domains.

#### Organic Growth

- We will expand our business using our own current resources.

#### New Challenges

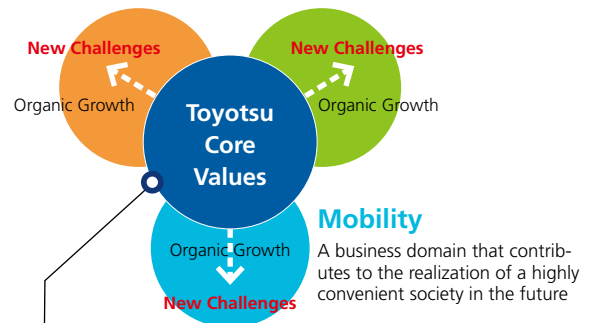
- In business domains in which we can apply our expertise and for each region, we will expand our business with full **Genba-focus**.
- We will develop new business based on innovative technologies, services, and products made possible by full use of our **Collective force** and **Innovator spirit**.

#### Life & Community

A business domain that contributes to the realization of a comfortable and healthy society

#### Resources & Environment

A business domain that contributes to the realization of a sustainable society in the future



- **Genba-focus** The power to add value on site
- **Collective force** The power to unite individual talents
- **Innovator spirit** The power to create something unique to us

## ▶ 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.

# On Course to Becoming a Value-generating Corporation

The company has long developed its business with functions tailored to customers' needs and with original added value by leveraging its general trading and project management company functions, such as information collection and the logistics and financial functions necessary to import/export and broker domestic business transactions.

We are also engaged in the development and investment business, working with partners all over the world to accelerate investment in fields in which future growth is expected.

## Establishment–1970s

### Developing as the Toyota Group's trading company

Toyoda Kinyuu Kaisha, Toyota Tsusho's predecessor, was established in 1936 to provide sales financing for Toyota vehicles. After World War II, Toyoda 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 on 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 finished automobiles, as the trading company of the Toyota Group. Toyota Tsusho eventually came to be listed on both the Nagoya Stock Exchange and the Tokyo Stock Exchange.



## 1980s–1990s

### Stepping up overseas forays as Toyota globalizes

During this period, the Toyota Group companies began moving beyond only exporting automobiles, and started producing automobiles in various countries overseas. To respond to the globalization of the Toyota Group, Toyota Tsusho accelerated its efforts toward overseas expansion. In addition to establishing a series of dealers and other bases overseas, these efforts also included commencing production of Toyota vehicles in Pakistan.

However, the company's efforts were not limited to the automotive sector. For example, the company formed a business alliance with Kasho Company, Ltd., in 1999.



Utilizing the knowledge acquired within the Toyota Group externally, and in sectors other than automobiles

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

Stepping up overseas forays in conjunction with the globalization of the Toyota Group

1948

**1948**  
Establishment

**1986**  
The Tomen Group starts the electric power business

**1964**  
Start of complete build-up export to Kenya

**1983**  
Former Tomen Electronics Corporation established

**2003**  
Former Toyota Tsusho Electronics Corporation established

**1986**  
Began aggregation and consolidated shipping to the U.S.

-   
Metals Division
-   
Global Parts & Logistics Division
-   
Automotive Division
-   
Machinery, Energy & Project Division
-   
Chemicals & Electronics Division
-   
Food & Consumer Services Division
-   
Africa Division

## 2000s

### Merging and forming tie-ups to expand value chains outside of the automotive sector

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



## 2010s

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

In 2012, Toyota Tsusho began accelerating investments into new business fields by entering a capital alliance with French trading company CFAO, which trades in automobiles and pharmaceuticals primarily in Africa. In 2016, CFAO became a wholly owned subsidiary of Toyota Tsusho. This is a critical decade for the Toyota Tsusho Group as it exerts its strengths in new business fields to ensure sustainable growth. The group is placing emphasis on renewable energies, African businesses, and other areas in which both social needs are high and growth potential is great, along with next-generation mobility and new technology development.



CFAO Group. All rights reserved.

- ▶ Our distinctive trait as a member of the Toyota Group
- ▶ Our distinctive trait acquired through the pursuit of becoming a global company
- ▶ Our distinctive trait acquired in the process of growth

Distinctive Traits of Toyota Tsusho Established Over Time

To Become a Value-generating Corporation

Process of Acquiring Current Growth Drivers

	2017 Establishment of the NEXT Technology Fund	Next technology
	2012 Eurus Energy Holdings Corporation converted to a subsidiary	Renewable energy
	2016 CFAO becomes a wholly owned subsidiary	Africa
	2012 Investment in Elematec Corporation	Electronics & multimedia
	2017 NEXTY Electronics Corporation established	
	2012 Lithium production and development started in the Argentine Republic	Mobility → Next-generation mobility

## Business Model for Becoming a Value-generating Corporation

Based on our DNA as the trading company of the Toyota Group, we developed Toyota Tsusho's distinctive traits in the process of growing into a global company.

Based on the Toyotsu Core Values, which are our distinctive strengths, in our three business domains we will undertake businesses that create new value that contributes to the development of a prosperous society.

### Toyota Tsusho's Distinctive Traits

#### Our Distinctive Trait Acquired in the Process of Growth

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

#### Our Distinctive Trait Acquired through the Pursuit of Becoming a Global Company

- Supplement areas of insufficiency through strategic M&As
- Embody diversity and inclusion through a process of integration
- Knowledge acquired through lessons learned from failures in the investment process

#### Our Distinctive Trait as a Member of the Toyota Group

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

### Growth Driver Domains

Next technology

Renewable energy

Africa

Electronics & multimedia

Next-generation mobility

Business Carried Out by the Sales Divisions





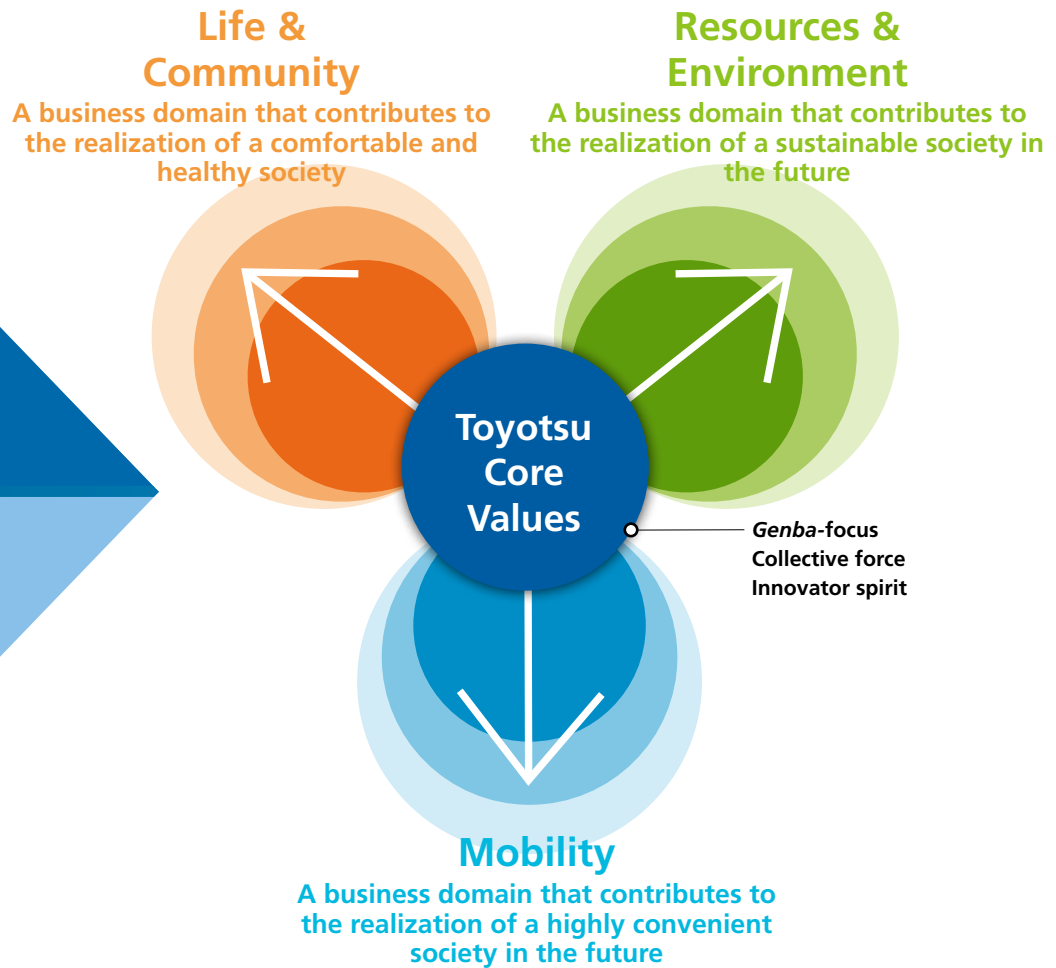
Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies.

### Embodiment of the Toyota Tsusho Group Way

Seeking growth through the Toyotsu Core Values and demonstrating our maximum capabilities

### Adapting to Changes in the Business Environment and Social Issues

Using business strengths established until now, taking on the challenge of future priority domains, and developing them into growth driver



## President & CEO's Message

### Improved Quality and Speed of Decision-making at All Levels of Our Organization Will Generate Change and Lead to Further Growth

**Ichiro Kashitani**  
President & CEO



### Share a Healthy Sense of Crisis and Become the Frog that Leaps from the Pot

True to my word when I was handed the mantle of president and CEO in April 2018, over the past year I have concentrated on listening to customers and business partners while visiting business sites throughout Japan and in 17 other countries around the world. In addition, through communicating with employees, I felt greatly encouraged in seeing the distinctively Toyota Tsusho work being carried out and hearing about how employees are working hard together with our partners at worksites rather than just trading from the office.

In the fiscal year ended March 31, 2019, we were able to meet the expectations of our shareholders and investors, setting a new profit record for the third consecutive year—a feat that is fully attributable to the earnest support shown by our customers and business partners, and for this, I am sincerely grateful. At the same time, realizing again how our corporate value is supported by Toyota Tsusho Group employees working hard in their work boots and helmets was a highlight for me last year.

At the same time, I remember being concerned about whether devotedly working day in and day out might instead reinforce the

tendency to see ensuing tasks as an extension of the status quo. The reason simply extending the status quo is wrong is because, I believe, these past few years have come at a time about which people will in the future say, "Looking back, that was the gateway to change."

Major changes are progressing at a rapid rate in almost every industry, to say nothing of the Mobility domain in which our strengths lie. Amid these changes, we must remain a constant presence, staying ahead of the changes and providing value to our partners. In other words, we must maintain our ideal image, that is, to "Be the Right ONE." In my view, this is impossible to achieve without a healthy sense of crisis.

Sensitivity to change is another way of expressing a healthy sense of crisis. If you are merely looking at an extension of the status quo, you might fail to see changes in the business environment. In terms of the commonly used metaphor of the boiling frog, as we aspire to become a leader of reform, our *raison d'être* depends on whether we can be the change-sensitive frog that leaps from the pot. Our group's current efforts promoting globalization and digitalization are also designed to share this healthy sense of crisis.



## **In the Pursuit of Globalization and Digital Transformation, Our Organization Needs to be More Agile**

Since our establishment in 1948, Toyota Tsusho has built a unique network across all parts of the world, including in Africa, and has played a part in the Toyota Group's global production and supply network. Some people may be surprised or mystified as to why we are advocating globalization after all this time. While it is true that our group has business operations all over the world, if truth be told, the organization has been driven by ideas emanating from Japan, led by our Head Office in Nagoya.

Take, for instance, technological change. In Japan and other developed countries, regulations, the spread of prior services, and other factors have meant that change has only been incremental. But in emerging countries, change has happened all at once, leap-frogging into advanced technologies in some instances. This is especially true in places such as Africa, where our efforts are focused, like in the drone business in Rwanda and in mobile payment services in Kenya. In order to act quickly and capitalize on opportunities as they appear, we need an agile, maneuverable

organization that leverages locally built networks and local ideas. This is the globalization to which we aspire.

The impact of digitalization is like the move to a corner square in the boardgame Othello. In Othello, gaining control of the corner squares enables you to step up the offensive in one go or to reverse an unfavorable situation. Digitalization is also an opportunity to create new domains beyond traditional business domains. Conversely, a delay in digitalization means the risk of our group's business domains being eroded from unforeseen directions.

To mark 2019 as the first year of digital transformation (DX), last year we discussed digitalization in depth from the perspectives of internal reform and improving added value provided to our customers. In addition to incorporating the results of these discussions as specific measures in our Mid-term Business Plan, we plan to invest approximately 20 billion yen over three years to support this DX.

#### ■ Increased Value Brought About by Personal Commitment for Work and Preparing for Potential Risks

Concerning our Mid-term Business Plan, the number of investment projects in strategic areas of growth is steadily building up. As mentioned below, we have also expanded promising initiatives through the combination of businesses.

Ensuring this trend and building on it further in the future, I believe, requires a hands-on personal commitment for work. Being hands-on in business means that you take ownership of the business, plot a clear path to the future, and observe business movements from a fixed point. If you are attentive to stepping into the field and making fixed-point observations, you can notice changes, such as the tides of business and new threats. By being thorough in our personal commitment for work, we ought to be able to turn change into chance, and link this to further growth.

On the other hand, efficiency and productivity improvements are becoming a challenge. In the fiscal year ended March 31, 2019, for

instance, even though we achieved a record-high profit, in truth, I also have feelings of regret that this could have been larger still if not for losses. Personal commitment for work is also effective in defense. Noticing changes by taking a hands-on approach to business also allows you to limit losses by acting quickly while the extent of the problem is still small.

Also essential to improving corporate value is improving risk management of the group as a whole. Based on this perception, we considered what response we should take to identify “potential risks that are undesirable if realized (nightmare story)” and to prevent such risks from manifesting, and what we should do to slow down the manifestation of risks and to minimize their impact. We then incorporated those responses into our growth measures.

#### ■ Mid-term Business Plan, Giving Concrete Form to Working “On Site for a Better Tomorrow”

In our Mid-term Business Plan announced in May 2019, in addition to our African Growth Strategy and Next-generation Mobility Strategy—two traditional priority areas in which the Toyota Tsusho Group has built a competitive advantage—we implemented a new Renewable Energy Strategy. Through organic growth and returns on investment in these three priority areas, we aim to realize an annual profit growth rate of 5–7%. Also, for the fiscal year ending March 31, 2022 we will work to achieve profit for the year attributable to

owners of the parent of 170.0 billion yen and return on equity (ROE) of at least 10%.

The following reports on our basic policy of business strategies for achieving these targets as well as the specific initiatives we are currently working on, divided into each of the three priority areas.

For an overview of the Mid-term Business Plan, please see page 15. [▶](#)



## Creating a Business Model for Mutual Growth, Rooted in Africa <African Growth Strategy>

Approximately 15,500 of the 59,000 employees in our consolidated group are engaged in our Africa business. In January 2019, all Toyota Motor Corporation sales and marketing operations for Africa were transferred to Toyota Tsusho in a move that, I believe, pins hope on the potential strength of our host of employees

working in real earnest to contribute to growth in Africa. With determination to make the most of the opportunity afforded to us and to fulfill our responsibilities, we have mapped out a strategy to strengthen our Toyota business based on the pursuit of six pillars.



\* Creation of the most beloved firms "in town"

Positioned with a commanding view over the entire value chain, the role of our group in establishing a "local production for local consumption" model for vehicles is expanding. One example of this is the knock-down (KD) business in which vehicles are locally assembled instead of complete vehicles being imported. Once KD production gets into full swing, there will also be a need to procure parts locally. Besides the KD business, we will also demonstrate our group's strengths in building a value chain designed for "local production for local consumption," such as realizing our concept of selling certified used cars across the breadth of Africa, and rolling out car care service centers in cooperation with French corporation, Total S.A.

In addition to the automotive business, the time is also ripe for the "combination of businesses" on the African continent in the pharmaceuticals, infrastructure, and consumer goods & retail areas, as well as in the field of renewable energy which is discussed below. By overlaying our existing network in eastern and southern Africa with the network of CFAO, which has advantages in western and northern Africa and also became a wholly owned subsidiary of Toyota Tsusho in 2016, the aim is to achieve synergies by extending each other's business in the eastern and southern and western and northern regions, respectively. Expanding laterally to cover the entire African continent will open up new business opportunities and lead to further growth.

For details, please see "Feature: Growing Together with Africa —The History and Outlook of Toyota Tsusho" on page 22 and "Africa Division" on page 52.



## Engaging in a More Flexible and Timely yet Swift Manner <Next-generation Mobility Strategy>

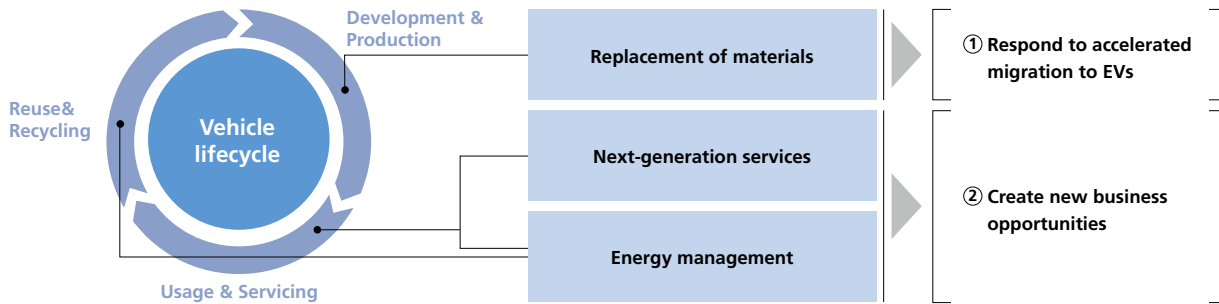
The plan of action under our Next-generation Mobility Strategy is to take the automotive value chain—namely: development, procurement, manufacturing, sales, services, and recycling—and divide it into three stages based on a vehicle life cycle approach—development & production, usage & servicing, and reuse & recycling, including end-of-life vehicle recycling and the battery "3Rs" (rebuild, reuse, recycling)—and then to pursue the creation of unique value at each stage as only the Toyota Tsusho Group can. Specifically, we have enhanced our responsiveness to CASE (connected, autonomous, shared, and electric) by working to strengthen our approach to alternative materials through the adoption of new technologies, to develop infrastructure to serve as

the foundation of future mobility services, and to pioneer the energy management business.

The NEXT Mobility Development Department was established in April 2017 as a company-wide specialized organization under the direct control of the chief technology officer (CTO). To be frank, if we had done so any later, we might have been left behind by the major changes in mobility. With major changes set to continue into the future, I am keenly aware that in the Mobility domain we must be willing to make timely decisions and take appropriate risks.

The department has roughly 30 core members. In addition, beyond the organizational framework, ideas for specific business opportunities to explore are also contributed by approximately

President & CEO's Message



**Build new business models that enable sustained growth in the next-generation mobility domain**

260 members globally. What needs to be emphasized here, though, is the customer's perspective. For instance, customers looking for materials that realize energy savings do not distinguish between metals, glass, plastics, and so on. Therefore, our organization also needs to change flexibly. Particularly given the reality that new multi-industry businesses are being created that span business domains, collaboration and proposals that transcend the traditional organizational framework are inevitable.

Consistent with responding in a flexible and swift manner, within the two years since its start in 2017 the NEXT Technology Fund established an investment facility of 6 billion yen.

Specifically, investment decisions are made by three executive officers, led by the CTO. These decisions do not need approval of the president and CEO, they need only be reported to me. In the first fund through to March 31, 2019, investments totaled more than 2 billion yen of investments, and we saw a considerable amount of interesting proposals. At the same time, there was also a sense of urgency that we would be left behind unless we began investing to get in on the inside of cutting-edge initiatives. Therefore, the second two-year fund has been revised to 6 billion yen to supplement proposals already invested, and investments will again continue to be made in the fiscal year ending March 31, 2020.

**Entering a New Stage, Capturing the Needs for Environmentally Friendly Energy** <Renewable Energy Strategy>

In our recently announced Mid-term Business Plan, we established renewable energy as a new special focus area. There are two changes underlying this move.

First is the determination that our business foundations are ready to accommodate the combination of businesses. Boasting Japan's largest wind power producer—Eurus Energy Holdings Corporation—our group possesses project development and business management know-how. On top of this, we have added new business areas, such as by investing in the small hydropower business and by our group companies making progress in the biomass business, participating in a virtual power plant (VPP) project and investing in vehicle-to-grid (V2G) operations. As a result, more opportunities have opened up for us to combine businesses and to expand into other businesses besides wind power generation, such as energy management. Our sights are set on a path toward future expansion.

Second is the increasing demand for renewable energy. Particularly in the manufacturing industry, along with the need to

introduce clean energy into factories, heightened environmental awareness has led to a growing need to increase energy efficiency through the combination of multiple technologies.

The “local production for local consumption” model, which I touched on when discussing the Mobility domain, is also fundamental to our renewable energy business. Our group has accumulated knowledge while building up a track record in Japan and overseas. Going forward, while strengthening our revenue base, we will accelerate our global expansion by making further inroads and seizing opportunities to enter new businesses, predominantly in Asia and the Americas.

In addition, having already declared its support for the recommendations published in 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), which was set up by the Financial Stability Board to contribute to realization of a sustainable society, on May 27, 2019, we became a signatory, and also participated in a TCFD consortium, held on the same day.

For Toyota Tsusho's response to transitioning to a low-carbon society, please see “Initiatives Related to CSR Materialities (Priority Issues)” on pages 60 and 61.

## Actively Build Up Projects on a Basis of “On Site, Hands on, in Touch”

Over the three fiscal years from April 1, 2019, we plan to invest at least 170.0 billion yen, 210.0 billion yen, and 70.0 billion yen into the three business domains of Mobility, Resources & Environment (R&E), and Life & Community (L&C), respectively. This assumes that we will generate an operating cash flow of roughly 200.0 billion yen per year and invest within that range.


Of the three business domains, the L&C domain is crucial to the breadth of our business, which is oriented toward business to business (B2B), expanding to business to consumer (B2C). Although the total amount of investment in the L&C domain, which focuses on retail, is somewhat small due to the industry characteristic of large numbers of small and medium-sized businesses, going forward we will try to increase the number of investment projects. Four executive officers have been assigned to the Food & Consumer Services Division, which is central to the L&C domain. At first glance, it may appear a considerable number when compared to the division’s scale of revenue. However, this is a sign of my commitment and an indication of my sense of crisis that our only way of surviving in the future is to properly expand the L&C domain and broaden from a business model focused on B2B to include B2C in our scope.

Although we have set investment amounts, we apply the bitter lessons learned from our experience of falling into deficit in the fiscal year ended March 31, 2016, and we ensure that investment

discipline is practiced thoroughly without ever assuming that an investment is a sure thing. On a basis of “On site, hands on, in touch”—one of the principles of the Toyota Tsusho Group Way—we actively seek out promising projects by collecting information gleaned in the course of conducting business.

We also utilize resources within the Toyota Group when judging projects. For example, we already consult with Toyota Central R&D Labs, Inc. about the future potential of certain technology, and take advice based on their research. Our desire to strengthen input from a technical perspective at the management strategy level also led us to inviting distinguished academic Kunihito Koumoto as an outside director in June 2018, a first for Toyota Tsusho.

Though our management policy of aiming for medium- and long-term growth by allocating cash flows from operating activities to investment is as described above, at the same time, in order to strike a balance in the division of profits between making returns to shareholders and investors and strengthening our financial position, we recently reviewed our dividend policy and worked out a basic policy of a dividend payout ratio of 25% or more. While endeavoring to maintain a stable dividend and increase dividend per share, we will also meet the expectations of our shareholders and investors by directing even more energy into growth in our special focus areas.

For information about Toyota Tsusho’s policy on shareholder returns, please see page 19. 

## Incorporating CSR Materialities into Business Strategies

The CSR materialities (priority issues) defined in 2018 also serve as a guideline when selecting which projects to invest in. At the outset when considering a new business, I believe it is necessary to discuss the significance of us doing that business in view of CSR materialities, and to question the value of that from multiple perspectives.

As the often-cited fable about bricklayers goes, the significance of laying bricks varies depending on one’s frame of mind. Some see the act as simply laying bricks. Others see it as building a structure, while some view it as creating a place where residents of a community can gather and interact with each other. It might also affect work efficiency or how precise the finished job is, and by extension, the personal development and job satisfaction of the bricklayer.

The same can also be said about our work. Rather than simply running a business to turn a profit, exercising our imagination instead about the business before us to consider the significance of work and pursue its true essence—that is, why we are doing that business—not only holds the key to compliance but is also crucial in terms of developing employees and continuing to create value in a sustainable manner over the medium to long term.

To instill these values in every single employee and in all group processes, our task going forward will be to set up key performance indicators (KPIs) to measure the impact and contribution of our CSR materialities.

For details, please see “Sustainability Management” on page 56. 

## Ongoing Changes to Management Structure and Governance

In April 2019, we changed the management structure and introduced a new officer system. Specifically, we eliminated job title classifications and integrated job roles and job titles. In addition, we divided executive officers into two categories—top management and operating officers—and clarified their roles. The recent promotion of a relatively young executive officer to the position of Food & Consumer Services Division CEO also shows that the elimination of job title classifications has diminished the seniority factor.

Governance by the Board of Directors is also changing. The addition of outside directors—namely, Yoriko Kawaguchi, who practices critical thinking from a broad perspective including about environmental issues; Kumi Fujisawa, who has built up an extensive network with startups and global opinion leaders; Didier Leroy, who is able to express opinions from an understanding of the automotive industry and from the perspective of a global businessperson; and Kunihito Koumoto, who has in-depth knowledge about technology and human resources development—to the Board of Directors has resulted in more substantial discussion being had about the direction of our management. A product of Mr. Leroy joining the Board of Directors has also been that we are conscious of communicating in English. This has

resulted in everybody becoming simpler in their statements and clearer in their points. Consequently, discussions are now crisper and more succinct.

I myself attend Board of Directors' meetings with a sense of tension that my capacity as an executive manager is constantly being questioned, such as in relation to whether the opinions and doubts raised by outside directors are being applied and reflected in management. We have also established the Executive Compensation Committee and the Executive Appointment Committee, with outside directors making up the majority of members, and going forward we will continue to strive to create a fairer and more transparent system.

For details, please see "Corporate Governance" on page 72. [▶](#)

With a healthy sense of crisis and without fear of change, we welcome change and will create our own change at all levels of the group. By continuing to change myself as a manager, and by driving change in our organization, I am determined to achieve sustainable growth for our company and to meet your expectations. Thank you for your continued support and guidance.

**With a healthy sense of crisis and without fear of change, we welcome change and will create our own change.**



Ichiro Kashitani  
President & CEO





# Overview of the Mid-term Business Plan

Toyota Tsusho's business environment is dramatically changing, especially in the field of mobility. In order to respond to and rapidly reflect these changes, from April 2017 we introduced a Mid-term Business Plan that shortened our traditional five-year plan term to three years. By way of this Mid-term Business Plan, we are striving to produce individual plans that are highly accurate, as well as to formulate individual plans that are realistic. Furthermore, we are reviewing and revising our Mid-term Business Plan on a rolling basis each year to ensure that major environmental changes with potential for having widespread impact are constantly reflected in our plans.

In the three-year Mid-term Business Plan for the fiscal year ending March 31, 2022, we will invest a total of roughly 450.0 billion yen. Of this investment, more than 170.0 billion yen will be in the Mobility domain, more than 210.0 billion yen will be in the Resources & Environment domain, and more than 70.0 billion yen will be in the Life & Community domain. Investment will be within the bounds defined by operating cash flow.

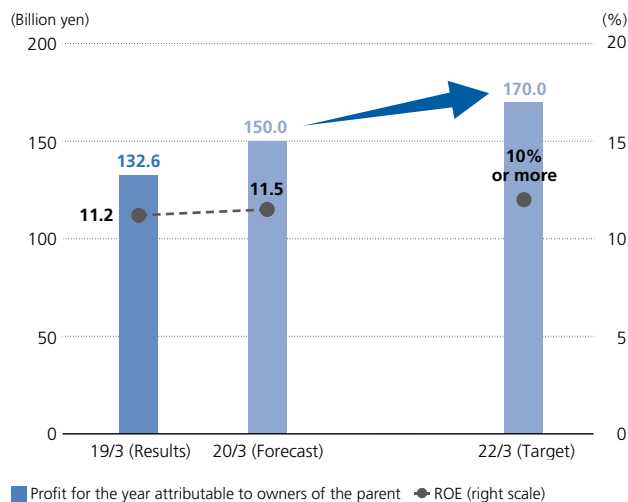
In addition to our African Growth Strategy and Next-generation

Mobility Strategy, our Mid-term Business Plan will include a Renewable Energy Strategy as its third priority area. While engaging in these three priority areas, we will also focus on globalization and digital transformation to further accelerate our growth. We will position "personnel and capabilities" and "organizations and systems" as the foundation of this globalization, in which we will promote the creation of business in Africa, China, India, and elsewhere overseas. We will implement digital transformation starting with advancement of "internal reforms" and "customer value improvement," and invest approximately 20.0 billion yen in such transformation over the next three years.

