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Toyota Tsusho's Environmental Management

Toyota Tsusho is committed to “passing on a better Earth to the children of the future” as its mission. Toward this end, the company is broadening its perspective from carbon neutrality (CN) to nature positive (NP), aiming to create more comprehensive environmental value.

This value creation lies at the core of the Toyota Tsusho Group's sustainable growth and underpins all of its business activities. In particular, the circular economy (CE) businesses, including renewable energy and resource recycling businesses, in which the Group excels, are key sources of value creation.

In its aspiration to be “the world's leading circular economy provider,” the Group promotes co-creation with diverse stakeholders. Through five Working Groups (5WGs) that integrate internal and external capabilities, the Group generates value from both environmental and economic perspectives, offering attractive growth opportunities to society.

For details, please refer to page 62, “Activities of Working Groups Toward Achieving Carbon Neutrality.” →

Going forward, the Group will continue to take on challenges toward the realization of a sustainable society by creating value through environmental management and fulfilling its responsibility to pass on a “better Earth” to next generations.

*Nature Positive (NP): Halting and reversing biodiversity loss to put nature on a path to recovery

Comment

Since the 1970s, Toyota Tsusho has leveraged its strength in CE businesses to pursue CN together with stakeholders across the value chain, with the ultimate goal of realizing a nature-positive world and passing on a better Earth to the children of the future.

This time, we had the opportunity to participate in a discussion team dedicated to clarifying the role of NP. Through extensive dialogue with stakeholders, we were able to enjoy the process of formulating a new concept unique to our Company. In the future envisioned by Toyota Tsusho — a uniquely competitive general trading company — a better Earth awaits!



Shintaro Ito
Global Safety &
Environmental Promotion
Department
Manager, Environmental
Promotion Group

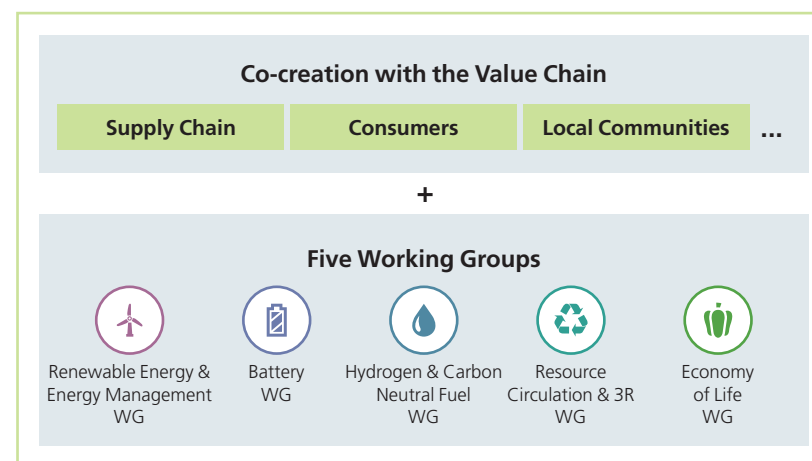
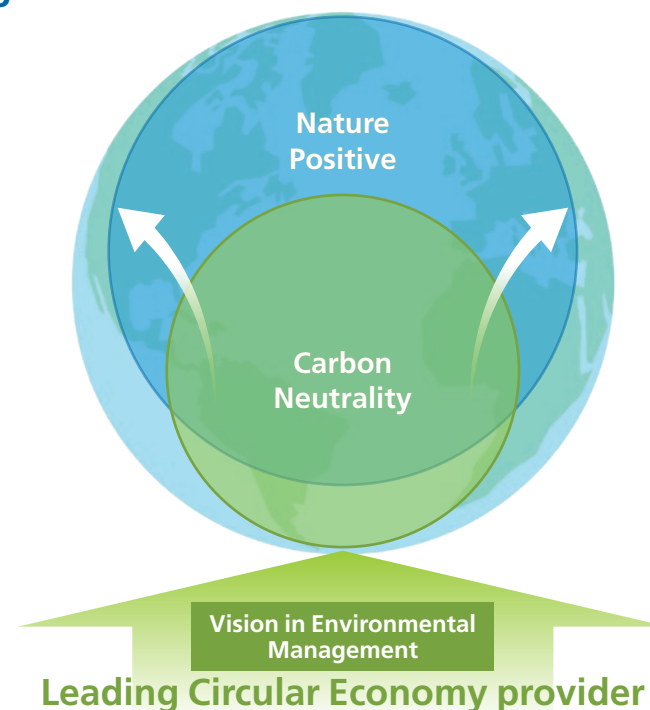
Comparison of This Report with TCFD and TNFD

Toyota Tsusho has endorsed the principles of the Task Force on Climate-related Financial Disclosures (TCFD) and is working to appropriately disclose risks and opportunities related to climate change. It also supports the Philosophy of the Paris Agreement and is strengthening its initiatives to help realize a sustainable society.

With respect to the disclosure of information on natural capital, Toyota Tsusho has endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and is promoting analysis, evaluation based on the LEAP approach and disclosure in accordance with the TNFD framework. For details, please refer to pages 65–66, “Disclosures Based on TNFD Recommendations.” →

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Mission Passing on a better Earth to the children of the future



Environmental Management

Revision of the Toyota Tsusho Group's Environmental Policy

Based on its Corporate Philosophy, the Toyota Tsusho Group has established the Toyota Tsusho Group's Environmental Policy.

In 2024, Toyota Tsusho revised this policy to clarify its approach to increasingly complex environmental issues amid rapidly changing environmental conditions, and to meet the expectations of its stakeholders. In the revision, the policy was updated to explicitly state the Group's stance on addressing climate change, managing water resources, preserving biodiversity, and controlling air, water, and soil pollution. It also includes responses to chemical substances, resource recycling including waste, and both internal and external environmental initiatives, in addition to compliance with relevant laws and regulations. This revision clearly articulates the Group's approach to CE, CN, and NP. Through operations aligned with this policy, Toyota Tsusho will contribute to solving social issues under the mission of "passing on a better Earth to the children of the future." This revised policy was approved in 2024 by the Sustainability Committee, chaired by the President & CEO, and the results were reported to the Board of Directors meeting.

