

TOYOTA MOTOR CORPORATION

# Sustainability Report 2014

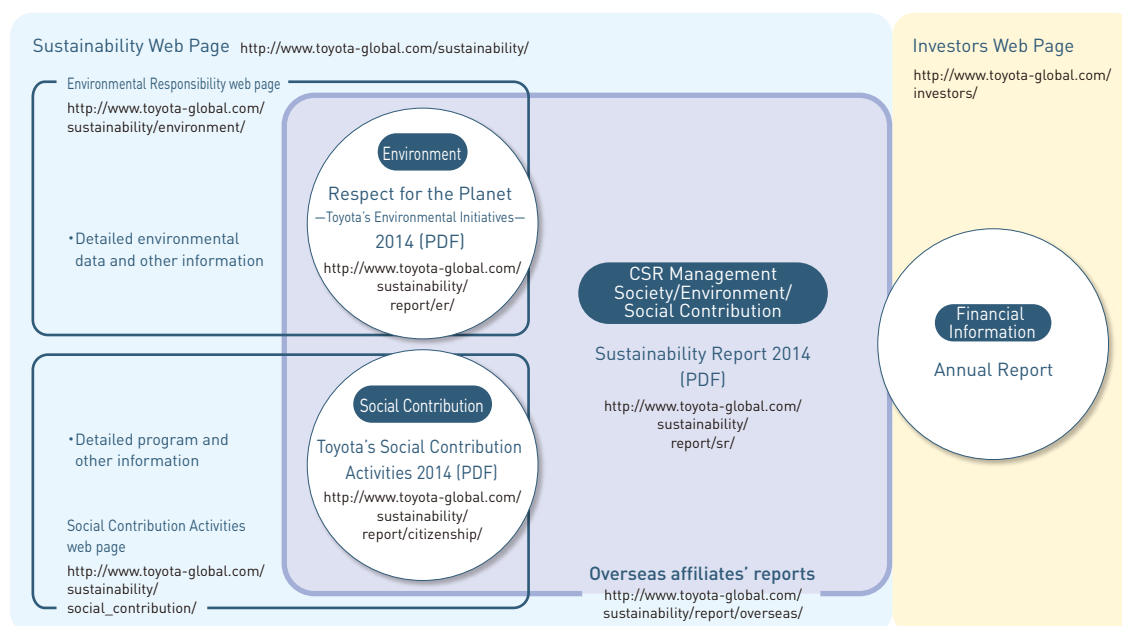


## Editorial Policy

The Sustainability Report 2014 summarizes and reports on Toyota's CSR management and initiatives with a focus on initiatives undertaken mainly in FY2013 in a PDF format (booklet form). Information on CSR initiatives is divided into three chapters: Society (Traffic Safety, Quality, Creating the Future Society, Human Rights, Collaboration with Business Partners, Employees, etc.), Environment, and Social Contribution Activities.

We have also made available "Respect for the Planet—Toyota's Environmental Initiatives—2014 (in PDF format)," and "Toyota's Social Contribution Activities 2014 (in PDF format)," excerpted from the Sustainability Report 2014. Detailed data concerning the environment and further information on social contribution activities are available on the Sustainability page of Toyota Motor Corporation's global website.

Financial information is available on the investor pages of the corporate global website and in Annual Reports.



## Period Covered

The period covered in the report's data is from April 2013 to March 2014. For major ongoing initiatives, the most recent status update in 2014 has been included.

## Scope of Report

Toyota Motor Corporation's own initiatives and examples of those of its overseas consolidated affiliates, and so on.

## Overseas Affiliates' Reports

Reports are being issued in a total of 16 countries and regions (including Japan) in which Toyota overseas affiliates and other companies operate. The information disclosed globally by these reports will cover about 88 percent of Toyota vehicles sold worldwide.



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# Overview of Toyota Motor Corporation

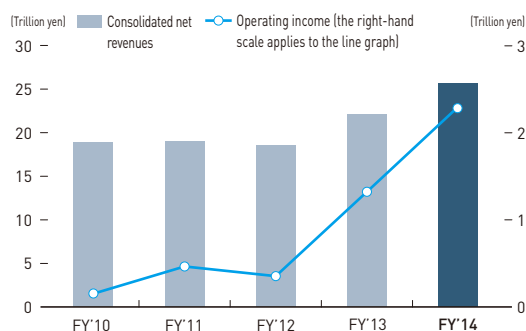
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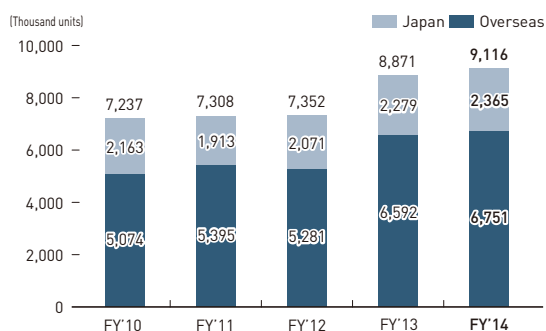
## Company Profile

Company Name	Toyota Motor Corporation
President and Representative Director	Akio Toyoda
Company Address	1 Toyota-Cho, Toyota City, Aichi Prefecture 471-8571, Japan
Head Office	1-4-18 Koraku, Bunkyo-ku, Tokyo 112-8701, Japan
Tokyo Head Office	4-7-1 Meieki, Nakamura-ku, Nagoya City, Aichi Prefecture 450-8711, Japan
Nagoya Office	
Date Founded	August 28, 1937
Capital	397.05 billion yen (as of May 2014)
Main Business Activities	Motor Vehicle Production and Sales
Number of Employees (Consolidated)	338,875 (as of March 31, 2014)
Number of Consolidated Subsidiaries	542 (as of March 31, 2014)
No. of Affil. Accounted for Under the Equity Method	54 (as of March 31, 2014)

### Consolidated Net Revenues and Operating Income



### Consolidated Vehicle Sales



## Non-automotive Business



### Housing

Consolidating the Toyota Group's strengths, Toyota Home offers a wide variety of housing related services to meet different customer needs.



### Financial Services

Toyota Financial Services provides financial services primarily for vehicle loans and leasing in more than 30 countries and regions worldwide.



### e-TOYOTA Business

To support the lifestyles of car users, e-TOYOTA is providing new value that integrates IT systems and automobiles.



### Marine

Incorporating technology and know-how from the Toyota Group, Toyota is creating appealing boats that are safe, comfortable and eco-friendly.



### Biotechnology & Afforestation

Toyota is aiming to combine environmental conservation and economic growth through developing biotechnology, greenification and other technologies.



### New Business Enterprises

With our technologies and ventures spirit, Toyota will continue to contribute to society by developing and promoting new business that meets the needs of society and the environment as quickly as possible.

The three key priorities of Toyota's financial strategy are growth, efficiency and stability. We believe that the balanced pursuit of these three priorities over the medium- to long-term will allow us to achieve steady and sustainable growth, as well as increase corporate value.

Based on the Toyota Global Vision, we have been aiming to establish a cycle of developing always better cars that delight our customers and benefit society while fulfilling our duty to increase sales and consequently profits that are then reinvested in developing always better cars. To support this cycle, all 330,000 global Toyota employees will work together to maintain and build on a strong earnings base, towards becoming a company that realizes sustainable growth.

### Three Key Priorities of Toyota's Financial Strategy

#### Growth

#### Sustainable Growth through Continuous Forward-looking Investments

The structure of the automotive market is undergoing dramatic change. Along with burgeoning environmental awareness, we are witnessing rising demand for diverse types of eco cars as well as the rapid development of information technology and telecommunications. At the same time, global competition is becoming increasingly fierce. Focusing on environmental and safety as well as information and telecommunications technology development and investing capital in areas aimed at enhancing productivity, Toyota will actively undertake all necessary expenditure to remain at the forefront. This will include the development of human resources, which we recognize is key to maximizing conscientious manufacturing and investment in IT systems that support efficient workplace practices. We will place considerable weight on investments that accurately reflect market trends and lead toward sustainable growth over the long term.

#### Efficiency

#### Improving Profitability and Capital Efficiency

Toyota will continue its push forward with the Toyota New Global Architecture (TNGA), an initiative to overhaul the way we work with the goal of facilitating the timely launch of appealing products globally. Under TNGA, we are improving development efficiency and making always better cars by standardizing parts and components through grouped development. In addition to actively investing in the development of new technologies, we are carrying out "simple and slim" activities that facilitate the effective use of existing equipment.

#### Stability

#### Maintaining a Solid Financial Base

To ensure a solid financial base, we secure sufficient liquidity and stable shareholders' equity. This allows us to maintain capital expenditure and R&D investment at levels conducive to future growth as well as to maintain working capital at a level sufficient for operations, even when business conditions are difficult due to such factors as steep increases in raw materials prices or volatility in foreign exchange rates. We plan to refine and implement measures to improve business continuity planning in the event of a major disaster. Amid expectations that the global automotive market will expand over the medium to long term, we believe that, in addition to putting crisis measures into place, maintaining adequate liquidity is essential to the implementation of forward-looking investment aimed at improving product appeal and the development of next-generation technologies as well as to the establishment of global production and sales structures. We will continue to pursue improvements in capital efficiency and cash flow.

Consolidated basis	FY2013	FY2012	Compared to previous year
Net revenues	25,691.9 billion yen	22,064.1 billion yen	16.4%
Operating income	2,292.1 billion yen	1,320.8 billion yen	73.5%
Net income and ROE	1,823.1 billion yen (13.7%)	962.1 billion yen (8.5%)	89.5%
Capital expenditures*	1,000.7 billion yen	852.7 billion yen	17.4%
R&D expenses	910.5 billion yen	807.4 billion yen	12.8%
Vehicle production	9,032 thousand units	8,698 thousand units	3.8%
Vehicle sales	9,116 thousand units	8,871 thousand units	2.8%
Total assets	41,437.4 billion yen	35,483.3 billion yen	16.8%
Shareholders' equity	14,469.1 billion yen	12,148.0 billion yen	19.1%
Dividend per share	165 yen	90 yen	—

\* Excluding vehicles and equipment operating leases

Toyota respects the culture and customs of every nation and region and contributes to economic and social development through corporate activities in the communities.



# Message from the President

Firstly, I would like to express my sincere gratitude for your continued support and understanding.

Toyota's origins can be traced back to the founding principle of contributing to society by making automobiles. Motor vehicles greatly expand the freedom of mobility and provide various value to society, but are also related to and affect a number of social issues including global climate change and other environmental issues, energy and resource shortages, and traffic accidents and congestion. Toyota is working to gain a deep understanding of each of these issues through communications with local residents and various other stakeholders and is making serious efforts to contribute to society by making automobiles and resolve those social issues related to vehicles.

Our automobile manufacturing has devoted considerable effort to the development of the ultimate eco-car with the aim of achieving harmony with the global environment. The fuel cell vehicles that we will launch in FY2014 support the diversification of energy and do not impose any environmental burdens such as carbon dioxide emissions during operation. They offer a convenience in terms of cruising range and fueling time, and I believe that they have great potential as the ideal eco-car. In addition to outstanding environmental performance, these vehicles were developed to provide the joy and excitement of cars through advanced design and fun driving.

As a result of the electrification of automobiles and advances in information technology, the relationship between motor vehicles and society has entered a time when motor vehicles can play new roles that go beyond simply transporting people and goods to include connecting with other vehicles, road infrastructure, communities, and society at large. Last year, Toyota began the Big Data Traffic Information Service that can be used for improving traffic flows, disaster responses, and other applications. We are also accelerating our initiatives designed to create a smart mobility society including expansion of trials of Ultra-compact Mobility Sharing Services and Multi-model Route Guidance designed to provide people- and community-friendly transportation. In addition to these advanced technology-based initiatives, Toyota is also implementing measures tailored to local conditions to alleviate the extreme traffic congestion that occurs in the urban areas of emerging nations. We take these and other measures as we work to create a comfortable and sustainable mobility society.

Developing human resources is the foundation of Toyota's manufacturing of sustainable mobility and our contribution to development of sustainable communities and societies. For example, striving to win a medal at the WorldSkills Competition leads to the enhancement and handing down of the worksites technical skills that are essential for making high-quality cars. Also, Toyota has opened in Japan a new facility that serves as the core of service training sites located in regions around the world and working to enhance worksite service knowledge and skills so that we can provide even higher customer satisfaction.

In all periods and at all worksites, Toyota has had many leaders who embody the founding spirit of Toyota, providing continuity with the founder's dreams and passions and an intense history filled with difficulty. With the same aspirations as Toyota's founder, we hope to build an automobile industry of the future that can contribute to and coexist with a sustainable society and planet. We kindly request the continued support and understanding of all our stakeholders.

September 2014

President

Toyota Motor Corporation

豊田章男



# Corporate Principles

## Guiding Principles at Toyota

Toyota adopted the Guiding Principles at Toyota in January 1992 (revised in April 1997) based on the recognition that strong policies are important for finding the way to proceed, especially when the environment surrounding us is drastically changing.

1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
6. Pursue growth through harmony with the global community via innovative management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

## The Spirit of the Five Main Principles of Toyoda, Which Have Been Handed Down since Toyota's Foundation Serve as the Basis of the Guiding Principles at Toyota

The Five Main Principles of Toyoda have been at the core of Toyota's management from its founding to the present day. The principles are a statement of the ideas of Sakichi Toyoda, the founder of the Toyota Group, and serve as the basis of the Guiding Principles at Toyota. The principles were not originally in a fixed form, but as the size of affiliated companies increased, it became necessary to codify the principles to ensure that all employees were thoroughly familiar with them. Risaburo Toyoda and Kiichiro Toyoda, who were present during the founding period of Toyota, formulated the Five Main Principles of Toyoda as the legacy of Sakichi for dissemination to the world. The principles were introduced on October 30, 1935, the sixth anniversary of Sakichi's death.

- Always be faithful to your duties, thereby contributing to the company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for spiritual matters, and remember to be grateful at all times.



# CSR Policy/Organization and Structure

## Basic Philosophy regarding CSR

### Seeking Harmony with People, Society, and the Global Environment, and Sustainable Development of Society through *Monozukuri* (Manufacturing)

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacture and provision of innovative and quality products and services that lead the times. Motor vehicles greatly expand the freedom of mobility, but are also related to and affect a number of social and environmental issues.

Always bearing this in mind, we listen carefully to our customers and neighbors in local communities to pursue our business, seeking harmony with people, society, and the global environment, as well as the sustainable development of society through *monozukuri*.

In the main line of our business, automobile manufacturing, we develop and introduce environmentally friendly vehicles in addition to mechanisms for active and passive safety. We also roll out new businesses in such areas as biotechnology, afforestation, energy etc. Furthermore, we pursue initiatives for social contributions that focus on “the environment,” “traffic safety,” and “education.” Such activities centering on automobile manufacturing are designed to help people in the wider community and bring them happiness—this is Toyota’s aspiration.

The basis of our rationale is our CSR Policy: Contribution towards Sustainable Development. Toyota aims to become a company that is admired and trusted by society by ensuring that all employees recognize and put into practice our CSR Policy. We also share it with our consolidated subsidiaries and take appropriate action. And we expect our business partners to support this initiative and act in accordance with it.

In addition, we participated in the formulation of and observe the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Foundation), an alliance of leading Japanese corporations.

In January 2005, Toyota Motor Corporation (TMC) announced the Contribution towards Sustainable Development, an interpretation of the Guiding Principles at Toyota that takes into consideration Toyota's relations with stakeholders. This was revised in August 2008 to become the CSR Policy: Contribution towards Sustainable Development to take into account subsequent environmental changes and heightened societal interest in CSR.

TMC has shared the statement with its consolidated subsidiaries and is taking other relevant action.

#### Preamble of CSR Policy: Contribution towards Sustainable Development

We, TOYOTA MOTOR CORPORATION and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.

#### CSR Policy: Contribution towards Sustainable Development Full Text



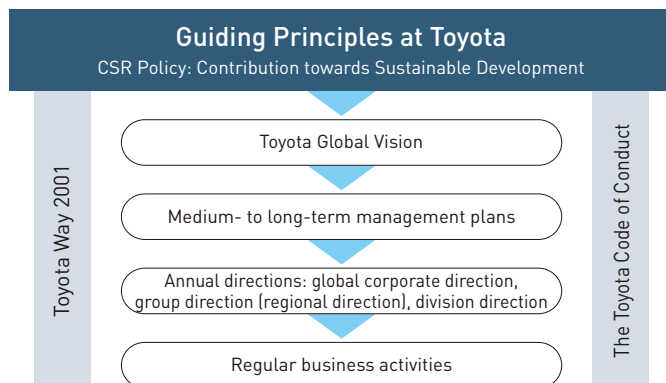
<http://www.toyota-global.com/sustainability/csr/csr/>

## Relationship between CSR Policy and the Guiding Principles at Toyota, and Management

In 2011, Toyota adopted "Toyota Global Vision," which is based on the Guiding Principles at Toyota. In order to achieve this vision, a medium- to long-term management plan was drafted and Toyota is working toward achieving the goals specified in the plan. In addition, the Toyota Way 2001 and Toyota Code of Conduct contain the values and methods that employees should adopt in putting the Guiding Principles at Toyota into practice and serve as guides for day-to-day activities.

We also participated in the formulation of and observe the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation), an alliance of Japanese leading corporations.

#### Positioning of the CSR Policy



## Related Policies and Principles

#### Related Policies and Principles



<http://www.toyota-global.com/sustainability/csr/csr/>

TMC established the CSR (Corporate Social Responsibility) Committee as the body responsible for CSR and implements long-term, company-wide CSR promotion and activities.

### CSR Committee

To coordinate and promote CSR activities, in October 2007 TMC established the CSR Committee, whose membership includes directors at the vice president and higher level and a representative of the corporate auditors.

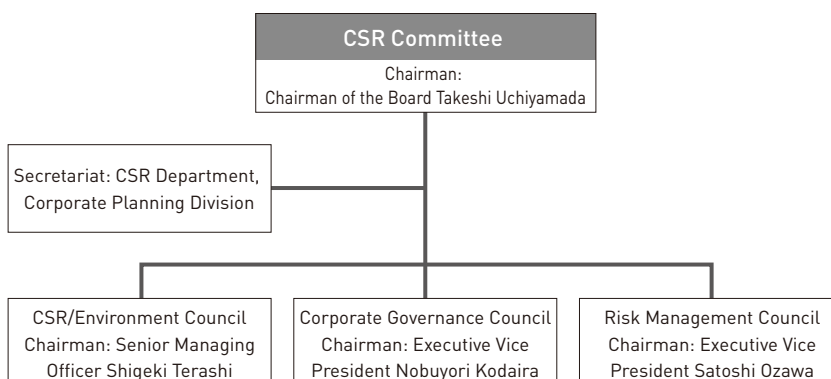
The CSR Committee was formed by merging the Corporate Ethics Committee, which played a central role in ensuring legal compliance, and the Corporate Citizenship Activity Committee, which conducted social contribution activities, in order to promote closer collaboration and the expansion and improvement of their respective activities. In 2014, the CSR Committee merged with the Toyota Environment Committee and it became a forum for discussing solutions to social problems and creating new corporate value.

The CSR Committee deliberates and reports on the following topics:

- Basic corporate policies for contributing to the sustainable development of society and the earth
- Planning global CSR policies and activities
- Significant issues concerning social contribution and environmental problems
- Corporate ethics, compliance, and corporate governance
- Significant issues concerning risk management

In April 2014, the CSR Committee reorganized its subcommittees into the CSR/Environmental Council, Corporate Governance Council, and Risk Management Council and reinforced its functions to conduct detailed discussions and oversight of material issues relating corporate operations.

#### CSR Organization and Structure



# Toyota Global Vision

The Toyota Global Vision announced in March 2011 is an articulation of what kind of company we want to be—a clear statement of what values we esteem, what kind of company we ought to be, and what actions we should take. It defines our values of “wanting Toyota to be a company that customers choose and that brings a smile to every customer who chooses it.”

## Backdrop and Progress

In the backdrop of this vision, there is our fall into the red after the Lehman Brothers collapse, as well as our reflection over a series of quality issues.

To unite all Toyota together to advance our efforts for the recovery of business performance, we came to realize the necessity of having a dream or a path to take that all people who work for Toyota could have in common. We also felt the importance of making that dream and that path known broadly to society and to all our customers.

Based on our ideal for Toyota, the members of our team gathered to discuss and finalize the vision.

This is a distillation of our resolve at Toyota for the future.

### Rewarded with a smile

by exceeding your expectations

Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people.

Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile.

We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way.

## Toyota Visionary Management

The visionary management that we have in mind is making better cars that exceed customer expectations, and enriching lives in communities based on the shared values that have steered Toyota from the beginning, including the Guiding Principles at Toyota and the Toyota Way. In doing so, we are rewarded with smiles from customers and the public, leading to a stable base of business. We aim to generate such virtuous cycles and achieve sustainable growth.