## Numerical Targets for the Fiscal Year Ending March 31, 2022

Profit for the year attributable to owners of the parent	170.0 billion yen
ROE	10% or more
Net DER	1.0 times or less
Risk assets (RA)/Risk buffer (RB)	Less than 1.0

### ROE/Profit for Year Attributable to Owners of the Parent



### Main Investment Amounts in Each of the Three Business Domains

(Billion yen)  
Period: Three years, from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022

Business Domain	Investment	Priority areas
Mobility	170.0 or more	<ul style="list-style-type: none"> <li>Automobile sales and service</li> <li>Automobile production &amp; peripheral business</li> <li>Next-generation mobility</li> </ul>
Resources & Environment	210.0 or more	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Metal recycling</li> <li>End-of-life vehicle recycling business</li> </ul>
Life & Community	70.0 or more	<ul style="list-style-type: none"> <li>Pharmaceuticals</li> <li>Residences</li> <li>Overseas infrastructure</li> </ul>

## Priority Areas

### African Growth Strategy

- Reinforcement of the Toyota business through six pillars
- Pharmaceuticals, renewable energy, infrastructure, consumer goods & retail fields

For information on the six pillars, please see page 11. [▶](#)

### Next-generation Mobility Strategy

- Response to the acceleration of vehicle electrification: Alternative materials
- Creation of new business opportunities: Next-generation services and energy management

### Renewable Energy Strategy

- Acceleration of global rollout
- Expansion into new business domains

## Financial Strategy

### Review of Results for the Fiscal Year Ended March 31, 2019

In the consolidated financial results for the fiscal year ended March 31, 2019, gross profit rose 32.2 billion yen compared with the previous fiscal year, to 638.4 billion yen, and operating profit grew 32.5 billion yen compared with the previous fiscal year, to 215.1 billion yen, largely as a result of increased automobile

manufacturing-related handling. Despite certain one-time losses, an increase in operating profit caused profit for the year attributable to owners of the parent to rise 2.4 billion yen compared with the previous fiscal year, to 132.6 billion yen, setting a new profit record for the third consecutive year.

#### Consolidated Operating Results

	(Billion yen)		
	18/3	19/3	Change
Gross profit	606.2	638.4	32.2
Operating profit	182.6	215.1	32.5
Profit before income taxes	209.7	229.1	19.4
Profit for the year attributable to owners of the parent	130.2	132.6	2.4

In the balance sheet as of March 31, 2019, total assets increased 131.4 billion yen compared to March 31, 2018, to 4,441.4 billion yen, and total equity attributable to owners of the parent rose 21.1 billion yen, to 1,195.8 billion yen, primarily due to an

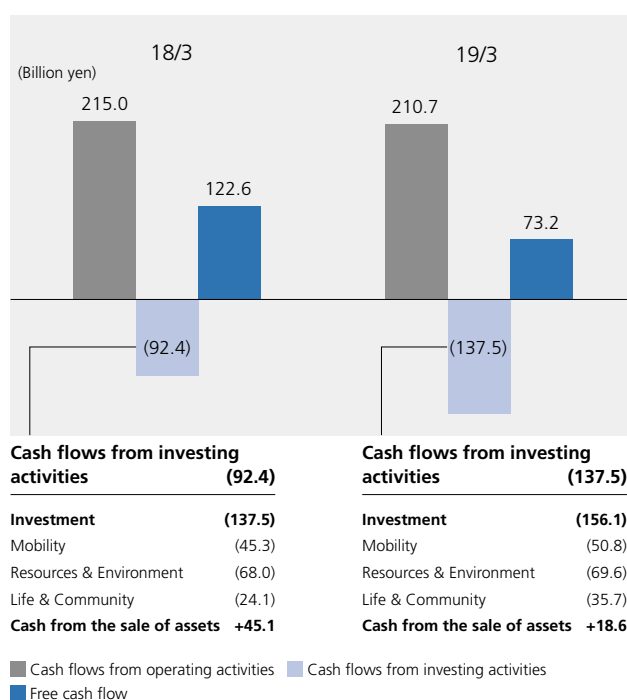
increase in accumulated surplus. Net interest-bearing debt decreased 18.5 billion yen compared with the previous fiscal year, dipping below the 1-trillion-yen mark, to 988.4 billion yen.

#### Consolidated Financial Position

	(Billion yen)		
	18/3	19/3	Change
Total assets	4,310.0	4,441.4	131.4
Total equity attributable to owners of the parent	1,174.7	1,195.8	21.1
Net interest-bearing debt	1,006.9	988.4	(18.5)

Cash flows from operating activities for the fiscal year ended March 31, 2019 amounted to 210.7 billion yen due to profit before income taxes, and cash flows from investing activities came to a deficit of 137.5 billion yen, due to 156.1 billion yen in investments in automobile-related facilities, renewable energy, and other businesses, together with proceeds from asset sales of 18.6 billion yen. As a result, free cash flow was 73.2 billion yen, and we were again able to achieve our goal of positive free cash flow. We believe this is the result of us cultivating awareness for cash flow management throughout the company, and we will continue putting effort into reinforcing our cash flow management, such as strengthening earning power, improving working capital efficiency, selecting investments carefully, and replacing assets.

For the fiscal year ending March 31, 2020, the company is forecasting a record-high profit for the year attributable to owners of the parent of 150.0 billion yen.



## Initiatives and Results for Maintaining Financial Soundness

Aiming for stable growth while maintaining financial soundness, we are promoting a financial strategy focused on the efficient use of assets and on fund procurement commensurate with our asset base.

With regard to the efficient use of assets, striving to generate maximum profit with minimum funds, we promote the efficient use of working capital, through such means as shortening collection periods for trade receivables and reducing inventory levels. We also promote the efficient use of funds, such as by reducing any idle or inefficient fixed assets. Directing the funds generated through these activities toward investments in businesses with higher growth potential and toward reducing interest-bearing debt, our aim is to both enhance corporate value and improve our financial soundness.

As for fund procurement, our basic policy is one of procurement commensurate with our asset base, taking interest rate fluctuation risk and exchange risk into consideration. We borrow from financial institutions and issue commercial papers

and company bonds, while working to ensure appropriate liquidity and maintain stability. During the fiscal year ended March 31, 2019, we were able to further diversify our means of raising funds, issuing our first-ever unsecured senior bonds denominated in U.S. dollars.

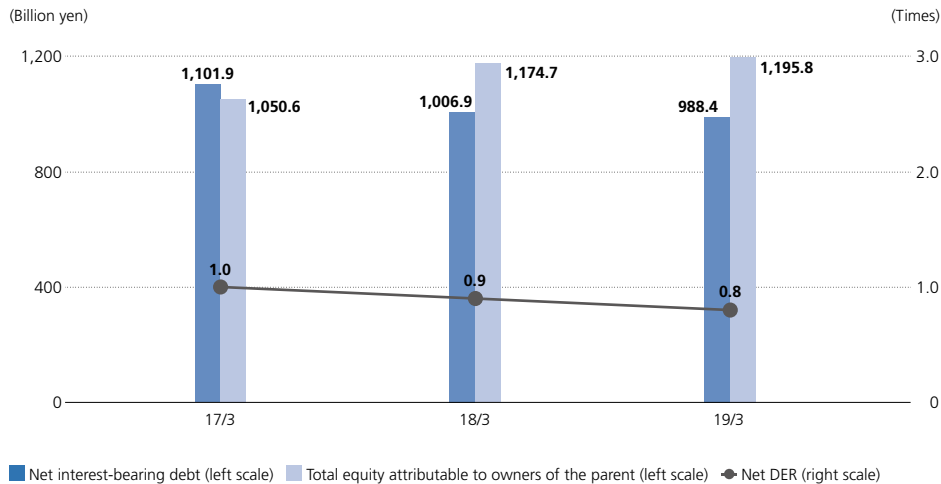
The company is also striving to maintain a sound and stable financial position by continuing to increase the risk buffer (RB) based on net income. We also conduct country risk management to prevent an excessive accumulation of risk, by evaluating the total amount of risk assets (RA) and keeping this total beneath the upper value determined for each country. As a result, during the fiscal year ended March 31, 2019, we were again able to keep RA within the bounds of RB.

As a result of these ongoing efforts, net debt-equity ratio (net DER) for the fiscal year ended March 31, 2019 was 0.8 times what it was for the previous fiscal year and ROE was 11.2%.

### Financial Indicators

	18/3	19/3	Change
Net DER (times)	0.9	0.8	(0.1)
ROE (%)	11.7	11.2	(0.5)
RA/RB	0.8	0.8	(0.0)

### Net Interest-bearing Debt/Total Equity Attributable to Owners of the Parent/Net DER



### Investment Cycle Operation

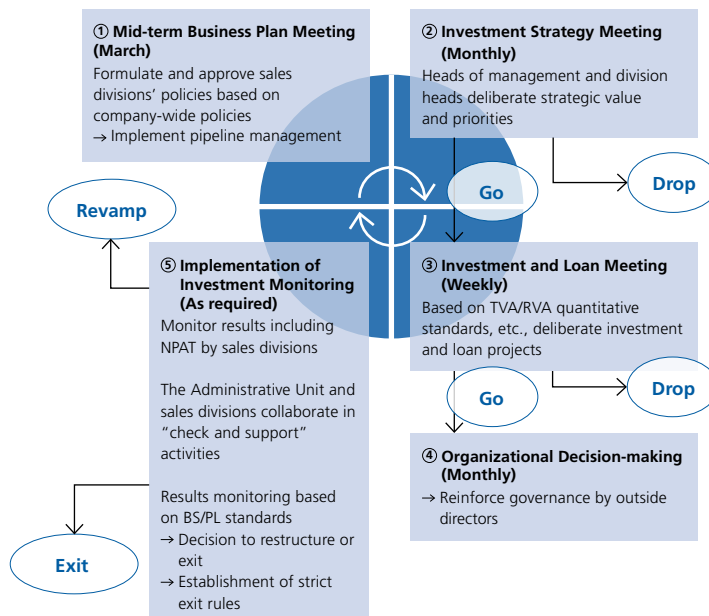
Appropriately managing risk and producing reliable results from investments are important for the sustained growth of the company. Rather than investments aimed at short-term profits, based on strategic investment whereby a business is developed over the medium to long term leading to expansion and strengthening of our value chain, we have developed a system that uses 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 following up after investments, to solve the problems faced by our business companies and to replace assets.

Regarding new investment projects, major policy is decided by the Mid-term Business Plan Meeting and the Investment Strategy Meeting, while decisions on individual projects are made by the organization concerned based upon business plans screened by the Investment and Loan Meeting. At the Investment and Loan Meeting, chaired by the CFO, we use our own unique TVA (capital efficiency)\*1 and RVA (risk income)\*2 indicators to quantitatively verify projects from various perspectives. Some of our affiliated companies, both in Japan and overseas, have been given investment authority in order to accelerate the investment decision-making process.

After making an investment, the Administrative Unit and the sales division concerned jointly and continuously manage progress and provide support for projects facing issues (“check and support”). In addition, the sales divisions independently monitor the results, and the Administrative Unit monitors based on balance sheet / profit/loss (BS/PL)\*3 standards. If a project falls short of quantitative standards, the company assesses the sustainability

of the business and decides whether to restructure or exit.

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



\*1 An indicator, based upon the concept of return on invested capital (ROIC), that verifies that a certain revenue scale is achieved corresponding to the invested capital.  
 \*2 An indicator that verifies that obtained revenue is appropriate for the risk.  
 \*3 BS standard: If the capital impairment ratio is 50% or higher  
 PL standard: If there is a net loss for two consecutive periods, or if downturn is at least 30% of planned value at time of investment for two consecutive periods, decide to either restructure or exit.

### Enhancing Corporate Value

Toyota Tsusho’s financial policy is to maintain a net DER of 1.0 times or less, an ROE of 10% or more, and a ratio of RA to RB of less than 1.0. In order to advance cash flow management, our policy is to increase our business profitability and working capital

efficiency to maximize operating cash flow, and then to use the cash created to maintain a balance between investment and shareholder returns.

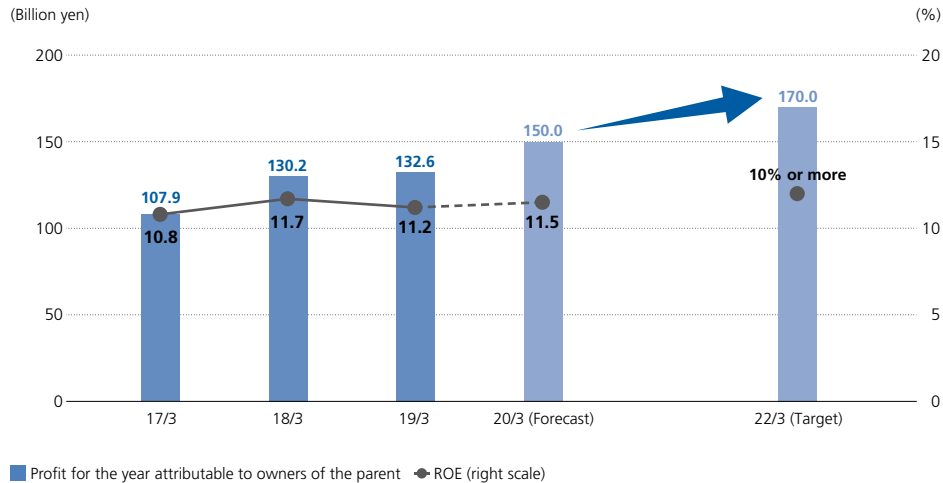
Financial Soundness	Investment Policy	Mid-term Business Plan (FY2019–2021)				
Net DER: 1.0 times or less ROE: 10% or more RA/RB: Less than 1.0	Investment within the bounds of operating cash flow	(Billion yen)	Cash flows from operating activities	Cash flows from investing activities	Dividends	Free cash flow after dividends
			+600~	(450~)	(130~)	Maintain positive free cash flow

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

Under our Mid-term Business Plan announced in May 2019, our investment policy is to invest within the bounds defined by operating cash flow. Our goal is to create operating cash flow of 600.0 billion yen or more in the three years through to the fiscal year ending March 31, 2022, and to maintain a positive free cash flow after investments and dividends.

Going forward, in addition to securing a stable financial base, we will meet the expectations of all our stakeholders by making growth investments and shareholder returns, and by enhancing our corporate value.

### ROE/Profit for the Year Attributable to Owners of the Parent



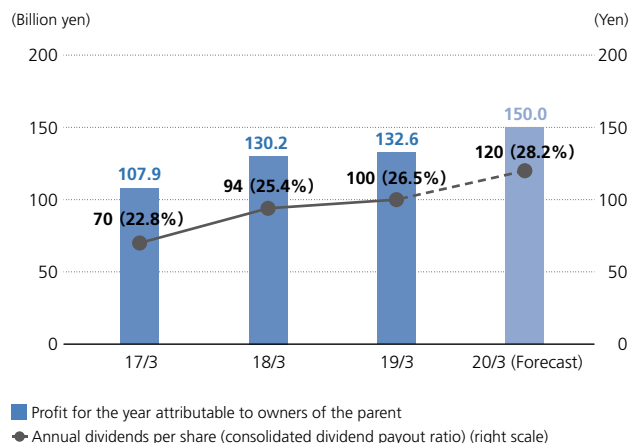
**We anticipate continued profit growth and dividend increases, and will be mindful to operate businesses with due consideration paid to capital efficiency.**

### Shareholder Returns Policy

The shift in our shareholder returns policy starting from the fiscal year ending March 31, 2020 to endeavor to maintain a stable dividend and increase dividend per share with a dividend payout ratio of 25% or more as a basic policy signifies our stronger commitment to keeping our consolidated dividend payout ratio at 25% or more. In addition, while maintaining a basic policy targeting a consolidated dividend payout ratio of 25% or more, we are determined to increase actual dividend payments. For the fiscal year ending March 31, 2020, profit for the year attributable to owners of the parent is forecast to reach 150.0 billion yen, our annual dividends per share is expected to increase 20 yen compared with the previous fiscal year, to 120 yen, and the consolidated dividend payout ratio is projected at 28.2%. This would mark our 10th consecutive increase in dividends.

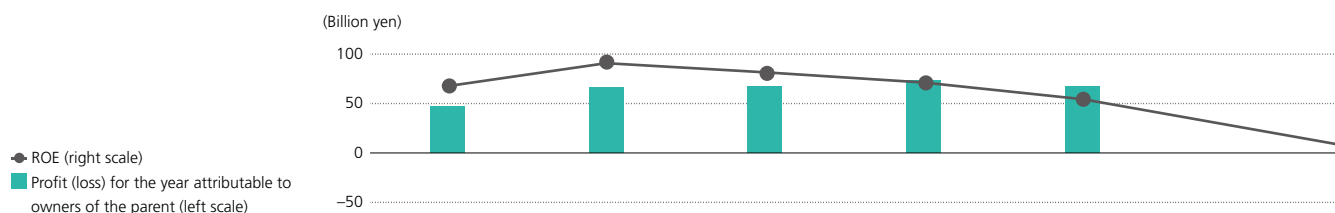
Going forward, we remain committed to creating new revenue bases supported by a sound financial constitution, and to enhancing corporate value and making stable shareholder returns in order to meet the expectations of shareholders.

**New Shareholder Returns Policy**  
We will endeavor to maintain a stable dividend and increase dividend per share, with a consolidated dividend payout ratio of 25% or more as a basic policy.



## Financial Summary

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



	Japanese GAAP				
	2011/3	2012/3	2013/3	2014/3	2015/3
<b>Results of Operations:</b>					
Revenue* <sup>1</sup>	¥5,743,649	¥5,916,759	¥6,304,354	¥7,743,237	¥8,663,460
Gross profit	330,730	343,999	403,888	582,498	634,572
Selling, general and administrative expenses	245,432	251,596	288,013	421,177	465,115
Operating profit* <sup>1</sup>	85,297	92,403	115,875	161,321	169,456
Share of profit (loss) of investments accounted for using the equity method	13,636	15,396	17,646	13,783	4,060
Profit (loss) for the year attributable to owners of the parent* <sup>1</sup>	47,169	66,205	67,432	73,034	67,571
<b>Financial Position at Year-end:</b>					
Total assets* <sup>1</sup>	¥2,436,248	¥2,837,428	¥3,592,368	¥4,072,728	¥4,533,693
Total equity* <sup>1</sup>	667,378	751,747	920,043	1,156,080	1,304,483
Net interest-bearing debt	581,366	672,137	998,626	1,088,974	1,233,559
<b>Cash Flows:</b>					
Net cash provided by operating activities	¥ 79,884	¥ 63,782	¥ 124,156	¥ 133,937	¥ 169,100
Net cash used in investing activities	(74,046)	(58,771)	(323,389)	(135,587)	(199,512)
Net cash provided by (used in) financing activities	77,751	97,358	223,374	5,356	108,247
Cash and cash equivalents at the end of year	252,747	354,755	391,352	412,032	499,157
<b>Per Share:</b>					
Earnings (losses) per share attributable to owners of the parent* <sup>1</sup> :					
Basic earnings (losses) per share	¥134.78	¥189.34	¥192.58	¥208.01	¥192.23
Diluted earnings (losses) per share* <sup>2</sup>	–	–	192.42	207.82	192.10
Cash dividends for the year	28.00	42.00	44.00	50.00	56.00
Dividend payout ratio* <sup>3</sup>	20.8%	22.2%	22.8%	24.0%	29.1%
<b>Financial Measures:</b>					
Return on equity (ROE)	8.0%	10.7%	9.6%	8.4%	6.4%
Ratio of equity attributable to owners of the parent* <sup>1</sup>	24.4%	22.6%	21.2%	23.9%	24.8%
Net debt-equity ratio (Net DER) (times)	0.98	1.04	1.31	1.12	1.10
<b>Common Stock:</b>					
Number of shares outstanding at year-end	354,056	354,056	354,056	354,056	354,056

Notes: 1. As of the fiscal year ended March 31, 2017, the company prepares its consolidated financial statements based on International Financial Reporting Standards (IFRS).

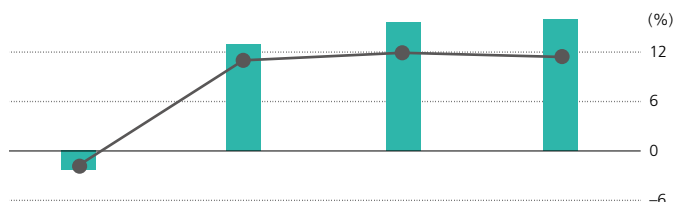
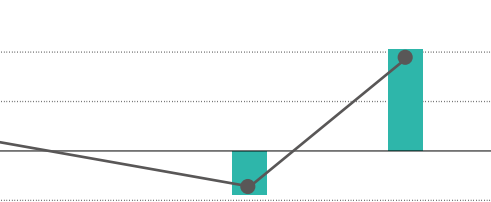
2. For the convenience of readers, consolidated financial statements in Japanese yen for the fiscal years ending March 31, 2016 and 2017 are based on both Japanese standards (Japanese GAAP) and IFRS.

3. U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of readers, at the rate of ¥110.99= U.S.\$1, the approximate exchange rate prevailing on March 31, 2019, which was the final business day of financial institutions in the fiscal year ended March 31, 2019.

\*1 All items within the above table represent IFRS categories. The 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) attributable to owners of the parent; total equity corresponds to total net assets; earnings (losses) per share corresponds to profit (loss) per share; and ratio of equity attributable to owners of the parent corresponds to shareholders' equity ratio.

\*2 Figures for diluted earnings (losses) per latent share for the fiscal years ended March 31, 2011 and 2012 are not presented as there were no latent shares with a dilution effect. The figure for diluted earnings (losses) 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 and 2019 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.



Millions of Yen		Millions of Yen				Thousands of U.S. Dollars
2016/3	2017/3	IFRS				2019/3
2016/3	2017/3	2016/3	2017/3	2018/3	2019/3	2019/3
¥8,170,237	¥7,919,663	¥6,246,103	¥5,797,362	¥6,491,035	<b>¥6,762,702</b>	<b>\$60,930,732</b>
616,042	578,887	612,539	570,872	606,282	<b>638,428</b>	<b>5,752,121</b>
475,742	432,231	438,422	411,235	414,042	<b>420,657</b>	<b>3,790,044</b>
140,299	146,656	82,988	133,669	182,696	<b>215,197</b>	<b>1,938,886</b>
(5,676)	10,254	(3,397)	10,476	11,368	<b>4,336</b>	<b>39,066</b>
(43,714)	102,597	(19,280)	107,903	130,228	<b>132,622</b>	<b>1,194,900</b>
¥3,952,100	¥4,096,843	¥4,053,391	¥4,212,064	¥4,310,043	<b>¥4,441,464</b>	<b>\$40,016,794</b>
1,055,777	1,151,969	1,115,984	1,223,513	1,362,187	<b>1,389,616</b>	<b>12,520,191</b>
1,102,786	1,050,229	1,121,619	1,101,974	1,006,990	<b>988,475</b>	<b>8,905,982</b>
¥ 308,338	¥ 193,769	¥ 320,330	¥ 159,770	¥ 215,098	<b>¥ 210,796</b>	<b>\$ 1,899,234</b>
(170,839)	(130,428)	(162,777)	(127,525)	(92,498)	<b>(137,546)</b>	<b>(1,239,264)</b>
(225,202)	(28,343)	(245,634)	5,656	(128,741)	<b>(24,909)</b>	<b>(224,425)</b>
399,191	430,517	392,247	426,208	423,426	<b>465,861</b>	<b>4,197,324</b>
Yen		Yen				U.S. Dollars
¥(124.26)	¥291.56	¥(54.80)	¥306.64	¥370.08	<b>¥376.89</b>	<b>\$3.39</b>
–	291.56	(54.80)	306.63	–	–	–
62.00	70.00	62.00	70.00	94.00	<b>100.00</b>	<b>0.90</b>
–	24.0%	–	22.8%	25.4%	<b>26.5%</b>	–
(4.3)%	11.0%	(1.8)%	10.8%	11.7%	<b>11.2%</b>	–
22.5%	24.0%	23.4%	24.9%	27.3%	<b>26.9%</b>	–
1.24	1.07	1.18	1.04	0.85	<b>0.82</b>	–
Thousands of Shares		Thousands of Shares				
354,056	354,056	354,056	354,056	354,056	<b>354,056</b>	–

Feature

# Growing Together with Africa— The History and Outlook of Toyota Tsusho

## WITH AFRICA FOR AFRICA

Becoming a leading company that meets  
the needs of Africa

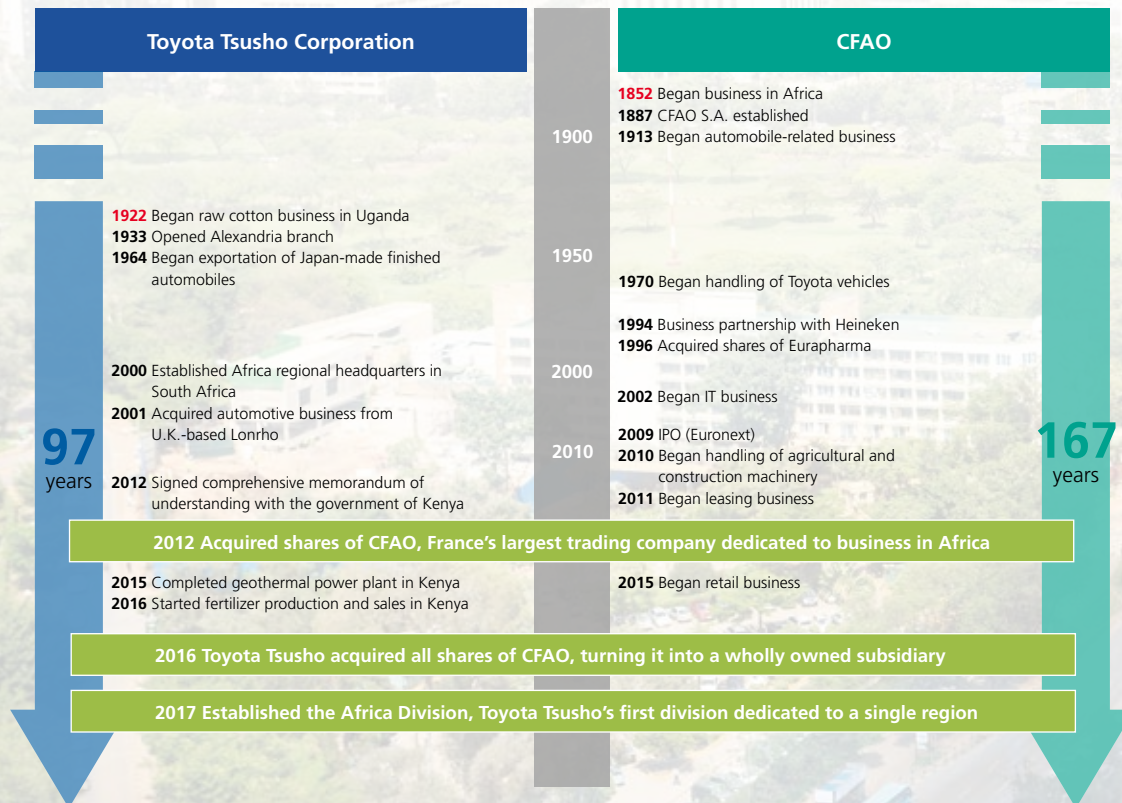


### Establishing a Locally Rooted Business Network Covering 54 Countries

Toyota Tsusho's ties to Africa trace back almost a century, beginning with its importation of raw cotton in 1922. In the 1960s, we started our automobile business in Africa, expanding our automotive value chain from CBU exports and dealers business to include captive financing and leasing, used vehicle sales, and small-scale local production. We have also raised our presence in areas outside of automobiles, primarily in eastern and southern Africa, such as the power plant-related business in Egypt, a geothermal power plant construction project and local production and sales of blended fertilizer in Kenya.

In 2012, we took a stake in CFAO (converted into a wholly owned subsidiary in 2016), which was, at the time, France's largest trading company dedicated to business in Africa. CFAO, which primarily did business in northwest Africa, and Toyota Tsusho, which primarily did business in southeast Africa, complemented each other geographically, and due to the high affinity of the two companies' business strategies, we were able to combine their business networks and experience, further solidifying the companies' robust business foundation for all of Africa.