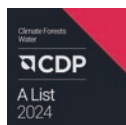


Please refer to the Toyota Tsusho Group's Environmental Policy for details
<https://www.toyota-tsusho.com/english/sustainability/environment/management.html>

Topics

Received Triple A Rating in CDP 2024

Toyota Tsusho was selected as an "A List" company in all three categories — "Climate Change," "Forests," and "Water Security" — in the CDP 2024 assessment conducted by CDP, an international non-profit organization. Only eight companies out of more than 24,000 globally that responded to CDP 2024 received a Triple A rating. Being selected as an "A List" company not only demonstrates responsiveness to stakeholder expectations but also positions Toyota Tsusho as a leader that integrates sustainability into its governance, strategy, and business operations as a key growth driver. Toyota Tsusho believes that this recognition reflects a comprehensive evaluation of the Group's sustainability initiatives and information disclosure.



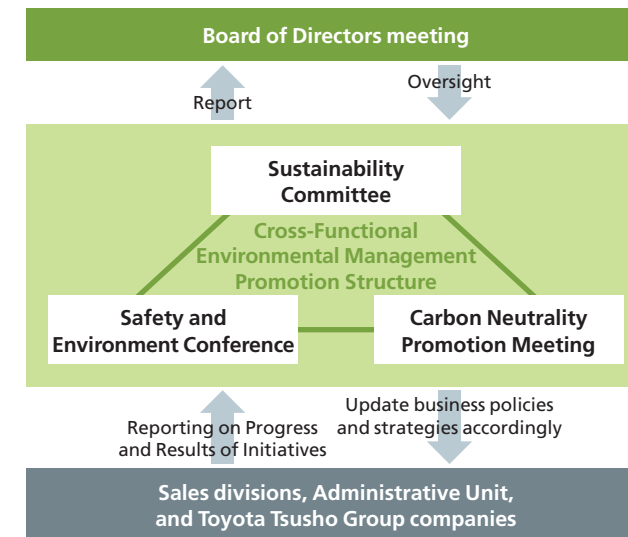
Environmental Management Promotion Structure

Under the supervision of the Board of Directors meeting, the Toyota Tsusho Group promotes environmental management through the Sustainability Committee, the Safety and Environmental Conference, and the Carbon Neutrality Promotion Meeting.

The Sustainability Committee makes decisions based on status reports regarding initiatives addressing overall ESG-related material issues. The Safety and Environmental Conference reviews the progress of environmental targets and compliance with laws and regulations, while the Carbon Neutrality Promotion Meeting focuses on initiatives related to climate change issues. Under this cross-functional environmental management Promotion Structure, decisions are made through discussions from various perspectives and are reflected in the business strategies of each sales division.

In addition, the Toyota Tsusho Group has introduced an environmental management system. In Japan, the system conforms to ISO 14001 standards, while overseas operations are managed based on an internally developed Environmental Management Rulebook - a set of voluntary standards. Each group company identifies its environmental issues and implements the PDCA cycle to continuously improve its environmental management practices.

Environmental Management Promotion Structure and Key Committees



Please refer to the link below for more information on the Toyota Tsusho Group's environmental initiatives
<https://www.toyota-tsusho.com/english/sustainability/environment/>

Comment

Toyota Tsusho's achievement of a triple-A score in CDP 2024 – the first for a Japanese trading company – is a remarkable milestone. We commend your leadership and express our sincere gratitude for your strong alignment with CDP's Earth Positive vision. We look forward to your continued commitment and bold action in driving environmental progress.



Jose Ordenez
 Managing Director, APAC
 CDP Worldwide

Comment

In preparing our response to CDP 2024, we organized a task force in collaboration with each of our sales divisions and worked together with colleagues both in Japan and overseas. It was a considerable challenge to organize both qualitative and quantitative information on such complex topics. However, through repeated discussions on globally important environmental themes, we were able to deepen our understanding of our own business and build a shared awareness of environmental issues across the organization.



Mamiko Hattori
 Environmental Promotion Group
 Global Safety &
 Environmental Promotion Department

Structure for Achieving Carbon Neutrality

Accelerating Company-wide Efforts Toward CN

Toyota Tsusho Group has evolved its “Toyota Tsusho Group Carbon Neutrality Declaration” — originally established as a concrete policy contributing to the transition toward a decarbonized society, — into the more comprehensive “Toyota Tsusho Group Net Zero Declaration.” The Carbon Neutrality Promotion Department (CN Promotion Department), which is tasked with promoting CN across the company, has been established and is accelerating decarbonization efforts both within and outside the Toyota Tsusho Group from both the “Opportunity” and “Must Do” perspectives.

As an “Opportunity,” we have formed five working groups (5WGs) based on growth strategies in business domains linked to CN and CE, where the Toyota Tsusho Group has strengths. These efforts aim to achieve both revenue generation through business expansion and the realization of a decarbonized society. For the 5WGs, we have formulated the “Carbon Neutrality Roadmap 2030” and are monitoring its progress. Meanwhile, on the “Must Do” front, we are designing systems and managing emissions to achieve the Net Zero Declaration, and incorporating evaluations of GHG emission increases or decreases associated with investments into the assessment process as part of risk management in investment and loan management.

For details, please refer to p.60, “Evolution of Quantitative Targets: From Carbon Neutrality Declaration to Net Zero Declaration” ➡

(1) Carbon Neutrality Promotion Meeting

Companywide CN-Focused Meetings Held Monthly

The Toyota Tsusho Group holds the Carbon Neutrality Promotion Meeting, chaired by the president & CEO, once a month to determine the strategies to achieve carbon neutrality for the group and society. The Carbon Neutrality Promotion Meeting confirms the connection between the group's GHG emissions reduction measures and the policies and proposals of countries around the world toward the realization of carbon neutrality, discusses and decides on growth strategies through 5WGs, and reports important matters to the Board of Directors meeting.