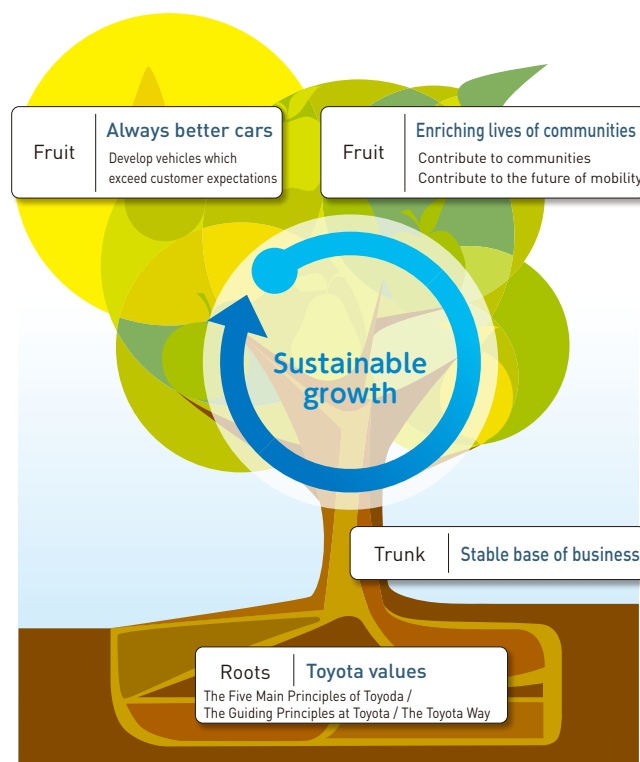
### The Global Vision Tree Explained

We use a tree to represent the Toyota Global Vision.

The “roots” of the tree are the shared values that have steered Toyota from the beginning and that have underlain our *monozukuri* (manufacturing). They are values expressed in the Five Main Principles of Toyota, in the Guiding Principles at Toyota, and in the Toyota Way, which are the basis of our business.

The “fruit” is our contribution to communities through making better cars that are chosen by customers and the public.

The “trunk” of the tree, the result of these efforts, strengthens and stabilizes our base of business when large numbers of customers choose our products.



# CSR Management Based on the Toyota Visionary Management Indices

## Basic Philosophy

### Process for Devising KPI Strategic Focus

After we drew up the Global Vision for Those We Serve, which describes how we embody the Toyota Global Vision, we commenced full-scale Key Performance Indicators (KPI) development. Based on the KPI Strategic Focus, which were established after a process extending over two years, our CSR activities have been further enhanced from FY2012 involving the efforts of both external experts and Toyota executives.

### Major Activities in FY2013 and Goals for FY2014

In order to realize the Toyota Global Vision, Toyota has set goals and established the Toyota Visionary Management Indices as KPI to assess the progress being made towards achieving those goals. Each responsible division is conducting self-evaluations and implementing PDCA to strengthen CSR activities. The major activities undertaken and results of self-evaluations are listed below.

	Global Vision for Those We Serve	Goals	Major activities in FY2013 and results	Self-evaluation Result	Major activities in FY2014
Always Better Cars	1. Provide safe and reliable vehicles that inspire enthusiasm at affordable prices	Achieve the highest level of customer appraisal in terms of safety, quality and moving people	(Safety) <ul style="list-style-type: none"><li>Deployed new parking system and Pre-collision System with the aim of widespread adoption</li><li>Publicly released core technologies for the early practical application of advanced driving support systems using automated driving technologies (interactive radar cruise control, lane trace control)</li><li>Made up for lost time with test evaluations in regions that were delayed</li></ul>	△	(Safety) <ul style="list-style-type: none"><li>Expedite development for the early practical application of advanced driving support systems using automated driving technologies</li><li>Take measures to support the widespread adoption of new safety equipment and proposed strategies to emphasize technologies</li><li>Conduct development and deployment at the highest levels of assessment of various countries</li></ul>
			(Quality) <ul style="list-style-type: none"><li>Took measures in support of the Customer First and Quality First principles</li><li>Shared information globally on quality and programs in individual regions and reinforced self-initiated improvement measures</li></ul>	○	(Quality) Return to the fundamentals of our work and conduct extensive measures for carrying out the Customer First and Quality First principles
			(Smiles and moving people) <ul style="list-style-type: none"><li>Began sales of new vehicles with greatly enhanced product strengths based on the concept of making assisted mobility vehicles into ordinary vehicles</li></ul>	○	(Smiles, moving people and product lineup) <ul style="list-style-type: none"><li>Expand the lineup of wheelchair-adapted vehicles that take into consideration conventional ease of use (making them into ordinary vehicles) and lift-up seat vehicles</li><li>- Additional sales of wheelchair-adapted vehicles (one series)</li><li>- Additional sales of lift-up seat vehicles (one series)</li></ul>
	2. Listen sincerely to customer voices and continue to reinvent ourselves through sufficient information disclosure and dialogue	Raise customer satisfaction concerning customer inquiries	(Customer feedback) <ul style="list-style-type: none"><li>Implemented customer feedback exhibitions and other internal educational activities aimed at spreading awareness of the Customer First principle throughout the company</li></ul> (Responses to customer inquiries) <ul style="list-style-type: none"><li>Promoted responses to customer inquiries without keeping them waiting on hold</li></ul>	○	(Customer feedback) <ul style="list-style-type: none"><li>Continue to implement internal educational activities aimed at permeating awareness of the Customer First principle throughout the company</li></ul> (Responses to customer inquiries) <ul style="list-style-type: none"><li>Continue to promote responses to customer inquiries without keeping them waiting on hold</li></ul>
Enriching Lives of Communities	3. Contribute for economic development of local communities with open stance to new suppliers and dealers and through sustainable growth based on mutually beneficial business relationships with dealers/distributors and suppliers	(1) Supplier: Promote local purchasing globally	(Suppliers) <ul style="list-style-type: none"><li>Supported CSR programs by suppliers (implemented supplier CSR study groups and other measures)</li><li>Took measures to address the issue of conflict minerals (implemented a global survey in 2013 and reported the results, supported industry collaboration measures)</li></ul>	○	(Suppliers) <ul style="list-style-type: none"><li>Continue promoting CSR measures in the supply chain</li><li>Address issues concerning human rights in the supply chain including the issue of conflict minerals</li></ul>
		(2) Dealers/distributors: Establish sales networks together to be rewarded with a smile	(Dealers/distributors) <ul style="list-style-type: none"><li>Provided support to activities conducted by the Toyota National Dealers' Advisory Council such as self-auditing using checklists, etc.</li><li>Coordinated with dealers and promoted activities rooted to local communities such as the Toyota First Experience Program and AQUA SOCIAL FES</li></ul>	○	(Dealers/distributors) <ul style="list-style-type: none"><li>Provide information to dealers using a CSR website</li><li>Propose and carry out social contribution measures from local perspectives</li></ul>
	4. Reduce environmental burdens through lifecycle by developing various eco-friendly vehicles and technologies and making them prevail	(1) Eco-cars: Aim to improve global average fuel efficiency by 25 percent by FY2015 (compared with FY2005)	(Eco-cars) <ul style="list-style-type: none"><li>Cumulative global HV sales exceeded six million units</li><li>FY2015 fuel efficiency standards were cleared by eight new and fully-redesigned domestic models</li><li>Carbon dioxide emissions reduction effects through the end of March 2014 were approximately 43 million tons</li></ul>	○	(Eco-cars) <ul style="list-style-type: none"><li>Expand the HV lineup even further</li><li>Develop engines with high thermal efficiency and high fuel efficiency</li></ul>

○ : Goal achieved    △ : Goal partially achieved

	Global Vision for Those We Serve	Goals	Major activities in FY2013 and results	Self-evaluation Result	Major Activities in FY2014
Enriching Lives of Communities	4. Reduce environmental burdens through lifecycle by developing various eco-friendly vehicles and technologies and making them prevail	(2) Environmental impact: Aim to reduce CO <sub>2</sub> emissions from business activities by 34% by FY2015 (compared to FY2001; per unit produced globally)	(Environmental impact) Implemented various measures such as introducing HVAC equipment with high production process consolidation efficiency and measures to reduce steam losses - Global CO <sub>2</sub> emissions per vehicle produced down 35% compared to 2001 - TMC's CO <sub>2</sub> emissions per vehicle produced down 44% compared to 2001	○	(Environmental impact) ● Continue measures to reduce CO <sub>2</sub> emissions including introducing energy-saving technologies at all affiliates in Japan and overseas
	5. Be aware of responsibilities of developing and producing vehicles and contribute for realization of new mobility society free from traffic accidents and congestion	Engage in advanced/cutting-edge research for a new mobility society, and promote the practical application and popularization thereof	(Future mobility society) ● Continued demonstration trials in Toyota City, added a recommendation function to the Ha:mo Navi guidance system, and expanded the Ha:mo Ride ultra-compact electric vehicle sharing service	○	(Future mobility society) Implement measures for establishing a smart mobility society that creates new value ● Utilizing findings in the verification tests in Toyota City, promote development of sharing equipment and systems toward verification tests to begin at the end of 2014 in the city of Grenoble
			(Accidents/traffic congestion) ● Established a consensus on practical application of cooperative driving support systems by emphasizing information and promoting understanding at the ITS World Congress (Tokyo 2013) ● Launched new information services including a Big Data Traffic Information Service that can be used for improving traffic and responding to disasters in Japan and the smart G-book service for smart phones	○	(Accidents/traffic congestion) Reinforce and develop ITS business that can contribute to new automotive value ● Launch T-connect, a reworking of the existing G-book telematics service to provide new services including the voice-response Agent; Apps, which can add apps to navigation systems; and Online Care, a consolidation of earlier safety and information services
	6. As a good corporate citizen, respect the culture and customers of every nation and contribute to social development	Continue stable social contribution activities at an appropriate level as a good corporate citizen	(Support for revitalization) ● Carried out support programs in disaster areas in cooperation with Group companies including a voluntary program conducted in collaboration with Toyota Motor East Japan	○	(Support for revitalization) ● In the approach to the fifth year of activities, a milestone year, investigate action plans for the fifth year and the direction of actions for after the fifth year
			(Social contribution) ● Expanded self-initiated programs that reflect social needs (the environment, traffic safety, human resource development, social and cultural programs) and developed automotive culture ● Built collaborative systems in different regions of the world (cooperated with overseas Group companies and donated funds in response to the typhoon in the Philippines)	○	(Social contribution) ● As the Group's global headquarters, carry out programs in mobility fields that contribute to the development of a new society (the Toyota Mobility Foundation was established in late August) ● In addition to programs for becoming a much more needed presence, gain an understanding of local communities to be a liked and respected presence
	Stable Base of Business	7. Create working environments for various employees to work proudly and with loyalty and confidence in fulfilling their potential, which realize their self-growth	(Development of human resources) ● Established a new Study Dispatch Program for the early development of young employees and to further enhance skills	○	(Development of human resources) ● Conduct training for 100% of new employees (including mid-career hired and fixed-term employees) and new managers
(Employment and work practices) ● Introduced a regular one-shift work system at shift workplaces to support a balance between work and childcare. Conducted on a trial basis half-time work to expand shortened working hours in response to diversifying work preferences by employees ages 60 years and older.			○	(Employment and work practices) ● Create programs that facilitate work by employees including expanded measures for women and older workers	
(Safety and health) ● Implemented "bottom-up" activities with all members participating in basic rule compliance and mutual awareness, in line with the annual global corporate direction of building a culture that promotes interactive development of safety and health; however, the high targets for the total number of accidents were not met			△	(Safety and health) ● Continue measures to establish a culture of interactive development of safety and health	
8. Ensure sustainable growth by fostering the virtuous circle, Always better cars > Enriching lives of communities > Stable base of business		Establish a stable base of business	(Earnings) ● Although certain one-time expenses were incurred, the lower value of the yen, sales efforts, and cost-cutting measures resulted in higher earnings ● Dividends were declared with a consolidated payout ratio target of 30%	○	(Earnings) ● Make prior investments necessary for future growth and continue to improve earnings structures without reducing efforts ● Provide stable and continuous shareholder returns with a consolidated payout ratio target of 30% ● In conjunction with the establishment of the Toyota Mobility Foundation, dispose of treasury shares (30 million shares), acquire additional treasury shares (60 million shares), and retire treasury shares (30 million shares)
			(Governance) Established the Corporate Governance Council to oversee and deliberate not only on compliance but also corporate governance matters and bolstered governance functions	○	(Governance) Continue to accelerate the pace of decision making with the aim of raising long-term, stable corporate value
		(BCM) ● Formulated a production recovery BCP and BCPs for individual divisions ● Implemented various measures to quickly obtain damage projections ● Conducted various training including companywide training and resiliency training and held group disaster preparedness conferences	○	(BCM) Take measures to establish Toyota-style BCM practices throughout the Group and conduct human resource development and measures	

○ : Goal achieved    △ : Goal partially achieved

## Fuel Cell Vehicles to Play Important Role in Sustainable Societies

Hydrogen-based energy will play a major role in creating the sustainable society that Toyota seeks.

Supplies of oil and other fossil fuels are limited, but it is expected that demand will continue to grow in conjunction with the economic development and rising standards of living in emerging nations. In light of this social backdrop, reducing carbon dioxide emissions and diversifying fuels will become increasingly important and the effective use of secondary energy sources such as electricity and hydrogen will be necessary.

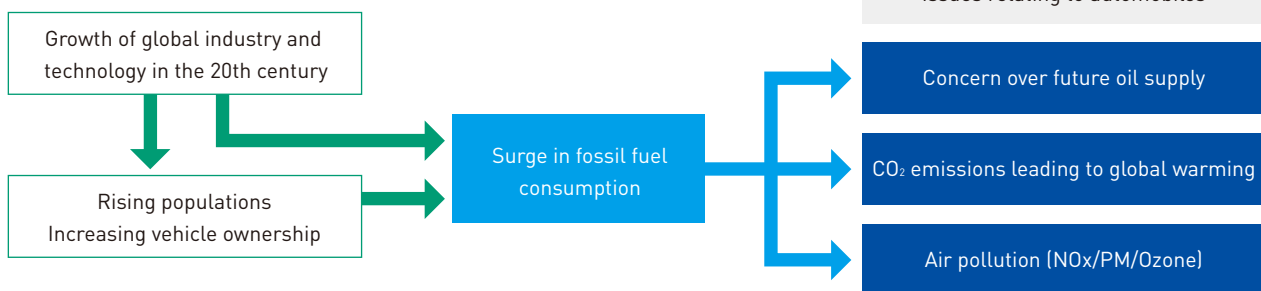
Hydrogen, which is present everywhere in the world, holds significant potential not only as a fuel for automobiles, but in the development of a sustainable society. If carbon dioxide-free hydrogen becomes more common throughout society, it will be possible to create a clean society. If the use of fuel cell vehicles supported by this type of infrastructure becomes widespread, They can make significant contributions to the development of a low-carbon society and even play an important role in supplying electricity during disasters.

Cars are starting to become a bigger part of society—

The presence and value of fuel cell vehicles that expand ties with society are rising as we move towards a comfortable next-generation society that we will build with stakeholders.

### Issues Concerning Automobiles

Supply of oil will be unable to keep up with demand as populations and standards of living rise. It will be necessary to make up for the shortfall of oil through supplies of various alternative fuels.



Toyota believes that fuel cell vehicles have great potential as the ideal eco-car that can contribute to the development of a sustainable mobility society.



## Why FCVs?

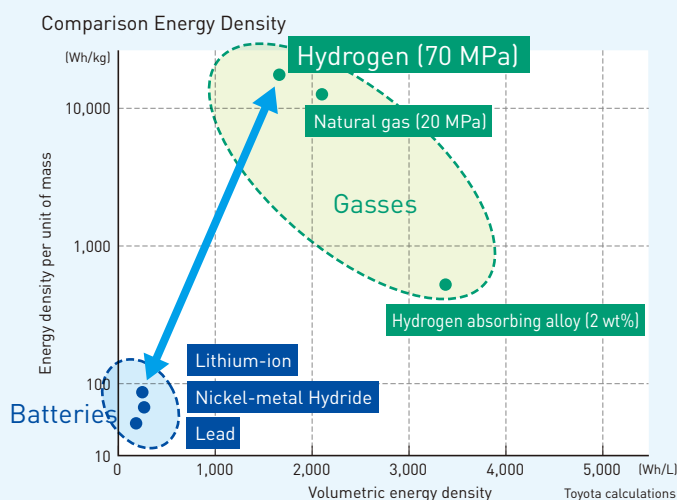
FCVs operate with a motor that runs on electricity generated by a fuel cell.

A fuel cell is a generating device that chemically produces electricity during the process of making water from hydrogen and oxygen. Fuel cells offer high generating efficiency, but do not release carbon dioxide or other substances of environmental concern during operation like gasoline and other internal combustion engines.

In addition, they have higher energy density than the batteries used in electric vehicles, allowing the cruising range on a full tank to be set higher than the 100 km to 200 km of most commercially available electric vehicles on a full charge. Rapid charging of an electric vehicle takes about 30 minutes, but an FCV can be fueled more quickly. During an emergency, an FCV can be expected to provide electricity for a longer time.

Characteristics of Alternative Fuels

	Electricity EV	Hydrogen FCV	Biofuel Internal combustion engines	Natural gas Internal combustion engines
Well-to-wheel CO <sub>2</sub>	Poor to Excellent	Poor to Excellent	Poor to Excellent	Good
Supply volume	Excellent	Excellent	Poor	Good
Cruising range	Poor	Excellent	Excellent	Good
Fueling/charging time	Poor	Excellent	Excellent	Excellent
Dedicated infrastructure	Good	Poor	Excellent	Good



## Features of the FCV Sedan to Be Launched in FY2014

The FCVs that Toyota is developing seek to be vehicles that can provide previously unseen value. To do this, they are equipped with a compact, high-efficiency fuel cell system and pursue a sedan package that many different people can enjoy and an advanced design that indicates the vehicle is an FCV at a glance. In addition to environmental performance, we conducted development with the aim of creating a car that is exciting and fun to drive.

### Advantages of FCVs

#### Energy diversification

- Hydrogen can be produced from a variety of primary energy sources

#### Zero emissions

- Zero CO<sub>2</sub> emissions during driving

#### Driving pleasure

- Smooth and quiet operation
- Smooth start and good acceleration at low and medium speeds



#### Performance

- High cruising range
- Low refueling time

Large power supply capability for emergencies

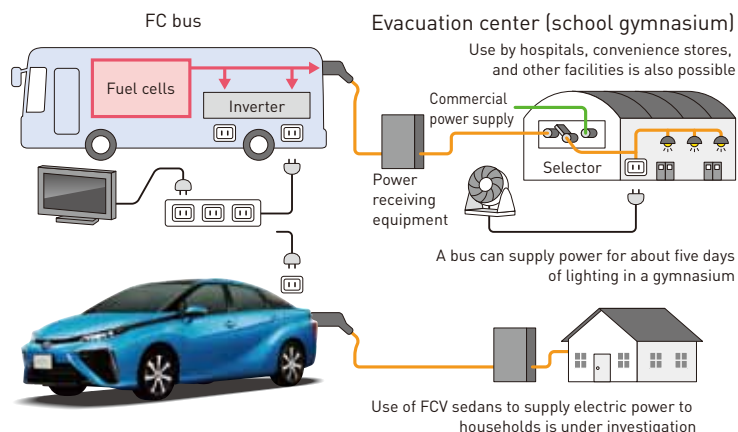


## External Electric Power Supply System

In addition to a sedan-type, Toyota is also conducting development and trials of FC buses and FC forklifts.

When an FC bus is fueled with approximately 20 kg of high-pressure hydrogen gas, it can supply a maximum of approximately 10 kW of power continuously for approximately 50 hours. If the power used to light a gymnasium is about 100 kWh (lighting for 12 hours per day), this would be the equivalent of about 5 days' of power (a route bus can operate for 2 days on 20 kg of high-pressure hydrogen gas). We are also looking into using FCV sedans to supply electric power to households.

### Maximum output of approximately 10 kW under development



## Toyota's FCV Development to Date

Toyota's FCV development started in 1992

**1992** Start of development

**1996** Parade in Osaka

The vehicle featured a fuel cell stack and metal hydride hydrogen tank.

**2002** World-first limited sale in the U.S. and Japan

**2005** Achieves vehicle type certification from the Japanese government

**2008** Range and cold start capabilities improved

**Toyota has leased over 100 fuel cell vehicles to date, and these have driven over 2 million km in the U.S. and Japan**

\* The 13th International Electric Vehicle Symposium and Exposition



Parade in Osaka during EVS13\* (Oct.1996)



Toyota FCHV-adv (2008)

Max speed	155 km/h
Occupancy	5
Max pressure of tank	70 MPa
Fuel cell output	90 kW

### Providing Advanced Technology from Japan

The Tokyo Metropolitan Government held the Tokyo Strategic Conference in 2014 to investigate the development of a hydrogen-based society using hydrogen as the key to a low-carbon society. FCVs will be used to transport athletes during the 2020 Tokyo Olympics, and Japan's technological prowess will be put on display.