#### History of Toyota Tsusho and CFAO in Africa







### African Population Trend Predictions (2030)



### Striving for Medium- and Long-term Development Led by the Africa Division

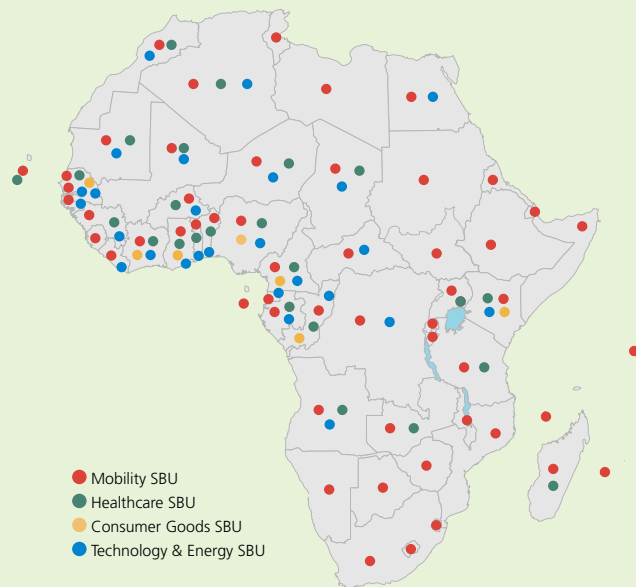
Africa is a continent with tremendous capacity and potential. It has been called the final frontier. This is due in part to its rapidly expanding middle class and its growing and youthful population. While there are African countries that struggle with political instability, deficits, and tribal conflicts, in recent years the foundation of democracy has made progress overall, and stable economic growth is now expected. Another reason that the world's attention is turning to Africa is that its population is growing rapidly, and it has high potential as a commercial market due to rising consumption by the middle class.

Given this background, Toyota Tsusho, which is engaging in business in Africa with a medium- and long-term perspective,

established the Africa Division in April 2017 to integrate its Africa-related business. It is made up of four strategic business units(SBUs): the Mobility SBU, which is developing business by leveraging a sales network covering the entire continent; the Healthcare SBU, which aims to expand business based on CFAO's 70-year track record in pharmaceutical wholesaling in Africa; the Consumer Goods SBU, which is engaged in local production and retailing of consumer goods such as beverages and ballpoint pens; and the Technology & Energy SBU, which is promoting renewable energy and the harbor development business. The division has unified the chain of command involved in strategies and investment, with the aim of optimizing all business in Africa.

#### Presence in Africa

- Footprint: **54 countries**  
(Direct investment in 36 countries)
- Number of employees: **Approx. 15,500**
- Number of group companies: **166**  
(As of March 31, 2019)
- Revenue: **Approx. 600.0 billion yen**  
(Fiscal year ended March 31, 2019)



#### Overview of Four Core Businesses

	Mobility SBU	Healthcare SBU	Consumer Goods SBU	Technology & Energy SBU
Footprint	54	24	7	26
Sales composition ratio	60%	32%	6%	2%

### Feature

## The “WITH AFRICA FOR AFRICA” Philosophy that Serves as the Foundation of Our Business

Toyota Tsusho’s Africa business is based on the philosophy of “WITH AFRICA FOR AFRICA.” For example, all businesses launched in Africa are based on the philosophy of “WITH AFRICA.” That is, their ideals are to have leadership provided by people from Africa and to operate businesses based on the wealth of know-how and experience locally accumulated over the decades. Furthermore, decisions on whether to launch new businesses include a “FOR AFRICA” perspective, considering whether the businesses have the potential to help resolve local social issues. These businesses provide long-term support for regional economic development and the enrichment of peoples’ lives. The “WITH AFRICA FOR AFRICA” philosophy has already thoroughly permeated businesses that are in progress. We present several examples here.

### Examples of the “WITH AFRICA FOR AFRICA” philosophy in action

#### ► Contributing to industrialization through local production and MaaS (Mobility SBU)

One of the strengths of our automotive business is that we have built a sales network that extends across Africa and deals with multiple brands. In this business segment, we are focusing on promotion of the small-scale complete knock-down (CKD) production business and the local procurement of automotive parts, contributing to the vitalization of the local production industry requested by local governments. Furthermore, in order to spread the use of Mobility as a Service, or MaaS, which is drawing increasing attention as a new service model, we are engaged in funding and collaborations such as logistics matching services in Kenya, the bike taxi business in Mali, and the car-sharing business in Rwanda. We are supporting the development of automobile-centric industry.



#### ► Healthcare business supporting the medical field in Africa (Healthcare SBU)

Our healthcare business, which includes pharmaceutical production and wholesaling, is one with a long history under CFAO. We operate our healthcare business in 24 countries in Africa. We offer approximately 27,000 kinds of products, and deliver them daily to roughly 6,000 pharmacies and hospitals. Local staff handles pharmaceutical shipping, storage, inventory management, and the like. In Algeria and Morocco, licensed manufacturing of pharmaceuticals is also performed locally. We are considering the same type of manufacturing of pharmaceuticals in Sub-Saharan Africa as well.



#### ► Supporting small-lot production through a multi-purpose plant (Consumer Goods SBU)

In our consumer goods business, we manufacture consumer goods such as cosmetics, beer, and ballpoint pens, as well as operate shopping malls. Our beer production plant in Côte d’Ivoire is notable for producing both global brand products and local brand products. Additionally, Toyota Tsusho applied the technopark concept to construct a multi-purpose plant that enables partners to profit even with small-lot production.



#### ► Encouraging industrial development through energy development (Technology & Energy SBU)

In our technology and energy business, we are focusing on renewable energy (wind, solar, geothermal, and other power) and developing new projects that leverage the potential of African countries and the strengths of our partners. The geothermal power generation project in Kenya, the solar power generation project in Nigeria, and the wind power projects in Egypt and eight southeast African countries all serve as sources of the energy that is essential for domestic industry to flourish. Toyota Tsusho is also searching for areas with latent power generation potential and proposing power projects in order to promote local energy self-sufficiency.



For details on the business activities of each SBU, please see pages 27 and 52–55. [▶](#)

## Personnel Development Measures Essential for the Realization of Our Philosophy

### Active Promotion of Local Personnel

In our Africa business, we also reflect the “WITH AFRICA FOR AFRICA” philosophy in our human resources, striving to create a management structure with personnel from Africa at its core. Locally, compensation are based on performance in relation to defined KPIs, and we have introduced fair, highly transparent performance management systems. Furthermore, we believe that the development of middle management is essential to the implementation of our medium- and long-term strategies, so we strengthen personnel development through our next-generation leader development program and regional job rotations.



### Firmly Establishing the Toyota Group's Corporate Culture

We have introduced *kaizen* and safety activities, essential elements of the Toyota Group's corporate culture, in the operation sites of all 166 companies active in Africa.

Our *kaizen* activities start with thorough implementation of “the two Ss” (sorting and setting in order). By establishing a *kaizen* mentality and *kaizen* processes, we aim to enhance operation efficiency and improve worksite productivity. In our safety promotion activities, we conduct risk assessments at logistics centers and production sites and provide safety education and training to all staff members.



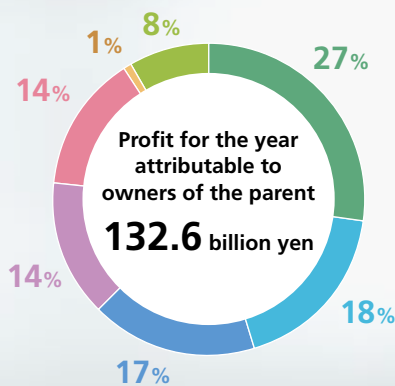
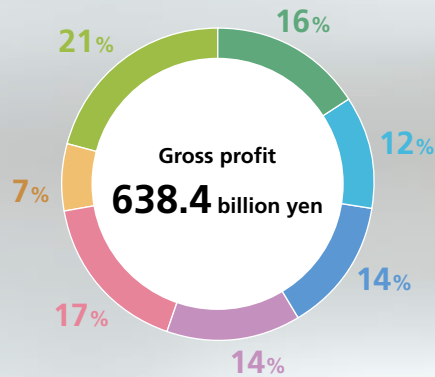
### Providing Educational Opportunities through SDGs

In 2014, Toyota Tsusho established the Toyota Kenya Academy in Nairobi, Kenya. The academy is a continuing education center open to the local community, offering technical training in automobiles, construction and agricultural machinery, as well as leadership training. In Mauritius, as well, we established a social contribution-oriented venture development fund (Toyota Tsusho CSV Africa Pte. Ltd) in 2014, through which we are contributing to the development of local start-ups and ventures. Our continuing education provides support in the capability development field while our venture development provides support in the technological innovation field, with both efforts aligning with the United Nations' Sustainable Development Goals (SDGs).



## At a Glance

**Business Overview by Division for the Fiscal Year Ended March 31, 2019 (IFRS)**



### Overview of Profit for the Year Attributable to Owners of the Parent (compared to the fiscal year ended March 31, 2018)

As a result of improved market conditions, increased demand, and effects from one-time losses during the previous term, profit in the Metals Division was up 7.5 billion yen (26.6%), to 35.3 billion yen. In the Global Parts & Logistics Division, profit increased 0.9 billion yen (4.0%), to 23.7 billion yen, mainly due to increased handling of automotive parts. The Automotive Division reported higher profit, up 4.4 billion yen (24.2%), to 22.7 billion yen, as a result of an increase in overseas automotive sales handled by automotive dealers. Profit in the Machinery, Energy & Project Division was down 13.3 billion yen (41.4%), to 18.7 billion yen, primarily as a result of provision of allowance for bad debts in the energy business, deterioration of profit (loss) of investments accounted for using the equity method in the electric power business, and effects from one-time losses during the previous term. In the Chemicals & Electronics Division, profit fell 10.6 billion yen (36.6%), to 18.4 billion yen, mainly as a result of effects from gains on the sale of certain subsidiary stocks in the previous term. The Food & Consumer Services Division reported a decrease in profit of 0.6 billion yen (26.4%), to 1.7 billion yen, mainly because of deterioration of the share of profit (loss) of investments accounted for using the equity method in the food business. The Africa Division reported an increase of 13.3 billion yen, to 10.1 billion yen, mainly because of effects from one-time losses during the previous term.

- Metals Division
- Global Parts & Logistics Division
- Automotive Division
- Machinery, Energy & Project Division
- Chemicals & Electronics Division
- Food & Consumer Services Division
- Africa Division

## Business Fields



### Metals Division

P.28 >

<b>Automotive metal products</b>	Provision of metal materials used in automobile production and processing and distribution of automotive steel sheets, specialty steel products, and non-ferrous metals
<b>Metal products</b>	Processing and distribution of metal products used for various applications including automobile production, energy and infrastructure-related metal businesses
<b>Metal resources</b>	Processing and distribution of non-ferrous metals, development of rare metal and rare earth resources, compliant collection and recycling of waste metal from factories and markets, end-of-life vehicles, and other materials



### Global Parts & Logistics Division

P.32 >

<b>Global parts</b>	Export/import and global procurement of automotive parts combined with mixed loading and supply-and-demand management functions to provide optimally integrated logistics (vendor to vendor)
<b>Logistics and module</b>	Logistics services linked to customer production activities, overseas tire and wheel assembly, and other automotive parts assembly services
<b>Automotive materials and accessories</b>	Provision of integrated functions ranging from planning, development, and materials procurement to production and sales of automotive interior and exterior parts and accessories



## Automotive Division

P.36 >

<b>Automotive distributors</b>	Operation of an automotive distributor business on a global scale in which the distributors manage all aspects of business for the brands in their markets
<b>Automotive dealers</b>	Operation of an automotive dealer business under its distributors in which dealers provide comprehensive retail services, including after-sales services
<b>Value chains related to automotive sales</b>	Building of comprehensive automotive value chains, primarily in countries in which the division operates distributors, with value chains including spare parts supply and after-sales services, as well as small- and medium-scale vehicle assembly, vehicle installation and conversion, used car sales, and captive finance and lease



## Machinery, Energy & Project Division

P.40 >

<b>Machinery and equipment</b>	Domestic and international trading in manufacturing and distribution equipment, parts, and tools primarily for the automotive industry; the design, repair, and installation of machinery; trading in construction machinery both domestically and internationally; and development and operation of related businesses
<b>Electricity</b>	Electricity-related business development, operation management, and product sales
<b>Energy</b>	Domestic and international trading of energy-related products and development and operation of related businesses
<b>Plants</b>	Export of plants related to electricity, oil, water, and offshore projects



## Chemicals & Electronics Division

P.44 >

<b>Automotive materials</b>	Global implementation of integrated functions ranging from procurement of raw materials to parts processing, sales, logistics, and molding
<b>Chemicals</b>	Production and sales of a wide range of products from detergent materials, sanitary materials, and packaging materials to solvents, iodine, and fine chemicals
<b>Electronics</b>	Sales of electronics components incorporated into vehicles, consumer electronics, information communications equipment, and industrial equipment, development and sales of software, and global rollout of ICT services



## Food & Consumer Services Division

P.48 >

<b>Grain</b>	Stable supply of grains and creation of a complete supply chain from upstream to downstream based on expertise gained from a leading volume of grain handling in Japan and entry into upstream businesses in Brazil
<b>Food</b>	Meet diversifying needs and supply secure and safe food by leveraging domestic and overseas manufacturing and processing sites as well as catering companies
<b>Insurance</b>	Operating property and casualty insurance and life insurance agencies in Japan and overseas that provide services ranging from consulting to policy issuing, expanding overseas operations by establishing insurance brokerages, and brokering insurance for foreign companies
<b>Lifestyle</b>	Planning, procuring, and producing lifestyle items ranging from cotton, textiles, and apparel products and expanding such operations outside Japan; developing medical businesses, selling and renting nursing care products, planning and producing housing materials and interior goods, and operating hotel residences



## Africa Division

P.52 >

<b>Mobility</b>	Vehicle sales and after-sales services, used car sales, small- and medium-scale assembly, construction and agricultural machinery import, wholesale, and leasing, automobile production support and local parts production in South Africa
<b>Healthcare</b>	Pharmaceutical wholesaling, pharmaceutical production, remote diagnostics and medical care
<b>Consumer Goods</b>	Manufacture and wholesale of consumer goods (beverages, cosmetics, etc.); shopping mall and supermarket development and operation, and agricultural businesses covering fertilizer production and sales
<b>Technology &amp; Energy</b>	IT business covering system development, integration, and maintenance; infrastructure development including geothermal power generation and port development

## Metals Division



While expanding our presence in the core domain of Mobility, we will accelerate innovation in the fields of recycling and resource development.



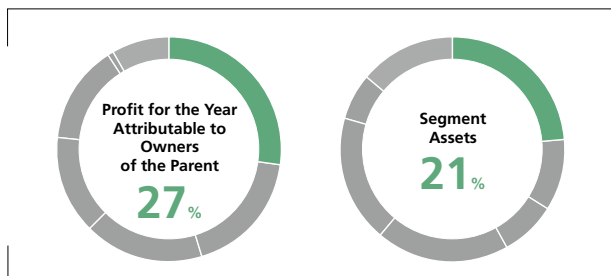
**Naoji Saito**  
Division Chief Executive Officer  
Metals Division

### Market Environment

There are increasing uncertainties over the monetary policies in countries around the world as concerns grow over a slowdown in global economic growth, which has been robust in recent years. The market environment outlook is clouded by latent geopolitical risks in regions around the world. In the automobile market, companies are bolstering capabilities to support CASE (connected, autonomous, shared, and electric). Consequently, product needs are diversifying to an unprecedented level.

### Risks and Opportunities

Society's demand for SDG and ESG investments and the advent of a digital transformation led by AI and IoT represent the emergence of new values that are rendering obsolete many traditional business models. The division views change as a business opportunity. It has made responsiveness to CSR materialities a foundation of its business model as it strives to create new value through the synergy of functions, technologies, and markets.



### Business Model and Strengths

The Metals Division views steel and non-ferrous metals as products with unique properties and functions rather than simple materials. This approach allows us to provide optimal products and logistics matching the needs of both suppliers and users. The division is comprised of multiple SBUs, all of which manage both steel and non-ferrous products. This ensures that each SBU can respond to customer needs with proposals covering multiple types of metal products.

The Automotive Metal Products SBU supplies metals used in every aspect of automobile production. It boasts a sophisticated and highly efficient processing and logistics system highlighted by processing bases within and outside Japan and a digitalized ordering system. With these advantages, the SBU can flexibly deliver products to meet demand. In addition, it operates metal

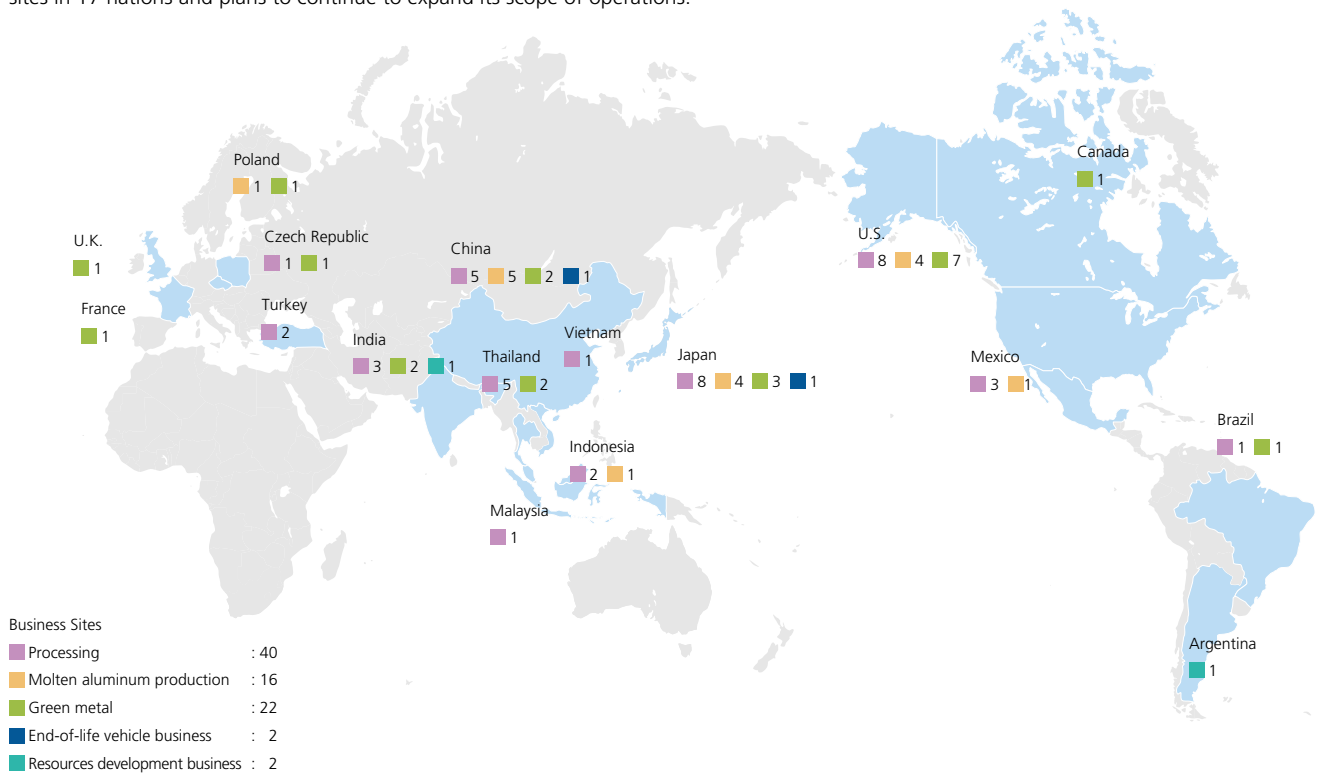
blanking businesses around the world to meet specific user needs.

The Metal Products SBU covers all metal product needs outside the automotive industry. It leverages the wealth of resources in the automobile business and a broad global network of sites to serve the needs of customers around the world with efficient processing and logistics functions.

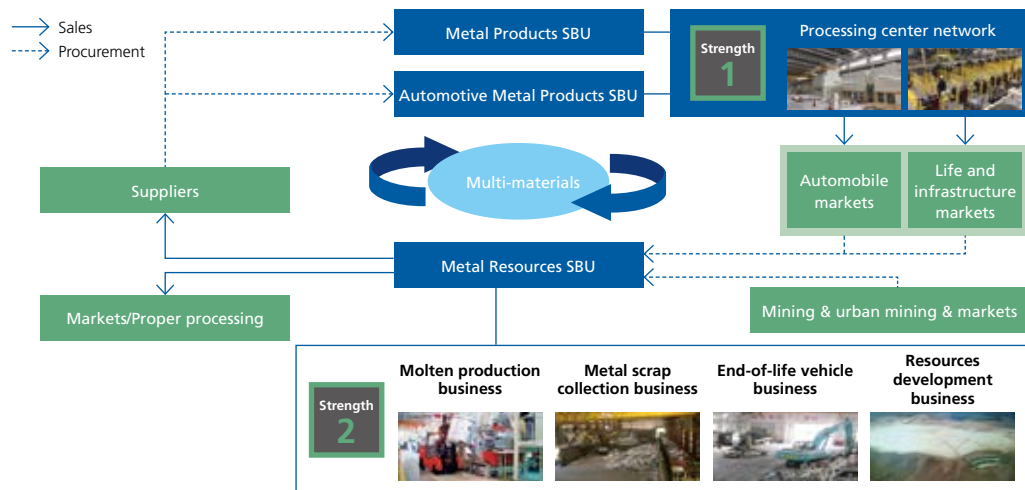
The Metal Resources SBU is fulfilling society's heightened demand for the effective use and proper processing of resources. It collects end-of-life vehicles and properly processes waste, develops new resources, and hedges against metals price fluctuation. In these and other ways, the SBU combines a broad array of functions to expand business and provide safe, secure, and stable resources development, procurement, and recycling.

## ► Metals Division's Business Portfolio

As a multi-materials organization, the division now has a total of 82 highly functional business sites in 17 nations and plans to continue to expand its scope of operations.



## ► High-quality Processing, Logistics, and Storage Services



**Details of Strength 1**

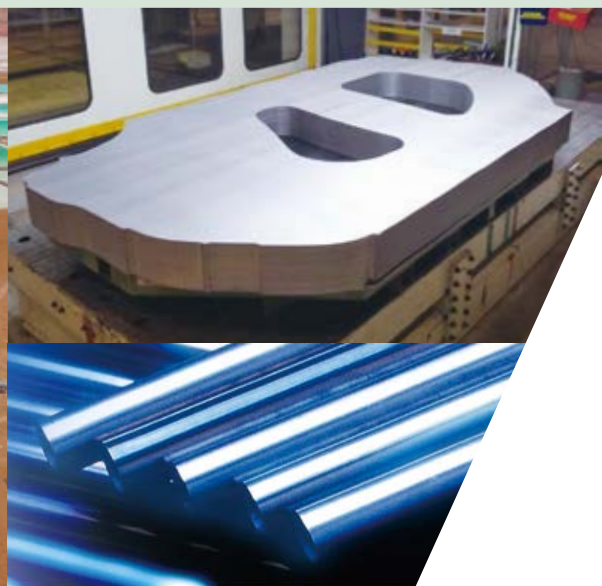
The division's steel processing centers, which play a pivotal role in Toyota Tsusho's automotive products business, share information with suppliers and users, including manufacturing and processing affiliates within and outside Japan, to ensure efficient processing, logistics, and storage functions tailored to the production conditions at each center.

**Details of Strength 2**

Furthermore, the division supplies molten aluminum instead of conventional ingots to reduce overall energy costs and environmental burden. In addition to these materials supply functions, the division also operates a recycling business in which it collects and processes waste metal from production plants and end-of-life vehicles.



Salar de Olaroz salt lake  
© Orocobre Limited. All rights reserved.



### ► Medium- to Long-term Initiatives and Priority Strategies

The Metals Division is comprised of three SBUs: Automotive Metal Products, Metal Products, and Metal Resources. As an organization with multi-material functions, the division leverages procurement capabilities based on a long-established global network, along with a customer-responsiveness capability driven by processing and logistics functions within and outside Japan. With these unique capabilities, the division responds optimally to customer requirements. In both the automotive and non-automotive industries, the division continues to create and offer new business value by synergizing functions, technologies, and markets. In this way, it can anticipate and react to change in an increasingly complex world.

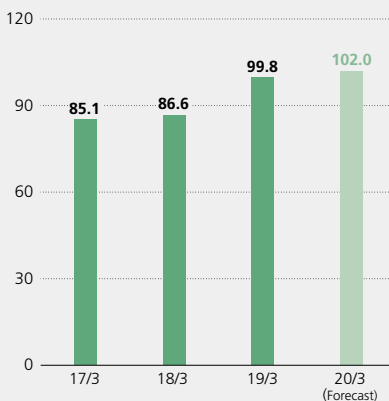
In its mainstay automotive-related field, the division is creating new functions and businesses to lead the development of vehicle weight reduction and electrification. It is also expanding sales channels outside the Toyota Group to further grow business.

In its non-automotive businesses, the division is generating synergies with its automotive-related businesses. It is developing new markets and businesses in large-scale industries with strong growth potential, such as energy and infrastructure, as well as in areas in which Toyota Tsusho is strong, such as recycling and materials development. The division actively reviews new investment opportunities as offensive strategies to bolster specific functions, products, and regional capabilities. It continues to introduce new tools that leverage digitalization. The division also employs defensive strategies, including the introduction of work-style reforms to bolster its foundation. Additionally, it is accelerating the implementation of initiatives to transform business quality and services. In these ways, the division has established a well-balanced business structure through offensive and defensive strategies with the aim of achieving its medium- and long-term goals.

### Business Performance and Forecast

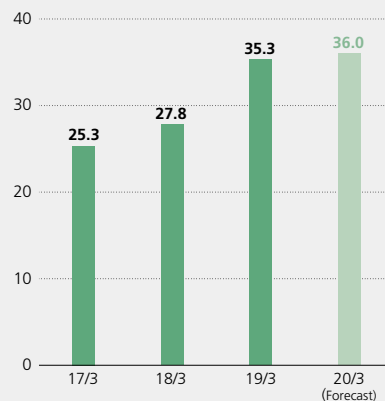
#### Gross Profit

(Billion yen)



#### Profit for the Year Attributable to Owners of the Parent

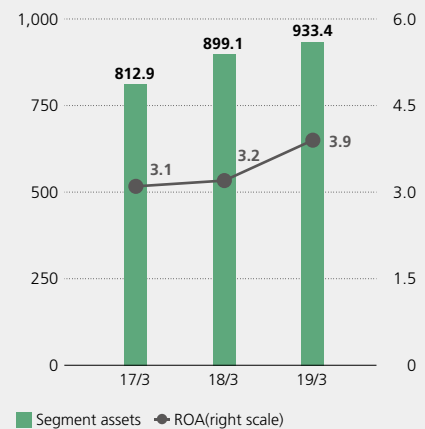
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.



Initiatives for Achieving Our Vision



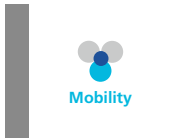
**Lithium Resources Mining Project in Argentina**

**CSR Materiality**

Contribute to the transition to a low-carbon society by reducing automotive, manufacturing, and energy plant construction CO<sub>2</sub> emissions through the use of clean energy and innovative technologies

Since 2010, Toyota Tsusho has been promoting its lithium resources mining business to respond to growing demand for lithium-ion batteries (LiBs) as the market for hybrid vehicles and EVs expands. In 2012, Toyota Tsusho acquired a 25% interest in a mining project at the Salar de Olaroz salt lake in the northwestern Argentinian province of Jujuy, marking the first lithium resources mining project by a Japanese company. The project began production of lithium carbonate in December 2014. In 2018, Toyota Tsusho acquired a 15% stake in partner Orocobre Limited, building an even stronger relationship. In the same year, the project partners decided to expand annual production capacity from 17,500 tons to 42,500 tons.

Toyota Tsusho acts as the exclusive sales agent for the lithium carbonate produced and will strive to support the stable supply of LiBs needed for next-generation environment-friendly vehicles, contributing to the transition to a low-carbon society.



**Investment in Taiwanese Automotive Motor Manufacturer FUKUTA ELEC. & MACH.**

**CSR Materiality**

Contribute to the transition to a low-carbon society by reducing automotive, manufacturing, and energy plant construction CO<sub>2</sub> emissions through the use of clean energy and innovative technologies

Against the backdrop of emissions regulations and environmental issues, the adoption of electrified vehicles such as electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) is accelerating globally, and together with this, the demand for automotive motors is expected to significantly increase.

Anticipating future market growth, Toyota Tsusho decided to enter the business of manufacturing electric motors—an essential part of electrified vehicles—and the processing of motor cores, which is a core component.

Since 2017, Toyota Tsusho has been responsible for the sales and marketing activities of products of FUKUTA ELEC. & MACH. CO., LTD. To further enhance FUKUTA's technological capabilities, the companies will strengthen their relationship while collaborating on the introduction of the latest technologies and the building of supply chains for electric products and raw materials for motors. In the future, Toyota Tsusho aims to enter the Chinese mainland market by collaborating with FUKUTA.



## Global Parts & Logistics Division



The Global Parts & Logistics Division supports its manufacturing value chain by leveraging its management capabilities and proactive functions.



**Jun Eyama**

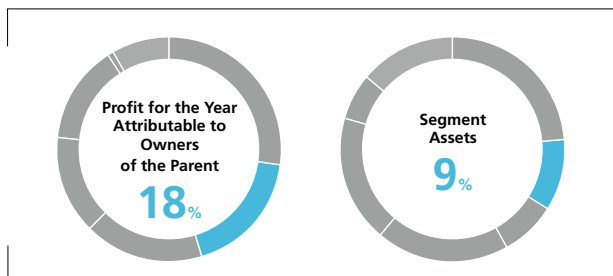
Division Chief Executive Officer  
Global Parts & Logistics Division

### Market Environment

As we enter the era of CASE, said to represent a once-in-a-century transformation, and the automobile industry—the primary market for the division—undergoes change, we need to provide even more competitive new technologies, products, and services created for next-generation mobility.

