

07

Sustainability Management

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CSO's Message



Hiroshi Tominaga
Chief Strategy Officer (CSO)

Driving Sustainability Management for a Society in Which All Can Live with Peace of Mind

Passing on a Better Earth to the Children of the Future

As a member of society and the Earth, the Toyota Tsusho Group is firmly aware of the direct connection between its corporate activities and the sustainability of the global environment and society. Our businesses have already been severely impacted by a range of issues, from climate change to loss of biodiversity and effective utilization of resources, which could threaten our very sense of purpose.

With this in mind, our corporate group regards sustainability as synonymous with good management and as the cornerstone of continued growth and value creation. Rather than just addressing environmental and social issues, we also see them as new opportunities. We are therefore accelerating our evolution toward a sustainable business model while aiming to become a more trusted company.

By adding the word “children” to our corporate group’s mission, we have clarified our responsibility to pass on a better Earth and society to the next generation. We consider it an important mission to realize a global environment and sustainable society in which the children of the future will be able to live with peace of mind.

Depicting the Links Between Work and the Future Through a Story

The Toyota Tsusho Group has identified six material issues for realizing a sustainable society. They comprise four material issues for solving social issues and achieving corporate growth, and two issues that will become foundations for the first four. Together, they form the basis for value creation within our corporate group.

The four priority issues are closely linked to the value creation domains of social value, nature value, and core value within our Mid-Term Business Plan, while implementation of the plan is the mechanism by which we address the materiality.

For example, our circular economy businesses that are driving waste reductions and resource utilization are growth investment businesses for us in the social value domain, and they contribute to realizing a recycling-based society. Equally, our renewable energy businesses are growth investment businesses for us in the nature value domain, and they support the transition to a decarbonized society.

These businesses are also directly linked to the realization of our corporate group’s “Be the Right ONE” vision (of being an irreplaceable and one-and-only group). We believe that this approach, of continuing to take on challenges and driving change, will be the force that links the work of every employee to the future.

CSO's Message

Implementation of the Mid-Term Business Plan is structured to directly address the materiality of our corporate group. It is also an extremely clear message to people both inside and outside the company, and it is an important element for ensuring a deeper understanding of our company. We believe that consistency in this story will encourage independent initiatives by employees and facilitate a clearer understanding among stakeholders of our corporate group's overall direction

Relationship Between Material Issues and Value Creation Domains in the Mid-Term Business Plan

Core Value	Businesses that contribute to realizing a next-generation mobility society
Nature Value	Businesses that contribute to solving environmental issues
Social Value	Businesses that contribute to solving social issues

	Material Issues	Value Creation Domains in the Mid-Term Business Plan
Material issues for both solving social issues and achieving corporate growth	Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society	<div>Core Value</div> <div>Social Value</div>
	Contribute to the transition to a decarbonized society by reducing CO ₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies	<div>Social Value</div> <div>Nature Value</div>
	Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing	<div>Social Value</div>
	Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations	<div>Core Value</div> <div>Social Value</div> <div>Nature Value</div>
Material issues that will become foundations for company growth	Begin everything we do with ensuring safety and compliance to continue being an organization trusted by society	
	Respect human rights and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills	

and value creation.

The two material issues that will become foundations for the growth of the Toyota Tsusho Group are rooted in the universal values of safety and human rights. Safety and human rights are the basis for all business activities and important pillars that support sustainable management.

The psychological factors of excessive pressure and anxiety are often behind improper conduct. To avoid such situations, therefore, it is essential that management continually communicates the correct values in an easy-to-understand manner. We believe that a culture that allows employees to speak up with peace of mind is directly linked to the health of an organization and sustainable enhancement of corporate value.

Elevating Sustainability Management to a Higher Dimension

Sustainability Management Across the Entirety of Our Supply Chains

The Toyota Tsusho Group aims to ensure that safety, respect for human rights, and a rich environment and society, which are all values that anyone would naturally want, are able to penetrate not only our corporate group but the entirety of our supply chains as well.