If technology and products for the effective use of hydrogen can be developed not just for the Olympics, but for various applications, this will lead to significant economic growth in Japan.

## Hydrogen Stations—Essential Infrastructure for Widespread FCV Use

Fuel cell vehicles (FCVs) use hydrogen as an energy source, unlike gasoline vehicles, and development of hydrogen stations to supply hydrogen will be essential for the widespread use of FCVs. The first steps towards such widespread use of FCVs are to be taken in Japan during FY2014. There are three issues relating to the nationwide development of hydrogen stations.

The first issue concerns the number of hydrogen stations. Establishment of about 100 stations, primarily in 4 major metropolitan areas, is expected. With regard to the development of hydrogen stations, the number is important, but the location is believed to be the most significant issue. If hydrogen stations are located in places where people gather by car rather than simply places that people will go to fuel their vehicles with hydrogen, it will speed up the spread of FCVs that much more.

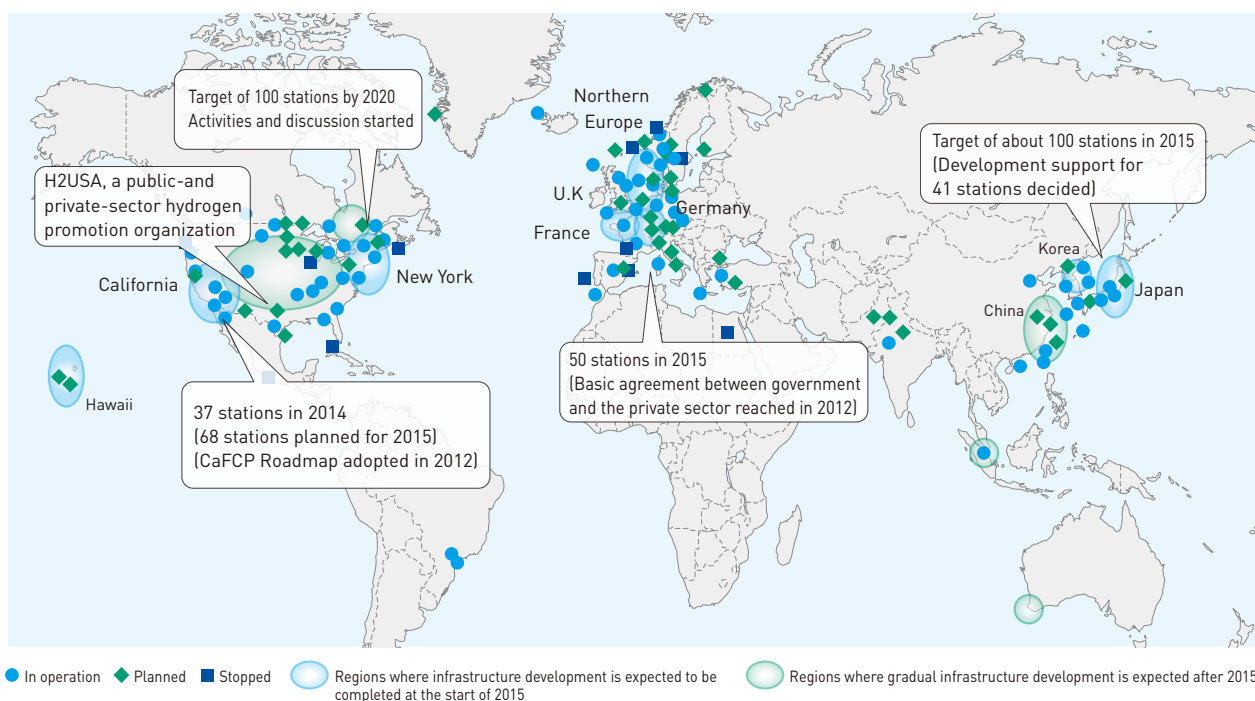
The second issue is the development of hydrogen station technology. This includes the materials used in hydrogen stations, the structure of accumulator tanks, and other topics, and aspects concerning the development of technology are also closely related to the review of regulations, the third issue. The High-Pressure Gas Safety Law and other related laws are currently being reviewed to encourage the widespread adoption of FCVs.

### Review of Regulations to Support FCV Use

A process chart for regulatory review was announced in December 2010.

1. Material standards
2. Pressure resistance standards
3. Accumulator tank structure
4. Multi-purpose stations
5. Periodic inspection methods
6. Self-service fueling etc.

### Recent Developments in Hydrogen Infrastructure Development around the World (as of July 2014)



Development of several hundred hydrogen stations worldwide is expected between 2015 and 2020

## Comments from an FCV Developer

# FCVs Can Exhibit Japan's Technological Strengths

Yoshikazu Tanaka, Deputy Chief Engineer  
Product Planning Group

Deputy Chief Engineer Yoshikazu Tanaka of the Product Planning Group has been in charge of development of the Prius plug-in hybrid (PHV) since 2006. Tanaka, who has been involved in developing new technologies for many years, speaks enthusiastically about the benefits of FCVs, which are to be launched during FY2014.

"FCV is a next-generation technology. In addition to advanced technology development capabilities, advanced materials technologies and processing technologies are required. It is for this reason that FCVs can exhibit Japan's technological strengths. Hybrid vehicles, exemplified by the Prius, have had a major impact on the direction of high fuel efficiency, but FCVs will have world-changing impact. Hybrid vehicles do not require any special infrastructure, but FCVs will require major innovations including infrastructure before they can enter widespread use, and they will give rise to major changes in the structure of energy demand. I believe that spreading these technologies from Japan to other parts of the world will also be highly significant."



Transferred to the Product Planning Group in 2006 and worked on PHV development. Since 2012, has been a planning and development leader for FCVs.



### Focus

## The Safety of Hydrogen

As is commonly known from use in balloons and blimps, hydrogen is an extremely light gas. Even if a fuel tank were to leak, as long as the hydrogen is not enclosed in a sealed space, it will immediately dissipate, resulting in a very low chance of explosion. When viewed from the perspective of the vehicle, even in the event of a collision that causes a fire, the tank has a metal valve with a low melting point that will immediately release and disperse the hydrogen before the temperature and pressure can build up. Before electricity, hydrogen was used as a fuel in gas lamps for lighting up the world's streets, and hydrogen has been in close use continuously.



Artist's rendering

## Focus

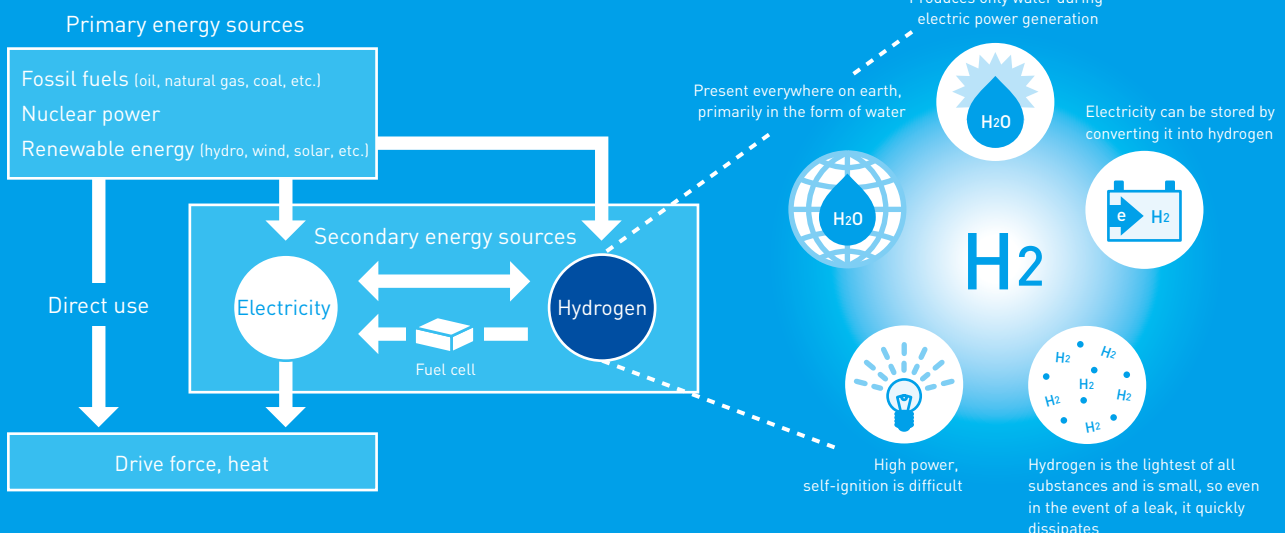
## Features of Hydrogen Energy, a Promising Energy Source for the Future

Hydrogen does not contain carbon, making it a clean energy that does not generate carbon dioxide, a cause of global warming, during use and it has outstanding properties compared to other energy sources. Hydrogen, which is present everywhere on earth, can be produced from a variety of primary energy sources using diverse methods according to local conditions. For these reasons, expectations are high for hydrogen as a future energy source.

It can also play a major role in the spread of renewable energy.

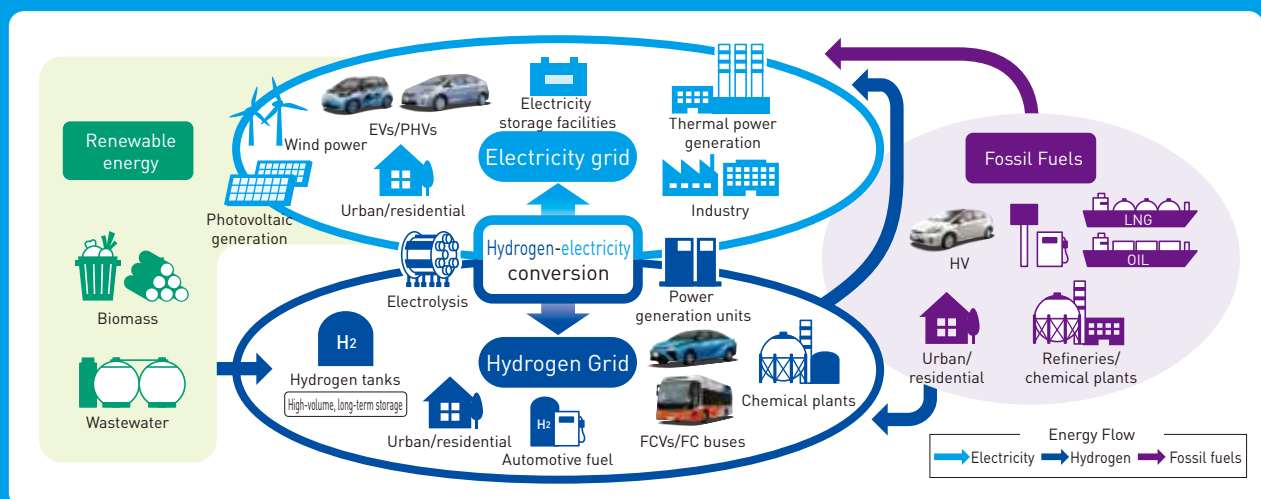
Solar and wind power are affected by weather conditions, resulting in unstable generation—generating costs are high, and the power that is generated is naturally discharged, which makes indefinite storage impossible. One means of making it possible to use these types of natural energy when people want to use them is to convert the energy to hydrogen, which has higher volumetric energy density than batteries, for storage. To give an example, in the northern region of Germany, an advanced renewable energy country, electricity generated using solar and wind power is converted to hydrogen, stored in old salt mines, and transported to the cities in the south using existing pipelines.

Conceptual Diagram of Hydrogen-electricity Energy Conversion and Features of Hydrogen



## Concept of a Society that Uses Electricity and Hydrogen and Is Based on Diverse Energy

Batteries and other grid components are suitable for short-term storage of small amounts of electricity. In contrast, a hydrogen grid that stores hydrogen produced from electricity is suitable for storing large amounts of electric power for extended periods and for transporting it. The society of the future must utilize renewable energy, which is expected to increase in the coming years, and optimally integrate the electricity grid with the hydrogen grid for effective use. The use of hydrogen has high added value for smart energy concepts.





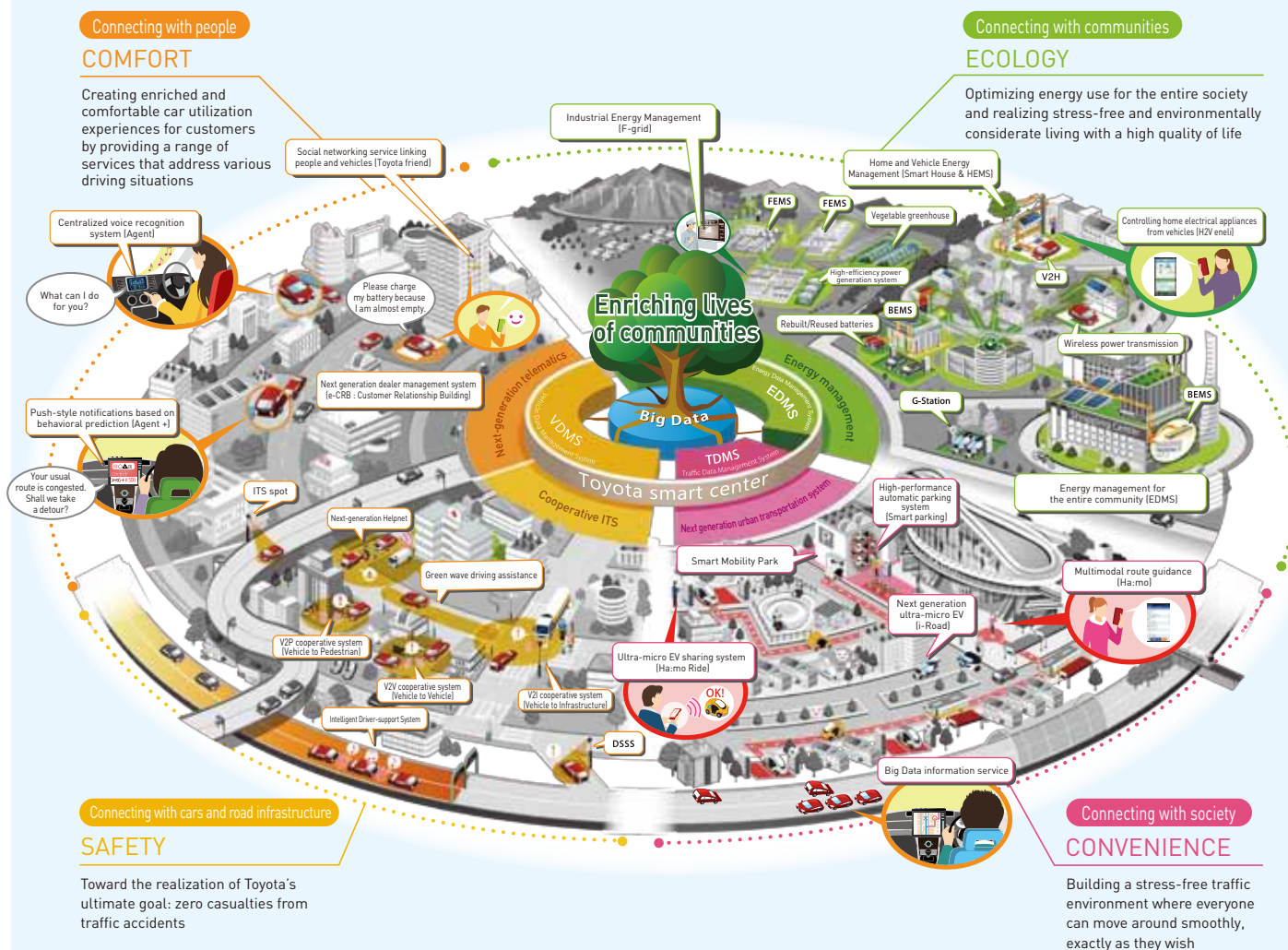
## Creating an Optimal Mobility Society with Consideration for Future Issues

Social environments are undergoing major changes including declining birth rates and aging populations in developed countries, increasing traffic-related problems including traffic accidents and congestion, and diversification of energy. At the same time, as the electrification of cars and the adoption of information technology in cars progress, we are now in a time when cars are no longer simply for transporting people and goods but play new roles within society. Toyota is working to achieve an optimal mobility society centered on appealing automobiles that can coexist with social systems and undergo evolution as personal mobility.

### The Smart Mobility Society Sought by Toyota

Toyota is using cars to reinforce its connections with customers and local communities and is building long-term trusting relationships. What is necessary to achieve this, in addition to “moving, turning, and stopping,” is a fourth function—connectivity. The recent rapid advance of electrification of cars and adoption of information technology and the development of information infrastructure have created new automotive added value. There are four connectivity domains within the smart mobility society that Toyota is pursuing.

The four domains are (1) next-generation telematics that connects people, (2) cooperative ITS that connects cars and road infrastructure, (3) energy management that connects communities, and (4) next-generation urban traffic systems that connect society. We believe that these four domains will connect cars, people, and communities to create a society where everyone can experience a safe and exciting society in all spheres ranging from automotive transportation to lifestyle situations. This cannot be achieved by Toyota alone, and research and development conducted through collaboration by the automobile industry with other industries, government, and academia will be necessary, and we are conducting various trials and technology development to this end.



For further information on **Initiatives for Improving Traffic Safety**, please see (pp. 04-01 - 04-06) and also the following webpage  
[http://www.toyota-global.com/innovation/intelligent\\_transport\\_systems/ultimategoal/](http://www.toyota-global.com/innovation/intelligent_transport_systems/ultimategoal/)

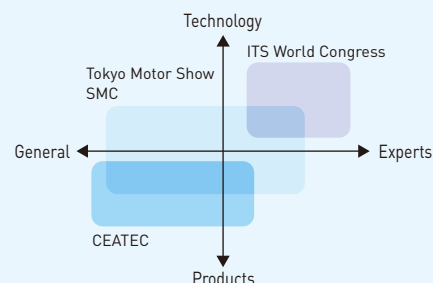


Services that constitute a smart mobility society

## Proposing New Value Created by Linking Lifestyles with Society and Raising the Public Awareness

In October and November 2013 several large-scale events and conferences relating to state-of-the-art information and communications technology were held: the 14th CEATEC\* Japan, the ITS World Congress 2013, and the 43rd Tokyo Motor Show 2013—Smart Mobility City 2013. Toyota participated in all of these events with displays and exhibits and disseminated information on Japan's latest IT and ITS advanced technologies to the world through coordination of the three events focused on a common theme.

\* CEATEC: Combined Exhibition of Advanced Technologies



## Toyota Displays at 20th ITS World Congress 2013

The ITS World Congress is the world's largest and most advanced international conference on ITS conducted by experts. The Congress is held annually in Europe, the Asia-Pacific region, and North America on a rotating basis.

In 2013, the Congress was held in Tokyo with the participation of more than 20,000 people from 65 countries including members of the general public. The theme of the 2013 Congress was Open ITS to the Next, and there were 238 exhibiting organizations (114 from Japan and 124 from overseas).

ITS Japan announced its Proposal of Future Creation through ITS as a vision of the future of ITS created by the private sector, setting forth its expectations for mobility that seeks the "Realization of a Society Where Anyone Can Travel Comfortably Anywhere" and making a proposal for the transport society of Japan in the year 2030. ITS Japan also made efforts to increase understanding by the general public of services and their significance by, for example, conducting test drives jointly hosted by the public-private sector for cooperative ITS demonstration.

Toyota presented information regarding its initiatives in four areas concerning a smart mobility society that will link people, cars, and communities: next-generation telematics, energy management, next-generation urban traffic systems, and cooperative ITS.



### Comments from Participants and Visitors

The showcases in particular attracted large numbers of visitors, and there were many questions concerning the timing of practical application and products. Participants made comments indicating the appeal of the services to users and their hope that the services will be put into practical application as soon as possible.