### Risks and Opportunities

Developing supply chains and creating highly effective business continuity plans that can withstand the natural disasters that can occur in any part of the world are essential. The division will provide even higher added-value services by reinforcing division functions, including the ability to rapidly mobilize alternative production capacity and self-recovery abilities.



### ▶ Business Model and Strengths

The Global Parts & Logistics Division's network spans 39 countries around the world, with 169 sites operated by 71 subsidiaries. The division has approximately 15,000 members worldwide including in Japan.

The division has established a global automotive parts supply chain by setting up an optimally integrated logistics system using these sites and networks.

Other operations include tire and wheel assembly and other assembly business, production business for airbag cushions, and

other parts as well as an interior and exterior parts and accessories business covering all aspects of operations from planning and development through raw materials procurement and processing.

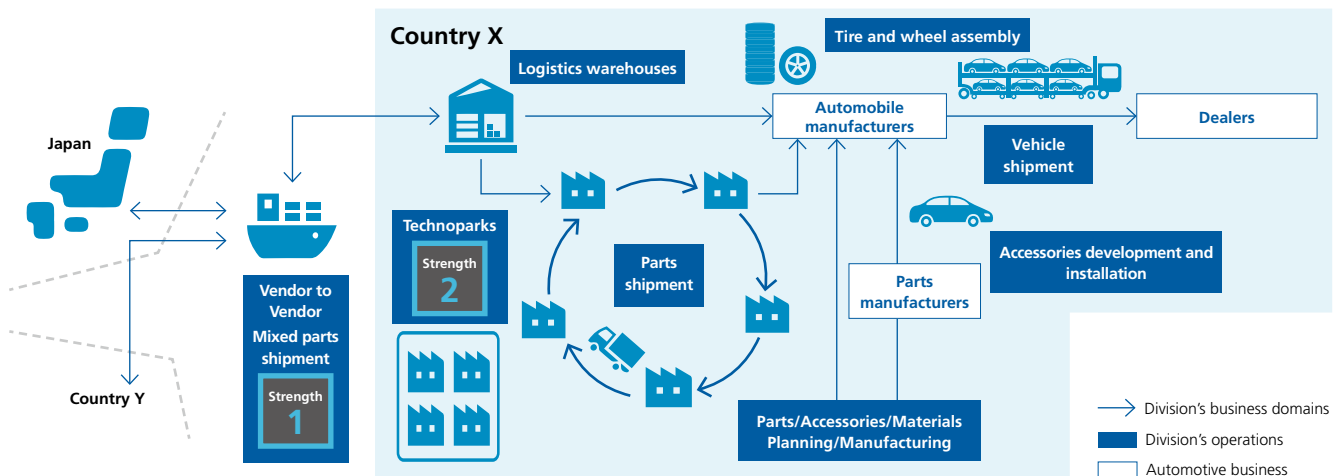
The division successfully serves the diverse needs of its customers by combining its global logistics network, supply-and-demand management functions, and unique manufacturing functions into a multifunctional service.

## ▶ Automotive Value Chains Provided by the Global Parts & Logistics Division



## ▶ Business Lines of the Global Parts & Logistics Division

### Automotive Businesses



### Non-automotive Businesses



**Details of Strength 1**

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

**Details of Strength 2**

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



### ▶ Medium- to Long-term Initiatives and Priority Strategies

Within the Toyota Tsusho core domain of Mobility, the Global Parts & Logistics Division is integrating and further developing its product planning, raw materials procurement, processing, supply-and-demand management, logistics, and assembly functions while undertaking globalization and digital transformation.

Medium- to long-term initiatives include advancement of systems for managing global supply chains and provision of new services tailored to changes in customer vehicle production methods such as integration of vehicle platforms as we pursue maximization of integration functions.

The division is also developing a module business in which it combines parts procurement, consolidated logistics, processing,

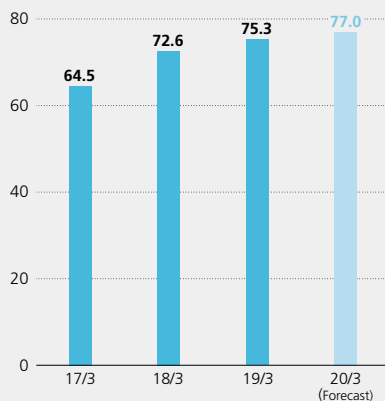
and assembly functions to assemble parts into modules for delivery. The division will also provide new services including global development of the logistics business in response to the electrification of vehicles and overseas expansion of sales.

Initiatives for expanding the value chain will focus the division's continuing efforts on developing and strengthening cutting-edge technologies and materials. In new fields, the division will leverage its expertise and strengths in existing businesses to create new businesses in fields such as aviation and environmental parts and to acquire new customers and business partners.

### Business Performance and Forecast

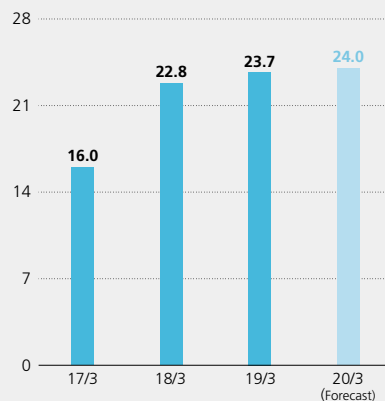
#### Gross Profit

(Billion yen)



#### Profit for the Year Attributable to Owners of the Parent

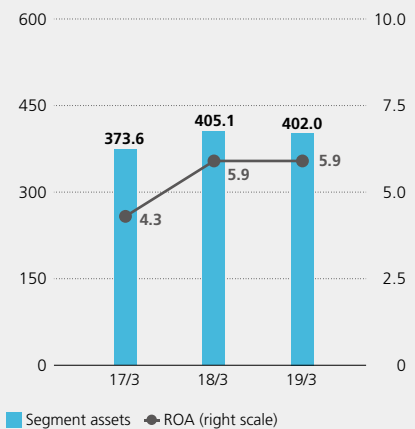
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.

Initiatives for Achieving Our Vision

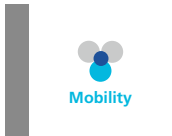


Investment in AeroEdge, an Aircraft Engine Parts Supplier

In March 2018, Toyota Tsusho invested in AeroEdge Co., Ltd., a manufacturer and distributor of aircraft engine parts, by acquiring shares through a third-party capital increase share allocation by AeroEdge. The global commercial aircraft market has exhibited annual growth of 5% due to strong customer demand in emerging countries and increased freight transportation. Demand for aircraft is projected to roughly double in the next 20 years. Toyota Tsusho made the investment to enable AeroEdge to reinforce its production systems and to establish and enhance its presence in global markets so it can better respond to the increase in production demand for aircraft engine parts.



Going forward, Toyota Tsusho will contribute to vitalizing Japan's aviation industry by utilizing production and logistics management knowledge and overseas networks cultivated in its production support business including in the field of automobiles to enable Japanese aircraft manufacturers to acquire overseas manufacturing orders and engage in transactions with Tier 1 manufacturers.



Investment in Kyusyu Nanotec Optics, Holder of High-function Liquid Crystal (LC) Light-control Film Manufacturing Technology

To support the practical application of new technologies in anticipation of use in next-generation mobility, in February 2019 Toyota Tsusho acquired a 35.28% stake in Kyusyu Nanotec Optics Co., Ltd., which develops, manufactures, and sells high-function LC light-control films. LC light-control films are currently used mainly in conference rooms and commercial facilities, but, with the emergence of new technologies referred to as CASE including automated driving and vehicle electrification as well as new mobility services such as MaaS\*, it is expected that methods of automobile use and how people spend time in them will change, and as a result these films will also be employed in cars.

Examples of reverse mode film usage: Glass walls



Power off: Transparent



Power on: Opaque

In light of this demand in conjunction with changes in car use, Toyota Tsusho will provide its automobile parts-related know-how and support the development of mass production systems while exploring applications in display-related fields such as digital signage and other new methods of use with the aim of expanding the use of LC light-control films throughout society.

\* Mobility-as-a Service

## Automotive Division



The Automotive Division aims to become the most reliable mobility solutions provider in the world, possessing the strategies, expertise, and human resources needed in this market of accelerating innovation.



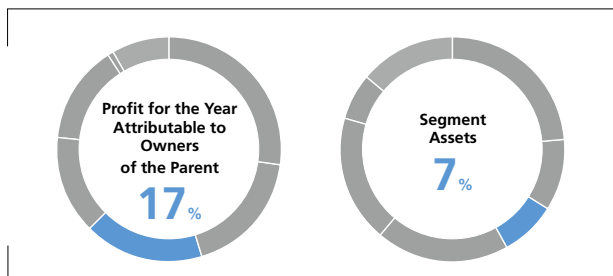
**Masato Yamanami**  
Division Chief Executive Officer  
Automotive Division

### Market Environment

The division's primary markets are new emerging countries, where progress in the motorization of society is expected to generate automobile demand. The automotive industry as a whole is undergoing a wave of technological innovation exemplified by CASE. It is imperative for the industry to meet expanding needs for new mobility services while resolving society's challenges.

### Risks and Opportunities

The division faces various risks in new emerging markets, including fluctuating resource prices and changes in the domestic affairs of individual countries. The division is taking measures to solidify its management foundation to withstand change in the external environment. Meanwhile, the emergence of next-generation mobility is offering opportunities to develop new business fields.



### Business Model and Strengths

The Automotive Division exports passenger cars, commercial vehicles, trucks, buses, material-handling machinery, motorcycles, and spare parts manufactured primarily by the Toyota Group in Japan to countries around the world, and also exports products manufactured outside Japan to other countries. The division's global network covers 146 countries, with the division having its own business management operations in 45 countries.

In countries, primarily new emerging countries, where the division already operates distributor businesses, it is establishing and expanding value chains and promoting small- and medium-scale vehicle assembly, vehicle installation and conversion, used

vehicle sales, captive finance and lease, and other businesses related to automotive sales. The division develops unique strengths by combining these businesses and functions.

The successful operation of multifaceted automotive sales business initiatives in many countries enables the division to provide the additional function of rapidly gathering information on political and economic trends, market trends, and consumer behavior in each country, and then providing feedback to the company on marketing strategies and planning, as well as to automotive manufacturers on product development and production plans.

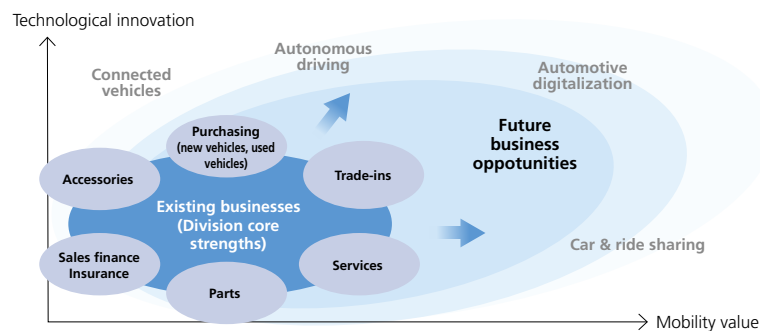
## Worldwide Operations and Regional Strategies

Strength 1



## Building and Expanding the Mobility Value Chain

Strength 2



### Details of Strength 1

The division is currently operating distributors, dealers, and other businesses in 45 countries, mainly new emerging countries and other regions where societies are rapidly becoming motorized. The division also explores new markets and expands sales networks based on product and branding strategies, including sales and marketing, and all-encompassing regional strategies to build and expand mobility value chains.

### Details of Strength 2

In each country, the division takes an integrated approach to the "3S" operational pillars of sales, spare parts, and service. Within its broad supply chain, the division actively explores business opportunities upstream and midstream in addition to downstream fields, including small- and medium-scale vehicle assembly, vehicle installation and conversion, used vehicle sales, and captive finance and lease.



### ▶ Medium- to Long-term Initiatives and Priority Strategies

In the core automotive distributor and dealer businesses, the Automotive Division is strengthening a business structure that delivers vehicles to customers throughout the world and integrates the three elements of sales, spare parts, and services. With this structure, we turn the customers all of our brands into lifetime customers by further raising customer confidence across all our products and brands.

In recent years, as customer needs have become increasingly diverse and complex, the division has accelerated its expansion into new mobility service fields that optimize mobility value for people and goods. Additionally, in the logistics field, it is leveraging

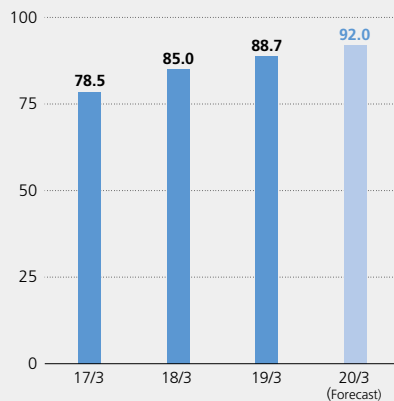
advanced technologies to offer new logistics solutions. The division continues to acquire know-how in promising mobility services fields and combine that know-how with its customer engagement capabilities, unique government relations facility, and brand power. Its goal is to create one-of-a-kind services that help to resolve social issues and contribute to the overall economic development of nations, primarily emerging nations.

The division serves as the vanguard for non-automotive business opportunities in new emerging markets, using its strengths to help discover opportunities across all Toyota Tsusho business fields.

### Business Performance and Forecast

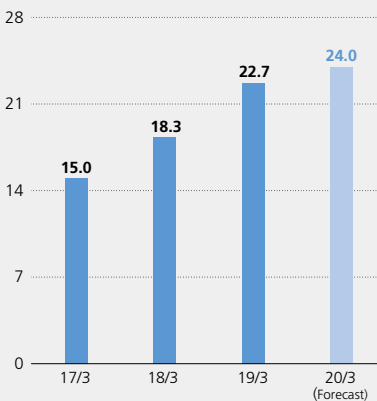
#### Gross Profit

(Billion yen)



#### Profit for the Year Attributable to Owners of the Parent

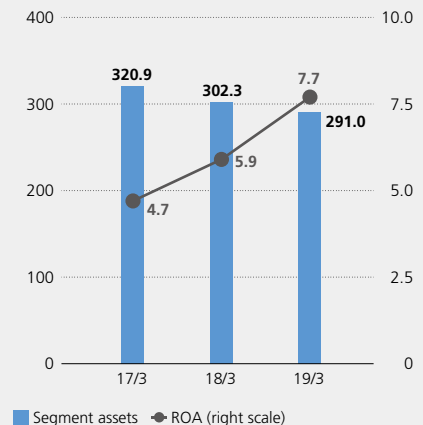
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.



Initiatives for Achieving Our Vision



Launching the First Toyota Automobile Import Distributor in Laos

In September 2018, Toyota Tsusho launched the first Toyota automotive import distributor in Laos. Laos introduced regulations for importing used vehicles in 2012. Since then, the country's demand for new vehicles has risen steadily, and sales of Toyota-brand vehicles have surpassed 10,000 units annually, making it the No. 1 new vehicle brand. In consideration of the improving business environment in recent years, Toyota Tsusho established Toyota Laos Co., Ltd. (TLAO), as the Toyota automobile import distributor for the country. TLAO will leverage the know-how and success of Toyota Tsusho's automotive business and the track record of various businesses in Laos to promote sales and services befitting the Toyota brand. In this way, TLAO will further Toyota's brand penetration in Laos while making contributions to the country's development.



Leading Series A Funding in Singaporean Start-up MobilityX

Toyota Tsusho is the lead investor for Series A third party allocation of shares for mobilityX Pte. Ltd. (mobilityX), a Singapore-based MaaS company. Established in 2018, mobilityX integrates multiple transportation options for commuters onto a single digital platform. It is currently testing a multimodal, integrated mobility service for consumers to access public transport and first-and-last-mile services.

In addition to the investment, Toyota Tsusho and mobilityX signed a comprehensive memorandum of understanding for the MaaS business, covering co-development in the technology field and collaboration on business expansion around the world. Toyota Tsusho will build a strong strategic collaboration with mobilityX, and through the collaborative development of the MaaS business the companies will strive to achieve the creation of a more prosperous life for the citizens of Singapore and Southeast Asia.



## Machinery, Energy & Project Division



The Machinery, Energy & Project Division views the transition to a next-generation mobility society and to a low-carbon society to be an opportunity. The division will continue to respond to customer needs while transforming itself to realize new growth.



**Toshiro Hidaka**

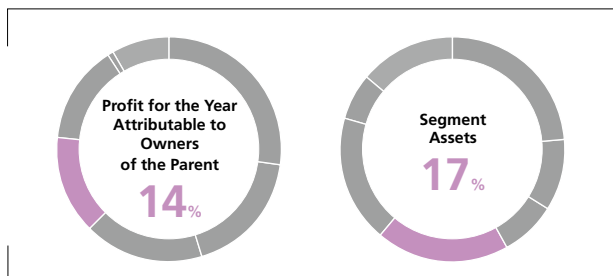
Division Chief Executive Officer  
Machinery, Energy &  
Project Division

### Market Environment

Paradigm shifts are occurring across industries amid the adoption of AI and IoT, and the emergence of next-generation mobility societies. At the same time, the Paris Agreement reached at COP21 is expected to spur even greater demand for renewable energies.

### Risks and Opportunities

Risks include stricter environmental regulations and stagnant electricity demand in developed nations caused by energy efficiency and management technologies. Meanwhile, the division sees opportunities in growing global demand for renewable energies, deregulation in electric power and energy markets, the ensuing paradigm shift from “providing energy” to “providing utility value,” and expanding markets related to next-generation mobility.



### ► Business Model and Strengths

The Machinery, Energy & Project Division is engaged in the machinery and equipment business, primarily in the automotive industry, the electric power business, the energy business, and the plant business.

In the machinery and equipment business, the division provides integrated support capabilities for production equipment, mainly for the wide-ranging automotive industry. In its non-automotive business, the division sells textile machinery, construction equipment, and other types of industrial equipment around the world.

In the electric power business, the division contributes to solving global environmental issues by focusing on wind, solar, hydroelectric, geothermal, biomass, and other renewable energy power

generation projects. It offers solutions in countries around the world, contributing to energy supply stabilization and improved cost efficiencies.

In the energy business, in addition to traditional fuels, the division seeks to lower environmental burden by supplying both traditional fuels and newer biomass fuels to users around the world.

In the plant business, the division contributes to the national development of emerging countries by managing the entire infrastructure development process, from business proposals and fundraising to engineering, procurement, and plant construction, while also operating ports, airports, and other forms of infrastructure.

► **A Uniform Support Function for Machinery and Equipment**

Strength  
**1**



► **Strengthening the Renewable Energy Business**

Strength  
**2**

We are promoting stability and cost reduction in the mainstay wind power business. The division is striving to bolster its renewable energy business by increasing its menu of energy sources to include geothermal, hydroelectric, and biomass energies; expanding its regional coverage to include Africa and the Middle East; and building its functions to include distributed-style power supply, power storage, transmission, and retail power sales.

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

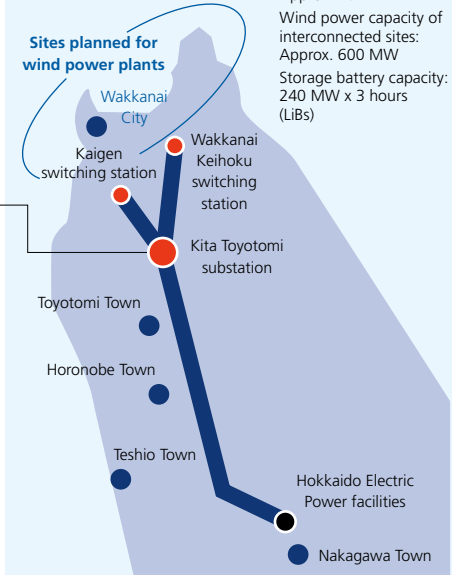
**Wind power station**



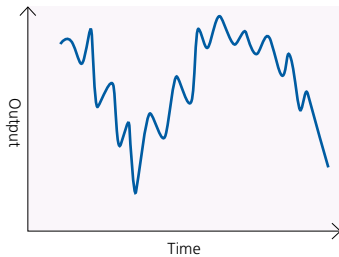
**Storage battery system**



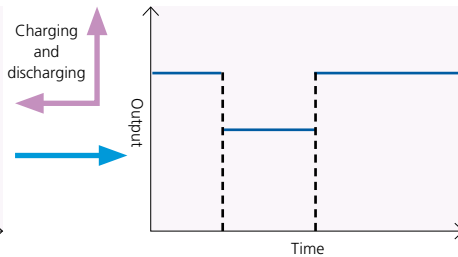
**Overview of transmission routes**



**Before output shaping using storage batteries**



**After output shaping using storage batteries**



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

**Details of Strength**

**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.

**Details of Strength**

**2**

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



### ► Medium- to Long-term Initiatives and Priority Strategies

The division innovates its businesses in consideration of changes in the business environment, including automakers' capital investment trends, structural changes in the automotive industry as a result of the transition to a next-generation mobility society, structural shifts in energy demand stemming from heightened environmental consciousness, and the diversification of needs in the Middle East, Africa, and other regions.

In its machinery and equipment business, the division is promoting smart factories by using IoT and other technologies to raise production efficiency in manufacturing operations. It is also exploring and developing new opportunities to expand business beyond automotive production equipment. Additionally, it is developing new products in countries such as India.

In the electric power business, the division is bolstering its power generation business in countries around the world, mainly around renewable power, while introducing new innovations meeting the needs of its customers. These solutions include electric power adjustment functions using storage batteries, the supply of electric

power to areas that have yet to be electrified, and renewable energy sales.

In the energy business, the division is improving quality to meet customer requirements. As an example, it is leveraging its long-established trading function to realize stable supplies of high-quality fuels in the biomass market.

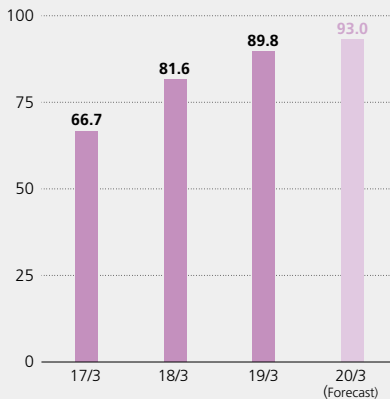
In the plant business, the division has a competitive footing in the Middle East, where it is contributing to the economic development of emerging countries through project development and a high-quality infrastructure export strategy, while also developing new functions in traffic infrastructure and other areas. The division is also dedicating itself to infrastructure exports to Africa.

Moving forward, as the division bolsters the earnings foundations of existing businesses, it will also promote structural reforms to accelerate growth by responding to transformations in the external environment with innovations to its own business in consideration of customer demands.

### Business Performance and Forecast

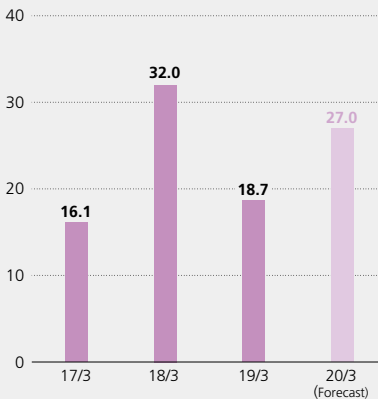
#### Gross Profit

(Billion yen)



#### Profit for the Year Attributable to Owners of the Parent

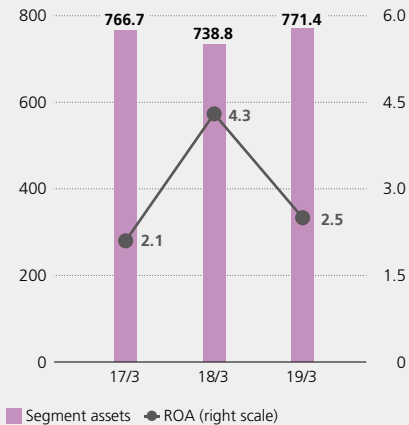
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.

Initiatives for Achieving Our Vision



Japan's First Construction Machinery Sharing Business

Throughout the world, new business opportunities are arising out of paradigm shifts instigated by the digital revolution.

Amid the expansion of the sharing economy, led by car and space rentals, Toyota Tsusho launched construction machinery sharing business Jukies in Japan in July 2017.

Jukies is an internet-based matching platform in which users can easily rent idled construction equipment and machine tools. The platform is a win-win for equipment owners and borrowers, as owners can effectively utilize their idled assets, while borrowers can solve urgent equipment needs and reduce costs.

Jukies has gained a strong following among a growing number of users as an effective way to support the sustainable growth of the construction industry.



Investment in Myanmar Port Terminal Operation Project

In the past few years, the volume of container cargo traffic in Myanmar has surged, and the trend is expected to continue. Approximately 90% of the country's cargo has passed through Yangon Port. This port, however, not only has little room for further expansion but is also relatively shallow, forcing container ships to wait for higher tides when entering and leaving. Consequently, container ship traffic is expected to shift to Thilawa Area Port, which boasts a deeper harbor, thereby allowing large container ships to more easily dock at terminals.

A new terminal was constructed at Thilawa Area Port with the support of Japanese government yen loans, and operations began in May 2019. In addition to cutting-edge cargo-handling facilities and sophisticated operational know-how provided by Kamigumi Co., Ltd., the terminal will leverage the networks of project partners Toyota Tsusho, Sumitomo Corporation, and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) to steadily enhance its value.



## Chemicals & Electronics Division



The Chemicals & Electronics Division keeps a watchful eye on every field, recognizing changes as business opportunities and boldly taking on new challenges. The division provides customers with further value by creating new functions.



**Mitsuhiro Tsubakimoto**

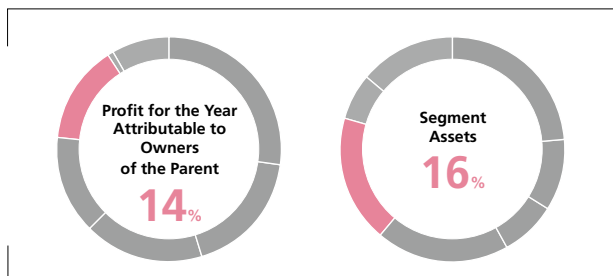
Division Chief Executive Officer  
Chemicals & Electronics Division

### Market Environment

As information and communication technologies (ICT) are being fully integrated into a wide range of industries, chemicals and electronics demand is increasing and needs are diversifying, particularly in emerging countries. Meanwhile, the automotive industry is developing new technologies and materials to make vehicles electrified, more light-weight, and environment-friendly, and is also accelerating innovation in autonomous driving and other next-generation mobility technologies.

### Risks and Opportunities

Amid risks such as global economic uncertainty, the division engages in dialogue with customers to strengthen its ability to make proposals that satisfy needs. It also supplies products and services through strategic partnerships with a diverse range of suppliers. The division is proactive and flexible in addressing technological innovation in software and services, as well as in its hardware products.



### ▶ Business Model and Strengths

The Chemicals & Electronics Division takes an integrated approach to its three main businesses: automotive materials, chemicals, and electronics. We work to generate synergies between all three to further expand business.

In its automotive materials business, the division manufactures and sells automotive-use plastics and rubber, as well as supplies materials and parts for use in applications such as vehicle batteries, through its global network.

In its chemicals business, the division handles chemical products in a wide range of fields, including detergent raw materials, hygiene materials, and packaging materials used for consumer goods. We maintain strong sales capabilities and networks across Asia, through which we continue to expand business. The division

is engaged in global production and sales of iodine, an important resource, and is strengthening value chains through activities such as the manufacture and sale of iodine compounds.

In its electronics business, the division is Japan's largest trader of electronic devices. We handle a wide range of electronic components and software incorporated into vehicles, consumer electronics, and industrial machinery.

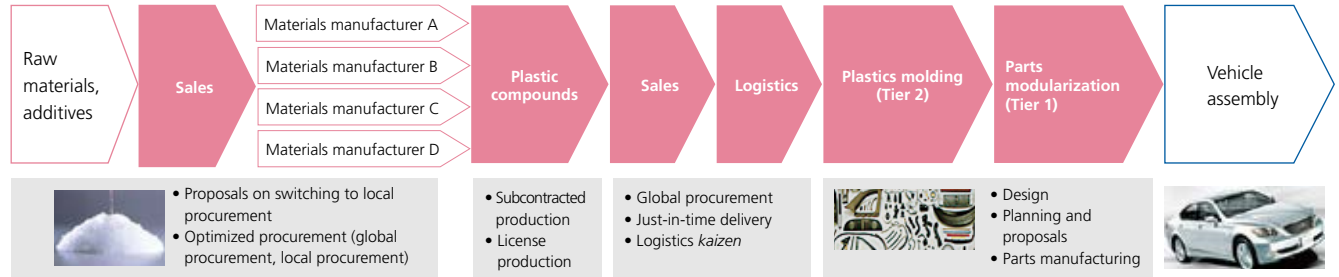
The division promotes network business that globally links people and things, and is strengthening its businesses within and outside Japan by enhancing and combining the know-how and functions of leading affiliates in anticipation of information society changes and mobility society transformations in which data speeds and volumes continue to grow.