In terms of greenhouse gas emission reductions, for example, a comprehensive response is needed, including visualization of emissions, support for adopting reduction measures, and support for supplying renewable energy. Within our corporate group, we have a unique set of assets, including operational know-how acquired through deep involvement in our various worksites in Japan and overseas, practical knowledge refined at each of those sites, and site response capabilities that leverage that know-how and knowledge. With these assets as our foundation, we can provide effective solutions for the entirety of our supply chains.

Our corporate group's supply chains extends beyond its business partners to include industrial and local networks as well, and this carries the potential for new partnerships and markets.

We consider that efforts to put sustainability into practice throughout our supply chains are investments in the future rather than costs. This perspective is what enables us to simultaneously nurture seeds for the realization of a sustainable society and the future growth of our business.

Further Thoughts on External Perspectives

We view external evaluations as an important tool for accurately identifying current social issues. Issues identified by these evaluation organizations reflect the issues shared by society as a whole, and helping to address them not only contributes to society but also provides opportunities to turn our acquired knowledge and know-how into seeds for future businesses as well.

External evaluations are also a means for confirming that we are making our disclosures appropriately and sincerely. Through high-quality disclosures, we will deepen our engagement with stakeholders, while ongoing dialogue will strengthen relationships of trust and lead to sustainable value creation.



Promoting Sustainability Management

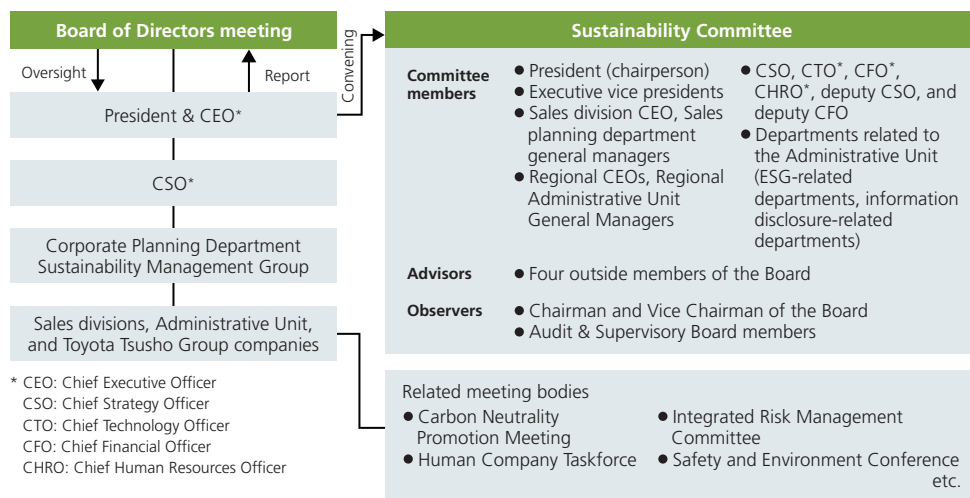
Promotion Structure

Toyota Tsusho established the Sustainability Committee with the aim of working with everyone to build a better society and global environment. Under the supervision of the CSO, the Sustainability Committee discusses sustainability-related initiatives and then reports to the Board of Directors meeting. Furthermore, relevant meeting bodies discuss specific themes related to sustainability, and subcommittees promote initiatives on matters discussed and decided by the Sustainability Committee, to create an effective sustainability promotion structure.

Sustainability Committee

Roles	<ul style="list-style-type: none"> Discusses and decides matters related to sustainability Meets once a year in principle under oversight of the Board of Directors meeting
Composition	<ul style="list-style-type: none"> President, executive vice presidents, officer in charge of sustainability
Main Discussions	<p>December 2023 meeting:</p> <ul style="list-style-type: none"> Necessity of natural capital-related initiatives (For more information, see “Disclosures Based on TNFD Recommendations” on pages 65–66.) Formulation and implementation of the Carbon Neutrality Roadmap (For more information, see “Working Group Activities for Realization of Carbon Neutrality” on page 62.) <p>December 2024 meeting:</p> <ul style="list-style-type: none"> Necessity of initiatives that expand scope from the Toyota Tsusho Group to suppliers (For more information, see “Business and Human Rights” on page 68.) Reporting and responding to issues specific to overseas sites