### Toyota's Points of Emphasis

Item	Presentation content
Indoor exhibits	<p>Toyota's ITS Vision: The smart mobility society that Toyota seeks</p> <p>Cooperative ITS: Toyota's efforts to utilize the 700 MHz band and its stance on and technologies concerning advanced driving support</p> <p>Telematics: Big Data Traffic Information Service and smart G-BOOK</p> <p>Urban Traffic Systems: Toyota's vision of urban transport and its measures to achieve it</p> <p>Energy Management: Trials being conducted in Toyota City and measures for creating new automotive value</p>
Sessions	A total of 16 sessions including executive sessions, special sessions, and technical sessions were conducted to disseminate information on Toyota's approach to cooperative ITS, advanced driving support, and other topics
Public talk sessions	<p>Four talk sessions were conducted on advanced driving support, automated driving, and other topics with the participation of Japanese, American, and European auto manufacturers</p> <p>Discussions were conducted on the future mobility society that will be created by advanced technology</p>
Showcases and post-event tours	<p>Demonstrations of further traffic safety and traffic congestion mitigation measures</p> <p>Next-generation Driving Safety Support System, cooperative advanced safety vehicles, highway sag section traffic facilitation, ITS spots, intelligent driving support technologies for highways, collision avoidance break, and Aichi/Toyota ITS Samurai Tour</p>

## Measures in Four Domains of Connectivity

### Next-generation Telematics Connecting with People

#### Big Data Traffic Information Service: Supporting Traffic Flow Improvement and Disaster Response smart G-BOOK: Connecting with Drivers Using Voice Recognition

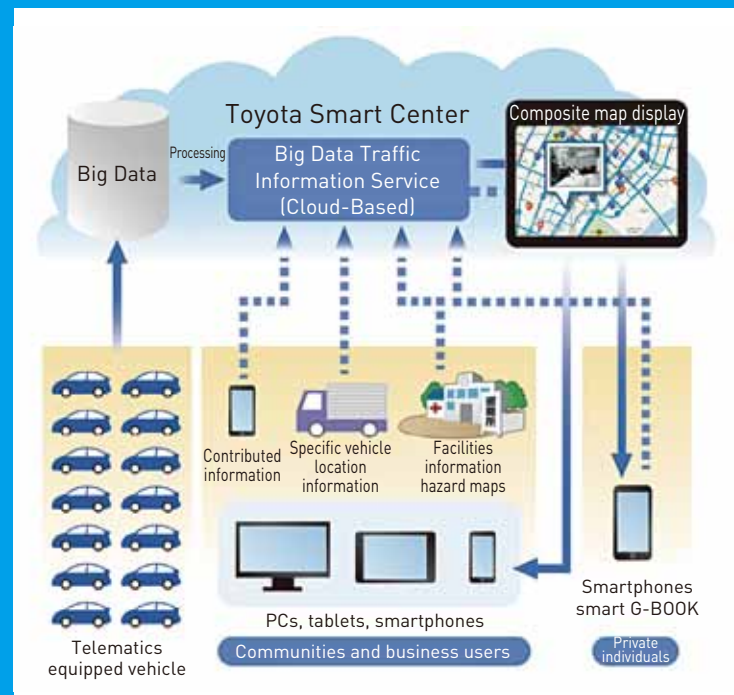
By using Information and Communication Technology (ICT) to connect to the cloud-based Toyota Smart Center, people, cars, homes, and communities will be connected to provide more convenient and comfortable comprehensive lifestyle services and contribute to the development of safe and disaster-resilient communities.



# COMFORT

#### Big Data Traffic Information Service: Supporting Traffic Flow Improvement and Disaster Response

Toyota launched this new information service in June 2013. The service uses big data including information on vehicle location, speed, and driving status gathered and stored using telematics services. The Big Data Traffic Information Service provides processed traffic information and statistics based on big data to local governments and businesses for use in improving traffic flows, providing map information, and implementing disaster response measures. Specifically, Toyota will provide a platform that enables local governments and businesses to use Toyota's proprietary T-probe traffic information, route history maps, traffic volume maps, and other information and to add their own diverse information for display. The service can be used for a wide range of applications including disaster response systems and traffic and logistics systems.



#### smart G-BOOK:

##### Connecting with drivers using voice recognition

Toyota updated smart G-BOOK, a telematics service for smartphones, and began providing services similar to the Big Data Traffic Information Service to individuals. This is the first time that T-probe traffic information can be used on systems other than genuine Toyota onboard navigation systems. Toyota added a new center-based voice-recognition agent function that recognizes customer voice queries via the cloud-based Toyota Smart Center. The Agent is a new function that will enable cars and drivers to communicate and will be a presence linking the two, allowing the driver to search destinations and make settings by voice and obtain suitable information using natural language and even ambiguous directions. Also new to the system is a traffic information SNS that will allow customers to submit information concerning traffic jams, road hazards, and so on.

Using the Big Data Traffic Information Service and the new smart G-BOOK connected to that service, Toyota will provide more convenient and comfortable comprehensive lifestyle services, contributing to the development of safe and highly disaster-resilient communities.



Agent screen



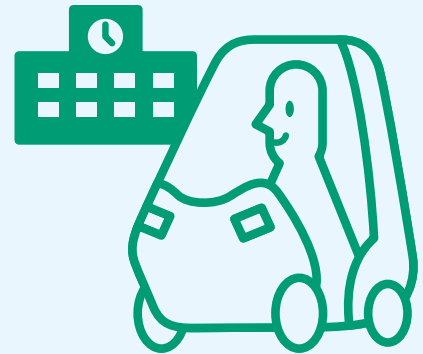
## Next-generation Urban Traffic Systems

Connecting with Society

### Building a Stress-free Traffic Environment Where Everyone Can Move around Smoothly, Exactly as They Wish

The system provides guidance on the optimal route from the departure site to the destination.

Collaboration between public transportation systems and an ultra-compact electric vehicle sharing service enables mobility styles for new urban living with a stress-free, safe, and environmentally friendly mobility.



## CONVENIENCE

### Ha:mo

#### Harmonious mobility network

Ha:mo is a membership-based traffic support system that began operating in 2012. The system comprises Ha:mo Ride, an ultra-compact mobility sharing service for short-distance trips, and multi-modal route guidance.



### Ha:mo Ride

#### Providing short-distance travel within the city with low carbon emissions

Ha:mo Ride is an ultra-compact electric vehicle sharing service that uses COMS ultra-compact electric vehicles and PAS power-assisted bicycles to provide additional transportation from public transportation hubs such as a train or bus station to the user's final destination.

The service reduces carbon emissions, save space, and helps alleviate traffic congestion by encouraging the use of public transportation while maintaining short-range mobility for local residents from a station to their destinations.

Reservations are easily made using a smartphone, and the vehicles can be left at a station near the destination. Since the service uses ultra-compact means of mobility, efficient and stress-free mobility is possible even on narrow roads, and users pay only for actual use.



### Multi-modal Route Guidance: Connecting cars and public transportation

The system provides route information using combinations of multiple different means of transportation including car, train, bus, and new mobility systems such as Ha:mo Ride to support environmentally friendly and convenient transport choices. The service provides information by smartphone. Operating information for trains and buses, traffic information including traffic congestion data, and information on local events, weather and other various mobility-related info is collected and provided as feedback to customers and transport companies in order to create a low-carbon, energy-efficient mobility society throughout the region. The system encourages changes in transport behavior and proposes mobility that is environmentally friendly and convenient to individuals, communities, and society. In the future, measures will be implemented with the aim of developing a traffic information portal that can provide solutions to regional issues.





## Energy Management

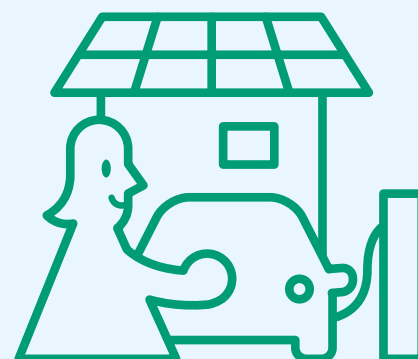
Connecting with Communities

### Optimizing Energy Use for the Entire Community and Realizing Stress-free and Environmentally Considerate Living with a High Quality of Life

Connects homes, convenience stores, schools, and other regional facilities with cars, transportation infrastructure, and factories to maintain a balance of electric power supply and demand.

The aim is to optimize energy use by communities and society as a whole.

For further details, see [Creating the Future Society on pages 06-01 to 06-04](#).



ECOLOGY



Linking Cars and  
Homes with Energy  
V2H (Vehicle to Home)



## Cooperative ITS

Connecting with Cars and Road Infrastructure

### Toward the Realization of Toyota's Ultimate Goal: Zero Casualties from Traffic Accidents

Cooperation between road infrastructure, cars, and people can support safer driving through systems that enable cars to exchange information on their positions and speed and alert drivers at intersections with poor visibility.

The public and private sectors are working in collaboration to put such systems into practical use.

For further details, see [Initiatives for Improving Traffic Safety on page 04-03](#).



SAFETY

Vehicle-to-vehicle  
cooperative  
system



## Measures to Alleviate Traffic Congestion in Emerging Nations

As rapid motorization takes place in the urban areas in emerging nations, traffic congestion is becoming an increasingly serious problem. Infrastructure development in emerging nations is still underway, however, and more than a few countries are unable to make plans to introduce advanced traffic systems such as IT and ITS technologies. As an auto manufacturer that conducts business globally, we believe that what is possible now is numerous small scale, but reliable *kaizen* (continuous improvements) tailored to current conditions based on an understanding of the circumstances and issues in individual countries and regions and keeping in mind optimal traffic systems for the future. Toyota is working to enhance traffic congestion mitigation measures in emerging countries through cooperation with local industry, government, and academic institutions based on the principle of *genchi genbutsu* (on-site, hands-on experience) with the aim of contributing to the creation of an enriching and comfortable mobility society.



Road conditions in Jakarta

### Example of Traffic Congestion Mitigation Measures in Jakarta, Indonesia

Jakarta, where it is said that the number of motor vehicles increases by 1,000 every week, has some of the world's worst traffic congestions.

There have been various plans to expand and improve infrastructure for some time, but in reality, development has not proceeded very much. Since improvements from collaborative infrastructure using IT and ITS technologies are inadequate, in November 2013 Toyota, working cooperation with local group companies, JICA Indonesia, and the Embassy of Japan in Indonesia, implemented a project to improve the Manpan intersection in Jakarta. By widening the left turn lanes at the intersection and facilitating traffic flows in the different lanes, traffic flow through the intersection was improved by approximately 20 percent according to a JICA analysis despite the relatively small scale of the construction.



Before improvement of the intersection  
(before U-turn lane construction)  
Vehicles making a U-turn enter the intersection and oncoming vehicles passing through the intersection become congested



After improvement of the intersection  
(after a U-turn lane construction)  
An exclusive U-turn lane was constructed before the intersection, mitigating congestion

### Example of Traffic Congestion Mitigation Measures in Bangkok, Thailand Implemented through the WBCSD

WBCSD Sustainable Mobility Project 2.0 (SMP2.0), of which Toyota serves as a co-chair, divided the world's cities into six categories and in 2014 began drawing up sustainable mobility roadmaps for six cities around the world as demonstrator cities in cooperation with the city governments and related stakeholders in each city.

Toyota served as the lead company for Bangkok, one of the 6 cities, and cooperated with the Thai Ministry of Transport, the Bangkok Metropolitan Administration, police, Thai businesses and other stakeholders, and SMP 2.0 member companies to launch a project with the aim of alleviating traffic congestion by building a multi-modal society, which will link public transportation, cars, and people 5 years and 15 years in the future when Bangkok's elevated railway will be greatly expanded. In 2015, a large-scale social experiment concerning reforming the behavior patterns of municipal residents will be conducted with the aim of formulating a feasible roadmap.

Working in cooperation with Group companies, Toyota is developing a traffic simulation model for Bangkok and will make prior assessments of various measures, playing a leading role in the discussion concerning overall optimization of Bangkok's traffic measures.



WBCSD SMP 2.0 Memorandum of Understanding signing ceremony in Bangkok

## What is the WBCSD?

The World Business Council for Sustainable Development (WBCSD), headquartered in Geneva, is made up of approximately 200 member companies from a wide range of industries all over the world. It carries out surveys and offers advice based on the three pillars of economic growth, environmental protection and social development in its aim of sustainable development. Following its founding in linkage with the Rio de Janeiro Earth Summit of 1992, the WBCSD has devised an environmental management system (ISO 14000) and the concept of Eco-efficiency, and is considered to be a leading business advocate on sustainable development. As a member since the establishment of the organization, Toyota has taken part in a variety of projects such as the Sustainable Mobility Project. Fifteen participating companies including Toyota launched the WBCSD Sustainable Mobility Project 2.0 (SMP 2.0) in 2013. Six model cities from around the world including a city in Thailand were selected, and roadmaps for the cities based on long-term visions looking ahead to 2050 are being created.



World Business Council for Sustainable Development

## Carrying on the Founding Philosophy of "Monozukuri Is about Developing People"

Developing people means passing on Toyota's value system and communicating the Toyota perspective. By striving to achieve people-centric manufacturing and utilizing people's wisdom to make improvements day after day, we will be able to flexibly respond to the changes of the times. Toyota is building a framework that will reliably and continuously develop human resources capable of carrying on its business activities on a global scale. This framework includes participation in the WorldSkills Competition with the goal of developing human resources that will form the core of the production sites in the future, and the Tajimi Service Center, which aims to improve the skills of after-sales service staff at dealers throughout the world and to perform R&D in repair and maintenance technology.

There is an old Chinese proverb from more than 2,200 years ago, which says, "If you are planning for a year, sow rice; if you are planning for a decade, plant trees; if you are planning for a lifetime, educate people." (Source: Chapter on Life Wisdom, Guanzi) As this proverb states, the longest plan must focus on people development, which will form the corporate basis supporting a stable base of business.

## Carrying on the Monozukuri Skills that Have Been Passed Down through Generations

### Participation in the WorldSkills Competition to Hone Skills and Compete

The WorldSkills Competition is like an olympics for skills that allows young technicians to compete on skill level. The international competition began in Europe in 1950 and is now being held every other year. The national competition in Japan has been held every year since 1963.

The purpose of the competition is to promote vocational training. Toyota actively participates in the WorldSkills Competition because competition helps young technicians improve their skill levels and gain better self-control, and the activities of the participants help revitalize the workplace. Since they must be 23 years or younger, Toyota selects its participants from new hires and trains them at the Homi Training Center in the case of Japan. With the goal of developing human resources that will form the core of the manufacturing site in the future, the Center focuses on helping participants gain necessary skills and the ability to concentrate, as well as develop problem-solving abilities.

### Toyota Participated in the 42nd WorldSkills Competition and Won Three Gold Medals on a Global Level.

The 42nd WorldSkills Competition was held in Leipzig, Germany in July 2013. Eight contestants from Japan participated in seven skill areas. Of these, two won the gold medal and all eight won prizes. Contestants from overseas affiliates in Thailand and Indonesia also won medals (one gold and two silver).

Number of skill areas in which contestants from Toyota (Japan) won prizes in recent international competitions

	Gold medal	Silver medal	Bronze medal	Honorable mention
2009	0	2	0	0
2011	4	0	0	0
2013	2	0	1	4
Total	25	13	9	10



### Focus

#### Young Technicians Working Hard to Attain Their Dreams

Those planning to participate in the WorldSkills Competition undergo training every day to polish their skills, becoming stoic in the process.

Since the plastic die engineering competition requires precision down to the 1/1,000-mm level, participants pay the utmost attention to each of their tools, for example, customizing dozens of files to their exact liking. The autobody repair competition is the most physically demanding because it involves precision down to the 1/10-mm level and also requires the contestant to swing a hammer weighing more than 500 grams for more than several hours. Therefore, training to build endurance is also essential.

All participants are highly motivated to "make things better than anyone else" and hold the lofty goal of constantly advancing (deepening) the technological skills they have mastered as they continue to spiral up.



Plastic die



Autobody repair





## Medal Winners from Japan



## Comment from a bronze medal winner at the WorldSkills Competition

Skill area: CNC turning

Yusuke Ishii

I am really happy about the fact that the training I received from the instructors and the people around me at work came to fruition. In the future, I hope to put the skills and knowledge gained through the recent competition to practical use so I can become a person who takes action on his own initiative.

## Comment from a gold medal winner at the WorldSkills Competition

Skill area: Autobody repair

Yasuo Yamada

I tried to never be satisfied and always strive to do better. I was very happy to win the gold medal as a result of being able to do my best. I would like to sincerely thank those who helped me and convey to our future contestants to never be satisfied with things as they are.



## Comment from a gold medal winner at the WorldSkills Competition

Skill area: IT network systems administration

Takuya Nishide

Thanks to the support of everyone involved and the strict training I received, I was able to win the gold medal. As a person who experienced the competition, I plan to be strict sometimes with our future contestants to help them have the same great experience I did.



## Medal Winners from Overseas

## Comment from a gold medal winner at the WorldSkills Competition

TMAP-EM (Thailand)

Rung-rote Tiengkun

I received training on a machine similar to the one used in the competition and learned advanced skills. I am grateful to our company for also having taken care of our day-to-day needs. I plan to identify my weaknesses and help the next generation of contestants avoid them.



## Comments of silver medal winners at the WorldSkills Competition

TMMIN (Indonesia)

Andrie Safargie

In my training in Japan, I not only developed the mental ability to face the competition but also learned the skills and procedures required to make excellent products. I hope to pass on the experience and knowledge I recently gained to all members of TMMIN to help them improve their skill levels.

TMAP-EM (Thailand)

Marut Bootkanha

Thanks to the intensive training the instructors gave me, I was able to enter the competition calmly. I would like to sincerely thank all of the instructors for teaching me the many skills necessary for achieving high scores.



## Silver Medal Winner at the National Abilympics

Toyota Loops Corporation

Mami Suzuki

Mami Suzuki, who participated in a technical skills competition for people with disabilities held in November 2013, won second place in the "Office Assistant" division. Because Ms. Suzuki had missed winning a prize in last year's National Competition, she trained every single day with the determination to win a prize this year. That daily training and the encouragement of many people helped her win a prize.



## Strengthening Human Resource Development and Providing “Better Service” All Over the World

### Opening the Customer Service Training Facility with Integrated Service Technologies

In addition to product appeal and sales capabilities that will be well accepted by customers all over the world, Toyota recognizes that it is more important than ever to provide a full range of customer-oriented after-sales services to ensure sustainable growth for the company globally.

In particular, the communication skills and technical abilities of the service staff who interact directly with customers are important factors that directly lead to customer confidence and satisfaction, and therefore Toyota has and will continue to actively work together with dealers to improve the technical skills of after-sales service staff.

Vehicle usage environments differ widely around the world and vehicle technology is growing more sophisticated year by year, meaning that after-sales service staff need a wider range of knowledge and higher technical skills than ever before. There is also a need to quickly develop and increase the number of service staff for markets that are expected to keep growing.

To cope with this situation, Toyota in July 2013 opened the Tajimi Service Center, a customer service training facility, in Tajimi City, Gifu Prefecture, designed to expand and augment the functions currently performed by the Nisshin Training Center. The new center has a four-story training facility and a drive-evaluation course consisting of a 1.3-km loop and special road surfaces reproducing various road surfaces around the world. On a yearly basis, the new center will gradually increase the number of trainees it can accommodate from around the world from 2,600 to 4,800. The center reproduces the environment in which customers use Toyota/Lexus vehicles and provides practical training that helps trainees master the necessary skills based on the concept of *genchi genbutsu* (on-site hands-on experience).

#### Outline of facilities

Site area **187,000 m<sup>2</sup>**

Training building **Four-story** [Stalls: 80, Classrooms: 11]

Drive-evaluation course **Loop track of approximately 1.3 km**

Unique road surfaces (13 types): Cobblestone road, undulating road, rope road, banked road, potholed road, manhole cover road, curbed road, incline/decline, harsh road, patched road, rough road, uneven road and slippery road

Service staff enrollment (planned) **Approximately 4,800 trainees/year** [Reference] Approximately 2,600 trainees/year at the Nisshin Training Center



Tajimi Service Center



Training facility



Practical training area





### Actively Working Together with Dealers to Develop Human Resources and Improve the Technical Skills of After-sales Service Staff

In 1936, when a Model G1 truck would break down, the founder Kiichiro Toyoda and his colleague rushed out to see the customer and worked tirelessly to repair it and did their best to put the "Customer First and *Genchi Genbutsu*" philosophy into practice. They made improvements based on the identified causes of the failure, thereby improving the quality of the Model G1 truck. Toyota has been passing on to its service staff the Customer First philosophy, which is a spirit of service learned from these activities, as part of its '3S Philosophy' (*Seikaku + Shinsetsu = Shinrai*: Accuracy + Caring = Trust) and the Seven Basic Actions of Toyota Customer Service. Furthermore, to provide better service to customers, it is necessary to improve the quality of our staff's technical abilities and repair capabilities, which form the basis of service.

Based on the Customer First philosophy and service skill improvement that are the very pillars of Toyota service, Toyota is striving to develop human resources that will continue to provide regionally optimized services accurately, quickly, and inexpensively, as well as to strengthen and enhance its technology development abilities.



Diorama showing the Model G1 truck repair activities at the Toyota Kuragaike Commemorative Hall

3S Philosophy (Accuracy + Caring = Trust)



Toyota Customer Service Seven Basic Action



### The Tajimi Service Center Acting as the Core of Toyota's Global Service Network

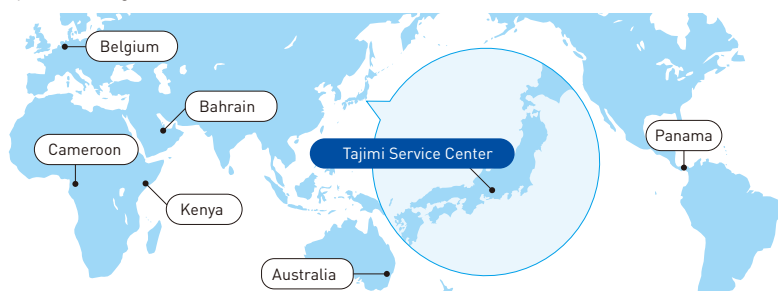
Toyota has training centers in Europe (Belgium), Africa (Cameroon and Kenya), the Middle East (Bahrain), Oceania (Australia), and Central & South America/Caribbean (Panama). The Tajimi Service Center plays the role of the mother center for all the training centers around the world while also servicing North America and Asia.