Carbon Neutrality Promotion Meeting Structure (as of April 2025)

Chairperson		President & CEO
Secretariat	Representative officer in charge	CTO*
	Department	Carbon Neutrality Promotion Department
Meeting Members		Executive vice presidents CSO* CFO* CHRO* CEO* of each region COO* in charge of carbon neutrality at each Sales Division SWG Leaders (appointed by executive officers) Deputy CSO (responsible for Corporate Planning Department) Deputy CSO (responsible for External Affairs Department) CSKO* (responsible for Global Safety & Environmental Promotion Department)

* CTO: Chief Technology Officer
CEO: Chief Executive Officer
CSO: Chief Strategy Officer
COO: Chief Operating Officer

CFO: Chief Financial Officer
CSKO: Chief Safety & KAIZEN Officer
CHRO: Chief Human Resources Officer

Example Agenda of the Carbon Neutrality Promotion Meeting

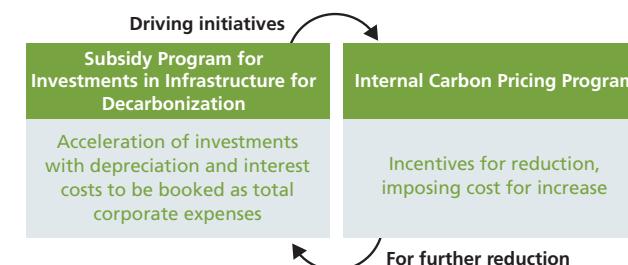
- Trends in CN-related policies and their impact on the company's strategy
- Progress monitoring of GHG emissions reduction plans
- Response policies for international initiatives
- 5WG growth strategies (investment results and plans, co-creation projects)
- Stakeholder engagement through CN
- Discussions in the CN domain with external experts

(2) Internal System to Encourage Reduction of In-House Emissions

Internal carbon pricing set at ¥30,000/t-CO₂

We have introduced a mechanism for subsidizing burdens such as depreciation and interest payable related to GHG emissions reduction investments as company-wide expenses (Subsidy Program for Investments in Infrastructure for Decarbonization) as well as that

for adjusting divisional performance appraisal according to the level of increase/decrease in GHG emissions by each division (Internal Carbon Pricing Program / unit price: ¥30,000/t-CO₂) to create a virtuous cycle for encouraging GHG emissions reduction initiatives.



Topics

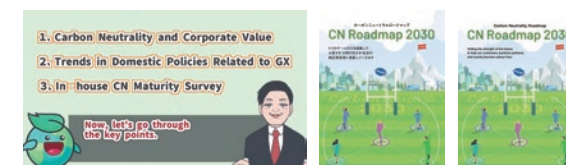
The Toyota Tsusho Group has developed and deployed various internal media to foster a company-wide culture that promotes initiatives toward CN, CE, and NP.

CN Promotion Meeting Explanation Movie (Diagram Left Below)

A comic-style explanatory video in both Japanese and English has been distributed to broadly inform employees about the content of the Carbon Neutrality Promotion Meeting.

CN Roadmap 2030 (Diagram Right Below)

Discloses the strategies and specific action plans aimed at achieving both a decarbonized society and business expansion for the company.



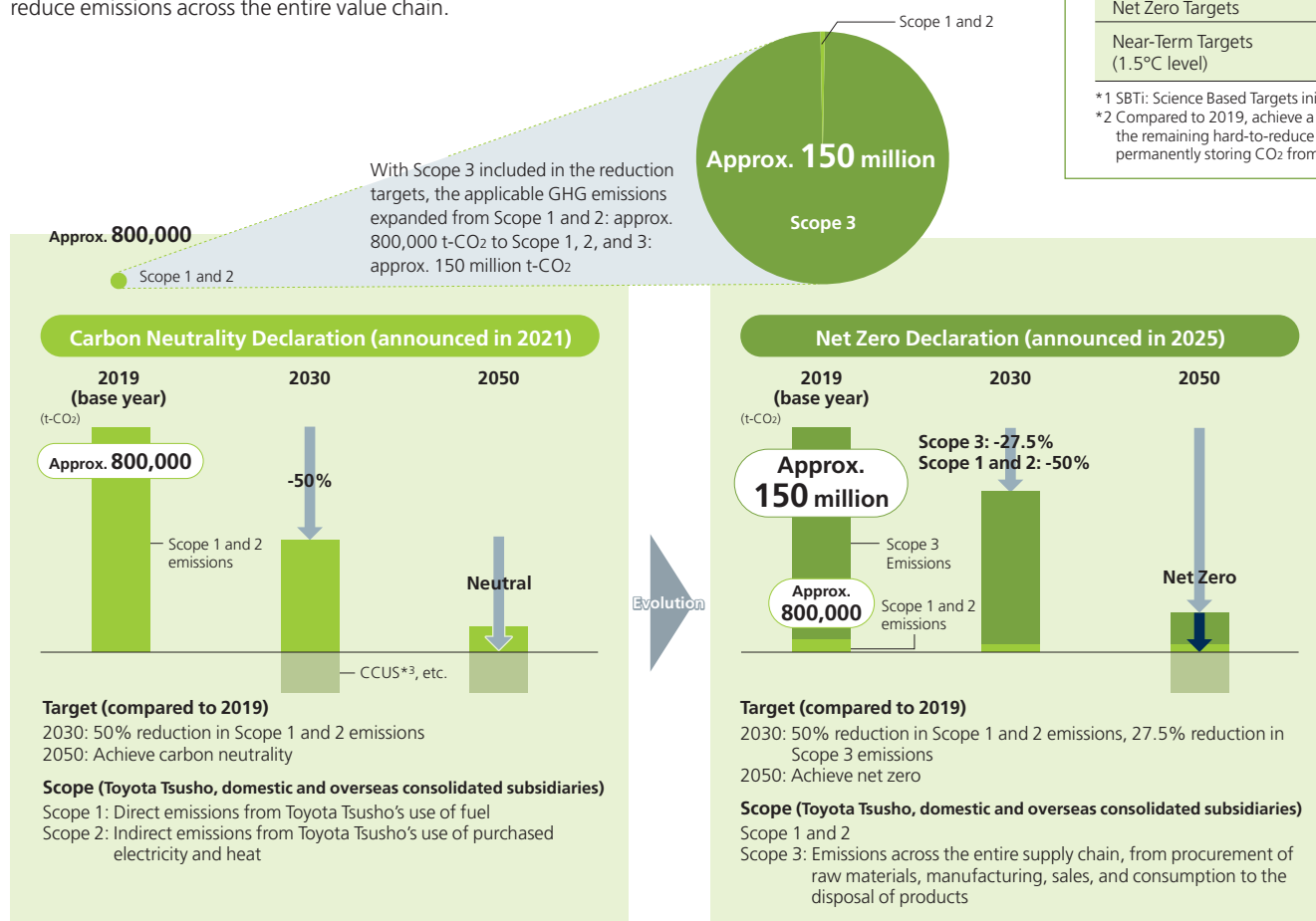
Please refer to the CN Roadmap 2030 here.
https://www.toyota-tsusho.com/sustainability/environment/pdf/Roadmap2030_en.pdf