## ▶ Automotive Materials Business and Chemicals Business Value Chains

Strength  
**1**

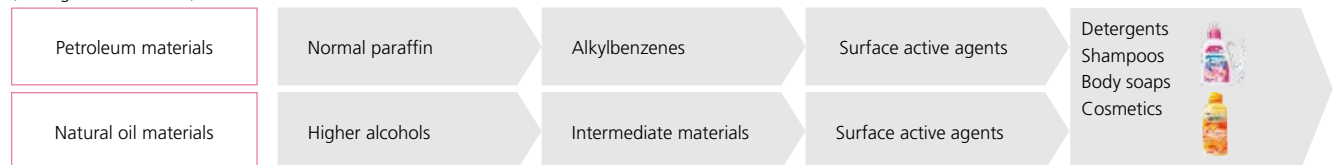
### Automotive Materials Business

Note: The colored portions of the value chain represent our business domains.



### Chemicals Business

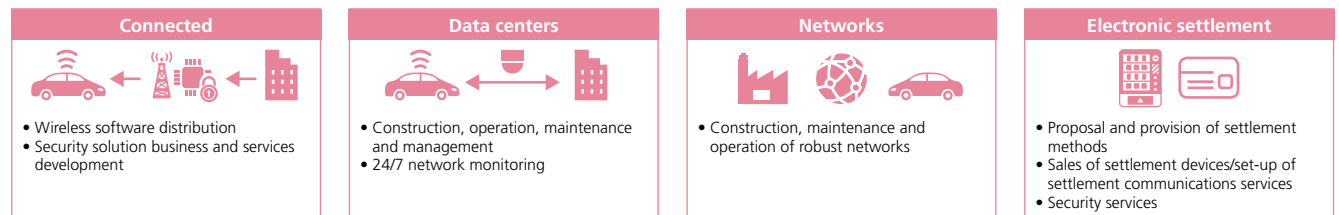
(Detergent value chain)



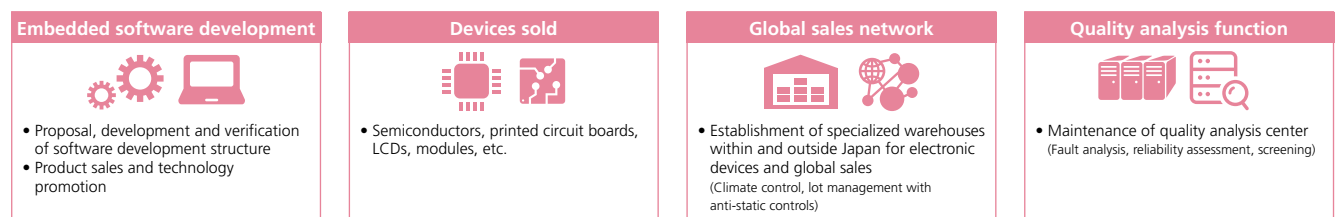
## ▶ Electronics Business Domain

Strength  
**2**

### Information Industry Business Domain



### Electronic Devices Business Domain



#### Details of Strength

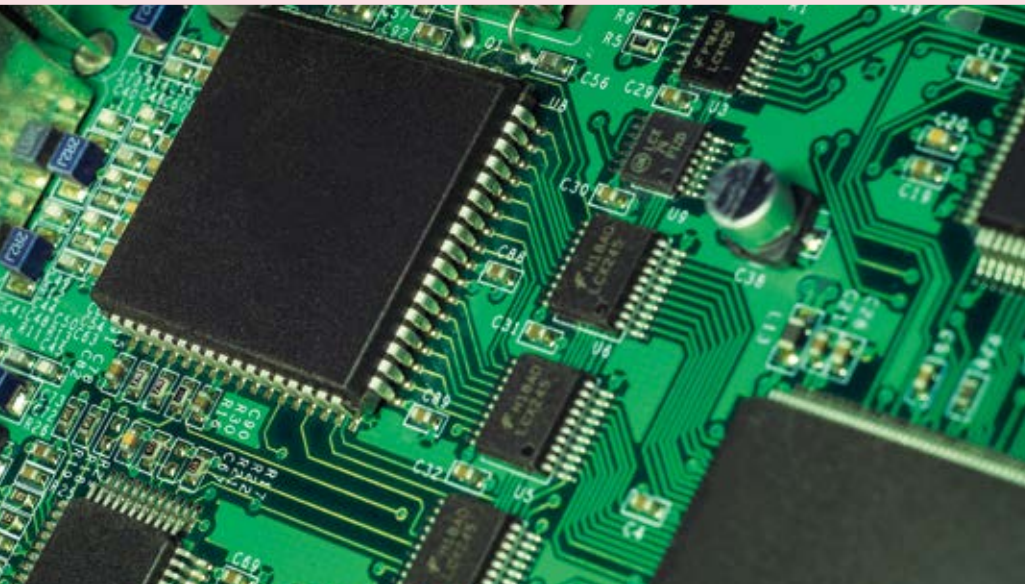
**1**

In the automotive materials business, the division is globally developing integrated functions ranging from procurement of raw materials to plastic compounds, inventory and logistics, and parts processing. In the chemicals business, the division has constructed value chains that span a wide range of products from upstream to midstream and downstream fields.

#### Details of Strength

**2**

In the electronic devices business, the division stably supplies electronic devices through domestic and overseas sites while making new technical proposals and carefully managing factors relating to quality, costs, delivery, and after-sales services. In the information industry business, the division provides ICT services around the world and throughout various business domains.



### ▶ Medium- to Long-term Initiatives and Priority Strategies

The Chemicals & Electronics Division is involved in an expansive range of products, including vehicles, consumer goods, and resources. The division works with operating sites outside Japan and Toyota Tsusho Group companies, working across organizational and national boundaries to unite their capabilities. Together, they address the diverse needs in industrialized and emerging countries. In this way, the division leverages its collective strengths and generates synergies to promote business expansion.

In its automotive materials business, the division is laterally extending the functions it has developed through its core business across new regions and markets as it strives to transform automotive technologies by proposing materials and parts for use in next-generation vehicles.

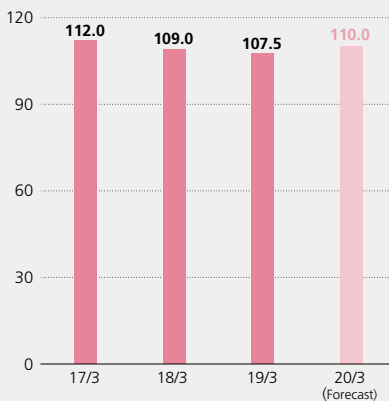
In its chemicals business, the division uses its high share in global markets to become stronger and realize further expansion. It nurtures new businesses that can serve as earnings pillars for the future, while seizing opportunities presented by social and environmental change to launch new businesses.

In its electronics business, the division anticipates changes in the automotive industry and in technologies. We also develop technologies for environmentally friendly vehicles such as hybrid vehicles, PHVs, and EVs, along with devices and services for more-intelligent and information-oriented connected vehicles. For the future automated driving society, we are developing advanced infrastructure in tandem with efforts to develop and commercialize new services.

### Business Performance and Forecast

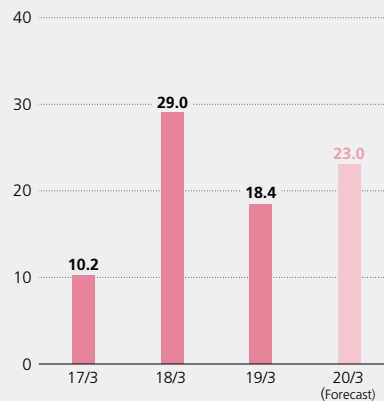
#### Gross Profit

(Billion yen)



#### Profit for the Year Attributable to Owners of the Parent

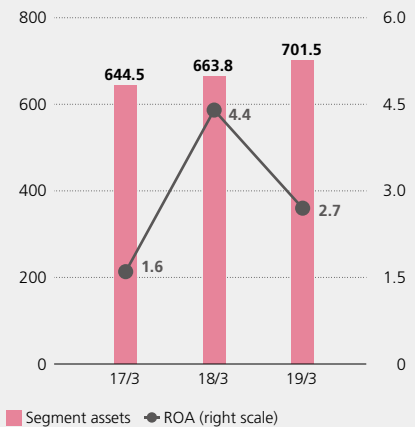
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.



Initiatives for Achieving Our Vision



**Establishing Recycled Plastic Manufacturer PLANIC**

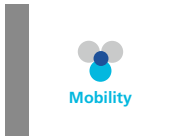
**CSR Materiality**

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

In December 2018, Toyota Tsusho teamed up with Veolia Japan K.K. and Kojima Sangyo Co., Ltd. to establish recycled plastic manufacturer PLANIC Co., Ltd., with the goal of turning currently underutilized plastics into recyclable resources. PLANIC aims to launch operations in 2021, with an annual target of collecting and processing approximately 40,000 tons of plastics, mainly from domestic automobiles, household appliances, and other sources that are underutilized as recyclable materials. Plastic waste in oceans and low levels of plastic recycling have become global issues. Through this venture, Toyota Tsusho will promote a sustainable recycling society and contribute to lowering CO<sub>2</sub> emissions and environmental pollution by reducing the amount of plastic waste.



Rendered image: PLANIC's office



**Initiatives for the Societal Implementation of Truck Platooning**

**CSR Materiality**

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

Toyota Tsusho has been contracted by the Ministry of Economy, Trade and Industry for the Research and Development/Demonstration Project for Implementation of an Advanced Autonomous Driving System in Society: Demonstration Tests on Social Implementation of Truck Platooning, and we are carrying out research and development related to truck platooning.

As part of this project, in January 2018 Toyota Tsusho began the world's first demonstration test of an autonomous driving truck platooning system with drivers on platooned trucks. Then in January 2019, we conducted Japan's first public road demonstration tests of an unmanned truck platooning system (in which the system's platooned trucks were manned for safety purposes).

In addition to improving management efficiency by saving manpower and reducing CO<sub>2</sub> emissions, Toyota Tsusho aims to realize a safe and comfortable mobility society by addressing the shortage of drivers and enhancing safety.



## Food & Consumer Services Division



As the Food & Consumer Services Division is in charge of leading the Life & Community domain, we offer customers and societies healthy, prosperous living environments and create new business models.



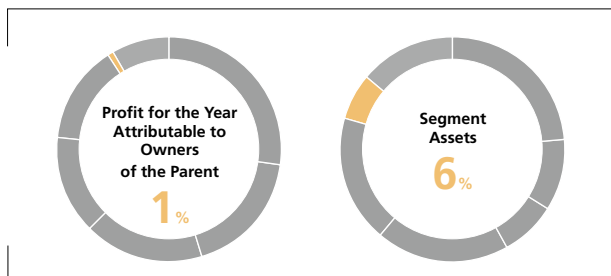
**Hiroshi Yonenaga**  
Division Chief Executive Officer  
Food & Consumer Services  
Division

### Market Environment

Demographics and social structures in Japan are undergoing major changes, and consumer needs continue to diversify. Outside Japan, consumer demand is increasing, and quality of life is improving amid population growth and economic expansion, mainly in emerging countries.

### Risks and Opportunities

The need to secure food supplies and supply them on a stable basis is expected to further increase in the face of climate change and other risks. Markets are continuing to grow as people seek better standards of living, primarily in emerging countries. The division is building value chains globally to supply safe, secure, and comfortable goods and services that meet the needs of local communities.



### Business Model and Strengths

The Food & Consumer Services Division is contributing to healthier, more prosperous ways of life through initiatives in its four core businesses: grain, food, insurance, and lifestyle.

In its grain business, the division's four grain silos in Japan serve as the foundation of feed processing complexes. In addition, the division's long history in the grain silo business, and the know-how gained through operations, represent its core strengths in the grain business.

In its food business, the division owns processing centers in a wide range of fields within and outside Japan as well as food service companies. By conducting safety management unique to Toyota Tsusho, the division is providing high-quality products to the market.

In its insurance business, the division operates leading-class sales

agencies in Japan as well as a broad range of insurance broker businesses overseas. At the same time, the division is expanding into new fields by providing new insurance services.

In its lifestyle business, the division's apparel operations act as a comprehensive supplier through strengths in functional materials and in an extensive production network that manages materials development, sales, and delivery. Also, in the construction business the division is focusing its efforts on hotel residences, which support companies in expanding their operations outside Japan. In its healthcare business, the division is also making efforts in nursing care, in hospital operation, and in medical treatment-related services.

► Supporting People's Lives in a Wide Range of Businesses



**Grain Business**

Investing in a grain infrastructure company in the leading producing region of Brazil to build a broad value chain from grains procurement through global sales



**Food**

Supplier of safe, secure food

**Food Business**

- Investing in catering companies to expand food services and other food distribution businesses
- Developing businesses that help resolve social issues related to the agriculture and aquaculture businesses

**Life & Community**

Strength 1    Strength 2

**Insurance**

Providing safety, security, and reliability through insurance services

**Insurance Business**

Expanding realm of operations covering insurance products for individuals and companies as one of Japan's largest insurance agencies, while introducing comprehensive insurance services throughout Asia with a focus on medical insurance

**Lifestyle**

Contributing to secure, comfortable, and healthy ways of life

**Lifestyle Business**

- Providing total hospital management, hotel residences, and other services in emerging countries to offer Japanese-quality standards overseas
- Promoting an apparel business encompassing materials development, manufacturing, logistics, and sales



Details of Strength

1

The division provides a wide range of products and services that support people's lives. As the division responsible for the Life & Community domain, it conducts business with the consumer always in mind.

Details of Strength

2

In response to societal changes including an aging population, rising health consciousness, and increased emphasis on social contribution measures, the division will respond to rapid market changes by undertaking business for which there are high social needs.



### ► Medium- to Long-term Initiatives and Priority Strategies

In its grain business, the Food & Consumer Services Division is building a value chain that extends from grain accumulation in global markets to sales in Japan and other countries around the world. To this end, the division is expanding market share in emerging consumer countries while strengthening alliances with strategic partners and bolstering procurement capacity in grain-producing regions for new synergies.

In its food business, the division actively invests to acquire manufacturing and sales capabilities through alliances and so on with food processors and manufacturers within and outside Japan. Through this strategy, the division is expanding its food distribution operations, centered on food services.

In its insurance business, the division is strengthening agency and brokerage operations within and outside Japan, while expanding its business domain through multifaceted medical insurance programs, mainly in emerging countries, and the development of proprietary

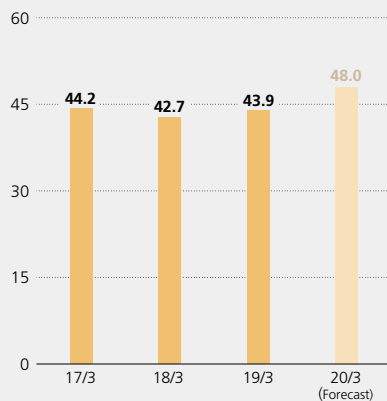
insurance and other services designed to help customers to hedge diversifying risks.

In its lifestyle business, the division is bolstering its apparel planning and proposal functions based on its proprietary fiber materials, while developing specialized manufacturing functions with the goal of expanding its Japanese business and building new businesses outside Japan. In its medical business, the division is contributing to better healthcare in emerging countries by offering Japanese medical technologies and services locally and introducing peripheral medical services. In its healthcare business, the division is building on its existing nursing care product business by developing rehabilitation businesses and taking other measures with the aim of developing and expanding business that resolves issues with high levels of social need. In the construction business, the division provides infrastructure on a global basis to support consumer lifestyles and corporate business activities, with an emphasis on services within and outside Japan.

### Business Performance and Forecast

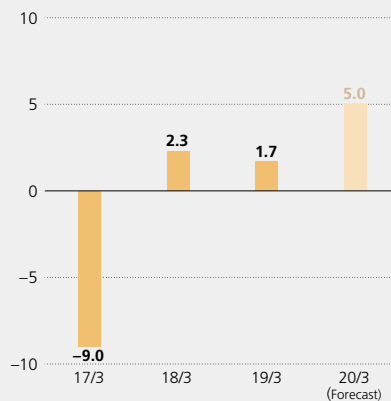
#### Gross Profit

(Billion yen)



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

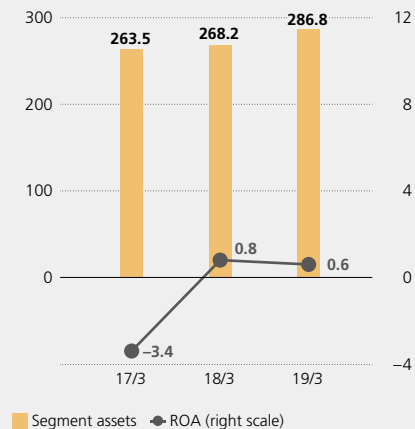
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.

Initiatives for Achieving Our Vision



Additional Investment Made in the Brazilian Grain Infrastructure Business

NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A. (NovaAgri), acquired by Toyota Tsusho in January 2015, owns warehouses in the major producing regions of central and northeastern Brazil, operates railway shipment facilities, and engages in the port business including provision of cargo-handling services for exports at Itaqui Port in São Luís.

The port grain-handling volume of the TEGRAM consortium, which includes Terminal Corredor Norte S.A., a NovaArgi subsidiary, has already reached maximum capacity, and further increases in grain-handling volume are anticipated. Consequently, the TEGRAM consortium decided to invest in facility expansion in order to double the capacity of port facilities. Efforts will be made to achieve growth in grain production volume in northeastern Brazil, leading to higher profits.



AViC THE PHYSIO STUDIO, an Ordermade Rehabilitation Facility, Opens

Toyota Tsusho All Life Corporation, a Toyota Tsusho Group nursing and healthcare subsidiary, opened AViC THE PHYSIO STUDIO, a rehabilitation facility that offers tailored services in Oyamadai, Setagaya-ku, Tokyo, and entered the rehabilitation business in February 2018. A second facility, AViC Nihombashi, opened in Chuo-ku, Tokyo, in February 2019. Additional facilities will be opened in neighboring prefectures in stages starting in summer 2019.

The AViC facilities provide rehabilitation services that seek improvement in the aftereffects of strokes and other conditions and also help each user become the person they want to be. An individual and optimized rehabilitation plan is formulated for each user based on scientifically supported rehabilitation theory, using state-of-the-art rehabilitation equipment and tools to provide comprehensive support.



## Africa Division



As Toyota Tsusho's first region-focused business division, the Africa Division will leverage CFAO as its regional headquarters to establish the No. 1 presence in Africa based on the philosophy "WITH AFRICA FOR AFRICA."



**Richard Bielle**  
Division Chief Executive Officer  
Africa Division

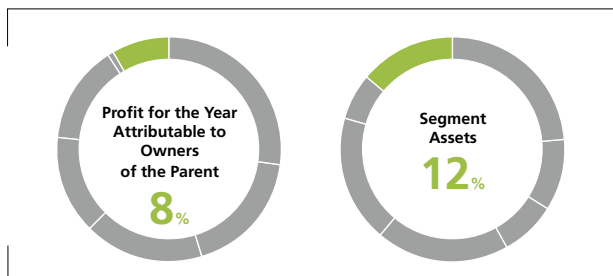
### Market Environment

The African market, which is the focus of the division, experienced accelerated growth from 2018 into 2019, with sustainable growth expected to continue in 2020.

In the medium term, Africa is expected to post a growth rate higher than the global average. This expansion is expected to increase the middle class from 350 million people in 2010 to 500 million people by 2030.

### Risks and Opportunities

Africa poses various risk factors, including political instability, the spread of infectious disease, and terrorism. At the same time, the continent is attracting higher investment amid population and economic growth. Going forward, the number of global corporations entering African markets is expected to increase. Amid such a backdrop, Toyota Tsusho aims to grow together with local communities to establish the No. 1 corporate presence in Africa.



### Business Model and Strengths

In 2012, Toyota Tsusho acquired a capital stake in CFAO, France's largest trading company; in 2016, Toyota Tsusho made CFAO a wholly owned subsidiary, and in April 2017 businesses connected with Africa were integrated and consolidated to newly establish the Africa Division. In January 2019, Toyota Motor Corporation (TMC) transferred of all Toyota sales and marketing operations for Africa conducted by TMC to the Africa Division of Toyota Tsusho. As a result, Toyota Tsusho has striven to develop markets in Africa from a long-term perspective, and it is now developing diversified businesses in all 54 African nations by maximizing the talent and expertise of a workforce of approximately 15,500 professionals.

The Africa Division's Mobility SBU is expanding and strengthening its automotive value chain, which currently boasts sales and after-sales service operations, automobile and motorcycle KD production, and automotive production support.

The division's Healthcare SBU supports human health via a pharmaceutical production and wholesaling business centered in north and west Africa, and via establishment of clinics capable of remote diagnostics in Nigeria and Ghana and provision of medical care at the level of advanced nations.

The division's Consumer Goods SBU operates shopping malls and supermarkets in partnership with Carrefour and a joint-venture brewery with Heineken, and is thereby actively catering to the needs of an emerging middle class.

The division's Technology & Energy SBU is contributing to African growth through the development of critical energy infrastructure, which is essential for economic development. The SBU has already completed work on a geothermal power plant in the Republic of Kenya, and it entered into a comprehensive port development contract for Namibe Bay, Angola, in 2019, following a contract to supply cranes to the Port of Mombasa, Kenya.

**Toyota Tsusho's Group  
Vision for Africa**

Strength  
**1**

**Businesses**



Mobility SBU



Healthcare SBU

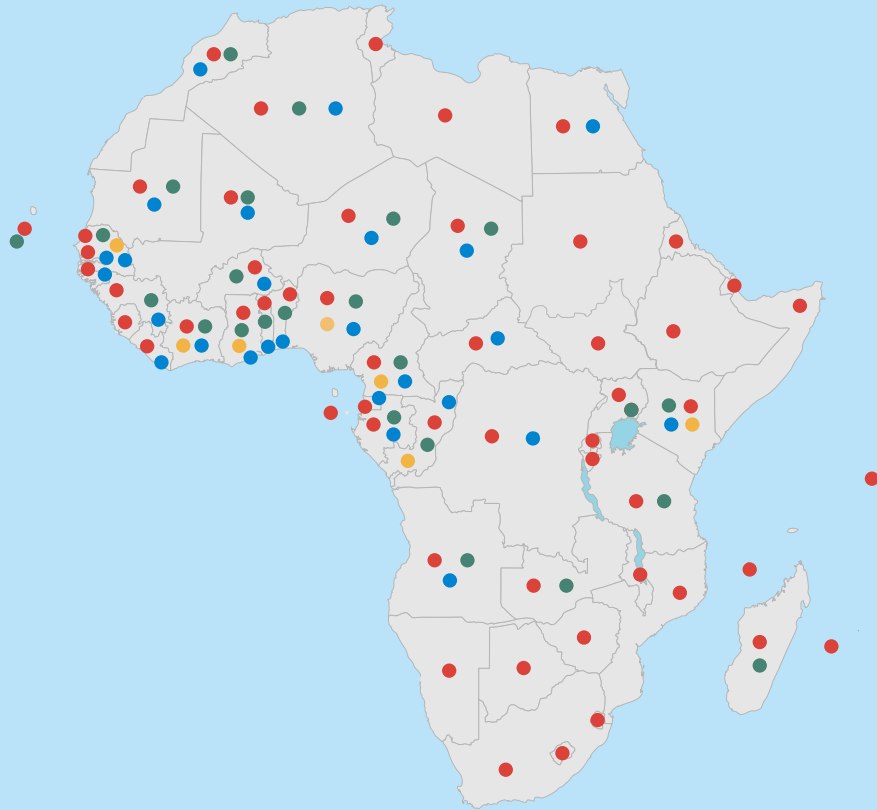


Consumer Goods SBU



Technology & Energy SBU

**WITH AFRICA FOR AFRICA**



**Network Covering  
All of Africa**

Strength  
**2**

- Mobility SBU
- Healthcare SBU
- Consumer Goods SBU
- Technology & Energy SBU

**Details of  
Strength**

**1**

Based on the philosophy "WITH AFRICA FOR AFRICA," the Toyota Tsusho Group is creating businesses with the long-term view of cultivating deep local roots and growing with the people of local communities. Aiming to be a true leading group, we are also looking beyond business creation to contribute to the autonomous growth of the continent through proactive measures to develop human resources and make social contributions.

**Details of  
Strength**

**2**

We cover all African nations. Regional economic communities have been established across Africa. Toyota Tsusho approaches the African market through these regional economic communities instead of on a country-by-country basis, and develops its businesses with the aim of optimizing entire communities.



### ► Mid-term to Long-term Initiatives and Priority Strategies

The Africa Division is pursuing the four initiatives outlined below as its medium-to-long-term strategy:

- 1 Focus on four business domains: We aim to further strengthen our four business domains of Mobility, Healthcare, Consumer Goods, and Technology & Energy.
- 2 Partnerships with leading brands: We will promote strong brands desired by customers and strengthen partnerships by anticipating the needs of local societies in each region of Africa and laying the seeds for brand success.
- 3 Expansion of production: We are increasing countries with assembly production in the mobility business and enhancing merchandise for production and sales in the consumer goods field. Additionally, we are focusing on expansion of local

production, including consideration of pharmaceutical licensed production in the Sub-Saharan region.

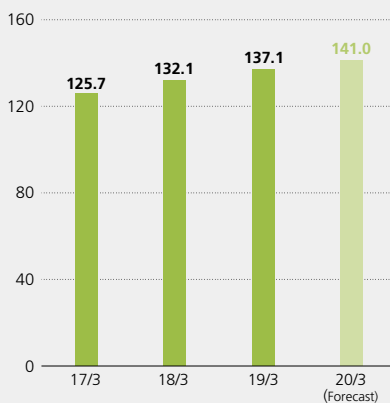
- 4 Expansion into the B2C field: To strengthen access to the B2C field, in the mobility field, we are strengthening our used car and lease businesses and sales of Suzuki automobiles as entry-level vehicles for African consumers. In the consumer goods field, we are expanding joint-venture shopping sites with Carrefour.

To optimize its initiatives, the division will realize maximum synergy among its businesses, create new business vital to future growth, generate added value for customers through cross-functional activities, and promote the development of a new corporate culture.

### Business Performance and Forecast

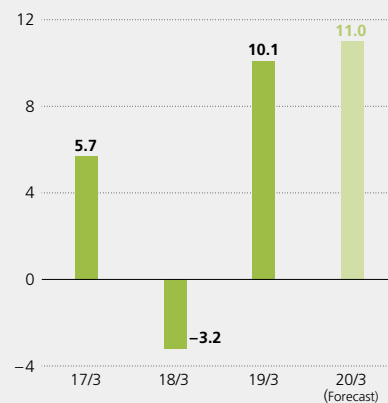
#### Gross Profit

(Billion yen)



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

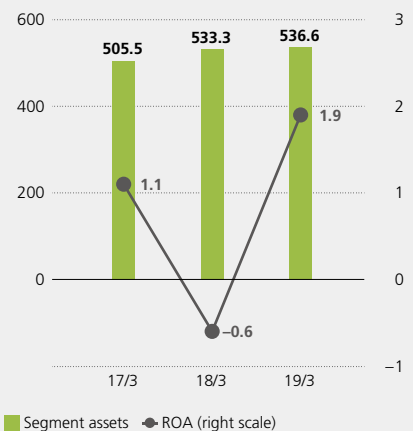
(Billion yen)



#### Segment Assets/ROA\*

(Billion yen)

(%)



\* For the fiscal year ended March 31, 2017, total assets at the fiscal year-end are presented as the denominator for ROA as the total assets at the beginning of this fiscal year have not been calculated according to the current segment classification. In regard to ROA for the fiscal year ended March 31, 2018 and thereafter, the average between total assets at the beginning of the fiscal year and total assets at the fiscal year-end is presented as the denominator.



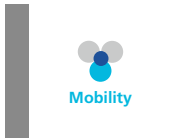
Initiatives for Achieving Our Vision



**Toyota Tsusho Receives Order for Port Cargo-Handling Cranes for the Mombasa Port**

In collaboration with Mitsui E&S Holdings Co., Ltd., Toyota Tsusho has signed a contract with the Kenya Ports Authority to supply 16 port cargo-handling cranes for the Mombasa Port, which is the largest trading port in East Africa. This project forms part of the Japanese government’s promotion of “The export of high-quality infrastructure” and, as such, is being funded by yen loans from the Japan International Cooperation Agency. Final delivery of the cranes is scheduled for around 2020.

The Republic of Kenya’s only international trading port, the Mombasa Port, is also the largest commercial port in the East Africa region, and functions as an entrance to the Northern Corridor, serving as a gateway to Uganda, Rwanda, and other East Africa nations. Through this project, the Africa Toyota Tsusho seeks both to respond to increasing demand for cargo handled by the port, and to improve cargo-handling efficiency. In so doing, Toyota Tsusho aims to contribute to the stimulation of logistics and to the economic and societal development of the entire region, including the Republic of Kenya.



**Providing Car Care Services in Collaboration with Petroleum Giant TOTAL**

Since December 2018, TOTAL S.A. (TOTAL) and CFAO have been providing premium, professional car care services in Africa. Together, the companies have set up AutoFast franchises at TOTAL gasoline stations throughout Africa to offer expert car maintenance and repair services. The partnership is currently in effect in five countries: Senegal, Côte d’Ivoire, Cameroon, Nigeria, and Kenya.