Toyota currently has approximately 13,800 outlets in some 170 countries and regions, and the service staff working at these locations number roughly 127,000 (as of the end of 2013).

Toyota is committed to handling events that occur at customer locations more quickly and more precisely. We are continuing to enhance both our maintenance technologies and repair technologies for fixing cars, in order to enable customers to use their vehicles for a long time. It is essential to approach all issues from a customer perspective and communicate everything clearly. Toyota's service mission is to ensure safety and security for its customers, and the Tajimi Service Center with its integrated service technologies plays the core role for this mission.

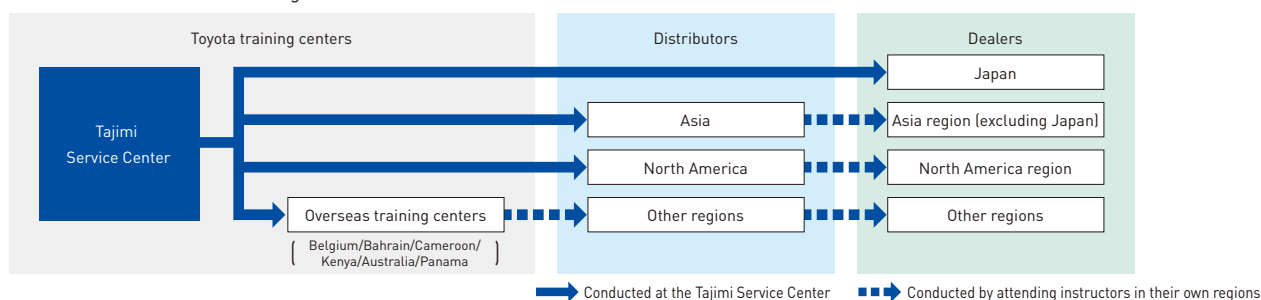
Product appeal and sales capabilities, along with the enhanced service structure that supports them, are the essential elements of car manufacturing. To satisfy customer needs, Toyota is actively working with dealers to develop human resources and improve the technical skills of service staff, with the goal of helping create a safer and more secure mobility society together.

Toyota Training Center Network



Customer communication role play

Flow of technical service training



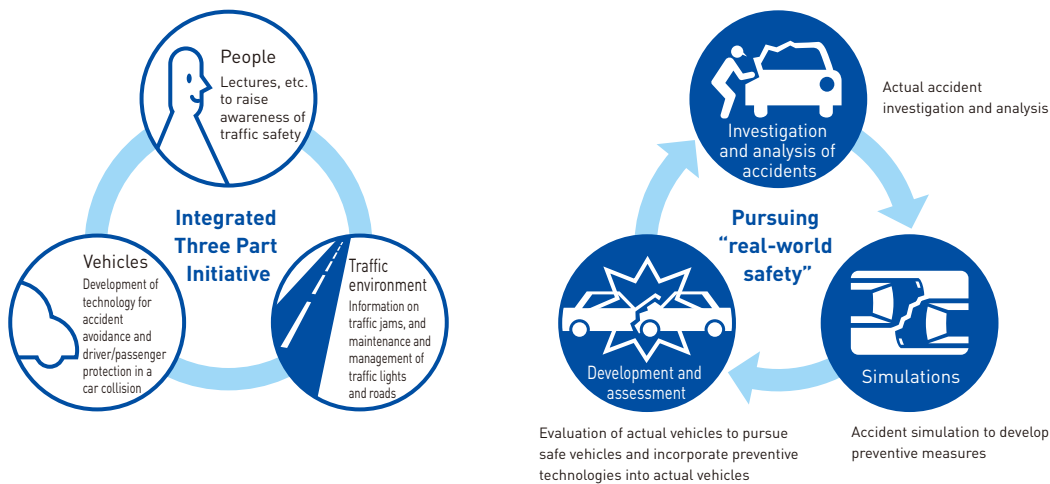
# Initiatives for Improving Traffic Safety

## Basic Philosophy regarding Traffic Safety

According to a World Health Organization (WHO) survey, 1.24 million people worldwide die in traffic accidents each year, making them the eighth leading cause of death. While the number of deaths due to traffic accidents has been decreasing slightly in Japan, North America and Europe, it has been constantly increasing in emerging nations where traffic safety education and transportation infrastructure have not kept up with increases in the number of cars on the road. On a global scale, traffic fatalities continue to increase constantly and are predicted to become the fifth leading cause of death by 2030 unless countermeasures are implemented.

Towards achieving Toyota's ultimate goal of completely eliminating traffic casualties, the development of safe vehicles is of course important, but it is also essential to educate people, namely drivers and pedestrians, regarding traffic safety and to create a safe traffic environment.

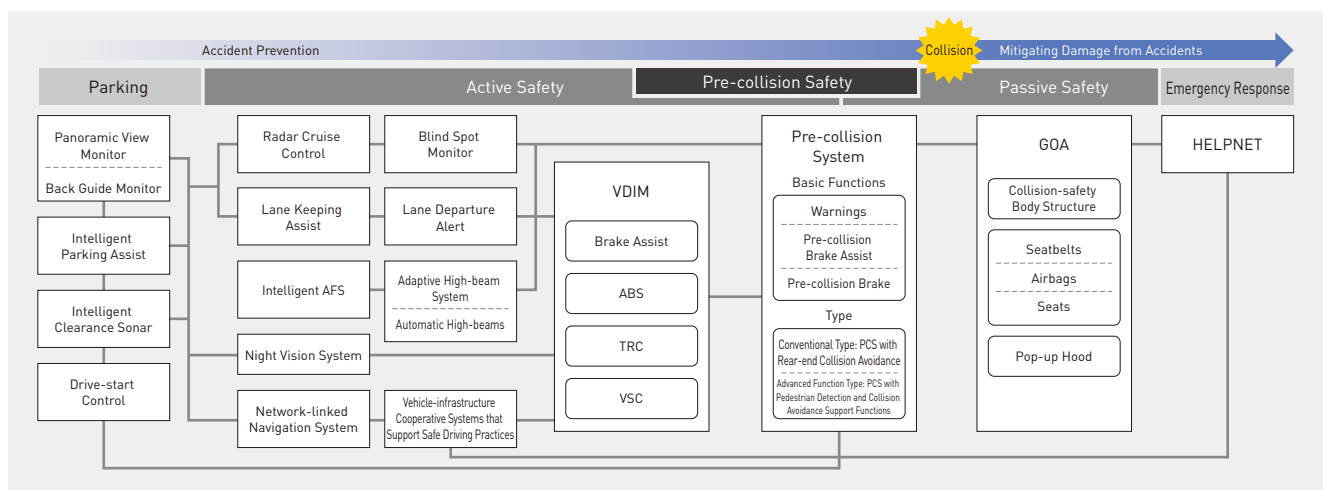
Toward achieving a safe mobility society, Toyota believes it is important to promote an Integrated Three Part Initiative, involving people, vehicles, and the traffic environment, as well as to pursue "real-world safety" by learning from accidents and incorporating that knowledge into vehicle development. Toyota has also defined its Integrated Safety Management Concept as the basic philosophy behind technologies towards achieving the elimination of traffic casualties and is moving forward with developing such technologies.



## Integrated Safety Management Concept

Toyota's approach is to enhance the safety level through development of various safety systems that work together in a car rather than thinking of each separately. The scope of responses, which previously focused on the moments immediately before and after an accident, is widened to provide optimal driver support during every stage of driving from parking to normal operation, the pre- and post-crash timeframe, and post-accident rescue. The Integrated Safety Management Concept seeks to create safer cars by achieving this.

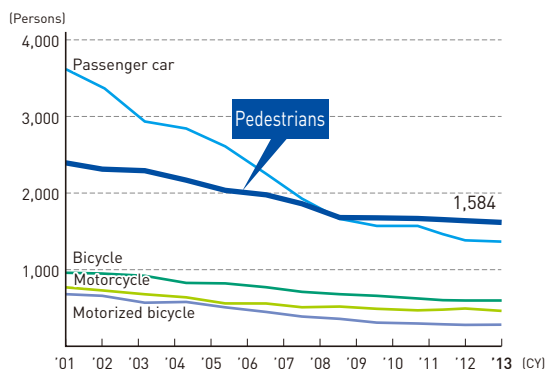
### Integration of Individual Technologies and Systems



There were 4,373 traffic fatalities in Japan in 2013, and the total number has been decreasing every year for some time. Fatal accidents involving pedestrians and elderly drivers aged 65 and older, however, are declining at a very slow rate. Taking measures towards achieving zero traffic accident fatalities has long been a priority issue.

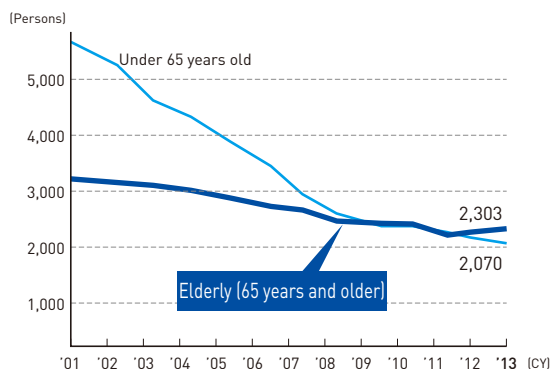
To address traffic accidents, Toyota seeks to provide optimal support for each driving scenario in accordance with the Integrated Safety Management Concept for manufacturing safe automobiles tailored to actual conditions. To achieve this, we are developing and putting into application not only safety systems that function independently, but also safety technologies that collaborate with one another to enhance safety even further.

Number of Traffic Fatalities by Accident Type



Source: 2013 Traffic accident statistics by the National Police Agency

Number of Traffic Fatalities of Elderly



Source: 2013 Traffic accident statistics by the National Police Agency

For example, there are instances where a driver in a parking lot or garage does not notice a nearby pedestrian, resulting in an accident. Toyota developed the Panoramic View Monitor, which can confirm the presence of pedestrians in a 360-degree field around the vehicle, to help drivers not fail to observe a pedestrian.

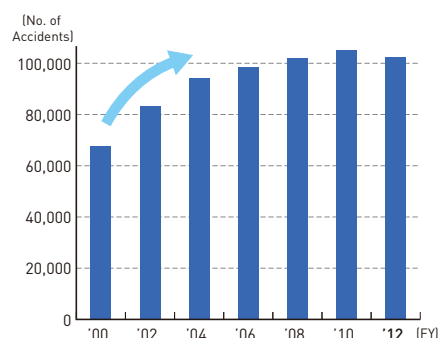
Also, the Pre-collision System (PCS) has undergone continuous technological development since their commercial launch in 2003, and in 2008 we developed the PCS with Pedestrian Detection. Further refinements were made, and Toyota launched automatic braking that can reduce vehicle speed by up to 30 km/h and Pre-collision Brake Assist, which can reduce vehicle speed by a maximum of 60 km/h. Thus, we are taking measures to address issues concerning pedestrians, a high-priority matter for reducing the number of traffic fatalities.

The number of accidents involving elderly drivers has been increasing in recent years. The perception, decision-making ability, and operational abilities required for driving decline with advancing age. Approximately half of accidents caused by elderly drivers occur at or near intersections, and half of these accidents are caused by a failure to confirm safety. In response to these types of accidents at intersections, we believe that Vehicle-infrastructure Cooperative Systems that provide the driver with information about vehicles and pedestrians approaching areas with poor visibility through vehicle-to-road infrastructure communications and vehicle-to-vehicle communications can be an effective means of preventing accidents.

In addition, advanced driving support systems that use automated driving technology have substantial potential to reduce traffic fatalities and injuries by compensating for driver errors and reducing driving burdens to avoid accidents.

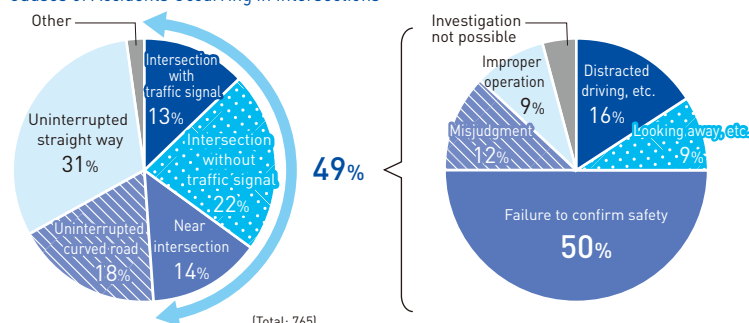
Toyota believes that accidents and other issues of the traffic environment can be addressed by greatly enhancing the safety of traffic systems overall, not simply of an automobile itself. To achieve this, Toyota is developing technologies with the aim of application at the earliest possible time of advanced driving support systems that utilize automated driving technologies.

Accidents in which Elderly (65 and Older) are the Primary Actor



Source: National Police Agency Traffic Bureau, Traffic Accident Statistics

Breakdown of Traffic Fatalities in which Elderly (65 and Older) are the Primary Actor and Causes of Accidents Occurring in Intersections



Source: 2011 ITARDA accident data

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## Parking Support Systems

### Panoramic View Monitor Supports Checking around the Vehicle from a Bird's-eye View

The Panoramic View Monitor displays on the navigation system screen an image that appears to be looking down from above the vehicle. The image is created by seamlessly combining images from cameras located at the four corners of the vehicle. The display is automatically adjusted based on gear-stick operation, providing the driver with an unobstructed real-time view of conditions in the vicinity of the vehicle, which can be difficult to confirm visually from the driver's seat. The system is also equipped with functions to support checking of the areas to the left and right of the vehicle with the monitor screen displaying persons or vehicles that appear from the side in a yellow frame and an auditory warning when pulling out of a parking spot or an intersection with poor visibility. The Panoramic View Monitor with this side view support was adopted on the Harrier in 2013.

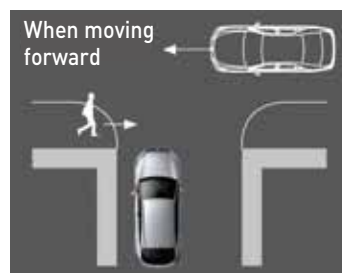
\* The scope of the images produced by the cameras is limited.



Moving view (when in Park position) provides support for confirming the presence of obstacles around the vehicle



Support for checking the area to the left and right of the vehicle



## Reducing Traffic Accidents by Using ITS Technologies

### Vehicle-infrastructure Cooperative Systems that Support Safe Driving to Reduce Traffic Accidents at Intersections

Vehicle-infrastructure cooperative systems that support safe driving use direct communications between road infrastructure and vehicles, between vehicles, or between vehicles and pedestrians to reduce the risk of accidents resulting from causes of poor visibility that cannot be avoided by vehicles alone.

Toyota is developing technologies for such systems and working in cooperation with the public sector to put systems into practical application including basic infrastructure development such as standardization of communications methods and conducting public-road verification tests.

Vehicle-to-infrastructure cooperative system	When waiting at an intersection with a traffic signal to make a turn across oncoming traffic, in-road sensors detect and gather information concerning oncoming vehicles that are proceeding straight and pedestrians crossing the road and warnings are provided to drivers.
Vehicle-to-vehicle cooperative system	At intersections with poor visibility, approaching vehicles exchange information, the presence and behavior of nearby vehicles are detected, and warnings are provided to drivers.
Vehicle-to-pedestrian cooperative system	Information on the presence of bicycle riders and pedestrians is gathered from portable devices in their possessions and notices provided to drivers to reduce the risk of collisions when crossing paths.

#### Vehicle-to-infrastructure cooperative system



#### Vehicle-to-vehicle cooperative system



#### Vehicle-to-pedestrian cooperative system



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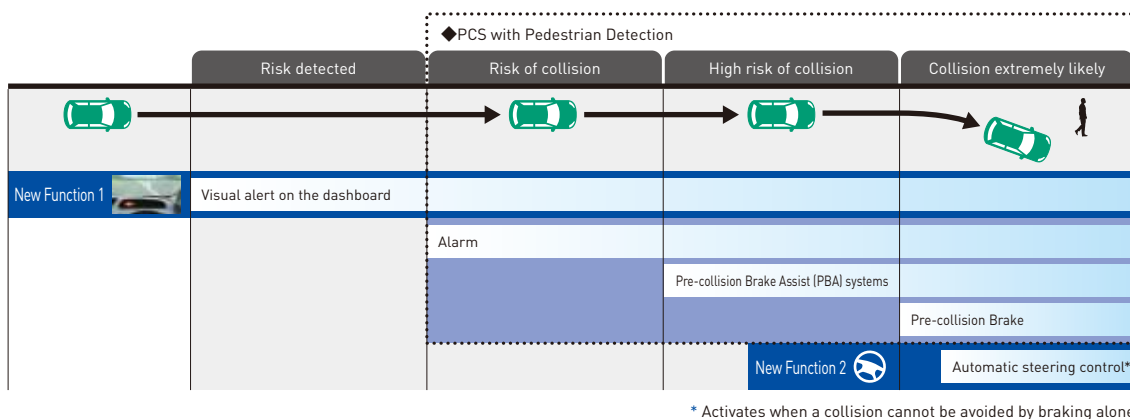
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## The Pre-collision System with Pedestrian Detection Uses Automated Steering Technologies to Avoid Collisions

In 2012, Toyota integrated millimeter wave radar and stereo cameras to develop the Pre-collision System (PCS) with pedestrian detection to help drivers avoid collisions with pedestrians. The system was used on the Lexus LS.

In 2013, Toyota announced the Next-generation PCS with Pedestrian-avoidance Steer Assist as a future technology for avoiding collisions with pedestrians when automatic braking alone cannot stop the vehicle in time. When the system predicts the possibility of a collision based on the movement of a pedestrian detected by an on-board sensor and determines there is a risk of a collision, the driver is warned by a visual alert on the dashboard. If the risk of a collision with the pedestrian increases, the system issues an audio and visual alarm to encourage the driver to take evasive action, and activates the Pre-collision Brake Assist and automatic braking functions. If it is not possible to avoid a collision by braking alone, the system identifies if there is sufficient room for avoidance and steer assist is activated to help the driver avert a collision with the pedestrian.



## Initiatives Targeting People

### Traffic Safety Education Activities

Toyota has been conducting a wide range of traffic safety education activities continuously since the 1960s targeting various human audiences including drivers and pedestrians. Recently, activities have also been conducted by overseas affiliates.

 For details, see: [Social Contribution Activities \[Traffic Safety; "12-09" – "12-13"\]](#)

#### Focus

### Crown Wins JNCAP First Prize in New Car Assessment Program with Highest Score Ever

In FY2013, the "Crown Royal" and "Crown Athlete" sedans received the Five-Star Award, the highest rank, under the Japan New Car Assessment Program (JNCAP\*). The Crown also received a score of 189.7 points (out of a possible total of 208 points), the highest score since the program was introduced in FY2011, and won the JNCAP First Prize.

The JNCAP is a five-stage comprehensive safety assessment that combines protection performance of both passengers and pedestrians during a collision. The Crown is equipped with an impact-absorbing body and high-rigidity cabin, and all grades have seven airbags and seatbelt reminders for all seats as standard features, providing a superb level of occupant protection. In addition, all hybrid models feature a pedestrian-injury-lessening vehicle body structure and the latest pop-up hood, achieving high pedestrian protection performance.

The Crown is also equipped with a Pre-collision System with enhanced Brake Assist and automatic braking functions, Intelligent Clearance Sonar that reduces damage from accidents caused by pedal misapplication, and Drive Start Control system that limits sudden starts when operating the gear shifter. The Crown also boasts advanced active safety systems including a Panoramic View Monitor, Adaptive High-beam System that provides excellent forward visibility when driving at night, and advanced Vehicle Dynamics Integrated Management (VDIM) system. These various systems collaborate to provide comprehensive and optimal support, achieving high levels of safety under all driving circumstances from parking to active safety, the pre- and post-crash timeframe, and post-accident rescue.

\* The Japan New Car Assessment Program is a vehicle assessment that publishes vehicle safety information launched by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victim's Aid in 1995 with the aim of promoting safe vehicles. New integrated safety function evaluation was introduced in 2011.