Evolution of Quantitative Targets: From Carbon Neutrality Declaration to Net Zero Declaration

New Emissions Reduction Target Set for the Entire Value Chain Including Scope 3

In 2021, the Toyota Tsusho Group established the “Carbon Neutrality Declaration,” committing to achieve carbon neutrality by 2050 for its own emissions—Scope 1 and 2. To fulfill our Mission of “passing on a better Earth to the children of the future,” we have now evolved this into the “Net Zero Declaration,” which includes Scope 3 emissions—those generated throughout the entire value chain.

Aiming to become a trading company driving decarbonization, we will not only reduce our own emissions, but also work in collaboration with stakeholders to reduce emissions across the entire value chain.



Topics

SBT Certification for “Net Zero Targets” Acquired in July 2025

In July 2025, the Group obtained SBT certification for its GHG emissions reduction targets from the international climate initiative SBTi*¹, covering both the “Net Zero Targets” and the “Near-Term Targets.” The certified reduction targets are as follows:

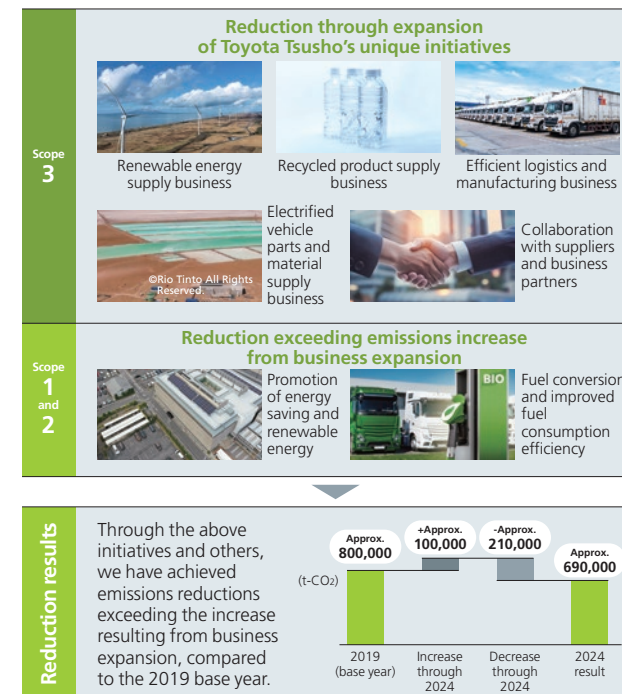


Target Type	Target Year	Scope	Reduction Targets
Net Zero Targets	2050	Scope 1 + 2 + 3	Achieve net zero emissions* ²
Near-Term Targets (1.5°C level)	2030	Scope 1 + 2	50% reduction compared to 2019
		Scope 3	27.5% reduction compared to 2019

*¹ SBTi: Science Based Targets initiative

*² Compared to 2019, achieve a 95% reduction in Scope 1 and 2 emissions and a reduction of 90% or more in Scope 3 emissions. For the remaining hard-to-reduce emissions, aim to achieve effective zero emissions through “neutralization” by removing and permanently storing CO₂ from the atmosphere.

Main Initiatives for GHG Emissions Reduction



↓ Emissions reduction volume

↓ Absorption and removal volume*⁴

*³ CCUS: Carbon dioxide capture, utilization, and storage

*⁴ Absorption and removal volume: The amount of GHG (mainly CO₂) removed or absorbed from the atmosphere through natural or technological means to reduce emissions. Specifically refers to increasing absorption through forest conservation or afforestation, and technologies such as CCS that capture and store CO₂.



Please refer here for details on GHG emissions reduction initiatives.

<https://www.toyota-tsusho.com/english/sustainability/environment/climate-change.html#anc-06>

Avoided Emissions and Business Expansion

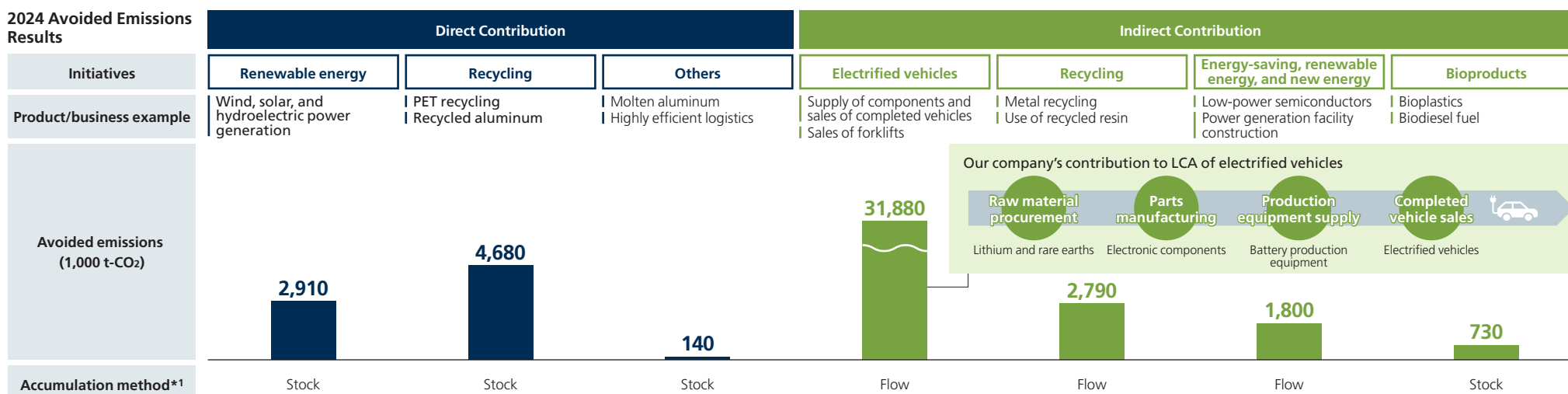
Turning Value Chain–Wide Emissions Reductions and Avoided Emissions into Business Opportunities