Promotion Structure Chart



Spreading Awareness Among Employees

Toyota Tsusho has incorporated “contribution to the community, society, and the future” as a target management evaluation indicator to ensure employees conduct their duties with an awareness of solving social issues. We provide training and briefings to deepen the understanding of sustainability and, during the fiscal year ended March 31, 2025, also provided training videos explaining human rights due diligence and compliance.



CSO in dialogue with employees

Dialogue with Stakeholders

We highly value dialogue with the diverse stakeholders of our wide variety of global businesses. With active and timely disclosure of information as the basis for that dialogue, we reflect opinions and expectations learned through that process in our sustainability initiatives.

Comment

As a non-governmental organization helping to build sustainable supply chains for companies, the Global Alliance for Sustainable Supply Chain (ASSC) held engagement sessions with Toyota Tsusho. Toyota Tsusho has been expanding and implementing environmental initiatives under the Toyota Tsusho Group Environmental Policy, which it revised in 2024. This led to it being selected as an A List company under all three CDP rating categories; Climate Change, Forests, and Water Security. For our part, ASSC provided support for human rights due diligence related to foreign workers as part of Toyota Tsusho’s activities contributing to the business and human rights issue. We could see that it was committed to “Kaizen” initiatives* in line with Creed #8 of its Global Code of Conduct & Ethics (COCE): “We will add value through innovation and “Kaizen” (continuous improvement).” In the future, we expect to see the Company gain even more stakeholder trust by making disclosures on not only the environment, but on human rights activities as well.

* For more information on issues and Kaizen activities, see “Topics” under “Business and Human Rights” on page 68.



Masaki Wada

Executive Director
The Global Alliance for Sustainable Supply Chain (ASSC)



Process of Identification for Material Issues



Quantitative KPIs for Material Issues

After identifying material issues, Toyota Tsusho set targets as an expression of the direction it should take. The quantitative KPIs among those targets are detailed below.

Material issues for both solving social issues and achieving corporate growth





Material issues	Risks and opportunities	Quantitative KPIs	Results and targets		
 <p>Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society</p> <p>Main applicable SDGs</p> <p>3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Value creation domains from Mid-Term Business Plan</p> <p>Core Value Social Value</p>	<p>Risks</p> <ul style="list-style-type: none"> Obsolescence of existing businesses due to the electrification of automobiles Obsolescence of existing businesses due to accelerated technological innovation Restrictions on the sale of gasoline-powered vehicles due to stricter environmental regulations <p>Opportunities</p> <ul style="list-style-type: none"> Increased demand for new materials, raw materials, and resources associated with the electrification of automobiles Creation of new businesses in response to changes in mobility Increase in sales of next-generation eco-friendly vehicles and the creation of related businesses 	<p>Revenue from products and services that promote zero traffic casualties*1</p> <p>*1 Reduction of accidents through vehicle maintenance status kaizen (continuous improvement), supply of collision prevention warning devices, onboard cameras, and electronic components for autonomous driving, and other initiatives</p>	2025/3 result 293.0 billion yen	2026/3 target 317.0 billion yen	2028/3 target 396.0 billion yen
 <p>Contribute to the transition to a decarbonized society by reducing CO₂ emissions from automobiles and factories/plants through the use of clean energy and innovative technologies</p> <p>Main applicable SDGs</p> <p>7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION</p> <p>Value creation domains from Mid-Term Business Plan</p> <p>Social Value Nature Value</p>	<p>Risks</p> <ul style="list-style-type: none"> Intensifying competition due to an increase in renewable energy companies <p>Opportunities</p> <ul style="list-style-type: none"> Rising demand for renewable energy in developing countries 	<p>Renewable energy*2 business</p> <p>*2 Renewable energy includes wind power (including offshore wind power), solar power, geothermal power, hydroelectric power, and wood biomass power</p> <p>Proportion of renewable energy in Toyota Tsusho's total electric power generating capacity</p> <p>Electric power generation capacity of renewable energy businesses (including under construction)</p> <p>Toyota Tsusho's total electric power generation capacity (including under construction)</p>	2025/3 result 95%	2026/3 target 100%	2028/3 target 100%
			2025/3 result 6.2GW	2026/3 target 6.5GW	2028/3 target 7.0GW
			2025/3 result 4.2GW	2026/3 target 4.4GW	2028/3 target 4.6GW
		<p>Revenue from products and services that contribute to energy saving and CO₂ emissions reduction</p>	2025/3 result 524.0 billion yen	2026/3 target 616.0 billion yen	2028/3 target 780.0 billion yen
		<p>Lithium production volume</p>	2025/3 result 26,000t	2026/3 target 33,000t	2028/3 target 41,000t
		<p>Toyota Tsusho Group's global market share of electrified vehicles*3</p> <p>*3 Hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs), and fuel-cell electric vehicles (FCEVs)</p>	2024 result 17%	2025 target 18%	2028 target 34%
		<p>Toyota Tsusho's GHG emissions*4: Carbon neutrality by 2050</p> <p>*4 Scope 1 and Scope 2 (For more information, see "Evolution of Quantitative Targets: Evolution from Carbon Neutrality Declaration to Net Zero Declaration" on page 60.)</p>	2024 result 686,000t-CO₂	2030 target 50% reduction (Compared to 2019 results)	2050 target Carbon neutrality