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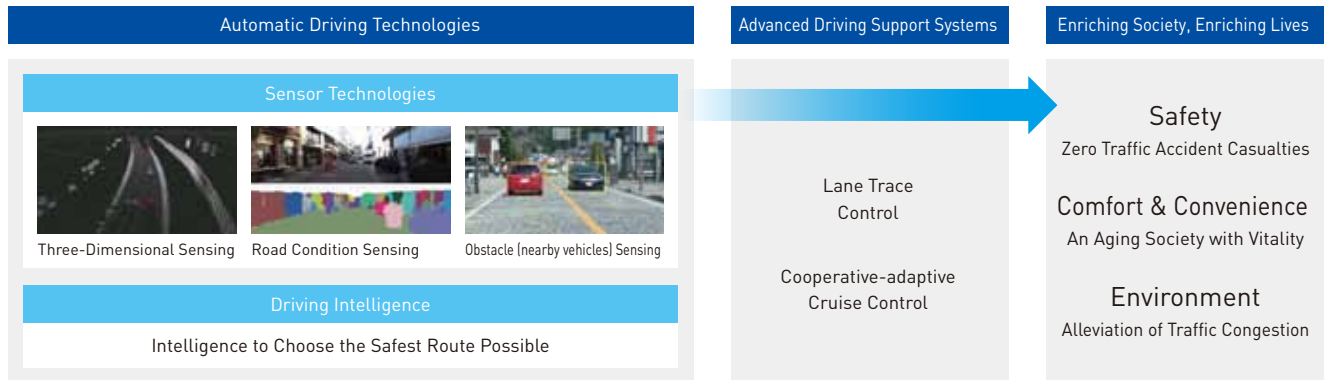
## Advanced Driving Support Systems that Use Automatic Driving Technologies

Toyota seeks the practical application at the earliest possible time of advanced driving support systems that employ automatic driving technologies to provide safe and secure means of transportation that respect the wishes of the driver, the key player in driving, and maintain the fun-to-drive aspect of controlling a vehicle without compromise. Toyota has been conducting research and development on automatic driving technologies since the late 1990s and is currently conducting public road tests\* in the United States and Japan.

Based on the knowledge obtained from this R&D and testing, we aim to provide safe driving support that enables all drivers to exhibit the driving capabilities of a veteran driver under all conditions and hope to contribute towards achieving zero fatalities and injuries from traffic accidents, the ultimate objective of any society that values mobility.

\* During testing, the driver maintains awareness of safety conditions and takes control of the vehicle whenever necessary.

### Towards a Safer and More Comfortable Mobility Society



Specific measures to create advanced driving systems include the announcement in 2013 of Cooperative-adaptive Cruise Control, which uses wireless communications with a preceding vehicle to maintain a safe distance, and Lane Trace Control, which aids steering along an optimal route based on lane markings and other information.

Cooperative-adaptive Cruise Control employs millimeter wave radar and next-generation vehicle-to-vehicle ITS communications technology to synchronize acceleration and deceleration with a preceding vehicle to maintain a constant distance and facilitate stable driving. The system also reduces unnecessary acceleration and deceleration, contributing to improved fuel efficiency and reducing traffic congestion.

Lane Trace Control uses sensors to detect lane markings and even on sharp curves automatically decelerates to maintain smooth driving. The system then returns the vehicle to its original speed and precisely adjusts the steering, drive power, and braking force to maintain an optimal driving line at all vehicle speeds.

### Cooperative-adaptive Cruise Control



### Lane Trace Control



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## Focus

## Activities of the Collaborative Safety Research Center in the U.S.

The Collaborative Safety Research Center (CSRC) was established in January 2011 to contribute to the creation of a safe mobility society in North America through the broad application of research results conducted in collaboration with American academic organizations and research institutions. The research results support not just Toyota's R&D, but wide-ranging improvements in safety technology through sharing and use throughout the automobile industry.

Research fields include (1) collection and analysis of traffic accident data and driver behavior data, (2) development of evaluation methods to encourage the widespread adoption of active safety systems, (3) research on measures to support vulnerable road users (pedestrians, children, seniors, drivers in their teens), and (4) research on human factors such as driver distraction. The CSRC conducts activities with these research fields as its pillars.

## Examples of Joint Research Topics

Development of pedestrian PCS evaluation methods	<p>The pedestrian Pre-collision System (PCS), which detects pedestrians crossing the street and avoids collisions, is expected to have a major effect on reducing casualties. The CSRC and Transportation Active Safety Institute (TASI) started research on methods of assessing the pedestrian PCS and designing and creating prototype model pedestrians, which is needed for evaluation, as the core technologies for the widespread use of the system.</p> <p>The photo to the right shows one aspect of the evaluation, and government agencies and other auto manufacturers have already expressed interest.</p>	
Electronic monitors for drivers in their teens	<p>Preventing accidents by inexperienced teen drivers is a major issue in the United States. The CSRC is creating a system that uses cameras to record the driving behavior of teen drivers for review by drivers with their parents so they can improve dangerous conduct. The system is in use by families for testing purposes and the CSRC verifying the effects.</p>	

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# Customer First and Quality First Measures

## Basic Philosophy regarding Customer First and Quality First Principles

Quality is the result of collaboration among development, design, procurement, production, sales, after-sales service and other areas. It is necessary to make efforts in all of these areas in order to provide the quality that will satisfy customers.

At Toyota, quality includes product quality, sales and service quality, and the quality of the work performed by each employee that serves as the foundation supporting the other aspects of quality. We believe that the combination of these three constitutes quality and it is only when all three aspects of quality are secured that we can provide products and services that can gain the trust of customers. The origins of quality lie in the spirit of audit and improvement, and Toyota's unchanging *monozukuri* (manufacturing) pursues ever higher quality through continuous improvement based on repeated implementation of PDCA. Since the occurrence of quality issues in 2010, Toyota has made February 24 Toyota Restart Day, and employees are making even greater efforts to rebuild Toyota as a quality leader that exceeds customer expectations.

Since Toyota's foundation, each employee has strived to make improvements in his or her own work with a strong and constant awareness of issues and has sought to raise customer safety, security, and satisfaction through close collaboration with personnel in other fields so that we can put the principles of customer first and quality first into practice and continuously meet the expectations of customers and society.

## Organization and Structure

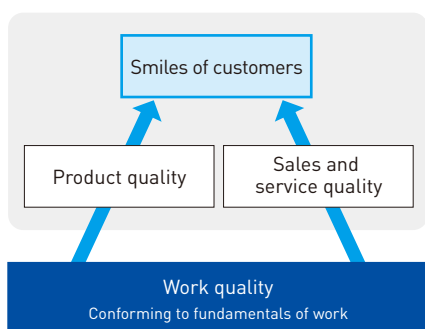
Toyota has set its quality function policy to rebuild Toyota as a quality leader that exceeds customer expectations and addresses various quality related issues with a focus on priority measures according to specific improvements specified in annual policies. The fundamentals of implementation are function management and policy management. Function management refers to setting companywide policy based on a function that assures quality and each division efficiently taking action in collaboration with other divisions.

Policy management refers to the formulation and implementation of action plans for achieving targets in each division based on the companywide policy. During the implementation phase, progress and results are reported through Quality Function Board and other forums and responses are carried out as needed.

Toyota has appointed Chief Quality Officers (CQO) in Japan and other regions around the world to address regional issues and promote global collaboration.

In addition, the Customer First Promotion Group (CF Promotion Group) was established in 2012 to re-establish Toyota as a quality leader from the customer's perspective and reinforce internal organizational development with the aim of improving quality. The CF Promotion Group serves as a direct link between customers and the appropriate internal divisions, and encourages the practice of customer first.

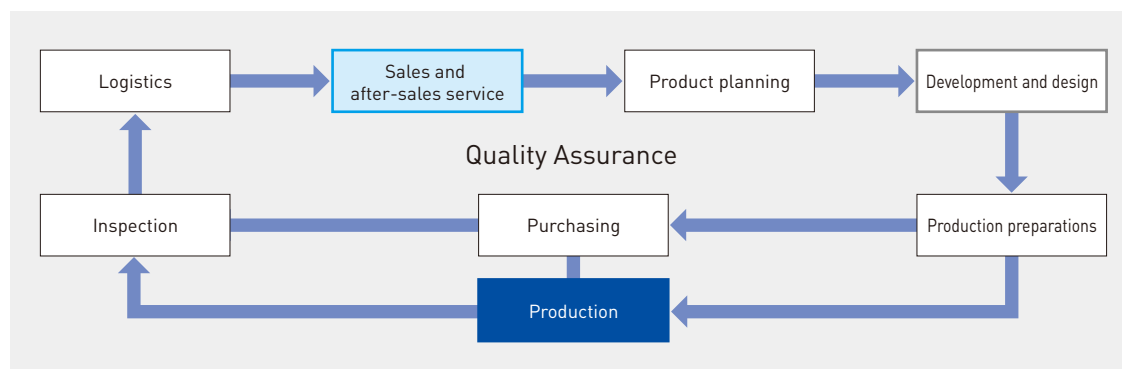
### Definition of Quality



### Global Implementation Structure of the Quality Conference (Basic Scheme)



## Major Activities in Each Area for FY2013



Area	Main Activities in FY2013
Development and design	Adopted rules for part parts/assembly drawing instructions and process control guidelines relating to customer safety in collaboration with production engineering and manufacturing
Purchasing	Started establishing systems and rules to enable suppliers to ensure continued production of high-quality parts
Production	Started global deployment trials concerning production technology and manufacturing defects
Sales and after-sales service	Implemented measures in further collaboration with technology divisions to bolster troubleshooting functions

## Captured Information on the Current Status of Quality and Quality Measures Globally through the Global CQO Meeting

We have been holding a Global Chief Quality Officer (CQO) Meeting since 2013 as an opportunity for regional chief quality officers to meet at the same time. The purpose of the meeting is to globally share information concerning customer status in each region and on examples of quality improvement measures implemented in individual regions.

In May 2014, the CQO from North America, Europe, China, Asia, the Middle East, East Asia, Oceania, Africa, and Latin America and relevant officers from Toyota Motor Corporation attended a Global CQO Meeting. The meeting was held at the Customer Quality Learning Center, which opened in February of that year, to reinforce awareness of Toyota's customer first and quality first principles.

The meeting began with a review of the status of quality in FY2013 and focused on priority issues that need to be addressed in FY2014. The main topics of discussion were raising the quality of global suppliers and raising the quality of vehicles produced overseas. Following active discussions and exchanges of opinions by all participants, information concerning the direction of actions to be taken in FY2014 was shared. The participants confirmed that they will share the details of their discussions at the Global CQO Meeting with their respective regions and implement independent improvement measures.



Global CQO Meeting

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## Focus

## Affiliates in Various Regions Conduct Quality Education Programs such as Quality Months with the Same Intent

Individual regions and affiliates are undertaking highly original quality education measures created independently such as quality month. CQOs in each region distribute a clear message concerning quality to affiliates within their regions of responsibility and encourage such activities.

For example, the North America CQO distributed the message that “a deep understanding of your customer’s expectation is an essential first step,” displayed customer comments and recovered parts during quality month, expanded quality months to each affiliate within the territory, and implemented other educational programs such as Customer First Confirmation Day. The Latin America CQO’s message was “QALITY is not Quality without U!” The CQO implemented measures such as granting excellent supplier awards and holding a dealer skills contest. In Europe, the CQO’s message was “quality should be at the heart of everything we do,” and various educational programs were conducted including a quality month, quality forums, a restart day, and quality training.



A video of quality-related episodes was produced and shown in Thailand



A Genchi Genbutsu Confirmation Conference at a plant in Australia



A supplier meeting in South Africa

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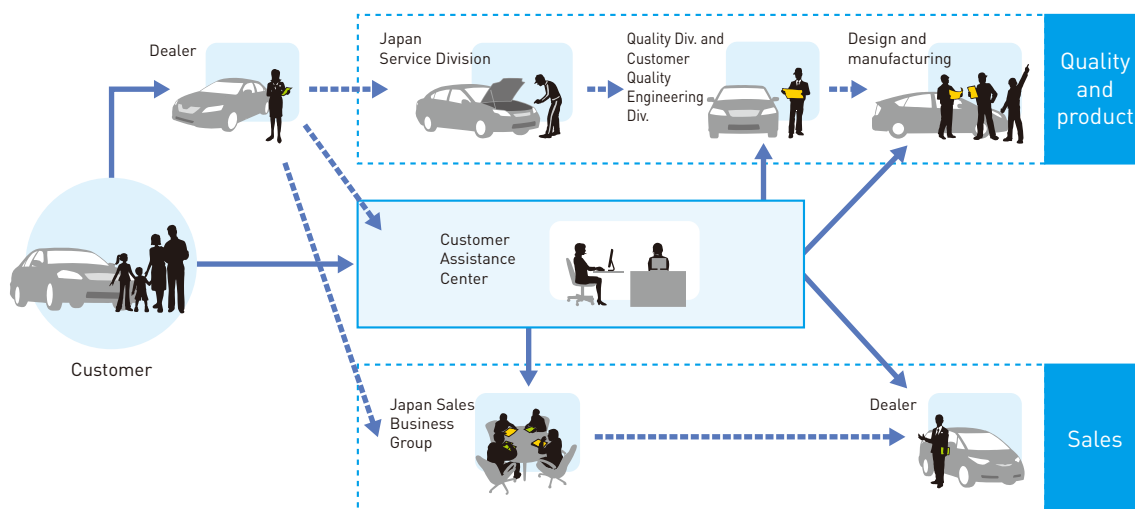
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Toyota's principle of Customer First exists for the purpose of providing customers with products and services that earn their smiles. On this basis, Toyota hopes to offer cars with superior features in terms of environmental, safety and quality performance, while also offering the intrinsic appeal of cars, such as driving performance, at an affordable price.

Therefore, in order to make better cars, Toyota makes rigorous use of customer opinions gleaned from dealers and the Customer Assistance Center.

## System for Implementing Customer Feedback



## Toyota Customer Assistance Center and Lexus Information Desk

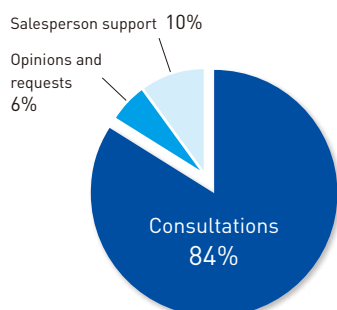
The Toyota Customer Assistance Center, as well as the Lexus Information Desk dedicated to Lexus brand models, offer toll-free phone consultation 365 days a year and accept brochure requests 24 hours a day in Japan. With this convenient customer-oriented system, Toyota offers speedy, appropriate and empathetic responses to customer inquiries, and listens to opinions and requests, based on the principle of Customer First. At the same time, Toyota undertakes initiatives to link this feedback to the creation of better products and services.

Furthermore, the Salesperson Support Desk was established in order to support dealers in implementing the Customer First principle.

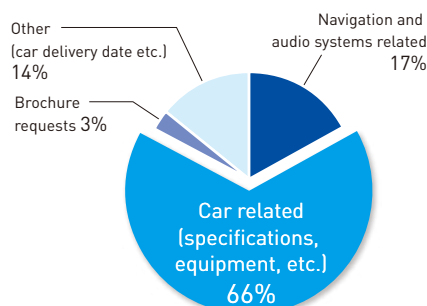
Toyota also conducts surveys of customers who use the telephone service via an automated response system, in an effort to make further improvements.

### No. and Content of Calls Received by the Center and the Desk in FY2013

No. of calls received [360,000]



Content of calls received



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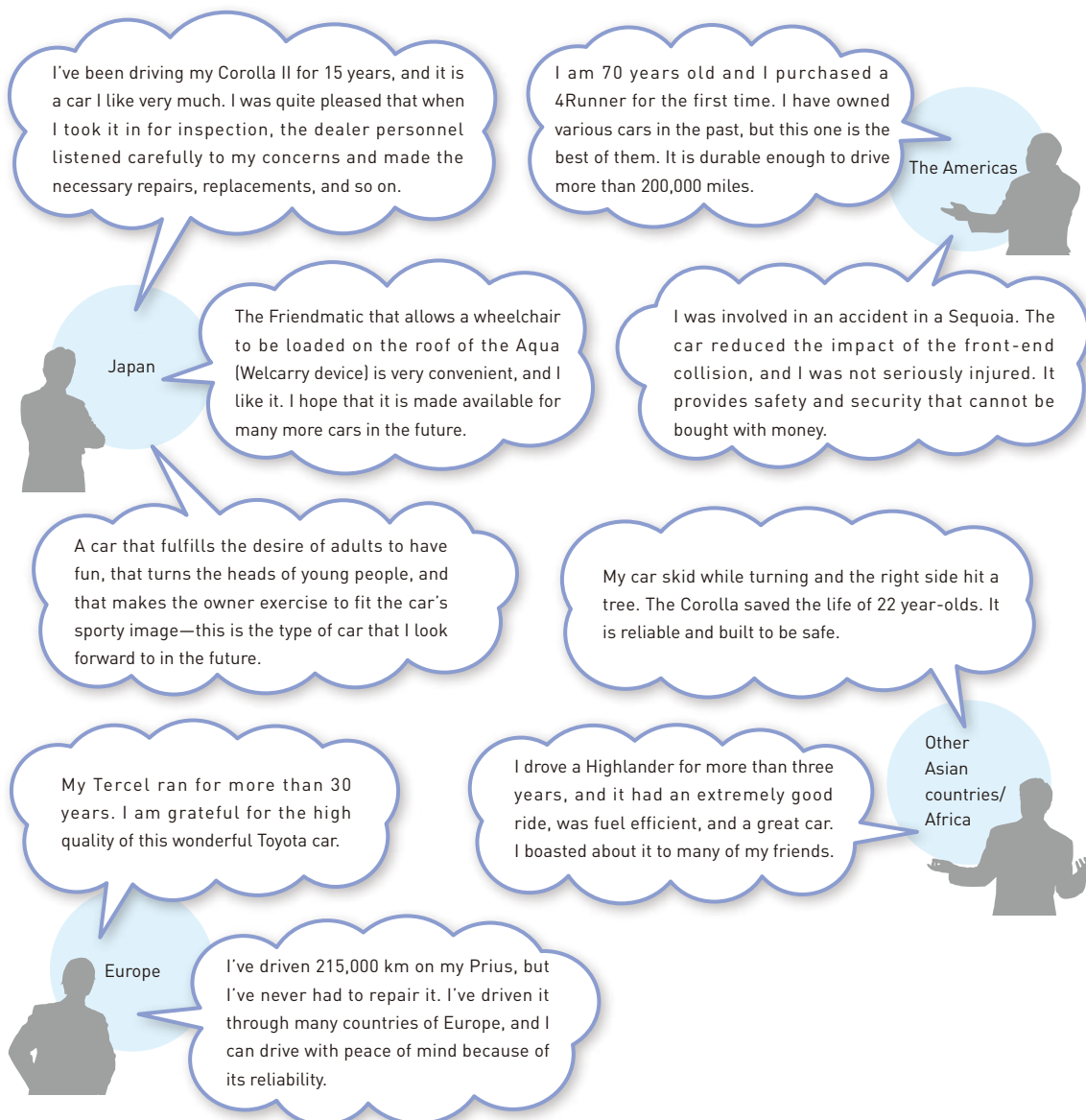
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## Customer Feedback from Each Country and Region

In order to offer products and services based on the Customer First principle, Toyota has established customer assistance centers not only in Japan, but also in the U.S., Europe, other Asian countries, and at each distributor around the world. Some encouraging customer feedback received at these centers is listed below.

### Customer Feedback Received by Toyota



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## Ongoing Customer First Staff Education

Toyota set nationally-designated Consumer's Month of May as Customer's Month and continues to undertake initiatives aimed at spreading awareness of the Customer First principle throughout the company.

During Customer's Month, Toyota holds customer feedback experience events, exhibitions, and lectures with the aim of encouraging a sense of ownership among employees so that they take action.

Customer feedback experience seminars make use of the Toyota intranet to distribute customer comments and opinions to all employees. Customer feedback exhibitions feature customer feedback from Japan and around the world as well as examples of actions being taken from the customer's perspective. For lectures, Toyota invites representatives from other companies that practice the Customer First principle so employees can study initiatives being undertaken at other companies.

In addition to these programs, throughout the year, Toyota conducts tours of its Customer Assistance Center and customer feedback experience training, and has expert consumer advisors who are able to make proposals from the customer's perspective perform facility and vehicle evaluations by Toyota Consumer Advisor Group with the aim of promoting the permeation of the Customer First Principle



A customer feedback exhibition

## Toyota's Assisted Mobility Initiatives

### New Wheelchair-adapted Voxy and Noah Launched in Response to Super Aging Society in Japan

According to statistics from the Ministry of Internal Affairs and Communications, the population of seniors aged 75 years and older will increase by 2.5 times over the 25 years from 2000 to 2025, making Japan a super-aging society. In response to this change, government policy is shifting health care and nursing care to the home. As a result, the need for assisted mobility vehicles that can be easily used at home is likely to increase.

It is against this backdrop that Toyota focused on two specific points when developing the new Voxy and Noah.