Leveraging TOTAL’s retail network in Africa and CFAO’s distribution and services expertise, we will expand our business to other African nations in the future.



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# Sustainability Management

## Stance on Sustainability

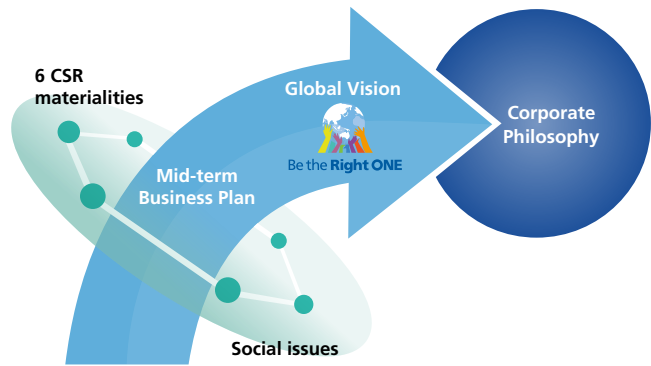
The Toyota Tsusho Group has positioned its corporate philosophy of living and prospering together with people, society, and the planet, and to be a value-generating corporation that contributes to the creation of prosperous societies, as its highest unchanging concept, which should be handed down through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

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

To Toyota Tsusho, sustainability is essentially the meaning of managing. Thus, when working to realize its corporate philosophy, which clarifies Toyota Tsusho’s determination to engage in management while displaying the Toyota Tsusho Group’s reason for existence and ideal images, sustainability can be defined as creating economic values while establishing the environment and society

as prerequisites, thereby enabling the group to continue to grow sustainably with society.

While engaging in sustainable management, Toyota Tsusho identified CSR materialities (priority issues) in 2018. Focusing on these six CSR materialities, we are tackling various social issues with the aim of achieving our corporate philosophy by pursuing our Global Vision to “Be the Right ONE.”

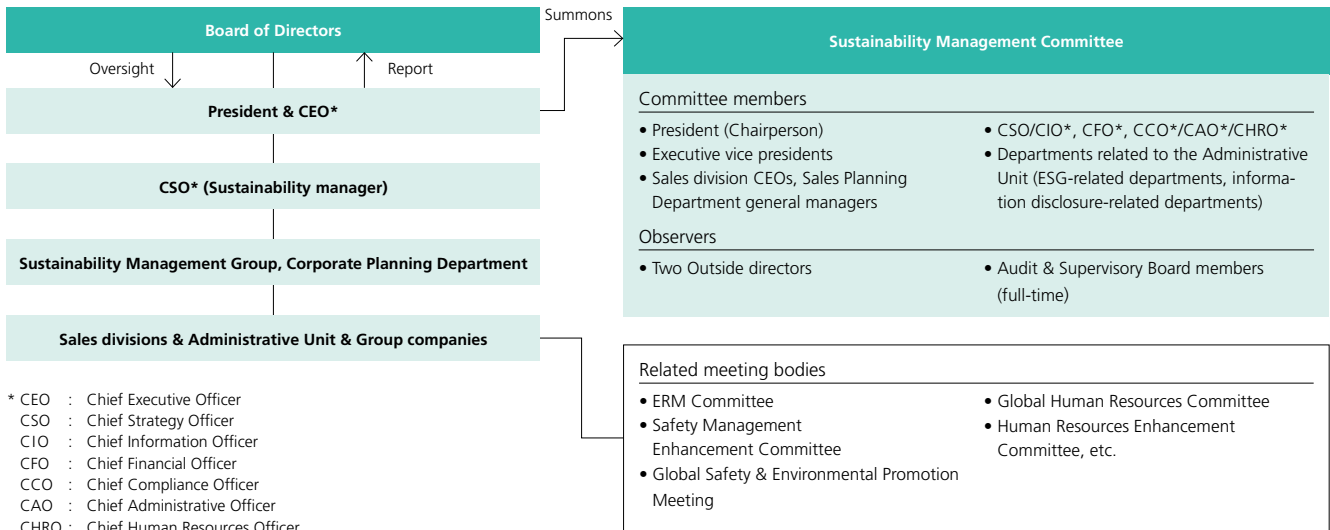


For details on our corporate philosophy, behavioral guidelines, and Global Code of Conduct & Ethics (COCE) (10 creeds), please see pages 2 and 3.

## Sustainability Promotion Structure

Toyota Tsusho has promoted CSR activities led by the Corporate Planning Department based on the idea that sustainability should be linked to management strategy. In order to promote the further enhancement of its stance on sustainability, it newly established the Sustainability Management Group within the Corporate Planning Department in April 2019.

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



\* CEO : Chief Executive Officer  
 CSO : Chief Strategy Officer  
 CIO : Chief Information Officer  
 CFO : Chief Financial Officer  
 CCO : Chief Compliance Officer  
 CAO : Chief Administrative Officer  
 CHRO : Chief Human Resources Officer

**Fiscal year ended March 31, 2019  
CSR Committee (currently, Sustainability  
Management Committee) Main Agenda**

- Recent CSR trends and Toyota Tsusho's current situation
- Activities to promote CSR materialities
- Revision of the Supply Chain CSR Behavioral Guidelines

**Main Opinions and Advice**

- We were approached by a partner company because the company had heard that we were a strong player in the recycling business. We must more efficiently perform information disclosure in order to further promote our business inside and outside the company.
- To promote the CSR materialities, they need to be reflected in the Mid-term Business Plan, investment evaluation, and human resources evaluation.
- If the CSR materialities are used as a base, the question of whether we are expanding the horizons of our business needs to be discussed.

**Identification of CSR Materialities (Priority Issues)**

The Toyota Tsusho Group has identified the priority issues that it needs to be aware of as it pursues the realization of its corporate philosophy and Global Vision to clarify those social issues that it needs to focus on based on its management strategies. In the process of identifying those issues, we engaged in repeated discussions while taking into consideration the opinions of management and other internal and external stakeholders.

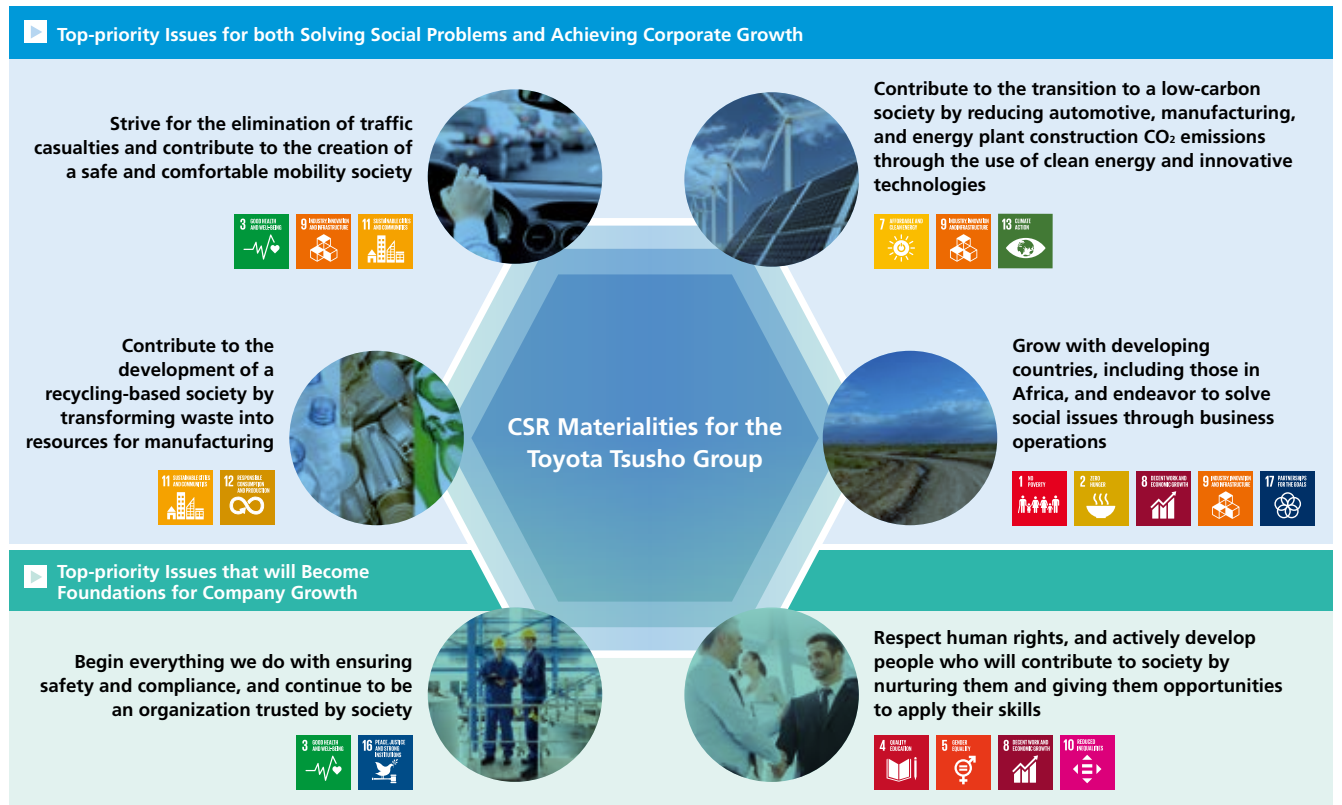
The Toyota Tsusho Group's CSR materialities are related to 14 of the United Nation's Sustainable Development Goals (SDGs). If each employee engages in business activities with an awareness of these CSR materialities, this will lead to sustainable growth of the

company as well as contribution to the resolution of social issues and achievement of the SDGs.

These CSR materialities are not intended to be unchanging. They will be reviewed periodically by the Sustainability Management Committee, taking into consideration changes in the Toyota Tsusho Group's environment and other factors, and will be appropriately revised.

For initiatives related to CSR materialities (priority issues), please see pages 57 to 67. ➔

**CSR Materialities for the Toyota Tsusho Group (Priority Issues)**



## Process of Identifying CSR Materialities

### 1 Issue Identification

- We referred to guidelines such as CSR and ESG guidelines (GRI Standard, ISO 26000, UN Global Compact, FTSE4Good, MSCI) and the standards of Toyota Environmental Challenge 2050 to identify and organize social issues, focusing on the 169 targets of the SDGs, which are considered to comprehensively cover global social issues.
- We checked if these organized social issues aligned with our corporate philosophy, behavioral guidelines, Global Vision, and Mid-term Business Plan, and identified 43 issues.



### 2 Prioritize Issues with Stakeholders

Through questionnaires and dialogue with stakeholders, both inside and outside the Toyota Tsusho Group, regarding the identified 43 social issues, we prioritized expectations and requests for the group, and the importance of these social issues to the group, and we created a CSR materiality matrix.

#### Stakeholders

- Internal: Interviews with individual divisions, questionnaires administered to all Toyota Tsusho employees, to CSR staff in Japanese-affiliated companies, and overseas staff
- External: Interviews with Japanese institutional investors, and questionnaires administered to general investors

#### Narrowing Down

We created CSR materiality proposals using a CSR materiality matrix, focusing on social issues with a high level of importance inside and outside the Toyota Tsusho Group.

The CSR materialities identified are not the only materialities that the group will address. Instead, they are the materialities identified as being the most important for the group.

### 3 Validation

#### Discussion Participants

The suitability of the identification process and of the proposed CSR materialities were confirmed.

- Appropriate proposals were discussed among management and division CEOs.
- Individual interviews with outside directors

### 4 Identify CSR Materialities

Our CSR materialities were approved following discussions by the CSR Committee (currently, Sustainability Management Committee) at meetings held in March 2018. The CSR materialities were explained and reported to the directors and Audit & Supervisory Board members at a Board of Directors' meeting.

## Future Issues

From now, we will set KPIs related to each CSR materiality, implement PDCA (the "plan, do, check, act" improvement cycle), and confirm progress. Coordination with the Global Vision and incorporation into the Mid-term Business Plan and human resources evaluation, etc., are also being considered.

## Initiatives Related to CSR Materialities (Priority Issues)



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

The automobile industry is on the cusp of a once-in-a-century transformation.

The birth and evolution of advanced technologies, such as automated driving, the AI, and IoT, are poised to greatly expand mobility potential.

The Toyota Tsusho Group sees these environmental changes as business opportunities, and will use material innovation, automated driving, and advanced safe driving support technologies to reduce the number of road accidents and improve traffic infrastructure. Through this, we aim to achieve zero traffic fatalities and injuries and contribute to the development of a safe and comfortable mobility society.

### Leveraging anticipations of the transportation industry Pushing forward with a roadmap for the commercialization of truck platooning through public-private coordination

From January through February 2019, we had a platoon comprising a maximum of three trucks drive on Japan's Shin-Tomei Expressway. It was the first truck platooning highway trial in Japan featuring a system with unmanned following vehicles (although the following vehicles in the trial did have people aboard).

The system used involves a person-driven lead vehicle that is automatically followed by one or more unmanned trucks that are connected electronically. In this trial, trucks fitted with CACC\*<sup>1</sup>, which maintains a fixed distance between vehicles based on information received on acceleration or deceleration of the lead vehicle, and a tracking controller\*<sup>2</sup> drove at a speed of 70 km/h while maintaining an inter-vehicle distance of approximately only 10 meters, which is short for such a speed.

This initiative was started by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transportation and Tourism based on "Future Investment Strategy 2018 (Cabinet decision made on June 15, 2018)" with the aim of realizing mobility reform. Toyota Tsusho, which is promoting next mobility, was commissioned to conduct the trial. This initiative is positioned in the domain of the "A" of CASE, which could be described as a key term for next mobility.

If truck platooning becomes a reality, drivers will not need to drive the following vehicles, helping to relieve the problem of a lack of drivers in Japan's transport industry. Increasing the efficiency of driving could also reduce CO<sub>2</sub> emissions. Transport via vehicles including trucks accounts for approximately half of logistics in Japan. Based on the viewpoint that the economy can be vitalized through the movement of items, thereby enriching lifestyles, this system appears to be next-generation technology capable of solidifying work and lifestyle bases.

The roadmap of the Japanese government includes a goal for the commercialization of a platooning system with unmanned following vehicles by 2022 at the earliest. It is also continuing with

trials aiming for the commercialization of a platooning system with drivers in following vehicles by 2021. In addition to government officials, major transport companies and truck manufacturers are also participating in government review meetings being held to discuss such commercialization.

The project is steadily moving forward with the strong anticipation of the transport industry and even greater social significance.

\*1 Short for "Cooperative Adaptive Cruise Control," the CACC function receives control information from a leading vehicle, automatically controls speed, and maintains a predetermined inter-vehicle distance.

\*2 Uses RTK-GPS/LiDAR to follow the leading vehicle, stay within the traffic lane, and change traffic lanes



## Initiatives Related to CSR Materialities (Priority Issues)



### Contribute to the transition to a low-carbon society by reducing automotive, manufacturing, and energy plant construction CO<sub>2</sub> emissions through the use of clean energy and innovative technologies

Global warming is a major issue that affects all life on the planet.

In order to tackle this problem, the Toyota Tsusho Group is actively increasing sales of next-generation eco-cars (HVs, PHVs, EVs, and FCVs), developing infrastructure such as hydrogen stations, reducing vehicle weights by using alternate materials, and securing lithium resources that support increased production of the automobile batteries essential for eco-cars. We are also using the clean energy knowledge we have accrued through our experience with renewable energy such as wind and solar power together with various innovative technologies to contribute to the realization of a sustainable, low-carbon society by reducing automobile CO<sub>2</sub> emissions, cutting CO<sub>2</sub> emissions through product life cycles, including the logistics business, and contributing to the elimination of CO<sub>2</sub> emissions from plants.

### Creating energy and battery raw materials to support the realization of a sustainable environment from multilateral viewpoints

Being environment-friendly has now become natural for companies. Examples of this in the energy field is the utilization of renewable energy and clean energy.

The Toyota Tsusho Group has made efforts in spreading various types of renewable energy such as wind power, solar power, hydraulic power, geothermal power, and biomass to countries throughout the world including Japan since (then) Tomen Corporation entered the wind power generation business in 1986. Eurus Energy Holdings Corporation, a consolidated subsidiary (ratio of shareholding by Toyota Tsusho: 60%, hereinafter: Eurus Energy), is the largest-scale wind power energy provider in Japan.

We are currently cooperating with Eurus Energy in the construction of a 262.5 MW wind power facility in Egypt. After a two-year construction period, operations are expected to start at the end of 2019. Generating wind power in the Gulf of El Zayt region, which has good wind conditions, along the Gulf of Suez will provide clean and low-cost energy to Egypt, which relies over heavily on thermal power generation. This is the first independent power producer project for wind power generation in Egypt. The Toyota Tsusho Group will operate the facility for 20 years.

Within Japan, Eurus Energy is promoting a project for output of 600 MW in northern Hokkaido, with completion aimed for 2022. This project involves not only the generation of power but also the construction of a power grid with largest capacity storage batteries to standardize unstable power output that is affected by wind status. Good wind conditions can be expected in northern Hokkaido, making it a suitable site for wind power generation. While the issue of not being able to stably supply power to consumers had formed an impediment, this issue will be resolved.

While pursuing supply stabilization and cost reduction in the field of wind power generation—a strong field for the Toyota Tsusho Group—we will also endeavor to expand power source options such as to include geothermal power and hydraulic power, expand in regions such as Africa and the Middle East, and expand functions such as energy storage, energy transmission, and retailing, with the aim of further enhancing our renewable energy business.

Meanwhile, in the automobile-related field the popularization of next-generation vehicles such as HVs and EVs has led to rapid increases in demand for the lithium used in batteries for environmentally friendly cars. Lithium is a type of rare metal, which, as the term suggests, is a rare resource. Japan relies wholly on imports for its lithium materials. Despite the fact that it is crucial to cultivate new supply sources to enable the further spread of next-generation vehicles, there are few lithium producers worldwide.

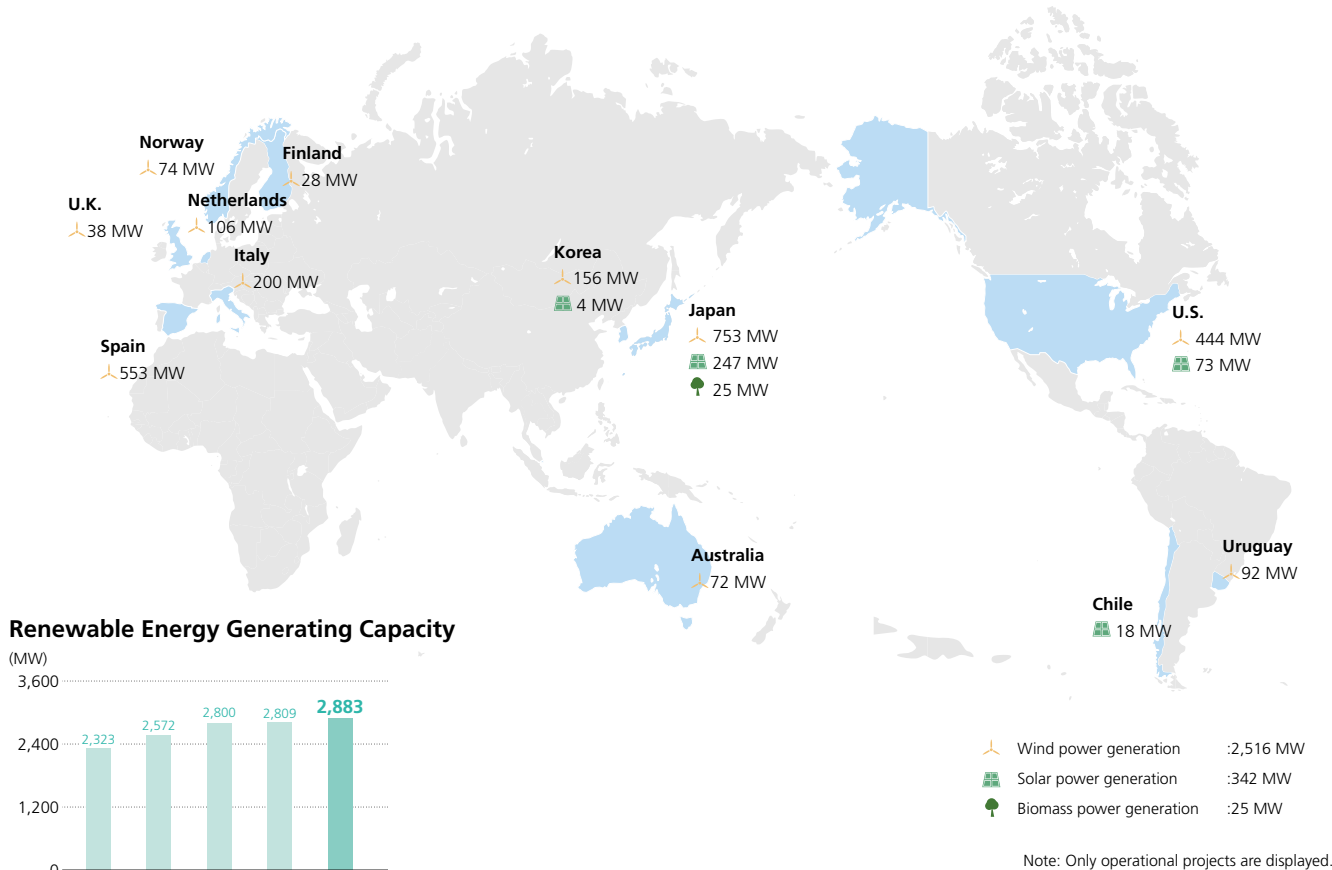
To address this issue, Toyota Tsusho conducted studies on lithium reserves and focused on the Salar de Olaroz salt lake in northwestern Argentina. This was in 2009. Salar de Olaroz is undeveloped and features lake water with a high lithium content. The infrastructure required for production and transport is also available.

Naturally, well-known companies around the world vied to secure mining rights. Orocobre Limited, which holds the rights to Salar de Olaroz, selected Toyota Tsusho as its development partner due to its high evaluation of Toyota Tsusho's sales routes and value chain. Since then, Orocobre Limited and Toyota Tsusho have cooperated in setting up the business, constructing a plant for refining lithium drawn from the lake in 2013. Full-scale production started in 2014.

Toyota Tsusho will contribute on a global scale to realizing a low-carbon society by offering a stable supply in response to lithium demands. Toyota Tsusho has acquired 100% of sales rights for distributing the lithium (lithium carbonate) produced at Salar de Olaroz.

We are supplying the lithium carbonate to not only Japan but also worldwide through our global network. In light of expected increases to worldwide demand, production expansion is also planned for 2020.

### Renewable Energy Businesses Globally Deployed by the Toyota Tsusho Group (As of end of March 2019)



Tabulation scope: Domestic and overseas

### Agreement to Task Force on Climate-related Financial Disclosures (TCFD)

Toyota Tsusho publicly declared its support for the TCFD\* by the Financial Stability Board (FSB) in 2017. The company signed the TCFD on May 27, 2019, and also participated in a TCFD consortium held on the same day.

Increasing temperatures and abnormal weather are already affecting daily life in various ways. Toyota Tsusho considers climate change to be an important management issue in its corporate activities. One issue cited among its CSR materialities (priority issues) is "contribute to the transition to a low-carbon society by reducing automotive, manufacturing, and energy plant construction CO<sub>2</sub> emissions through the use of clean energy and innovative technologies."

Going forward, we will analyze the risks and opportunities associated with climate change based on recommendations by the TCFD, promote initiatives for resolving issues, and disclose information to our stakeholders in order to contribute to the realization of a sustainable society.

\* Short for "Task Force on Climate-related Financial Disclosures," the TCFD was established by the FSB, an international body in which the central banks and financial authorities of major countries participate. In June 2017, TCFD recommendations were published (predicting the effects of climate change on corporate finance and proposing guidelines for disclosure). Companies, organizations, and government offices and agencies, etc., worldwide have indicated support for the TCFD.



## Initiatives Related to CSR Materialities (Priority Issues)



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

Natural resources are not limitless.

We must reduce our impact on the environment by efficiently using and reusing these resources. As a trading company involved in manufacturing, the Toyota Tsusho Group considers it a vital mission to take the environment into consideration, secure resources, and provide them in a stable manner.

To effectively use these limited resources, we will develop recycling businesses including recovery and processing or reusable resources from scrap generated from end-of-life vehicles and in plants, secure resources through urban mining, and reuse used vehicles and parts, contributing to a recycling society that promotes a circular economy by recycling waste.

### Utilizing the Toyota Tsusho Group network to widely cover diversifying recycling resources

Green Metals, Inc. (ratio of shareholding by Toyota Tsusho: 100%), which is engaged in the recycling business, is located in Georgetown, Kentucky, in the United States.

This is where Toyota Motor Corporation constructed its first U.S. plant, forming the base for local expansion in the United States. As the town is vitalized by the production of automobiles and parts, steady growth is also being seen in the resource recycling business for scrap created in the production process.

Green Metals was established in 2000. Even before then, Toyota Tsusho had collaborated with local operators in handling scrap resources. Green Metals was the first base for conducting business with buildings, heavy machinery, and other equipment. The Green Metals business later expanded into its current 23 bases worldwide, in areas including North America, Europe, China, and South Africa. The group's recycling business also covers the entire automobile life cycle, from scrap produced when manufacturing and processing automobiles and parts to the recycling of resources from end-of-life vehicles.

Resource circulation can be referred to in terms of human blood vessels as arteries (business) and veins (business). The arteries engage in product raw material procurement and parts procurement, covering the cycle until these resources reach the user or consumer. In terms of automobiles, iron and steel products and cast iron parts supply to automobile and parts manufacturers.

Meanwhile, the veins collect used products for re-utilization. Thus, scrap is collected from automobile and parts manufacturers for recycling and then passed onto steel, casting, and smelting manufacturers. The various types of metal scrap, such as iron, handled by Green Metals are one resource that passes through the veins. Toyota Tsusho also responds to a wide variety of recycling materials other than this, including various parts from end-of-life vehicles and, recently, light and hard materials other than iron.

By combining the functions of group companies Toyotsu Recycle Corporation, Toyota Metal Co., Ltd., Toyota Chemical Engineering Co., Ltd., and JARA Corporation, a diverse range of disposal materials such as non-ferrous materials, rare metals, and resins can be handled together with a wide range of processing methods including fragmentation, dismantling, and incineration.

Furthermore, as the electrification of automobiles is expected to expand going forward, group company Toyota Tsusho Material Incorporated expanded its investment ratio in Metaldo Co., Ltd. to 33.4% in 2019 in order to enhance its onboard battery recycling business. In 2018, we also jointly established Japan's largest recycling plastics manufacturing company, PLANIC Co., Ltd., with Veolia Japan K.K. and Kojima Sangyo Co., Ltd., aiming to start operations in 2021. Plans include recycling 40,000 tons of plastics annually that had not previously been effectively utilized. The plastics will be collected from items used in Japan, including automobiles, household appliances, and packaging materials. Advanced specific gravity separation technology, which is a first for Japan, will be utilized to select individual types of materials, making it possible to initiate a business engaging in the manufacturing of high-quality recycled plastics.

Toyota Tsusho will continue to endeavor to create frameworks for optimal resource recycling and to reduce waste as a general waste recycling company.





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

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

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

### Creating fertilizer and contributing to agriculture in Kenya based on the principle of "WITH AFRICA FOR AFRICA"

Land area does not necessarily correlate with agricultural yield. This was proven in Kenya, a major agricultural country in Africa, which exports large amounts of flowers and tea leaves.

In Kenya, while crops such as corn and wheat are cultivated as major agricultural products, the 600,000 tons of chemical fertilizer used annually to grow these crops had been completely imported. Moreover, although crops such as corn grow best in weakly acidic soil, the repeated use of low-cost chemical fertilizer resulted in increased soil acidification, causing productivity to decrease to below half of previous levels.

The annual GDP growth rate of Kenya is approximately 5%, and this economic development has meant that increasing proportions of people are working in secondary and tertiary industries. Despite this, farmers still account for approximately 60% of the working population. Based on a sense of crisis resulting from the thinning land and weakening agricultural industry, the Kenyan government required the cooperation of domestic and international corporations in constructing its first domestic agricultural fertilizer plant.

Toyota Tsusho responded to this call, and is supporting the realization of the Kenyan government's national vision, "Kenya Vision 2030." The construction of a fertilizer plant is also part of this, with a memorandum of understanding concluded for fertilizer manufacturing in 2014. Toyota Tsusho Fertilizer Africa Limited (TTFA) was established as a wholly owned subsidiary.

TTFA immediately started developing blended fertilizer suited to Kenyan soil and crops in collaboration with the International Fertilizer Development Center and the agricultural faculty of a local university. Trials were conducted at approximately 200 farms, resulting in the development of Baraka Fertilizer, a brand of blended fertilizer (the name of which means "benefit" in Swahili). Based on soil testing results, advice was given on when and how much fertilizer to apply, and guidance officers for farming methods were trained, including some interns from the agricultural faculty.