The Toyota Tsusho Group views GHG emissions reduction as a business opportunity and offers various “Toyota Tsusho–uniqueness” initiatives to customers.

Going forward, we will continue to expand our business by contributing to emissions reduction across the entire value chain and in society, with a focus on the 5WGs specializing in CN and CE—areas of strength for the group.

To track business expansion, we quantify various reduction activities and disclose them under two categories: “direct contribution,” referring to reductions from products and services manufactured or provided by the company; and “indirect contribution,” referring to reductions the group indirectly contributes to through products of other companies. (2024 results: direct contribution of approx. 8 million t-CO₂, indirect contribution of approx. 37 million t-CO₂)

2024 Avoided Emissions Results



Please refer here for details on avoided emission initiatives.
<https://www.toyota-tsusho.com/english/sustainability/environment/climate-change.html#anc-06>

Topics

Realizing NP Through CE Recycling Business for End-of-Life Vehicles (ELV)

The Toyota Tsusho Group aims to contribute to the realization of a recycling-based society by establishing an integrated arterial and venous supply chain for ELV recycling and developing recycling businesses globally in accordance with environmental conditions and needs in each country.

In Japan, we are promoting thorough resource recovery using our proprietary ASR*2 recycling technology, contributing to the achievement of over a 99% recycling rate by automobile manufacturers. We continue to take on the challenge of passing on a better Earth to the children of the future.



Comment

Circular Logistics is a project consisting of diverse members with shared aspirations, coming together across organizational boundaries.

To pursue “Urban Mining” of logistics and packaging materials that have long been treated as disposable in manufacturing supply chains, we visit customers’ factory waste yards on a daily basis. By collecting, processing, and re-materializing used materials and widely utilizing them as recycled resources, we are contributing to resource recycling across the entire mobility industry.

Please refer here for details on the Circular Logistics project (in Japanese).
<https://www.circular-logistics-project.com/>



Ayumu Nakagawa

Supply Chain Business
Development
Department
Manager

*1 Referred to “5.5 Avoided Emissions Accumulation Methods” of the Guideline for Avoided GHG Emissions Quantification of Japan’s Ministry of Economy, Trade and Industry (METI). “Stock” refers to the avoided emissions during the evaluation period of the product or service. “Flow” refers to the avoided emissions over the lifetime of the evaluated product or service.

*2 ASR: Automobile Shredder Residue

Activities of the Working Groups Toward the Realization of Carbon Neutrality

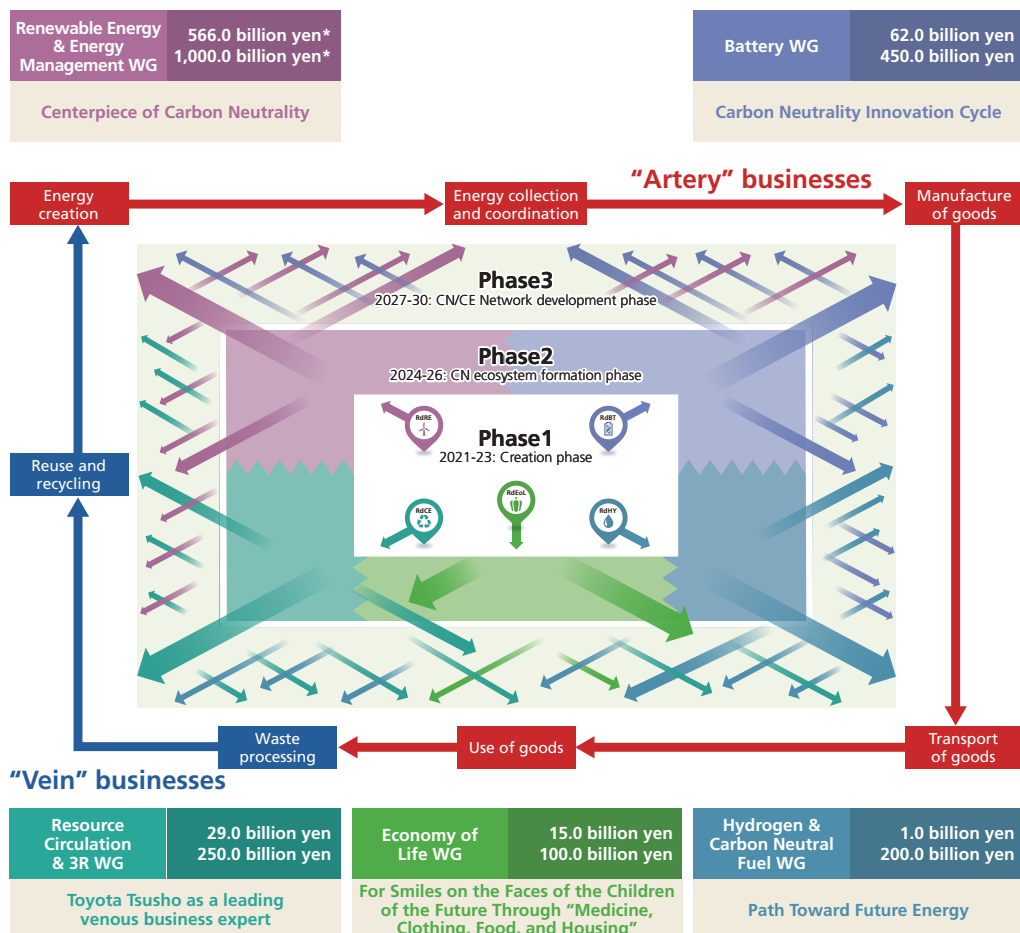
5WGs and CN Strategy Map — Increase in Total Investment to 2.0 Trillion Yen, From Collaboration to Co-Creation —