First, we increased the door height and door width to accommodate a stretcher, wheelchair with reclining mechanism, or electrically-operated wheelchair as an advancement of the assisted mobility vehicle. We also adopted an air suspension for the rear to make vehicle height adjustment to ease the slope angle smooth.

The second point was the addition of a forward-falling mechanism for slopes (similar cargo specifications on standard vehicles are also possible) and offer an option to add seats (if use of a wheelchair is no longer necessary, the vehicle can be returned to a standard seat layout) as measures for making the vehicles into ordinary cars.

Toyota is committed to continuing development of excellent assisted mobility vehicles.



Wheelchair-adapted Noah hybrid Type II with third seat

#### Focus

### Welcab Stations Allow Customers to Observe and Test Drive Vehicles and Seek Advice

Welcab Stations are dealer sales outlets where customers can experience Toyota's assisted-mobility cars, the Welcab series.

Both Welcab demonstration vehicles and Welcabs for test drive are available and consultants possessing specialized knowledge are always on duty. These outlets are barrier-free and equipped with wheelchair-accessible bathrooms and parking spaces for assisted-mobility vehicles, meaning everyone can visit with peace of mind. Welcab Station consultants can help customers choose the right vehicle for seniors, people with physical disabilities, and those with difficulty getting in and out of cars. As of the end of May 2014, there are 205 Welcab Station sales outlets operated by 119 dealers.



A Welcab Station

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# Creating the Future Society

## Basic Philosophy regarding Creating the Future Society

### Helping Create the Future Mobility Society and Enriched Lifestyles

To help realize the mobility society of the future in a broader sense, Toyota is working on a wide variety of initiatives, including some outside the automobile field. Through collaboration with governments, local communities, corporations, and academic circles, Toyota is helping realize a sustainable society where all people can smile. These efforts take the form of initiatives such as building environmentally considerate communities where people can connect with each other more freely and developing robots that support enriched lifestyles.

## Smart Mobility

### Basic Philosophy regarding the Smart Mobility Society that Toyota Seeks

Toyota is aiming to help accelerate the realization of a future smart mobility society, i.e., a society where everyone feels secure and happy in all aspects of their lives from car transport to everyday life. Through initiatives in the four major areas of telematics, ITS, energy management, and urban traffic, Toyota is committed to enriching the lives of communities, as stated in the Toyota Global Vision.

For further details, see [Special Feature 02: The Next-Generation Mobility Society Conceived by Toyota \(p 03-07 to p 03-12\)](#).



## Organization and Structure

Toyota is implementing measures to create a smart mobility society through collaboration among the IT & ITS Group, Business Development Group, and other related internal organizations. These efforts are divided into two segments: the ITS business, which promotes next-generation telematics and collaborative ITS, and the smart community business, which promotes next-generation urban transport and energy management. Decisions concerning planning and development of various products and services and their commercialization are made regarding individual topics at necessary conferences on all levels ranging from the operation level to the officer level.

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## Toyota City Low-carbon society Verification Project

In 2010, Toyota City was selected by the Ministry of Economy, Trade and Industry as a Next-generation Energy and Social System Demonstration area and the city and Toyota have conducted demonstration tests for the creation of next-generation low carbon energy and social systems in cooperation with pioneering companies and organizations in fields including automobiles, energy, housing, transportation, and logistics. The aim is to optimize energy use throughout society as a whole by addressing the home as the center of life and including mobility and destinations as well as the overall living area that integrates all of these based on people's patterns of conduct. The demonstration tests will be conducted for the five-year period through FY2014.

### Example 1 EDMS\* Optimize Energy Use throughout the Overall Living Area: Linking Cars and Communities with Energy

#### Overview

As the use of plug-in hybrid vehicles (PHVs), electric vehicles (EVs), and other next-generation eco-cars increases, the need for infrastructure to properly control demand for electric power in conjunction with charging those vehicles will also rise. Toyota is conducting demonstration tests of energy data management systems (EDMS) that supplement electric power with clean energy, limit peak demand, and evening out demand across all times to the greatest extent possible. EDMS forecast solar power generation and regional electricity demand based on projected weather and consumer behavior patterns, and if a shortage of electric power is forecast, recommends that residents limit their energy consumption and provides advice and gives points for their day-to-day activities. This type of flexible power use within the community avoids concentrations of electric usage and reduces carbon emissions from the use of electricity throughout the community.

#### Progress in FY2013

Toyota conducted development of EDMS as well as peripheral facilities such as home energy management systems (HEMS) and building energy management systems (BEMS) and systems that support collaboration among the various systems, completed installation at the demonstration site, and began demonstration tests intended to achieve optimization of energy used throughout the community. In July 2013, Toyota began conducting demonstration tests of low carbon support systems for PHV use as EDMS services including a game-like application that ranks users on fuel efficiency and electricity consumption and encourages charging.



### Example 2 Ha:mo Low-carbon Transport System: Linking Short Range Transport and Carbon Reductions in Cities

#### Overview

Starting in October 2013, Toyota expanded the Ha:mo RIDE service to all of Toyota City as planned. In conjunction with the expansion, improvements were made to enhance use including collaboration between multi-modal route guidance and Ha:mo RIDE. Ha:mo RIDE was changed to a fee-based system, the number of stations was increased to 25, and use of 100 vehicles started. As of May 2014, the system has approximately 2,000 members. To address a wide range of mobility needs, Toyota will also introduce four Toyota i-ROAD prototype vehicles that are under development and three prototype "T-COMS" vehicles manufactured by Toyota Auto Body Co., Ltd. that are subject to the Ministry of Land, Infrastructure, Transport and Tourism's ultra-compact mobility certification system.



#### Progress in FY2013

For further details, see [Special Feature 02 \(p 03-10\)](#).

### Example 3 Vehicle to Home Provides Bidirectional Energy Supply between PHVs and Homes: Linking Cars and Homes with Energy

#### Overview

Systems that supply electricity from the storage batteries of PHVs and EVs to the home are referred to as vehicle to home (V2H) systems. Vehicle batteries serve as the power source necessary for vehicle operation, but can also be used as a buffer for excess solar power in the home with the aim of supporting maximum utilization of excess power in the home and the community. Another objective is to enable vehicle batteries to serve as emergency power supplies during a disaster, supplying alternating current electricity to household illumination and outlets through the charging stand.

#### Progress in FY2013

In FY2013, in addition to V2H using PHVs and EVs, Toyota conducted demonstration tests of the Toyota Ecoful Town PR pavilion as an evacuation site by using the external electric power supply system of a fuel cell bus and confirmed maximum supply capacity of 9.8 kW.

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## Verification Project in Grenoble, France

### Overview

Toyota is conducting demonstration tests of a car-sharing scheme using ultra-compact electric vehicles in Grenoble, which has strict environmental regulations, with the aim of reducing emissions of greenhouse gases and air pollutants. In March 2013 Toyota signed a Memorandum of Understanding with the city to begin the tests at the end of 2014.

### Progress in FY2013

A basic agreement was signed in December 2013. Prior to signing the agreement, phase 0 of advance verification was started with the Commissariat à l'énergie atomique et aux énergies alternatives (CEA: France's atomic and alternative energy agency), and operations and assessments were conducted in March 2014. The launch of the verification scheme is scheduled for October 2014.



## Verification Project in Kitakyushu, Fukuoka, Japan

### Overview

This is a smart community development project that seeks to create ideal regional energy management and a low-carbon society. The Higashida district of Yahata-higashi Ward in Kitakyushu City, which reduced carbon emissions by 30 percent compared to other communities by developing environmental facilities and introducing various forms of new energy, was selected as the demonstration site with the aim of achieving further reductions in carbon emissions. The project subjects are diverse and include solar power, wind power, thermal energy, hydrogen, community energy management systems (CEMS), building energy management systems (BEMS), home energy management systems (HEMS), electric vehicles, and other elements. Toyota is conducting trials of a factory energy management system (FEMS), a system using rebuilt or reused Prius batteries, hydrogen stations, and fuel cell fork lift (FCFL) power supply systems.

### Progress in FY2013

Toyota conducted development of a factory energy management system (FEMS), participated in a dynamic pricing\* trial (with peak rates five times higher than standard rates), and identified issues while gathering data. Toyota also determined through the demonstration the effects of introducing such systems, and with regard to development systems, implemented a portion of an FEMS package in the F-grid Eco-outlet Project. The trials were completed in FY2013.

\* Dynamic pricing varies electricity rates according to changes in supply and demand conditions to adjust demand by encouraging energy-saving behavior and other measures.



FEMS



Fuel cell fork lift

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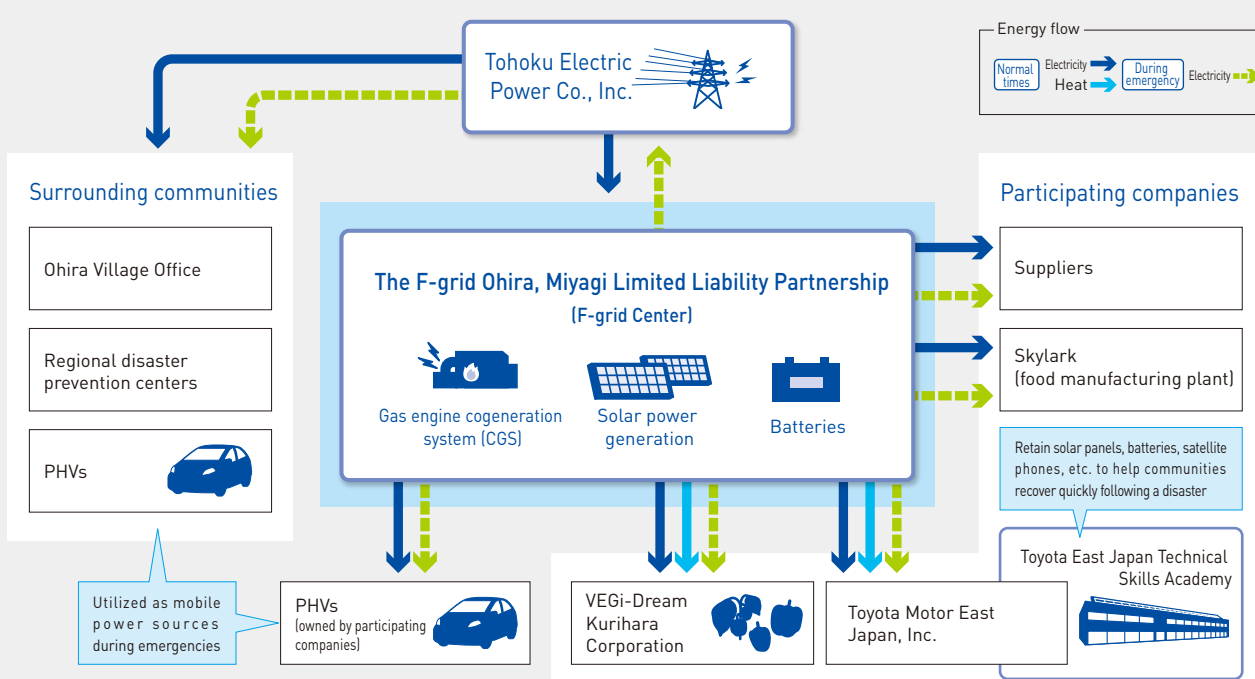
## Focus

**Building Disaster-resistant Communities Where Regions and Factories Provide Mutual Energy Support: F-grid**

Following the Great East Japan Earthquake, Toyota has been working to solve energy problems (security, environmental impact, economic efficiency) and to create new smart communities centered on factories that can support the Tohoku region.

The F-Grid is a system that comprehensively manages the energy inside an industrial park where factories are located with the aim of developing low-carbon, competitive infrastructure. The F-grid Center distributes and stores in an optimum balance the electricity and heat generated by a large-scale gas engine and solar panels for use by nearby participating companies. By making energy consumption visible and evening out demand across all times to the greatest extent possible, energy can be used stably and efficiently throughout the community. In addition, during emergencies, the F-Grid Center can perform disaster response and recovery functions and supply generated electric power to surrounding communities via an electric power company.

The F-grid Ohira, Miyagi Limited Liability Partnership was established in Ohira Village, Miyagi Prefecture in February 2013 and started full-scale operations in April of that year.



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## Basic Philosophy regarding Biotechnology and Afforestation Measures

These days, we are facing global problems such as global warming, energy issues and food shortage. Toyota has been trying various activities such as developments of next-generation environment-friendly vehicles and environmental activities in order to contribute to solution for these problems. Furthermore, we realized it is necessary to establish new business having a positive effect on the environment. Therefore, we established the Biotechnology and Afforestation Business Department and began research and development in January 1998. In May 1999, Toyota Biotechnology and Afforestation Laboratory was established to layout the framework for research and development in the agricultural biotechnology field and to expedite Toyota's biotechnology business. In 2011, we compiled the leaflet "TOYOTA GREEN WAY" based on the principles of Biotechnology and Afforestation Business, and we are trying activities in various areas in line with the following three core visions

### The Direction and Vision

#### Biotechnology and Afforestation Principles

#### Toyota Green Way

The road that Toyota drives is a "Green Way."

#### Vision

- Contribute to the global natural environment through new business by developing excellent biotechnologies and afforestation-related technologies
- Develop afforestation businesses that contribute to the environment in response to problems such as global warming and the destruction of forests
- Develop resource recycling-based businesses in response to problems such as food shortages and air and water pollution

## Research and Development and Business Fields

We are conducting research and development and working to develop new business in the fields of greenification and afforestation, biomass utilization, and contribution to the agriculture and livestock industries.

## Main Initiatives during FY2013

### Greenification

#### Greenification Business

Affiliate name: Toyota Roof Garden Co., Ltd.

Toyota Roof Garden sells green products developed by Toyota with the goal of easing the urban heat-island effects. The company was established in 2001. Currently, its main business activities are as follows:

- Special green construction of rooftops, walls, and parking areas and sale of materials
- Sale of easy-care slow-growth Zoysia Grass (TM9)



Example of a green wall



Comparison of TM9 (left) and conventional grass (right)

#### Greenification Business

Affiliate name: Toyota Suntory Midorie (Shanghai) Co., Ltd.

A joint venture of Toyota Motor Corporation and Suntory Midorie Limited established to develop and sell new materials that can take the place of soil. Operations began in April 2012. The company is currently selling green materials and plants owned by Toyota and Suntory Midorie. Going forward, the company will develop the urban greening business in China by introducing jointly developed products.



A flower wall

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## Overseas Afforestation Business

Affiliate name: Australian Afforestation Pty. Ltd.

Australian Afforestation engages in the afforestation business using fast-growing eucalyptus and completed planting of approximately 1,700 ha by FY 2006. Harvesting began in FY2009 and material for use as pulpwood is shipped to Japan.



Eucalyptus tree planting

## Biomass Utilization

### Research and development of bio-fuels

Toyota is developing technologies to create bio-fuels from cellulose from agricultural waste products and energy crops that do not compete with foods and feed to ascertain the direction of future automobile fuels. In particular, the company is conducting R&D with the aim of increasing the use of bioethanol as a substitute for gasoline.

## Contribution to Agricultural and Livestock Production

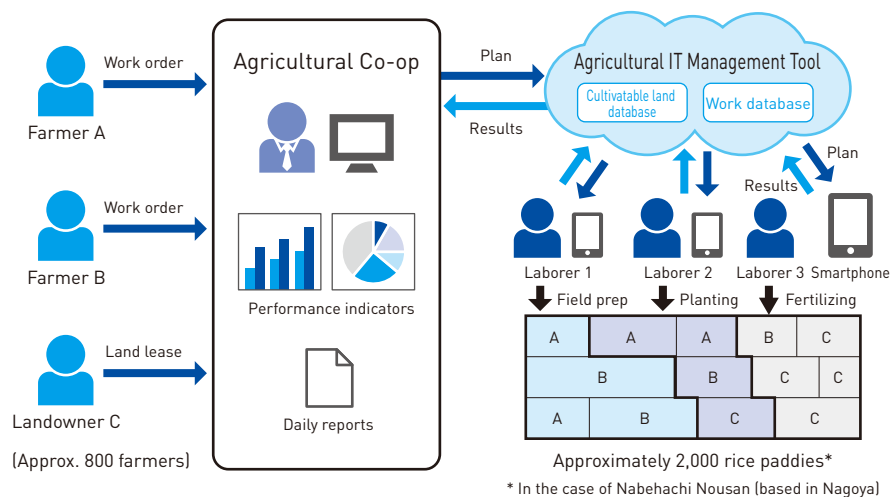
### Agricultural IT management tools

Toyota created "Housaku Keikaku", an agricultural IT management tool and began providing the tools to the Rice Growers Network, a consortium formed by nine rice growing agricultural cooperations in Aichi and Ishikawa Prefectures in April 2014. The aim is to contribute to increases in agricultural productivity by making use of the production control systems and process improvement expertise that Toyota has gained in the automobile industry to the agricultural field. Toyota is also participating in the Advanced Model Agricultural Business Formation Trials being conducted by the Ministry of Agriculture, Forestry and Fisheries since April 2014 and is conducting other trials designed to improve quality and efficiency.



The "Housaku Keikaku" agricultural IT management tool

#### Data and Work Flow



## Support for Livestock Business

Affiliate name: Toyota Roof Garden Co., Ltd.

Manufacture and sale of the resQ45 series of discharge composting deodorizers for livestock businesses.

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## Basic Philosophy regarding Partner Robot Initiatives

Since Toyota's founding, its corporate philosophy has been to "contribute to the world and to people by enriching society through monozukuri (manufacturing)."

Based on this spirit, Toyota has been working to develop human-assisting partner robots to help enrich people's lives. Toyota will support people in four domains—nursing and healthcare support, personal mobility support, manufacturing support, and daily life support—and contribute to a more sustainable society and universal lifestyles.

## Main Initiatives during FY2013

### Developing Clinical Research Versions of Rehabilitation Aid Robots

Toyota improved the "Walk Training Assist" and "Balance Training Assist" Partner Robots for the nursing and healthcare domain that it announced in 2011 and developed clinical research versions to support the rehabilitation of patients who find it difficult to walk or maintain balance due to illness or injury. The new robots were displayed at the 51st Annual Meeting of the Japanese Association of Rehabilitation Medicine held in Nagoya in June 2014.

Development of these robots is being conducted in collaboration with Fujita Health University Hospital in Toyoake, Aichi Prefecture based on the concept of helping to achieve mobility for all. Trials have been conducted since 2011 with the cooperation of medical facilities. Improvements have been made including streamlining training functions based on motor-learning theory and simplifying the method of robot attachment, greatly enhancing user-friendliness at the rehabilitation site. Toyota will begin leasing the clinical research versions of the robots to 20 medical facilities starting in the autumn of 2014 and plans to continue using them in clinical research.

#### Walk Training Assist

**Purpose** Aids all stages of rehabilitation for patients that are unable to walk due to lower limb paralysis

**Features** Assists limb movement by aiding leg swing, knee straightening and body-weight support



#### Balance Training Assist

**Purpose** Uses a game interface for enjoyable independent balance training

**Features** Two-wheeled Winglet personal transport device links body movement with an in-game avatar



### Toward a Future when Robots Will Live with People Everywhere, All the Time

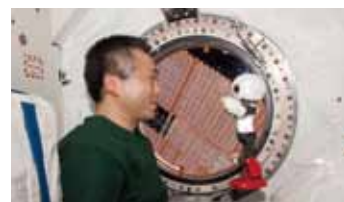
#### Purpose

In order to create a future in which humans, robots, cars, homes, and cities are interlinked as well as a new relationship between humans and robots, Toyota has been participating in the Kibo (Hope) Robot Project. Kirobo is equipped with a speech engine, a recognition engine, a conversation engine, and an intelligence engine, all developed by Toyota, which together endow it with "gentleness" (heart) and "intelligence" (brain), as well as the ability to communicate with people.

Through the knowledge obtained from joint development and verification, Toyota hopes to improve the conversational ability and intelligence of robots, evolving them into partner robots that will support people everywhere, at all times.

#### Progress in FY2013

In August 2013, start-up of Kirobo was confirmed in the International Space Station, and the first-ever utterance by a robot in outer space was successfully achieved. Later, Kirobo stayed with the astronauts, engaged in dialogue with them using autonomous and remote control functions, and supported their activities.