Quantitative KPIs for Material Issues

Material issues	Risks and opportunities	Quantitative KPIs	Results and targets		
 <p>Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing</p> <p>Main applicable SDGs</p>  <p>Value creation domains from Mid-Term Business Plan</p> <p>Social Value</p>	<p>Risks</p> <ul style="list-style-type: none"> Compliance with new regulations regarding waste and intensifying competition for the procurement of recycled raw materials due to increasing demand for recycled products <p>Opportunities</p> <ul style="list-style-type: none"> Expansion of the recycling-related markets for metals, plastics, textiles, etc. and the creation of new business opportunities associated with such 	<p>Volumes handled by the resource recycling business*1 in the metals sector</p> <p>*1 Green metal business / molten aluminum business (using recycled ingots), end-of-life vehicle (ELV) recovery business and industrial waste processing business, and valuable metal scrap recycling business</p>	2025/3 result	2026/3 target	2028/3 target
		<p>Plastic recycling volume</p> <p>PLANIC Co., Ltd. (equivalent number of vehicles)</p> <p>*2 Converted as raw material for vehicle underbody covers</p> <p>Toyota PET Recycling Systems Co., Ltd. (number of PET bottles)</p>	<p>6.8 million t</p> <p>240,000 vehicles*2</p> <p>1.6 billion bottles</p>	<p>7.6 million t</p> <p>340,000 vehicles</p> <p>1.8 billion bottles</p>	<p>9.0 million t</p> <p>740,000 vehicles</p> <p>2.0 billion bottles</p>
 <p>Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations</p> <p>Main applicable SDGs</p>  <p>Value creation domains from Mid-Term Business Plan</p> <p>Core Value</p> <p>Social Value</p> <p>Nature Value</p>	<p>Risks</p> <ul style="list-style-type: none"> Instability in politics and the economy and the accompanying volatility of currencies, etc. Regional differences in business practices and work culture Spread of infectious diseases and poor sanitation <p>Opportunities</p> <ul style="list-style-type: none"> Revitalization of automotive-related businesses and consumer-oriented business markets due to expanding consumption Creation of energy, plant and infrastructure development-related businesses in response to industrial development Creation of expansion of our business through the improvement of living environments and the creation of employment opportunities in developing countries 	<p>Electrified vehicle sales in Africa</p>	2024 result	2025 target	2028 target
		<p>Sales (revenue) from pharmaceuticals in Africa</p>	2025/3 result	2026/3 target	2028/3 target
		<p>Renewable energy business in Africa</p> <p>Total power generation capacity of renewable energy business in Africa (including under construction)</p> <p>Toyota Tsusho's total electric power generation capacity (including under construction)</p>	<p>23,000 vehicles</p> <p>300.0 billion yen</p> <p>1,013MW</p> <p>414MW</p>	<p>23,000 vehicles</p> <p>360.0 billion yen</p> <p>1,013MW</p> <p>414MW</p>	<p>98,000 vehicles</p> <p>420.0 billion yen</p> <p>1,088MW</p> <p>452MW</p>
		<p>Number of employees in Africa</p>	2025/3 result	No targets for number of employees, but continued efforts to create local employment	
			20,400		