Since 2021, to contribute to the transition to a decarbonized society, the Group has identified five fields in which it has strengths as focus areas and formed internal working groups (WGs) to strongly promote initiatives connected to CN. The investment amount for realizing a decarbonized society had previously been set at a total of approximately 1.6 trillion yen over the 10-year period from 2021 to 2030. However, in July 2024, we announced an increase of 400.0 billion yen, raising the total investment amount for the same period to approximately 2.0 trillion yen. In particular, 300.0 billion yen out of the additional 400 billion yen will be allocated to the “Renewable Energy and Energy Management” field, bringing the total investment in this field to approximately 1.0 trillion yen by 2030.

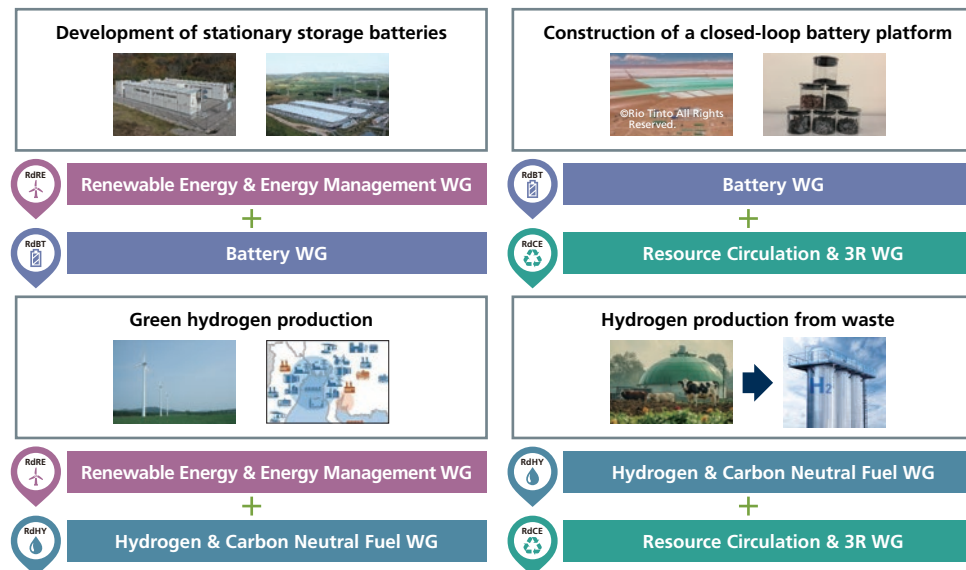
Moving forward, under the theme of “From Collaboration to Co-Creation,” we aim to mass-produce co-creation projects that transcend the boundaries of each WG, such as green hydrogen production and closed-loop battery platform.

CN Strategy Map

— CN Ecosystem Formation Phase, Investment Progress Through Fiscal 2024 Is Approx. 35% —



Examples of Co-creation Projects that transcend WG boundaries



Topics

Covers our group's carbon neutrality related solutions, which are linked to each Scope 1, Scope 2, and Scope 3. We will contribute to the transition to a decarbonized society by helping our customers reduce GHG emissions through the various solutions that our group has accumulated over the years.



* The lower row of the chart shows the investment framework through 2030; the upper row shows the amount already invested



For details on Toyota Tsusho Group's CN-related solutions, please see here (in Japanese).
https://www.toyota-tsusho.com/sustainability/cn_catalog/

Stakeholder Engagement Regarding CN/CE/NP

About Stakeholder Engagement

By actively disclosing initiatives related to CN/CE/NP to both internal and external stakeholders, the Group aims to become known as a trading company driving decarbonization. In order to foster a culture where CN is promoted with a sense of ownership, the Group is enhancing internal communication and also focusing on external communication to strengthen collaboration among partners promoting CN realization. Through these efforts, the Group contributes to society's overall achievement of CN.

(1) Internal Communication

The Group actively promotes internal communication aimed at supporting its officers and employees in their CN efforts.

As part of initiatives to raise awareness and understanding of CN, the "CN/CE Global Conference" was held. Through dialogue, this conference strengthens collaboration among overseas staff.



Participants of the CN/CE Global Conference

Additionally, to encourage practical action on CN, the "CN Award" was added to the company-wide recognition program, "Be the Right ONE Award." This award honors exemplary CN-related initiatives and serves as an opportunity for horizontal deployment.



"Be the Right ONE Award" Ceremony 2024

(2) External Communication

A CN/CE exhibition was held to broadly raise awareness of the Group's CN/CE initiatives among stakeholders in the automotive supply chain. The event was recognized for fostering external exchange among suppliers and received Toyota Motor Corporation's "Environmental Excellence Award" for suppliers. Furthermore, to widely promote the Group's efforts, various external contests were entered, resulting in awards including the "Minister of the Environment Award for Climate Action," received by North Hokkaido Wind Energy Transmission Corporation, a company established with investment from group company Eurus Energy Holdings Corporation and others.

In addition, the Group actively participates in NP-contributing activities by external organizations, such as cleanup activities at the Fujimae Tidal Flat in Nagoya City, Aichi Prefecture.



Toyota Motor Corporation Supplier Award

Comment

We participated in the "Fujimae Tidal Flat Clean Operation," a cleanup activity for drifting debris around the Fujimae Tidal Flat in Nagoya City, Aichi Prefecture. Through efforts contributing to the protection of the local natural environment, I felt not only the Earth but also my own heart becoming cleaner.

We will continue to dedicate ourselves to activities aimed at "passing on a better Earth to the children of the future."



Nao Arakawa

Circular Economy
Planning Department

Topics

The Toyota Tsusho Group will accelerate efforts to "pass on a better Earth to the children of the future" through a central role in industry organizations, including the following examples.