Japanese staff carefully managed the schedule for plant construction to ensure that there were no delays. The plant was completed as planned, in one year, with the production of Baraka Fertilizer starting from 2016. This resulted in recovery of corn yields to previous levels. Agricultural productivity in Kenya has thus been improved. Toyota Tsusho is continuing to support Kenyan agriculture, having completed the development of fertilizers for pulses and sugarcane, with sales already started. These efforts have been highly praised by local farmers.

Annual demand for fertilizer in Kenya is predicted to increase from 600,000 tons to 1.5 million tons. Toyota Tsusho will utilize its automobile sales network that it has cultivated over many years to promote sales, with possibilities for sales and exports to neighboring countries as well, in order to contribute to the stable supply of food and economic development.



Initiatives Related to CSR Materialities (Priority Issues)



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

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

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

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

Safety

The Toyota Tsusho Group's Policies on Safety and Health

- Recognizing that good communications are paramount for ensuring safety and health, top management places a high premium on dialogue with employees.
- While strictly adhering to relevant safety and health laws and the internal workplace business rules and procedures of our customers, we have established our own standards, as we work to raise the level of our safety and health management.
- We utilize occupational safety and health management systems and implement *kaizen* (continuous improvement) as we aim to continually raise safety and health levels.
- To promote safety and health activities at all companies throughout the Toyota Tsusho Group, we will establish the necessary organizations and structures and clarify the locations of responsibilities.
- To progress with the creation of comfortable and healthy workplaces, we will provide all employees with sufficient and necessary education for ensuring their safety and health.

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

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

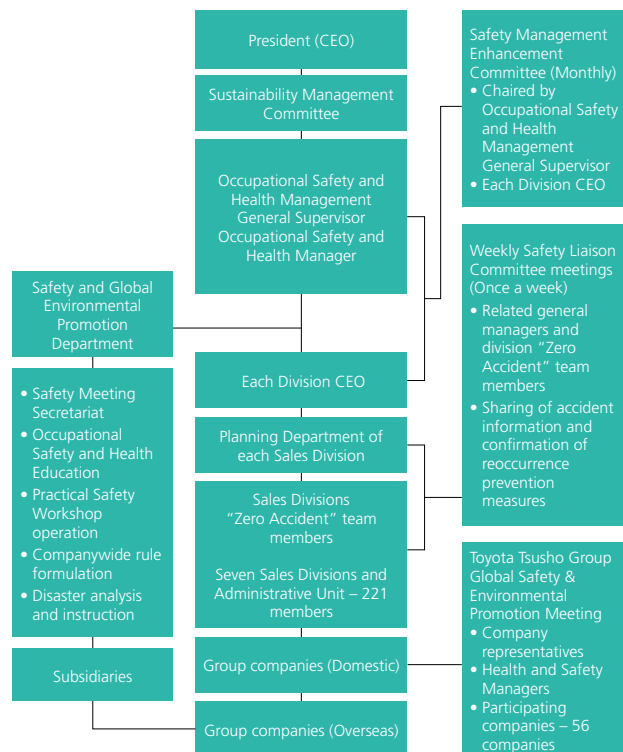
To heighten employee sensitivity to danger by having them experience hazardous work, in 2009 we established a Practical Safety Workshop at Toyota Steel Center Co., Ltd.

The workshop offers simulations of more than 57 different types of hazards, including being squeezed between objects and dangers involving heavy items. Workshop attendance is open to all group employees as well as 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.

The workshop was attended by 479 participants in the fiscal year ended March 31, 2019.

Taking into consideration that since Toyota Tsusho is a trading company 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 with regard to office work. More than 550 group employees have attended these workshops to date.

Toyota Tsusho Group Safety Management System



## Compliance

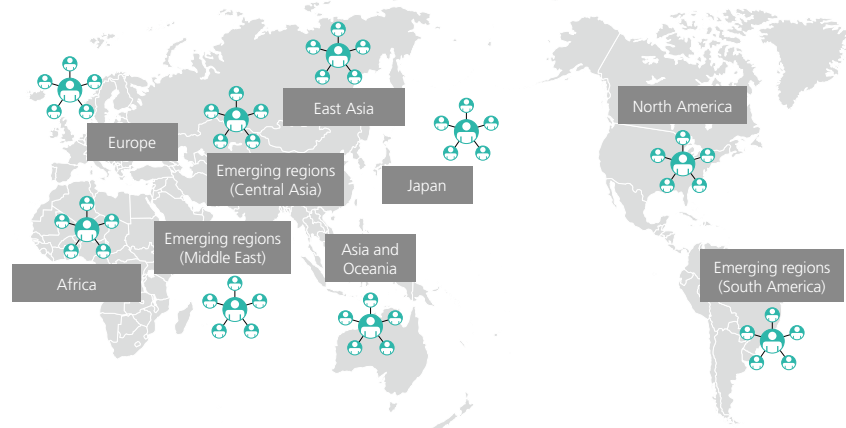
Toyota Tsusho endeavors to ensure that executives and employees perform their duties in accordance with laws, regulations, the company's Articles of Incorporation, and corporate ethics.

In July 2016, Toyota Tsusho enacted its Global Code of Conduct & Ethics (COCE), which defines the company's behavioral guidelines. The COCE was formulated by a team of Toyota Tsusho Group employees from Japan and overseas. The company issues the COCE Booklet in various languages (currently, 20 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.

The whistle-blowing system was expanded and extended from its former form, in which reporting was possible through internal reporting lines and external lawyers, by adding a dedicated external reporting line. This reporting line, created in November 2017, offers multilingual support (currently, in more than 160 languages), and makes it easier for employees to report or consult on matters related to violation of the COCE by providing global service with greater anonymity and confidentiality. All whistle-blowing information is reported to Audit & Supervisory Board members to ensure independence from management.

For details on the COCE, please see pages 2 and 3. 

### COCE Global Network



### Raising Awareness of Compliance

Toyota Tsusho offers various types of training and seminars in an effort 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 the fiscal year ended March 31, 2019, we held training for various levels of the organization, including new employees, newly appointed managers, line managers, and executives, as well as for specific groups such as newly appointed executives at domestic Toyota Tsusho Group companies and employees about to be stationed overseas. The company also conducts training for executives and employees to raise awareness of topics such as insider trading, bribery prevention, cartels, supply chain CSR, and the COCE via e-learning and information sessions. In addition, the company provides the Laws & Ordinances Handbook for Executives to executives and a compliance manual to employees so that the entire company workforce is familiar with important laws.

### Corruption Prevention

The Toyota Tsusho Group has firmly declared an anti-corruption stance in the COCE and is endeavoring to prevent bribery to ensure that there are no breaches of the bribery regulations of any countries, including the Foreign Corrupt Practices Act of the United States and the Bribery Act 2010 of the United Kingdom.

Specifically, each company of the Toyota Tsusho Group evaluates bribery risks every second year and, based on the results, anti-bribery rules and related measures are implemented. Related measures include advance screening of transactions in which governments, etc., are involved, advance screening of invitations of public officials, etc., reporting of entertaining and offering gifts to public officials, etc., and the prohibition of payments to third-party countries or third parties.

### Tax Governance Policy

It is the fundamental policy of Toyota Tsusho and the Toyota Tsusho Group to comply with the tax laws and tax regulations of individual countries, under COCE, and to appropriately satisfy its global tax obligations.

We do not engage in transactions with the aim of tax avoidance, and strive to comply with the laws, regulations, and tax conventions of individual countries, as well as with international taxation rules, appropriately reporting 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.

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

Initiatives Related to CSR Materialities (Priority Issues)



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

The Toyota Tsusho Group promotes diversity and inclusion 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.

We are also working to develop human resources that can create business on a global scale and human resources that can achieve success in the global market while providing occupational training opportunities to local communities, and we actively developing human resources within and outside the company that are valuable to and contribute to society.

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

**Human Resources Development Principle**

We aim to realize our management strategies without being constrained by past experiences or preconceptions and based on the watchwords "On site, hands on, in touch." Accordingly, from the perspective of overall optimization, the Toyota Tsusho Group will employ, develop, and reward employees who can cooperate and lead the way to an even better future.

**CSR in Human Resources Development**

- Build an environment that allows employees to work with vitality.
- Create frameworks for promoting constant and autonomous reforms and *kaizen*.
- Cultivate human resources who are curious regarding the global environment and can respond flexibly, sincerely, and speedily to changes in the said environment.
- Promote teamwork with an eye toward overall optimization as an organization.

**Human Resources Development**

**Basic Approach**

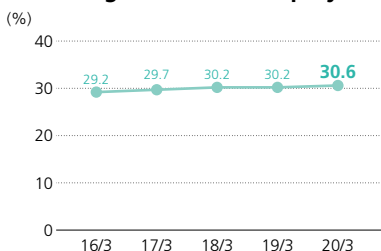
Toyota Tsusho conducts various educational and training programs and strives to enhance employee skills so that it can develop human resources who are able to put into practice the keywords of the Toyota Tsusho Group Way: "A passion for business," "On site, hands on, in touch," and "Teamwork." We prioritize the development of human resources capable of creating global businesses and the management of human resources able to interact with their counterparts at other leading global companies in order to utilize diverse human resources and continuously and actively create value with our global partners.

**Educational Programs**

Our educational programs are made up of three parts: on-the-job training, off-the-job training (seminars), and self-improvement. Each year, every employee develops a future career plan and discusses how to achieve this plan through operational assignments and the use of training programs.

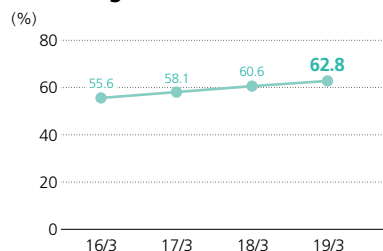
We also provide global training (Global Advanced Leadership Program [GALP] and Leadership Development Program [LDP]) to selected employees in Japan and overseas with the aim of developing future potential executives and globally optimizing the assignment of personnel.

**Percentage of Female Employees**



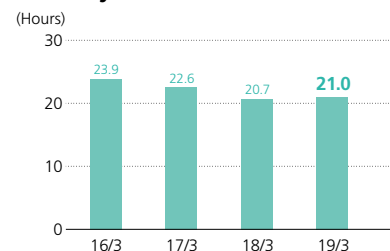
Scope of calculation: Toyota Tsusho Corporation  
For every year, as of April 1

**Percentage of Paid Leave Used**



Scope of calculation: Toyota Tsusho Corporation

**Monthly Overtime**



Scope of calculation: Toyota Tsusho Corporation

## Promotion of Diversity and Inclusion

Amid a backdrop of constantly changing business environments and diversifying customer needs, Toyota Tsusho believes that respecting and accepting various differences, including gender, age, and nationality, and making full use of those differences will help the entire Toyota Tsusho Group increase its competitive advantage. As such, we introduced a new human resources system that seeks to provide diversified opportunities for growth and active participation through measures that include job category integration and the revision of rank-defined evaluation items. We are taking

measures to create environments, cultivate corporate climates, and enhance awareness so that diverse personnel can work with enthusiasm through work-style reforms, such as enhancing work and life by encouraging employees to take paid vacation time and male employees to take childcare leave, and introducing reforms, such as flextime work, morning work schedules, and telecommuting, as well as on-site measures for "Ikiwaku Project (Organization Development)" such as reviewing work practices, to create a flexible and highly productive organization.

## Health and Productivity Management

Toyota Tsusho has been recognized by the Ministry of Economy, Trade and Industry as one of the companies in the 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500). Health and productivity management is the strategic management of health from a business perspective, based on the idea that measures aimed at maintaining and promoting the health of employees provides them with greater vitality and invigorates the organization, ultimately contributing to

greater productivity for the companies that employ them. In October 2017, Toyota Tsusho's top management issued the Toyota Tsusho Group Health Declaration, announcing the company's commitment to promoting health and productivity management both within and outside the company.



### The Toyota Tsusho Group Health 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 philosophy and strive to become a "value-generating corporation" entity by contributing to society through ever-better ways of doing business.

## Creating Employment Opportunities for Women in India—Challenges in the Field of Unprecedented Employment of Women—

In a city 30 km from the Indian capital of Delhi, a company is garnering attention for being a place enabling the active involvement of women. This is a Toyota Tsusho Group company called Toyotsu Ambika Automotive Safety Components India Private Limited, which manufactures airbags.

According to the World Economic Forum, India ranked poorly, at 142 out of 149 countries, in terms of "economic opportunity and participation for women." The female workforce participation rate was also approximately 27%, despite the world standard published by the World Bank in 2017 being approximately 49%. Moreover, this rate is declining, after peaking in 2005.

With an understanding of this difficult climate for women, Toyota Tsusho is aware based on its experience in the airbag business in other countries that women are at the core of manufacturing that satisfies customers. Toyota Tsusho therefore endeavored to create a workplace in which women could work with peace of mind. This included installing air conditioning at the plant for health and safety, establishing specialized buses and dormitories for female staff, and enhancing its training packages to include training on basic workplace actions as well as dispatching employees overseas for training. Moreover, as

opportunities for employment for women are more limited in regional areas than in urban cities, there was a problem of increasing disparity. Therefore, Toyota Tsusho also worked to build up relationships of trust through actions such as holding company observation tours for the families of employees. These repeated small efforts have resulted in the creation of a workplace in which all production workers are women.

Toyota Tsusho will continue to take human rights into consideration and prepare healthy work environments through such initiatives for the proactive and regular employment of women in order to support the social advancement of women in developing countries.



For information on supply chain CSR, please see page 69.

# Environmental Management/Supply Chain CSR

## Toyota Tsusho Group's Environmental Policy

- As a responsible corporate citizen, we strive to reduce impact on the environment, conserve energy, recycle resources, and eliminate environmental pollution, while placing a high priority on not disturbing the global environment in conducting business.
- We promote environment-related businesses, such as the efficient use of waste and the preservation of natural resources, and we contribute to the realization of a recycling-oriented economy and society in collaboration with our affiliates and business partners.
- We comply with all environmental requirements, including environmental laws and regulations and industry guidelines.
- We participate in activities to reduce impact on the environment by establishing an environmental management system and implement *kaizen* (continuous improvement) of these activities through periodic review and the application of creative ideas.
- We enhance environmental awareness among employees by providing environmental training and promoting a thorough understanding of our environmental policy.

## Structure for Promoting Environmental Management

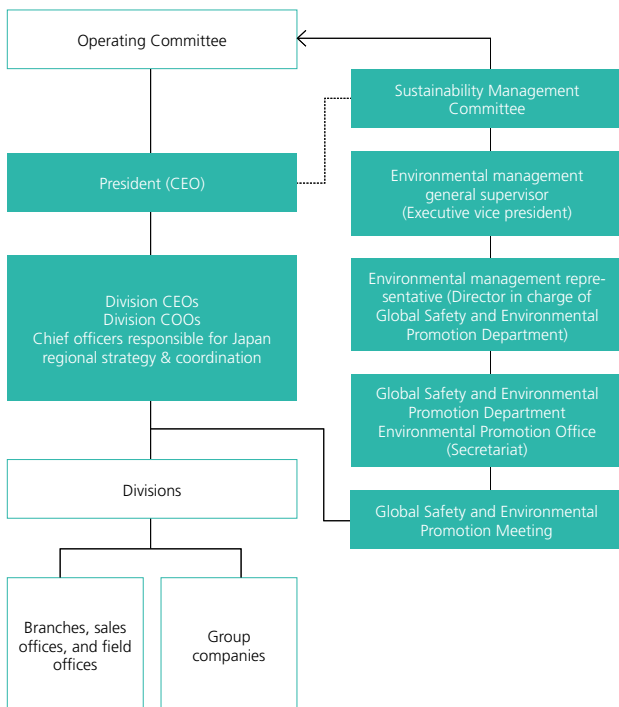
The Toyota Tsusho Group's environmental management systems conform to the ISO 14001 standards in Japan and are managed in accordance with the Environmental Management Rule Books (independent standards) overseas. Both in Japan and overseas, we perform periodic internal audits to raise the level of environmental management.

The Global Safety and Environmental Promotion Meeting is held each year to report on Toyota Tsusho Group environmental preservation programs and provide notice and share information on statutory amendments.

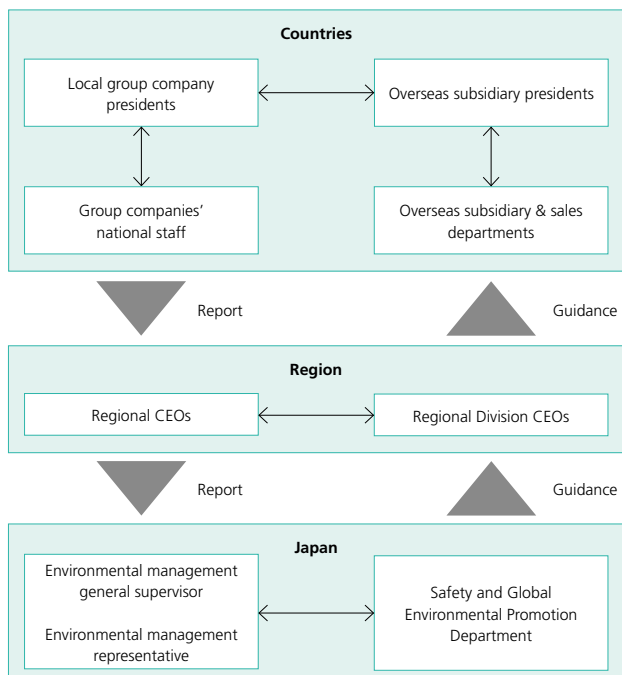
The Safety Management Improvement Committee meets monthly, with attendance by corporate officers, to report on environmental accidents, to share information on countermeasures, and to take preventive measures.

In 2018, the Toyota Tsusho Group underwent ISO 14001:2015 certification renewal screening, and its certification was renewed until December 31, 2021. ISO 14001 certification has been acquired by 52 domestic subsidiaries and 139 overseas subsidiaries.

### Toyota Tsusho Group's Environmental Management



### Construction of Environmental Management Systems Overseas





For additional information on management and initiatives regarding the environment, please refer to the Environment Activities page of the CSR section on Toyota Tsusho's website. <https://www.toyota-tsusho.com/english/csr/activities/environment/>

## Initiatives to Reduce Our Impact on the Environment

For our current business framework, we quantitatively evaluate the degree of risk of environmental pollution caused by us including all equipment and the level of worksite control in order 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 by means of internal and external audits.

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

## CDP

Toyota Tsusho has been participating in CDP since the fiscal year ended March 31, 2017. CDP is an international NPO that was established in London in 2000. This project requests that companies disclose strategies on climate change and specific figures on the amounts of greenhouse gases emitted. As a representative of institutional investors with a total operational amount exceeding U.S. \$100 trillion, CDP sends question sheets to companies, analyzes and evaluates the responses, and discloses scores. Scores are ranked according to eight levels A, A-, B, B-, C, C-, D, and D.

### The Fiscal Year Ended March 31, 2019 CDP Evaluation Results

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



## Supply Chain CSR

Toyota Tsusho has constructed a globally diverse value chain, and we believe that CSR must be promoted throughout the entire supply chain in each of these regions.

On April 1, 2012, we formulated the Supply Chain CSR Behavioral Guidelines in order to foster a common understanding of CSR, coordinate CSR initiatives, and realize mutual sustainable growth. To clarify common recognition with our suppliers, these guidelines were revised in January 2019 in response to increased awareness of human rights and environmental issues as well as in response to identification of the Toyota Tsusho Group CSR materialities.

In the fiscal year ended March 31, 2019, in response to the aforementioned revision, we implemented an e-learning course on supply chain management for all Toyota Tsusho employees that more than 3,000 employees took. The aim of the course was to improve employee awareness of giving consideration to the environment and human rights throughout the overall supply chain.

Toyota Tsusho is also promoting the spread of CSR throughout the entire supply chain with initiatives such as supplying uniforms made from fair trade-certified cotton under its framework for trade that improves the lifestyles and independence of producers and workers in developing countries.

### Supply Chain CSR Behavioral Guidelines

#### 1 Respecting human rights

- We must respect our employees' human rights, and we must never subject employees to abuse, physical punishment, or harassment, or in any other way treat them inhumanely.

#### 2 Preventing forced labor, child labor, and insufficiently compensated labor

- We must forbid forced labor, and, as all labor should be performed based on free will, we must guarantee employees' right to freely terminate their employment.
- We must not allow labor by children younger than the minimum legal working age specified by the laws and regulations of the countries and regions in which we operate.
- We must comply with requirements related to minimum wages, working hours, etc., specified by the laws and regulations of the countries and regions in which we operate, and we must never unjustly reduce wages.

#### 3 Eliminating discrimination

- Regardless of the form or occasion of employment, we must never discriminate on the basis of sex, age, nationality, race, skin color, ethnicity, religion, sexual orientation, political viewpoint, etc.

#### 4 Improving the work environment

- We must strive to provide a safe, hygienic, and healthy work environment by placing top priority on employee health and safety.

#### 5 Being fair in trading and preventing corruption

- We must comply with all laws and international regulations related to trade, make sure our trading activities are fair, and thoroughly prevent corruption.

#### 6 Ensuring quality and safety

- We must ensure the quality and safety of our goods and services.

#### 7 Considering the global environment

- We must conduct procurement with consideration toward the conservation of biodiversity.

- We must promote reduction of greenhouse gas emissions and be fully attentive of climate change.
- We must comply with the laws and regulations of the countries and regions in which we operate, appropriately dispose of waste, and endeavor to reduce waste.
- We must use resources, energy, and water effectively and prevent air, water, and soil pollution.
- We must think about forest conservation and aim toward sustainable use of forest resources.

#### 8 Contributing to local communities

- We must protect the rights and lifestyles of local communities and contribute to local communities as a member.

#### 9 Disclosing information

- We must promptly and appropriately disclose information concerning the above.

## Management Structure



### [Top Management] Board of Directors \* Representative Director

**1** Chairman of the Board\* **Jun Karube**    **2** Member of the Board\* **Ichiro Kashitani**  
 President & CEO

**3** Member of the Board\* **Minoru Murata**    **4** Member of the Board **Hideki Yanase**

**5** Member of the Board **Yasuhiro Nagai**  
 CCO/CAO

**6** Member of the Board **Hiroshi Tominaga**  
 CSO/CIO

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

Outside Directors

**8** Member of the Board **Yoriko Kawaguchi**    **9** Member of the Board **Kumi Fujisawa**

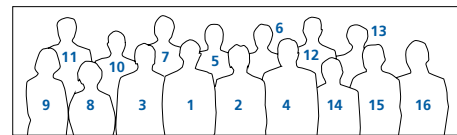
**10** Member of the Board **Kunihito Koumoto**    **11** Member of the Board **Didier Leroy**

### Audit & Supervisory Board Members

**12** Audit & Supervisory Board Member (Full-time) **Yasushi Shiozaki**    **13** Audit & Supervisory Board Member (Full-time) **Kazuo Yuhara**

**14** Audit & Supervisory Board Member **Shuhei Toyoda**    **15** Audit & Supervisory Board Member **Yuichiro Kuwano**

**16** Audit & Supervisory Board Member **Tsutomu Takahashi**



### [Operating Officers]

#### Kiyoyoshi Oba

Regional Officer  
 Company President  
 Asia & Oceania  
 President of Toyota Tsusho (Thailand) Co., Ltd.

#### Yoshihiro Inoue

Division COO  
 Regional Officer  
 Machinery, Energy & Project Division  
 Emerging Regions

#### Hideyuki Inazumi

Company President  
 President of Eurus Energy Holdings Corporation

#### Toshimitsu Imai

Division COO  
 Regional Officer  
 Africa Division  
 Africa

#### Kazumasa Kimura

Africa Division New Business Development COO

#### Satoshi Suzuki

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

#### Motoya Hayata

Regional Officer  
 Company President  
 Emerging Regions  
 Chairman & CEO of NovaAgri

#### Naoyuki Hata

Division COO  
 Metals Division

#### Atsushi Aoki

Company President  
 President of NEXTY Electronics Corporation

#### Haruyuki Hattori

Division COO  
 Food & Consumer Services Division

#### Shigeki Maeda

Division COO  
 Global Parts & Logistics Division

#### Akihiro Sago

Regional Officer  
 Company President  
 North America  
 President of Toyota Tsusho America, Inc.

#### Kazuyuki Urata

Division COO  
 Chemicals & Electronics Division

#### Yasuhiro Kakiyama

Division COO  
 Assistant to CTO  
 Chemicals & Electronics Division

#### Hiroki Nakayama

Division COO  
 Regional Officer  
 Global Parts & Logistics Division  
 Asia & Oceania





## [Top Management] Division CEOs/Regional CEOs

**17** Executive Vice President  
Regional CEO  
CTO

### Minoru Murata

Assistant to President  
Officer Responsible for Tokyo Head Office  
Chief Officer Responsible for Japan Regional Strategy & Coordination  
North America

**21** Regional CEO

### Takahiro Kondo

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

**25** Division CEO

### Masato Yamanami

Automotive Division

**18** Executive Vice President  
Regional CEO

### Hideki Yanase

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

**22** Regional CEO

### Shizuka Hayashi

Asia & Oceania  
President of Toyota Tsusho Asia Pacific Pte. Ltd.

**26** Division CEO

### Naoji Saito

Metals Division

**19** Division CEO

### Toshiro Hidaka

Machinery, Energy & Project Division  
Officer Responsible for Global Strategy and Management

**23** Division CEO

### Mitsuhiro Tsubakimoto

Chemicals & Electronics Division

**27** Division CEO

### Hiroshi Yonenaga

Food & Consumer Services Division

**20** Division CEO, Regional CEO

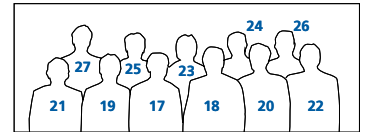
### Richard Bielle

Africa Division  
Africa  
President of CFAO

**24** Division CEO

### Jun Eyama

Global Parts & Logistics Division



### Shiro Irikawa

Division COO  
Automotive Division

### Tatsuya Watanuki

Regional Officer  
Assistant to CTO  
East Asia  
Officer Responsible for  
Global Strategy and Management

### Mamoru Akiyama

Regional Officer  
Assistant to CSO  
Emerging Regions  
Officer Responsible for Public Affairs,  
Officer Responsible for Global Strategy and Management

### Tetsuya Ezumi

Division COO  
Automotive Division

### Yuichi Kanazawa

Regional Officer  
Company President  
Asia & Oceania  
President of Toyota Tsusho India Private Ltd.  
Chief Representative of Colombo Office

### Michael T. Lavender

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

### Kosuke Kunihiro

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

### Shigeru Harada

Division COO  
Automotive Division

### Akio Hamada

Regional Officer  
Company President  
Assistant to CTO  
East Asia  
President of Toyota Tsusho (Shanghai) Co., Ltd.  
Chief Regional Officer of NEXT Mobility for East Asia

### Koji Minami

Division COO  
Regional Officer  
Africa Division  
Africa  
Vice President of CFAO

### Masaharu Katayama

Division COO  
Metals Division  
Metal Resources SBU

### Makiko Hamase

Assistant to CAO  
CHRO

### Futoshi Horisaki

Division COO  
Global Parts & Logistics Division

### Kazunori Sato

Company President  
President of Toyotsu Chemiplas Corporation

### Toshiyuki Azeo

Division COO  
Food & Consumer Services Division

### Jun Karato

Assistant to CTO  
General Manager of NEXT Mobility Development Department  
General Manager of NEXT Technology Fund Department

### Tatsuya Hirata

Division COO  
Machinery, Energy & Project Division

### Takashi Hirobe

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

### Hiromasa Ishii

Division COO  
Metals Division  
Metal Products SBU

Note: Company names and titles are as of June 25, 2019.

# Corporate Governance

The Toyota Tsusho Group is actively pursuing increased management efficiency, transparency, thorough compliance, and a healthy financial position based on its audit & supervisory board member system and executive officer system.

## 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 line with its corporate philosophy, the company has established systems that ensure proper business processes are followed. As a result, the company has been actively working to increase the efficiency, transparency, and compliance of its management,

as well as the health of its financial position. In addition, in accordance with Japan’s Corporate Governance Code, the company recognizes that well-rounded corporate governance is essential both for continued corporate growth and for raising its corporate value in the medium and long term, and it will respond in a sincere manner to any issues that may arise.