Material issues that will become foundations for company growth

Material issues	Quantitative KPIs	Results and targets		
 <p>Begin everything we do with ensuring safety and compliance to continue being an organization trusted by society</p> <p>Main applicable SDGs</p> 	<p>Lost-time accident rate*3, *4 : Targeting zero accidents</p> <p>*3 The number of fatalities and injuries resulting from industrial accidents per million hours of actual work</p> <p>*4 Scope: Main domestic and overseas affiliated companies</p>	2025/3 result	2026/3 target	2028/3 target
		0.41	Zero	Zero
 <p>Respect human rights and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills</p> <p>Main applicable SDGs</p> 	<p>We consider that addressing human rights and human capital issues is an important challenge in the global expansion of our various businesses. We are therefore implementing a range of related measures. For more information, see “Business and Human Rights” on page 68.</p> <p>To improve the effectiveness of our human capital initiatives, we have also issued the Human Capital Report (https://www.toyota-tsusho.com/english/sustainability/human-capital-report.html).</p>			

Toyota Tsusho's Valued Global Code of Conduct & Ethics

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.

Global Code of Conduct & Ethics (COCE)

Toyota Tsusho formulated its Global Code of Conduct & Ethics (COCE), through the collective wisdom of Group employees in Japan and overseas, as a concrete, easy-to-understand expression of the behavioral guidelines that support its corporate philosophy. After resolution at the April 2016 Board of Directors meeting, we enacted the COCE in July 2016. We created a global network to promote and propagate the COCE throughout the group and, with the support of global members of this network, we distributed the President & CEO's Message and the COCE Booklet in various languages (currently 23 languages). We also continue to provide a range of awareness-raising activities, including rank-specific training for employees.

We aim to ensure that every executive and employee of the Toyota Tsusho Group around the world properly understands the COCE as a group-wide code of conduct and ethics that acts as the foundations for their daily actions. In this way, we are building relationships of trust with all stakeholders and working to realize our corporate philosophy of "Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of

prosperous societies," and fulfill our mission of "Passing on a better Earth to the children of the future."

Global COCE Commitment Activities

Since the establishment of the COCE in 2016, the Toyota Tsusho Group has annually implemented a COCE commitment activity for all executives and employees (including temporary, contract, and seconded employees) in Japan and overseas. Its purpose is to regularly reaffirm the content and importance of the COCE. Through this initiative, we aim to establish the COCE as the Group's global common code of conduct and ethics and to build an organizational culture based on it.



Members of the COCE Promotion Team at CFAO

COCE posters displayed at each company

Initiatives to Spread Awareness of the COCE

We have assigned people at each of our group companies in Japan and overseas to promote awareness of the COCE. With these COCE leaders at the center, we are conducting distinctive COCE awareness activities, including training and awareness-raising events tailored to the circumstances of each company and region.



Training session conducted by Toyota Tsusho (Thailand)



COCE newsletter from Toyota Tsusho Indonesia

Comment

COCE is the entrance gate of all activities we take. We want our employees to keep COCE for life, creating a better world for the future. In South America Region we keep developing activities to enhance COCE culture and crossing borders of corporate life. We have transformed Compliance Week into COCE Week aiming to have a playful time to enhance COCE culture through live lectures sessions and games.