(General Incorporated Association) Battery Association for Supply Chain (BASC)

This council works toward sustainable resource procurement and industry development. Our executive officer serves as the council's vice chairman, actively engaging in various policy initiatives.



(General Incorporated Association) Circular Core

This organization consists of 11 companies in the Toyota Group, including Toyota Motor Corporation. As a core company promoting CE within the Toyota Group, our Group has been deeply involved since the organization's founding, with our executive officer serving as the representative director and playing a central role.



(General Incorporated Association) Japan Wind Power Association (JWPA)

This association promotes the spread and development of wind power generation within Japan. The president of our group company Eurus Energy Holdings Corporation serves as the representative director, fulfilling a central role.



Scenario Analysis Based on TCFD Recommendations

The company sees climate change as a risk and opportunity with significant impact on business and recognizes climate change action as a key issue. Using the Paris Agreement's 1.5°C scenario and such, scenario analysis is conducted for businesses that are significantly impacted.

Reference Scenarios

	Scenario overview	Main reference scenarios
1.5°C scenario	Under this scenario, the global temperature increase remains below 1.5°C, based on the Paris Agreement.	<ul style="list-style-type: none"> • IEA Net Zero Emissions by 2050 Scenario (NZE) • IEA Sustainable Development Scenario (SDS) • IPCC RCP2.6
4°C scenario	Under this scenario, no new policies or regulations are introduced and GHG emissions continue to increase.	<ul style="list-style-type: none"> • IEA Stated Policies Scenario (STEPS) • IPCC RCP8.5

Selection of Scenario Analysis Subjects






A	Non-financial sectors with potentially significant impact from climate change as indicated by the TCFD
B	Businesses related to low carbon-related products and services
C	Businesses susceptible to the impacts of natural disasters associated with climate change
D	Businesses with particularly high CO ₂

Scenario analysis conducted for five businesses

Lithium business	B
Resources recycling business	D
Renewable energy business	B C
Automotive sales business	A
Automotive Parts Logistics Business	A

Results of 1.5°C Scenario Analysis for Each Business

Impact on Business  Favorable impact  Limited impact  Adverse impact

Business	Our Risks and Opportunities	Impact on Businesses under the 1.5°C Scenario	Our Group's Measures
Lithium business	Risk: Reduction in production volume due to natural disasters, extreme weather conditions, etc. Opportunity: Increase in demand due to vehicle electrification, etc.	 Increase in demand for electrified vehicles and storage batteries	<ul style="list-style-type: none"> • Build a long-term stable supply structure
Resources recycling business	Risk: Decreasing waste and resource price fluctuations Opportunity: Increase in demand for recycled materials	 Market expansion	<ul style="list-style-type: none"> • Reinforce recycling value chain
Renewable energy business	Risk: Revision of related policies Opportunity: Increase in demand	 Increase in demand	<ul style="list-style-type: none"> • Expand business domains • Accelerate global rollout
Automotive sales business	Risk: Changes in the sales mix of gasoline and electrified vehicles Opportunity: Increase in demand for electrified vehicles	 Increase in sales of electrified vehicles	<ul style="list-style-type: none"> • Strengthen sales structures worldwide
Automotive Parts Logistics Business	Risk: Changes in automotive components Opportunity: Increase in demand for components of electrified vehicles	 Increase in demand for components of electrified vehicles Increase in the volume of automotive production worldwide	<ul style="list-style-type: none"> • Reinforce relationships with new parts partners and promote green logistics



Visit the link below for more information about disclosure based on TCFD recommendations and 4°C scenario analysis results.
<https://www.toyota-tsusho.com/english/sustainability/environment/climate-change.html#anc-05>

Disclosure Based on TNFD Recommendations

Biodiversity and Nature Positive (NP)

The Toyota Tsusho Group recognizes that natural capital and biodiversity are prerequisites for the continuation of corporate activities. We are working to balance biodiversity conservation with business operations in line with the Kunming-Montreal Global Biodiversity Framework.

Since 2023, we have expressed our commitment to joining the TNFD Forum*1, and in our Integrated Report 2024, we published our TNFD-based initial disclosure as part of the “Scoping Phase” initiatives. In this report, we have updated that disclosure and are now providing information in accordance with the TNFD recommendations. Going forward, we will strive to further enhance our disclosures—such as assessing financial impacts and conducting scenario analyses—and actively promote nature-related business initiatives to contribute to NP.

*1 A network that supports TNFD disclosures related to natural capital and biodiversity

Governance

The supervisory and managerial roles of the Board of Directors Meeting

The Board of Directors meeting makes decisions on key management issues and monitors the execution of business by Members of the Board. With regard to nature-related issues, the Board receives regular updates and reports from the Sustainability Committee*2 on progress and outcomes of related discussions, as well as deliberates on investment and loan decisions. These processes ensure that oversight of nature-related matters is appropriately carried out by the Board.

*2 The committee determines important sustainability-related policies and identifies social trends, as well as discusses and decides on Toyota Tsusho's response to them. It serves as a key driver of Sustainability Management within the organization.

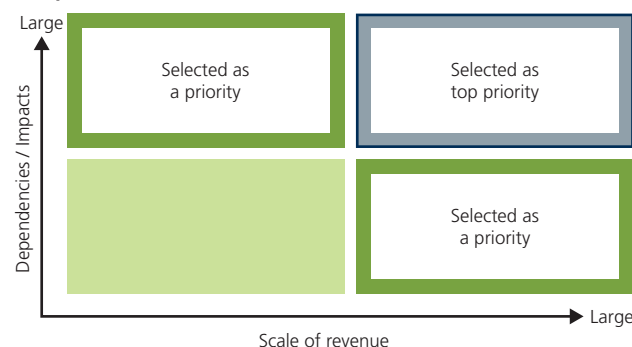
Strategy

Selection of Business Operations for Assessment and Analysis

To gain a comprehensive understanding of the Toyota Tsusho Group's interfaces with nature across its businesses and sites, we used the TNFD-recommended tool ENCORE*3 to assess dependencies and impacts in both value chain upstream and direct operated businesses. Based on the results of this assessment and factors such as Scale of revenue, we identified seven businesses as Priorities for Evaluation and Action.