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

## Corporate Governance Structure

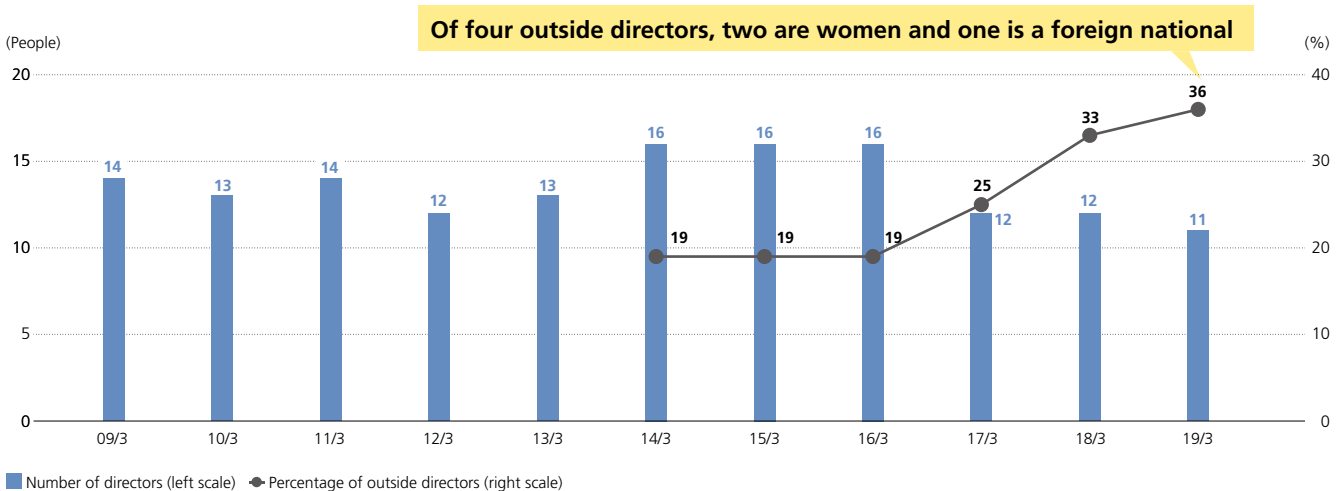
Toyota Tsusho has adopted the system of a company with an Audit & Supervisory Board to ensure transparent and sound management, and it has also introduced an executive officer system with the aim of improving management efficiency and strengthening internal control.

The company carries out consolidated management based on a divisional organization. At present, the company comprises seven sales divisions, organizations under direct control of executive vice presidents, and the Administrative Unit.

To further separate management from operations, in April 2017 executive officers who also serve as directors were limited to

### Chronology of Corporate Governance Reforms

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>2006 Introduced executive officer system</li> <li>2009 Established the ERM Committee</li> <li>2014 Introduced outside directors (three directors, of which two are women)</li> <li>2015 Appointed CIO</li> <li>Established the Executive Appointment Meeting (currently, Executive Appointment Committee) and Executive Compensation Meeting (currently, Executive Compensation Committee)</li> </ul> | <ul style="list-style-type: none"> <li>2016 Evaluated the effectiveness of the Board of Directors</li> <li>2017 Eliminated automatic appointment of councilors and advisors</li> <li>Appointed CSO, CFO, CAO, CCO, and CTO</li> <li>2018 Increased number of outside directors to four (including one foreign national)</li> <li>Sales division CEOs work exclusively on business execution; there are no directors with executive responsibilities</li> <li>2019 Clarification of top management</li> </ul> |
|--|--|



officers with companywide management responsibilities, and the soundness of management and functioning and quality of the Board of Directors were enhanced by setting the board's roles as making decisions on top-priority management issues and monitoring the execution of business. Executive officers are appointed as division CEOs, enabling fast-paced management that is in close contact with frontline operations. At the June 2018 General Shareholders' Meeting, one additional outside director was elected, bringing the total to four. The outside directors are persons with highly specialized knowledge, including a foreign national and an individual from a research organization, further raising the degree of diversity.

In April 2017, governance functions, which had all been the responsibility of the chief division officer of the Administrative Unit, were distributed and CTO\*, CSO/CIO\*, CFO\*, and CCO/CAO\* positions were established as the persons with ultimate responsibility for their respective functions to facilitate the exercise of high levels of specialization and to reinforce governance functions. By clarifying duties and responsibilities, specialization was reinforced, and the pace of decision-making is being increased.

\* CTO: Chief Technology Officer  
 CSO: Chief Strategy Officer  
 CIO: Chief Information Officer  
 CFO: Chief Financial Officer  
 CCO: Chief Compliance Officer  
 CAO: Chief Administrative Officer

## Board of Directors

The Board of Directors comprises 11 directors, four of whom are outside directors. The board makes important management decisions, supervises the execution of business by directors, receives regular reports from division CEOs, and monitors execution conditions at each sales division. In addition, the board periodically receives reports from division CEOs on the status of execution of business by the sales divisions and performs monitoring. The company has submitted notification that three of the four outside directors satisfy the criteria for independence as specified by

securities exchanges. Directors are appointed for a one-year term, and the Board of Directors in principle meets once a month. The company has established a support framework so that the outside directors can satisfactorily fulfill their management and supervisory functions. Before every meeting, the Board of Directors' Secretariat provides—or, when necessary, the sales divisions themselves provide—explanations concerning business details. This enables the outside directors to gain a firm understanding of the issues at hand and helps to enhance discussions among the Board of Directors.

### Evaluating the Effectiveness of the Board of Directors

The company administers questionnaires to all member of the Board of Directors, including outside directors and Audit & Supervisory Board members, and the Board of Directors' Secretariat analyzes and evaluates such and reports the results to the Board of Directors.

#### Overview of Evaluation Implementation

##### Persons subject to evaluation

All Board of Directors' members (12 people) and Audit & Supervisory Board members (5 people)

##### Evaluation items

- Board of Directors' composition, operation, agenda, and deliberation processes, etc.

##### Evaluation results

- Tabulation of questionnaire answers found that the ratings of each evaluation item were generally positive, and the effectiveness of the Board of Directors was confirmed.
- The following measures were taken in response to issues identified

through last year's evaluation: Reporting to the Board of Directors on deliberation and reporting matters throughout the year and details of investor relations (IR) activities; election of directors with greater emphasis on diversity; and establishment of agenda items and deliberation topics within Board of Directors' reporting items to facilitate constructive discussion and exchanges of opinions. As a result, progress in these areas has been observed over the course of the year, and these measures continue to achieve improvement.

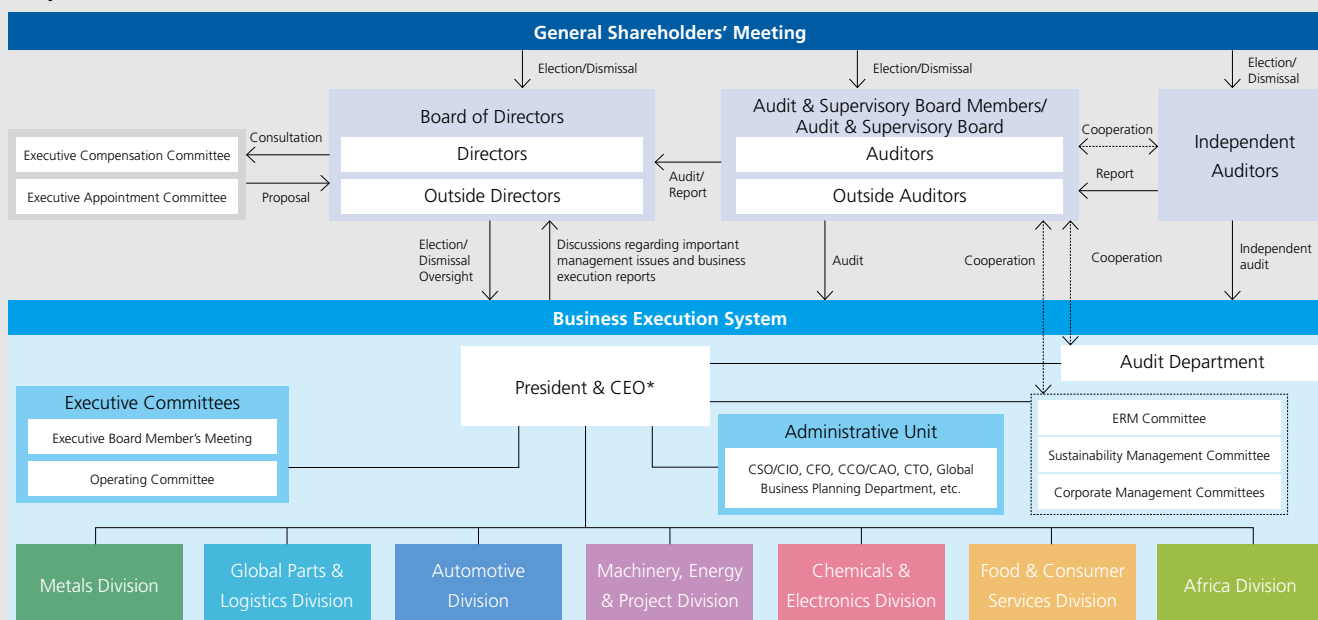
- Additional measures will be implemented to enhance the effectiveness of the Board of Directors, including: (i) provision of opportunities for outside directors to deepen their understanding of the group's business, and (ii) earlier provision of notices of meeting convocation and provision of final materials to provide greater time for prior consideration.

## Audit & Supervisory Board

The Audit & Supervisory Board is made up of five members (three of whom are part-time outside Audit & Supervisory Board members) who perform a checking function from an external viewpoint. All Audit & Supervisory Board members regularly exchange opinions with directors, executive officers, and the

independent auditor, as well as the Audit Department and other organizations. In this way, Audit & Supervisory Board members strive to ensure the legality, appropriateness, and efficiency of business execution. The Audit & Supervisory Board in principle meets once a month.

Corporate Governance Structure (As of April 2019)



\* Chief Executive Officer

Functions and Roles of Committees and Meetings

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

Executive Compensation Committee and Executive Appointment Committee

Toyota Tsusho has established the Executive Compensation Committee and Executive Appointment Committee as advisory bodies to the Board of Directors. Both committees are chaired by the president. Each committee comprises five members—three independent outside directors and two internal directors. Since independent outside directors make up a majority of each committee, objectivity and transparency are enhanced.

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

The Executive Appointment Committee deliberates on policies regarding the appointment and dismissal of directors, Audit & Supervisory Board members, and top management, and on proposed executive personnel plans, as well as formulation and operation of CEO successor plans and other important matters relating to executives, and reports to the Board of Directors.

Executive Committees

Executive Board Member's Meeting

The Executive Board Member's Meeting comprises the chairman of the Board, President & CEO, executive vice presidents, CSO/CIO, CFO, and CCO/CAO. The meeting takes place, in principle, twice a month to discuss important issues and share information.

Operating Committee

The Operating Committee is comprised of directors—excluding outside directors—and executive officers. In principle, the committee meets monthly on the day after the Board of Directors' meeting. The Operating Committee receives reports on decisions made by the Board of Directors, reports from the business divisions, and reports on management issues from throughout the company. This reporting system accelerates the speed of management and ensures appropriate monitoring of business execution.


Other Executive Committees and Sub-organizations

Committee	Role	Frequency of meeting
Mid-term Business Plan Meeting/ Executive Budget Meeting	Discusses management plans	Once a year
Investment Strategy Meeting	Discusses each sales division's investment strategies	Once a month
Investment and Loan Committee	Discusses investment and lending projects	3 times a month
Investment and Loan Meeting		4 times a month
NEXT Technology Fund Council	Discusses projects that develop new markets through new technologies, products, and services from a medium- and long-term perspective	Once a month
Top Management Meeting	Information is shared among top managers	Once a month

## ERM Committee

The ERM Committee comprises the executive vice presidents, the CCO, and executive officers, and meets, in principle, four times a year. Its main purpose is to grasp significant risks that could have an impact on the management of the Toyota Tsusho Group and create a structure to control these risks, thereby ensuring the enhancement of corporate value. As part of this mission, the committee monitors the process of managing individual risks, discerns risks for the Toyota Tsusho Group, and sets risk buffer limitations.

## Sustainability Management Committee

For information on the Sustainability Management Committee, please see page 56. 

## Corporate Management Committees

Corporate management committees provide opportunities for discussion among executives in charge of multiple divisions throughout the company and are designed to discuss and determine policies on themes of important management strategy that span the entire company.

Committee	Role	Frequency of meeting
Global Human Resources Committee	Shares information on local associates outside Japan who have the capabilities to become future managers and discusses measures to strengthen human resources development	Once a year
Global Strategy Conference	Plans and promotes strategies for key overseas markets, as well as for emerging nations	Once a year
Global Management Meeting	Discusses issues related to overseas regional management	Once a year
Human Resources Enhancement Committee	Discusses various themes related to human resources development to reinforce human resources	Once a month
IT Strategy Committee	Discusses company-wide policies on IT strategies	Twice a year
Safety Management Enhancement Committee	Discusses measures for enhancing safety management	Once a month
Specified Import & Export Control Committee	Decides on overall direction regarding transaction management, export, and import of articles subject to import/export controls	Once a year
Global Safety & Environmental Promotion Meeting	Promotes improvements to occupational safety and health activities and undertakes environmental management throughout the company and domestic group companies	Once a year
Cost Reduction and <i>kaizen</i> Promotion Committee	Promotes reductions in costs, and shares and develops improvement case studies throughout the company	Twice a year

## Appointed Outside Officers

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

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

Outside directors	Major concurrent positions (As of July 1, 2019)	Reason for selection	Frequency of attendance at Board of Directors' meetings
Yoriko Kawaguchi	—	Ms. Kawaguchi has work experience in several important government offices, such as the Ministry of the Environment and Ministry of Foreign Affairs, and corporate management experience as managing director of Suntory Holdings Ltd. Ms. Kawaguchi was selected to continue to serve as an outside director due to the neutral, objective perspective to advice regarding the company's management and oversight over business execution she is providing based on her wealth of specialized insight regarding environmental issues and international political and economic trends.	12/13
Kumi Fujisawa	Director, The Shizuoka Bank, Ltd. Director, Creek and River Co., Ltd.	In addition to having founded and served as representative director of an investment trust evaluation company, Ms. Fujisawa participated in establishing SophiaBank and serves as its representative director, and she has held numerous government-related positions in organizations such as the Ministry of Economy, Trade and Industry and the Financial Services Agency. Ms. Fujisawa was selected to continue to serve as an outside director due to the neutral, objective perspective to advice regarding the company's management and oversight over business execution she is providing based on her wealth of experience and specialized insight regarding investment, international finance, and diversity.	13/13
Kunihito Koumoto	—	Mr. Koumoto is a noted researcher. He served as a professor at the Nagoya University Graduate School of Engineering before becoming a Toyoda Physical and Chemical Research Institute fellow. He was selected for his ability to provide advice regarding company management from an advanced academic perspective to handle the high-level technical innovations the company will implement in the future.	10/10
Didier Leroy	Executive vice president and member of the Board of Directors, Toyota Motor Corporation	Mr. Leroy has served as CEO of the Europe Region and president of Business Unit Toyota No. 1 of Toyota Motor Corporation. Since April 2017, he has been a director and an executive vice president and operating officer, as well as president of Business Planning & Operation. Mr. Leroy was selected to serve as an outside director due to the neutral, objective perspective to advice regarding the company's management and oversight over business execution he can provide based on his wealth of management experience and global, specialized insight regarding the automotive industry, which is in a period of major transformation.	8/10

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

## Corporate Governance

Outside Audit & Supervisory Board members	Reason for selection	Frequency of attendance at Board of Directors' meetings	Frequency of attendance at Audit & Supervisory Board meetings
Shuhei Toyoda	Mr. Toyoda has served as a director of Toyota Motor Corporation and president of Toyota Boshoku Corporation. Since June 2015, he has been the chairman of Toyota Boshoku Corporation. He was selected as an outside director due to his many years of involvement in company management, and the wealth of management experience and specialized insight he possesses, which will enable him to provide appropriate oversight over the board's performance of its duties.	10/10	10/10
Yuichiro Kuwano	Mr. Kuwano has been active as an attorney-at-law for many years and was selected to bring his wealth of experience and expertise for providing a neutral, objective perspective to appropriate oversight and control over the board's performance of its duties.	10/13	13/14
Tsutomu Takahashi	As a certified public accountant, Mr. Takahashi is highly familiar with accounting and auditing and was appointed to audit and check the execution of duties by directors from a neutral, objective perspective based on his extensive experience and expertise in those fields.	—	—

### Executive Compensation

Executive compensation comprises fixed compensation and performance-linked compensation in the form of bonuses. The ratio of the two forms of compensation is roughly 50:50. For fixed compensation, a fixed amount is determined for each executive, while bonuses are determined by the Board of Directors by broadly taking into consideration the company's financial performance based on key management indicators such as consolidated profit for the year attributable to owners of the parent during the fiscal year ended March 31, 2019 (in the fiscal year under review, the result was 132.6 billion yen compared to a forecast of 140.0 billion yen), measures to carry out the Mid-term Business Plan based on our long-term vision, the company's business environment, and other factors as well as reports on the results of deliberations on the method of calculating bonuses and the appropriateness of amounts by the Executive Compensation Committee, of which a majority of the members are independent outside directors.

Compensation of outside directors comprises only fixed compensation, and no bonuses are paid from the perspective of maintaining independence from the execution of business.

The upper limit of director compensation is 70 million yen per month (set by resolution at the June 23, 2017 ordinary General Shareholders' Meeting), and amounts are determined by the Board of Directors within this limit. Bonuses paid to directors other than outside directors are determined by resolution of the ordinary General Shareholders' Meeting for each fiscal year.

Compensation of Audit & Supervisory Board members comprises only fixed compensation, and no bonuses are paid from the perspective of maintaining independence in order to properly conduct audits. The upper limit of Audit & Supervisory Board member compensation is 16 million yen per month (set by resolution at the June 20, 2014 ordinary General Shareholders' Meeting), and amounts are determined by the Audit & Supervisory Board within this limit.

Directors and Audit & Supervisory Board members are not paid severance bonuses.

The Executive Compensation Committee, of which a majority of members are independent outside directors, was established to investigate director compensation, and determinations are made by resolution of the Board of Directors taking into consideration the result of the committee's investigations.

Executive category	Total amount of compensation and other remuneration (Millions of yen)	Total amount per type of compensation (Millions of yen)			Number of executives (People)
		Basic remuneration	Stock options	Bonuses	
Directors (excluding outside directors)	699	366	—	333	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	83	83	—	—	3
Outside Director and Audit & Supervisory Board members	97	97	—	—	9

\*1 Included above are three directors and two Audit & Supervisory Board members who retired at the 97th General Shareholders' Meeting, which was held on June 21, 2018.

\*2 At the 96th General Shareholders' Meeting, which was held on June 23, 2017, the upper limit for the compensation of directors in total was set at 70 million yen per month.

\*3 At the 93rd General Shareholders' Meeting, which was held on June 20, 2014, the upper limit for the compensation of Audit & Supervisory Board members in total was set at 16 million yen per month.

### Policies on Retention and Reduction of Crossholdings

Maintenance and strengthening of business and collaborative relationships with a variety of companies are essential to sustainably increase Toyota Tsusho's corporate value. Toyota Tsusho maintains limited and strategic holdings of publicly traded shares of key trading and cooperative partners that it has determined are valuable and necessary from a medium- to long-term perspective. When making these determinations, we comprehensively

consider profitability using unique indicators based on capital costs as well as the business relationship with the partner and other factors. We conduct reviews of whether holdings can be maintained and how many shares should be held and report once each year to the Board of Directors. Within that process, we reduce holdings of shares for which ownership is no longer meaningful.

## Information Disclosure (Communications with Stakeholders)

### IR Activities

Toyota Tsusho believes in the importance of sincere and fair information disclosure, and fulfills its responsibilities of accountability to investors, analysts, and other stakeholders. The company also understands the necessity of establishing long-term relationships of trust, and of earning the trust and esteem of its stakeholders via two-way communication. To achieve these goals, the company continuously provides all information it deems essential and, at the same time, develops IR activities that make use of third-party opinions to improve management.

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

For overseas investors, Toyota Tsusho has visited Europe, Asia, and the Middle East and has continued to hold individual meetings since the fiscal year ended March 31, 2015. The company also participates in conferences for foreign investors held by securities companies and creates opportunities for dialogue. It frequently holds company briefings with individual investors and has participated in IR fairs held by securities exchanges. In the fiscal year ended March 31, 2019, the company held a total of 24 briefings, primarily in the main metropolitan areas, which were attended by a total of approximately 3,000 investors. In addition, the company has enhanced its website content to further understanding of Toyota Tsusho, and has improved its information disclosure to global stakeholders by expanding the scope of its English translations to include disclosure materials.

### General Shareholders' Meeting

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



## Internal Control

The Basic Policies on Establishing Internal Control Systems were enacted in 2006. Accordingly, the Board of Directors carries out monitoring and checks the efficiency and effectiveness of its business operations once a year.

Regarding risk management, each division regularly assesses the risks it faces and evaluates the countermeasures it has in place. The ERM Committee is responsible for assessing and evaluating cross-organizational risks.

As far as internal audits are concerned, the company audits the effectiveness of internal controls based on its annual plan. In addition to auditing the company and Toyota Tsusho Group companies, Audit & Supervisory Board members attend important internal meetings, including the Board of Directors' meetings, and monitor and supervise business execution and legal compliance.

## Corporate Governance

### Risk Management System

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

To accomplish the above, the company has established the ERM, Crisis Management & BCM Department, the role of which is to comprehensively manage the risks of the Toyota Tsusho Group. Regarding risks faced by the group as a whole, the company works closely with each department and group company to establish and strengthen its consolidated risk management system. Regarding the management of financial risks, the company regularly measures its risk assets, and endeavors to ensure that the total amount of its risk assets is balanced by risk tolerance on a consolidated basis. In addition, management rules or guidelines are established concerning business investment risks, credit risks, market risks, occupational health and safety, and environmental risks, and appropriate risk assessment and management are carried out.

The ERM Committee seeks to understand company-wide risks relating to the risks described above and to discover problems, and deliberates on and carries out necessary countermeasures.

#### Main Financial Risks

##### Risk Management Policy

Toyota Tsusho’s basic risk management policy is as follows:

1. Limit the total amount of risk assets to no more than the amount of risk buffer
2. Assess and ensure risk-return

#### Risk Asset Management

##### Business Investment Risk Management

For information on Investment Cycle Operation, please see pages 17 and 18.



#### Credit Risk Management

Toyota Tsusho rates suppliers 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 suppliers who receive low ratings, the company endeavors to prevent losses by reviewing transaction conditions, establishing transaction policies such as protection of accounts receivable or withdrawal, and conducting individually focused management.

#### Market Risk Management

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

#### Overseas Crisis Management (Security Measures)

In response to a major terrorist attack in Algeria in January 2013, the Security Management Group was established as a specialist organization within the Global Human Resources Department in April of that year. In April 2017, the group was integrated with the BCM Promotion Group from the General Administration Department, and in April 2019 the ERM Department was integrated, creating the ERM, Crisis Management & BCM Department. Education and training includes pre-assignment seminars for employees (and their families) stationed overseas and hands-on training that enables them, in a controlled environment, to learn about and to experience the risks unique to their country or region.

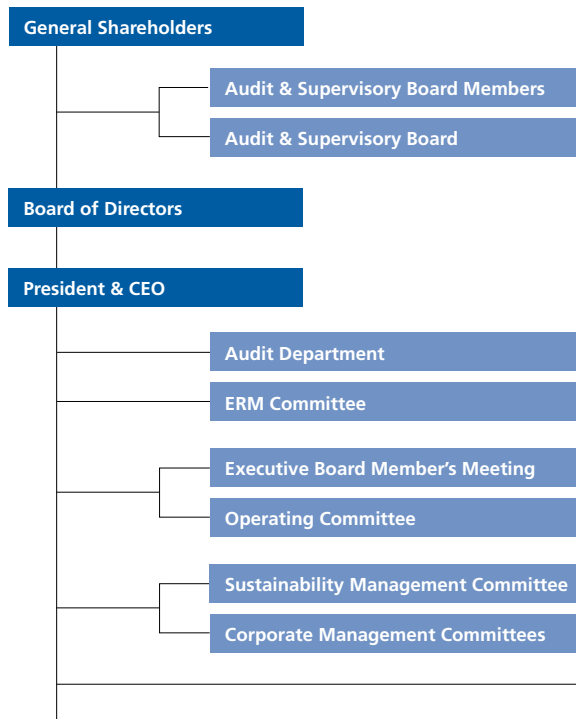
- 1) A seminar on basic precautions while on business trips abroad is held for young employees with little overseas experience.
- 2) Training for high-risk areas, which includes topics such as terrorism, is conducted for personnel assigned to high-risk countries.

We have stepped up our monitoring and analysis of security information and have developed a website through which we share information with Toyota Tsusho Group employees all around the world. We have also established a 24/7 response system offering medical consultation with a physician by telephone and emergency medical transport for employees stationed overseas.



# Organizational Chart

(As of April 1, 2019)



- Administrative Unit**
- Kaizen & Cost Reduction Department
  - Global Logistics Management Department
  - Safety and Global Environmental Promotion Department
  - New Business Development Department
  - NEXT Mobility Development Department
  - NEXT Technology Fund Department
  - Corporate Planning Department
  - Public Affairs Department
  - IT Strategy Department
  - Accounting Department
  - Business Accounting Department
  - Finance Department
  - Investment and Credit Department
  - Legal Department
  - Secretarial Department
  - Global Human Resources Department
  - General Affairs Department
  - Enterprise Risk Management Department
  - Global Strategy and Management Department
  - China & East Asia Department
  - Regional Strategy & Coordination Department

- Overseas Branches and Offices**
- Overseas Affiliates**
- Domestic Branches**
  - Head Office (Nagoya)
  - Tokyo Head Office
  - Hokkaido Branch Sapporo Office
  - Tohoku Branch Niigata Branch
  - Hamamatsu Branch Shizuoka Office
  - Toyota Branch Osaka Branch
  - Shikoku Branch Hokuriku Branch
  - Hiroshima Branch
  - Kyushu Branch
  - Nakatsu Office

Number of Domestic Sites	
TTC HQ	: 2
Branches	: 9
Sub-branches	: 1

Number of Overseas Sites	
Branches and Offices	: 21
Affiliates	: 29



# Corporate Data

(As of March 31, 2019)

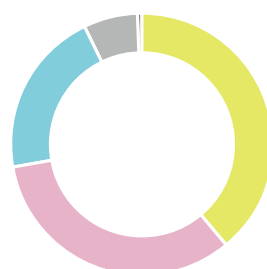
Name	TOYOTA TSUSHO CORPORATION
Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Established	July 1, 1948
Number of Employees	Parent company: 3,485 Consolidated: 58,565
Paid-in Capital	64,936 million yen
Common Stock	Authorized: 1,000,000,000 Issued: 352,100,797 (excluding 1,955,719 treasury stock)
Number of Shareholders	39,006
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 Phone (free dial within Japan): 0120-232-711 (Tokyo) 0120-094-777 (Osaka)
Handling Offices	All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation All branches nationwide of Nomura Securities Co., Ltd.
Website	<a href="https://www.tr.mufig.jp/english/">https://www.tr.mufig.jp/english/</a>

## Major Shareholders

Name	Number of shares (Thousands)	Shareholding (%)
Toyota Motor Corporation	76,368	21.69
Toyota Industries Corporation	39,365	11.18
The Master Trust Bank of Japan, Ltd. (Trust account)	32,955	9.36
Japan Trustee Services Bank, Ltd. (Trust account)	15,156	4.30
The Bank of Mitsubishi UFJ, Ltd.	8,098	2.30
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,311	1.22
Sumitomo Mitsui Banking Corporation	4,249	1.21
Mitsui Sumitomo Insurance Co., Ltd.	4,200	1.19
Nippon Life Insurance Company	3,522	1.00
JPMorgan Chase Bank 385151	3,476	0.99

Note: The percentage of shareholding is computed excluding 1,955,719 shares of treasury stock.

## Breakdown of Issued Shares



By type of shareholder	Percentage
Other corporations	39.15%
Financial institutions and securities companies	33.26%
Foreign investors	20.45%
Individuals and others	6.59%
Treasury stock	0.55%

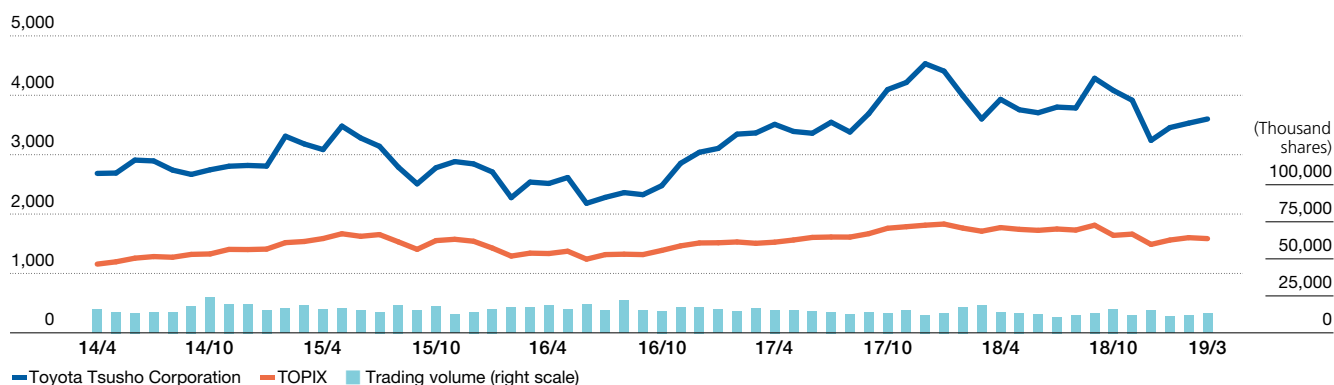
## Credit Ratings

(As of July 1, 2019)

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

## Stock Price Range and Trading Volume

(Yen/Point)







## TOYOTA TSUSHO CORPORATION

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