Pamela Sella
Legal & Compliance in South America Region
NovaAgri S.A.



Scene from COCE Week



For more information on the Global Code of Conduct & Ethics (COCE), visit the link below.
<https://www.toyota-tsusho.com/english/sustainability/ttc/philosophy.html#anc-01>

Digital Transformation (DX)

Solid Support for Growth Strategy Through Information Security and DX/AI Promotion

Measures supporting the elevation of businesses to a higher dimension through DX promotion

DX² AI Beyooond Initiative

The DX² AI Beyooond Initiative is a companywide meeting body established in April 2025 to improve the ability to drive important DX initiatives. The president and CEO, executive vice presidents, and executives of each sales division gather to discuss measures for realizing DX initiatives in each division. In addition to sharing the latest technology trends related to AI, they also work to raise awareness among management. Videos of meetings are made available to all employees to also drive DX momentum companywide.



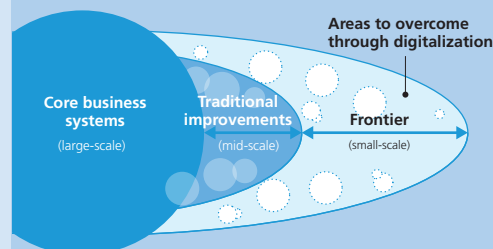
Creation of Use Cases by AI Task Force

The development of digital technologies, including AI in particular, is accelerating the pace of business change. The full-time AI Task Force was formed to create DX initiatives that accelerate growth strategies for each division in cooperation with external partners. The task force is also driving initiatives that will elevate DX to a higher dimension.



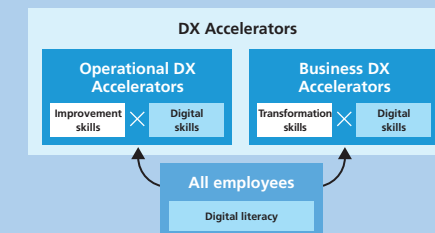
Overcoming the Digital Last Mile

Companies have traditionally focused on digital investment and continuous improvement in their core business systems, but the fact is that many analogue operations still need to be streamlined. These operations are perceived as the digital last mile, or frontier. By fully utilizing generative AI and citizen development environments, environments will be created where advanced work styles can thrive.



DX Human Capital Development — Cultivating DX Accelerators —

To further accelerate the improvement of digital literacy among all officers and employees, the skills required by DX Accelerators were redefined and human capital is being developed across two lines; human capital for driving operational improvement, and human capital for driving business transformation. Educational programs and support structures are being enhanced in collaboration with the Global Human Resources Department and other relevant departments.



New DX Acceleration Department

In April 2025, the IT Strategy Department and (former) DX Acceleration Department were integrated and reorganized into a new department called the DX Acceleration Department. By combining the IT Strategy Department, which was responsible for developing and operating IT systems, and the (former) DX Acceleration Department, which was responsible for speedy resolution of issues by identifying DX needs and adopting digital tools, we will use digital technologies to accelerate the growth and streamlining of priority businesses.

Established in
FY2001

IT Strategy Department

Established in
FY2021

(former) DX Acceleration
Department

Established in April 2025

DX Acceleration
Department

Comment

In the new DX Acceleration Department, we will leverage digital technologies to directly grow priority businesses while refining defensive measures such as cybersecurity.

Until now, companywide DX momentum was nurtured through conventional measures. Going forward, however, we will take the opportunity of this integration to elevate DX to a higher dimension through the DX² AI Beyooond Initiative for creating large cross-organizational projects engaging all officers and employees; the AI Task Force for accelerating the use of generative AI and citizen development environments; and enhancement of DX Human Capital Development for cultivating DX Accelerators.



**Fusaichiro
Kobayashi**

General Manager
DX Acceleration
Department



For more information on DX, visit the link below.
<https://www.toyota-tsusho.com/english/theme/08.html>