*3 A tool used to assess the materiality of nature-related dependencies and impacts in a company's sector

Perspectives for Business Selection



Seven Businesses Identified as Priorities for Evaluation and Action

- Sheet metal processing for automobiles business
- Iodine mining business
- Logistics business
- Car dealership business
- Wind power business
- Grain collection and logistics business
- Hydrogen station business

Assessing Nature-related Dependencies, Impacts, Risks and Opportunities

Using the LEAP approach recommended by the TNFD, we analyzed the detailed operations of relevant sites within the seven selected businesses. We then organized information on their dependencies and impacts on surrounding natural ecosystems, along with associated risk factors, existing measures, and future plans.

[Scope of Analysis and Organization]

- Initiatives that address dependencies, impacts, risk factors, and opportunities related to nature
- Location of nature-related issues based on the surrounding natural environment
- Evaluation Results for the Value Chain (Direct Operated businesses and Upstream)

Based on the assessment of dependencies and impacts on nature, we identified risks and opportunities related to nature within the direct operation of the seven businesses, in accordance with the risk and opportunity categories defined by the TNFD.

Comment

As the state of nature varies by location, understanding nature-related issues is particularly complex for the Toyota Tsusho Group, which operates a wide range of businesses and sites across the globe, including in Africa. The Group has long maintained a rigorous environmental management system, and it is commendable that, through collaboration with its divisions and overseas group companies, it has advanced this assessment and organized its understanding of nature-related issues and corresponding measures.



Yukako Matsushima

Ernst & Young
ShinNihon LLC
Manager



Please refer to the following for details on disclosures based on the TNFD recommendations
<https://www.toyota-tsusho.com/english/sustainability/environment/biodiversity.html#anc-02>

Disclosure Based on TNFD Recommendations

Risks and Negative Business Impacts Identified by TNFD

Categories of Risk			Negative Impacts on Business
Physical Risks	Acute	Water shortages / deterioration in water quality	Losses resulting from temporary suspension of operations / decrease in production volume / increased financial burden due to changes in water sources, raw materials, or procurement sources
		Resource scarcity caused by natural disasters, etc.	
		Impacts on surrounding environments and ecosystems (e.g., pollution caused by hazardous substances, waste, or wastewater; invasion by non-native species; land use and expansion)	Losses due to temporary suspension of operations or construction activities / increased financial burden associated with ecosystem conservation measures
		Damage to operating areas caused by natural disasters	Losses resulting from temporary suspension of operations
	Chronic	Lowering of groundwater levels due to continuous water intake	Decrease in production volume / Increase in financial burden due to changes in water sources
		Increasing severity of natural disasters caused by climate change	Losses resulting from suspension of operations due to natural disasters / Increase in disaster countermeasure costs
Transition Risks	Policy	Strengthening of water supply regulations	Losses resulting from temporary suspension of operations / Increased capital expenditures to comply with stricter regulations / Changes in procurement sources and related tax burdens / Sharp rises in water fees and land acquisition costs / Increased operational costs due to enhanced monitoring
		Tightening of regulations related to procurement	
		Strengthening of CO ₂ emissions and pollution-related regulations	
		Stricter land use zoning restrictions	
	Market	Increasing customer awareness of companies that prioritize environmental considerations	Reduction in business volume due to customer attrition / Decrease in employee retention and recruitment rates
	Reputational	Decline in corporate brand value due to transactions with procurement sources that engage in inappropriate nature management	Decline in sales due to damaged corporate brand / Reduction in business volume due to customer attrition / Deterioration in stakeholder relationships / Increased financial burden due to changes in procurement sources / Decrease in employee retention and recruitment rates
		Social pressure for responsibility regarding negative impacts on surrounding environments and ecosystems	
Technology	Transition to low-environmental-impact technologies	Costs associated with introducing new facilities with lower environmental impact	
Liability	Liability arising from impacts on surrounding environments and ecosystems	Costs incurred for legal claims and compensation for damages	

Opportunities and Positive Impacts on Business and Nature identified by TNFD

Categories of Opportunities		Positive Impacts on Business and Nature
Business Performance	Sustainability Performance	
Markets	—	Gaining access to new markets in response to changing customer values
Capital flow and financing	—	Securing new fund procurement channels through green finance and various subsidies
Resource efficiency	Sustainable use of natural resources	Cost reduction, contribution to nature restoration, and enhanced stakeholder recognition through initiatives such as water recycling, GHG emissions reduction, and resource recycling
Products and services		Increased Revenue from the sale of products that consider sustainable procurement and recycled products etc., along with contributions to nature restoration and improved evaluation by stakeholders
Reputational capital	Ecosystem protection, restoration and regeneration	Improved stakeholder recognition through environmental preservation programs and contributions to environmental conservation and nature restoration via business activities

Risk and Impact Management

Nature-related risks identified through the LEAP approach* are discussed at the Sustainability Management Committee and the Safety and Environmental Conference, and the outcomes of these discussions are reflected in the formulation of business strategies and other activities of the sales divisions and properly managed. As part of efforts to assess the status of global risk management, the company has defined the ten risk items to highly focus on. Environmental management is positioned as one of these items and is incorporated into the company-wide risk management process. In the fiscal year ending March 31, 2026, the company plans to revise the management items and enhance the environmental risk management process to also address biodiversity-related risks.

*LEAP approach:

An integrated approach for assessing nature-related issues—including points of interface with nature, dependencies, impacts, risks, and opportunities. The analysis follows four steps: Locate, Evaluate, Assess, and Prepare, serving as the basis for TNFD-aligned disclosures.

Metrics and Targets

The Toyota Tsusho Group is working to enhance the disclosure of indicators, including the use of quantitative KPIs for material issues that include nature-related challenges. In this TNFD-based disclosure, the Group also discloses certain core global disclosure metrics—such as GHG emissions, wastewater, and waste—on its corporate website. Going forward, the Group will continue to expand disclosure of relevant indicators and enhance transparency around its targets and progress toward achieving them.