On December 6, 2013, Japan Aerospace Exploration Agency (JAXA) astronaut Koichi Wakata successfully conducted the first ever conversation between a human and a robot in outer space

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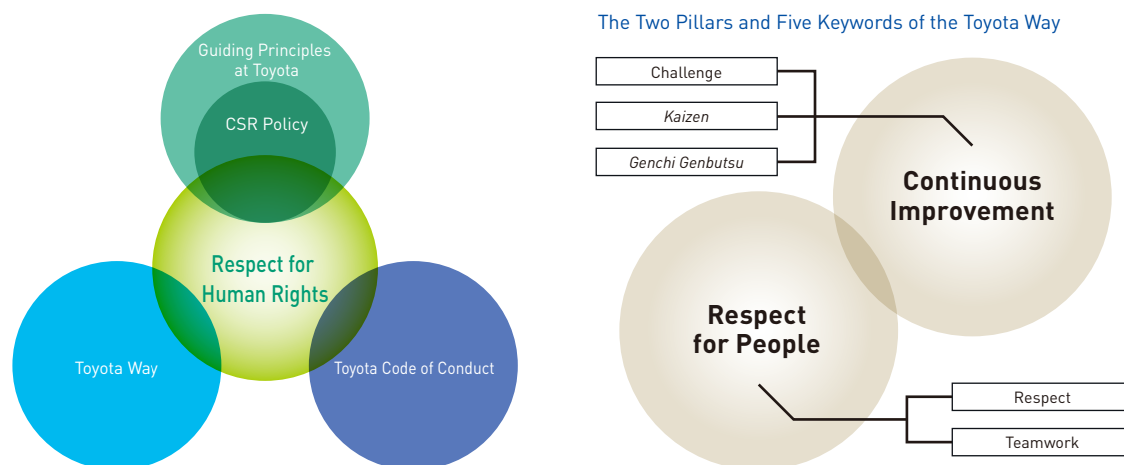
# Respect for Human Rights

## Basic Philosophy regarding Human Rights

The Guiding Principles at Toyota and the Toyota Code of Conduct (established in 1998; revised in 2006), which consolidates Toyota's approach to putting these principles into practice, as well as the CSR Policy: Contribution towards Sustainable Development, which was drawn up in 2008, contain the concept of respecting and honoring the human rights and other rights of all the people involved in Toyota's business.

Further, of the two pillars of the Toyota Way—"Continuous Improvement" and "Respect for People"—"Respect for People" refers to respect for all stakeholders as well as respect for the character and abilities of employees as individuals and facilitating personal achievement by linking the personal growth of employees to company performance. Thus, putting the Toyota Way into practice means respecting human rights.

The Toyota Way is the moral foundation for sharing common values with all business units across the world. In addition, various measures are implemented so that employees can work with confidence, vigor, and enthusiasm. Efforts are also made to fully reflect and put into practice such concepts throughout Toyota's global business activities, which includes subsidiaries and suppliers.



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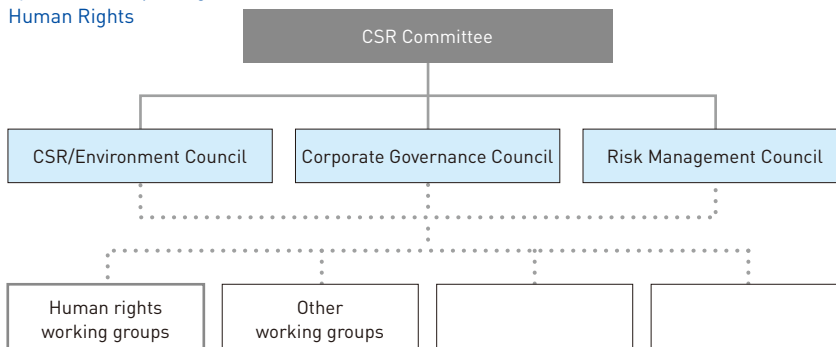
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Toyota is responding to changes in circumstances such as heightened social demands concerning human rights by continuously enhancing and reviewing its corporate initiatives.

For example, in conjunction with the reinforcement of the due diligence concept and the introduction and revision of international norms based on this approach, a Human Rights and Labor CSR Countermeasures Working Group was established in 2011 to incorporate various functions including corporate planning, overseas external affairs, audit, legal affairs, accounting, and human resources with the aim of researching various international norms and investigating measures that Toyota should take. Based on the Group's work, we made proposals to reinforce and review various CSR measures relating to human rights and labor to the CSR Committee, and we are now moving towards implementation.

## System for Respecting Human Rights

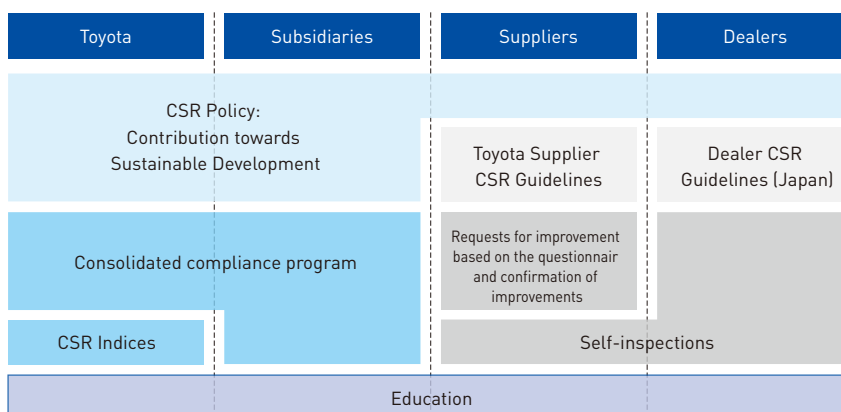


### Members

Human Resources Div.  
Global Audit Dept.  
Accounting Div., Legal Div.,  
Purchasing Planning & TNGA  
Promotion Div.  
Overseas External Affairs Div.  
Corporate Planning Div.

## Major Initiatives in FY2013

Toyota	Toyota established in-house CSR Indices to confirm whether business is being executed in line with the concept of respect for human rights, and follow-up is performed for the various functions each year.
Subsidiaries in Japan and Overseas	Toyota requests the implementation of voluntary inspection activities for consolidated compliance once a year at its subsidiaries in Japan, and once every two years at overseas subsidiaries. As a part of this initiative, starting in 2012, subsidiaries have been requested to propose and implement improvement measures addressing human rights and labor issues based on the result of the inspections. In 2013, voluntary inspection activities were expanded to 199 subsidiaries in Japan and 202 overseas subsidiaries.
Suppliers	Toyota established and distributed the Toyota Supplier CSR Guidelines in 2009, which clearly states Toyota's expectations of its suppliers and Toyota's policy of respect for human rights. Based on the guidelines, Toyota has requested each company to perform self-inspections. Toyota revised the Toyota Supplier CSR Guidelines at the end of 2012, and adopted newly created questionnaire as a part of its efforts to enhance human rights and labor-related initiatives, and is now making requests for improvement as necessary and following-up to confirm that improvements are made.



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Toyota is taking various measures to realize protection of human rights.

Civilians in certain regions around the world are being subjected to massacres, plunder, abduction, conscription of child soldiers, and other inhumane conduct as a result of armed conflict, thereby giving rise to international condemnation. In the Democratic Republic of the Congo, which is located in central Africa, the unlawful mining and smuggling of the country's abundant mineral resources is said to be a major source of funding for armed groups.

Toyota undertakes business with a strong awareness that violations of human rights, environmental degradation, unlawful mining, and other issues in these conflict regions as well as the issue of minerals that provide sources of funding to armed groups through such actions are major social issues concerning the supply chain.

Toyota has conducted a reasonable country of origin inquiry with due diligence for its products since May 2013. A report summing up the survey results for the period during January-December of 2013—was compiled in the 2013 Form SD and Conflict Minerals Report\* and submitted to the U.S. Securities and Exchange Commission on May 30, 2014.

We aim at procurement and usage that are free from conflict minerals originated in the Democratic Republic of the Congo or adjoining countries and relating to illegal conduct including human rights infringement. For that purpose, Toyota will work together with parts suppliers, automotive industry organizations and other relevant organizations.

\* For further information on the 2013 Form SD and Conflict Minerals Report, please visit the following webpage



[http://www.toyota.co.jp/jpn/investors/library/sec/pdf/form\\_sd\\_201405\\_final.pdf](http://www.toyota.co.jp/jpn/investors/library/sec/pdf/form_sd_201405_final.pdf)

## Toyota's Policy on Conflict Minerals

Toyota has adopted Policies and Approaches to Conflict Minerals Issues—a set of guidelines the company is supposed to refer to in tackling conflict minerals issues. Based on the guidelines, Toyota is dealing with the issues. Meanwhile, the company revised the Toyota Supplier CSR Guidelines in 2012, asking its suppliers to engage in responsible material procurement.

### Toyota's Policies and Approaches to Conflict Minerals Issues

We—Toyota Motor Corporation and its subsidiaries—promote obtainment of materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means.

We recognize that the issue of conflict minerals originated in the Democratic Republic of the Congo or adjoining countries is one of the significant social issues among supply chains.

We aim at procurement and usage that are free from conflict minerals originated in the Democratic Republic of the Congo or adjoining countries and relating to illegal conduct including human rights infringement. To realize such procurement and usage, we conduct inquiries tracing back through our supply chains and confirm if conflict minerals are used. And we take appropriate steps to discontinue procurement of materials that can cause social problems or finance armed groups if usage is detected. Based on mutually beneficial relationships, we ask our suppliers to understand our policies and approaches and to promote responsible material procurement.

### Excerpt from the Toyota Supplier CSR Guidelines ("Responsible Material Procurement")

Obtain materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means (such as conflicts minerals\*).

We expect suppliers to take appropriate steps to discontinue procurement of these materials if usage is detected.

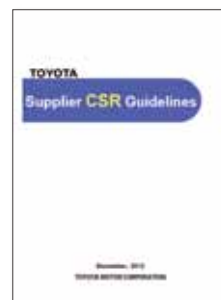
\* Minerals originating from the DRC and neighboring countries that have directly or indirectly contributed to the financing of armed groups

\* For further information on the Toyota Supplier CSR Guidelines, please visit the following webpage



[http://www.toyota-global.com/sustainability/society/partners/supplier\\_csr\\_en.pdf](http://www.toyota-global.com/sustainability/society/partners/supplier_csr_en.pdf)

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## Establishment of an In-house System, Industry-to-industry Collaboration, and Participation in Public-private Alliance for Responsible Minerals Trade (PPA)

In 2011, Toyota launched a cross sectional task force in charge of dealing with conflict minerals issues. Consisting of representatives from relevant departments within the company, the team, formally called the Conflict Minerals Task Force, has begun considering what actions are to be taken regarding conflict minerals. Also in 2011, Toyota set up a working group on conflict minerals jointly with the JAPIA<sup>1</sup>. The move represented the domestic automotive industry's industry-wide efforts to cope with issues associated with conflict minerals. In 2012, Toyota and parts suppliers belonging to the JAPIA joined hands in conducting a trial-based survey on conflict minerals used in their products, kicking off their preparations for launching full-fledged investigation into the issues.

In 2013, the Japan Conflict-free Sourcing Working Group was established by automakers and companies belonging to the JEITA<sup>2</sup>. Main activities undertaken by the Japan Conflict-free Sourcing Working Group include the investigation of identify regarding firms engaging in smelting in conflicted areas and making visits to organizations representing smelters. The association has been also pressing for organizations representing smelters. The association has been also pressing for smelters to obtain a certificate confirming that minerals they use in their products are DRC conflict free.

Toyota's efforts to work with other industry groups on the issue of conflict minerals are not limited to activities in Japan. Toyota has been working globally to deal with the issue. For example, the company has participated in a working group set up by the AIAG<sup>3</sup>, a U.S. group tasked with setting code of conduct for the auto industry. Toyota has been also cooperating with the CFSI<sup>4</sup> through activities of each working group.

In addition, Toyota has participated in the Public-private Alliance for Responsible Minerals Trade (PPA<sup>5</sup>), a multi-sector initiative whose members include the U.S. government, industry organizations and citizen groups. The PPA encourages responsible minerals trade that is free from material procurement in certain areas marred by regional conflict, including the DRC and its surrounding countries, and coordinates support to organizations engaged in the critical work to develop conflict free supply chains.

Toyota agrees with the spirit of the PPA's efforts, and considers resolving issues that may hinder the trading of legitimate mineral resources in those countries. For this purpose, it refrains from requesting suppliers to not use any minerals in the area, regardless of their relation to human rights violations. Based on that awareness, it believes promoting initiatives industry-wide for use of materials that are free from conflict at smelters who are upstream in the supply chain is one way to resolve human right infringement issues and ultimately develop a more civil society.

<sup>1</sup> JAPIA (Japan Auto Parts Industries Association)[<http://www.japia.or.jp/>]

<sup>2</sup> JEITA (Japan Electronics and Information Technology Industries Association)  
[<http://www.jeita.or.jp/>]

<sup>3</sup> AIAG (Automotive Industry Action Group)[<https://www.aiag.org/>]

<sup>4</sup> CFSI (Conflict-Free Sourcing Initiative)[<http://www.conflictreesourcing.org/>]

<sup>5</sup> PPA (The Public-Private Alliance for Responsible Minerals Trade)  
[<http://www.resolv.org/site-ppa/>]

## Reasonable Country of Origin Inquiry

In May 2013, Toyota launched a full-scale reasonable country of origin inquiry.

Since then, the survey has been conducted globally, covering its subsidiaries operating both in Japan and abroad. Specifically, more than 7,000 suppliers operating in Japan and overseas for all kinds of businesses undertaken by Toyota, including automobiles and marine transportation equipment, were asked to check if conflict minerals have made their way into the supply chains of their products.

In addition, Toyota has been doing its due diligence regarding identification of the origin of minerals being used by its suppliers, and their distribution and production processes in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas.

### Details and Results of Surveys Implemented in 2013

#### Survey Details

Before the survey began, Toyota held a briefing session for suppliers while formulating a manual detailing how to fill in the survey sheet and developing a tool used to compile survey results. Also, Toyota supported a briefing session co-sponsored by JAPIA and JEITA.



#### Survey Results

Because supply chains of automobile parts are broad and complex, smelters and mines from which minerals bought by Toyota suppliers originated were not identified in a large number of cases covered by the 2013 survey. We have collected several hundred names of smelters and recycling firms for each metal, including those obtained CFS certificates. But some of them could not be identified whether they are smelters or recycling firms in light of publicly accessible Web information. Therefore, identity for some smelters and the place of origin for some minerals were not confirmed. The 2013 survey results were incorporated into Form SD and the Conflict Minerals Report\* and has been filed to SEC.



Toyota Suppliers Meeting



JAPIA/ JEITA Suppliers Meeting  
(at Toyota Motor Corporation Head Office)

\* For further information on the 2013 Form SD and Conflict Minerals Report, please visit the following webpage

[http://www.toyota.co.jp/jpn/investors/library/sec/pdf/form\\_sd\\_201405\\_final.pdf](http://www.toyota.co.jp/jpn/investors/library/sec/pdf/form_sd_201405_final.pdf)

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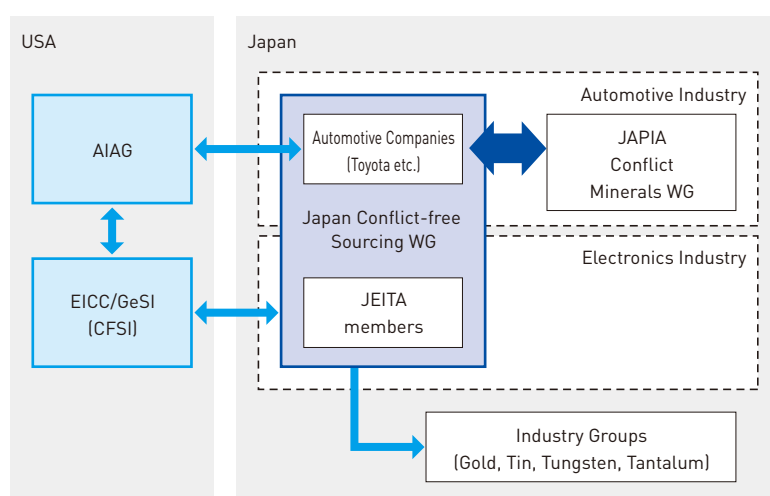
## Future Efforts

Toyota aims to become a company which does not use conflict minerals originating from the Democratic Republic of the Congo (DRC) or an adjoining country that were mined and sold under the control of armed forces to finance conflict and violation of human rights, as materials for their products. Toyota has pledged to become DRC conflict free in collaboration with suppliers. Toyota finds it necessary to establish the environment that enables implementation of due diligence. For that environment to be created, Toyota will gather information on due diligence. For that environment to be created, Toyota will gather information on smelters and lobby to organizations of smelters, while working with industry and other groups.

### Future Effort Details

- Improve a reasonable country of origin inquiry ("RCOI") survey and due diligence.
- Improve the measures of the RCOI survey based on feedback from major Tier-1 suppliers.
- Conduct awareness-raising activities for suppliers such as providing conflict minerals survey-related materials including guidance manuals, holding sessions on a regular basis in cooperation with JAPIA and continuing to communicate and exchange opinions with trade partners with direct business.
- Encourage smelters/refiners to participate in the Conflict-Free Smelter Program through the industry organizations such as AIAG and JAPIA.
- Continue industry-wide cooperation such as contribution to CFSI through AIAG and participation in PPA.

### Overview of Industry-to-industry Collaboration



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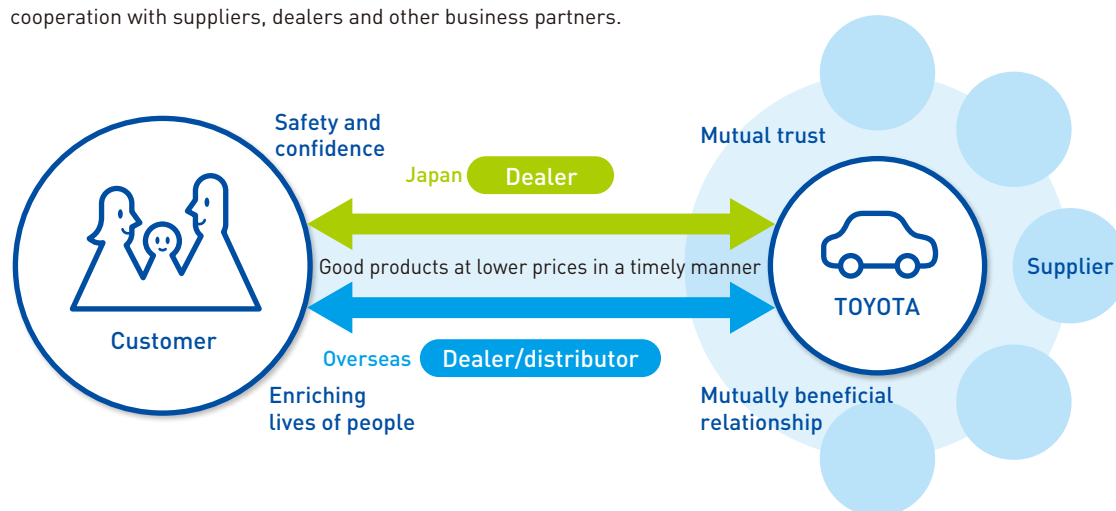
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# Collaboration with Business Partners

## Basic Philosophy regarding Business Partners

In order to contribute to society through automobile manufacturing and *monozukuri* (manufacturing) and put into practice the principle of "Customer First," it is necessary to implement various activities in a spirit of cooperation and share principles with our business partners. In addition to pursuing open and fair business activities, Toyota has, for many years now, been engaged in CSR and other related activities. In order to further raise customer satisfaction levels, Toyota is committed to improving quality in terms of safety and customer confidence through increased cooperation with suppliers, dealers and other business partners.



Excerpt from "CSR Policy: Contribution towards Sustainable Development"

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths
- We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws

## Collaboration with Suppliers

Since its establishment, Toyota has sought to work closely with its suppliers in its manufacturing activities. In good times and bad, Toyota and its suppliers have faced the same issues together and Toyota has built strong and close relationships with them according to the spirit of mutual benefit based on mutual trust. With the recent globalization of business activities Toyota will cherish these ties—including those with new partners—and together will promote the Customer First policy.



Toyota believes that the most important task in purchasing is the creation of relationships in which Toyota and suppliers do business on an equal footing based on mutual respect, thus building firm bonds of trust and promoting mutual growth and development.

It is also important to contribute to the sustainable development of society and the sustainability of the earth by working with suppliers in various countries and regions to ensure legal compliance and respect for human rights, and to carry out initiatives that contribute to local communities and global society.

Toyota's global purchasing activities based on close cooperation revolve around the following three policies making up the Basic Purchasing Policies.

### Basic Policies at Toyota Purchasing

#### 1. Fair competition based on an open-door policy

Toyota is open to any and all suppliers, regardless of nationality, size, or whether they have done business with us before. Our choice of suppliers is purely on the basis of business considerations. We evaluate the overall strengths of prospective suppliers, including their quality, technological capabilities, and reliability in delivering the required quantities on time.

#### 2. Mutual benefit based on mutual trust

We believe in developing mutually beneficial, long-term relationships based on mutual trust. To foster that trust, we pursue close and wide-ranging communication with suppliers.

#### 3. Contributing to local economic vitality through localization: good corporate citizenship

Our production outside Japan is increasing rapidly as we globalize our operations. We work to make an economic and industrial contribution that is fully commensurate with our market presence in each region. That includes purchasing parts, materials, tools, equipment and others from local suppliers.

## Implementation of the Toyota Supplier CSR Guidelines

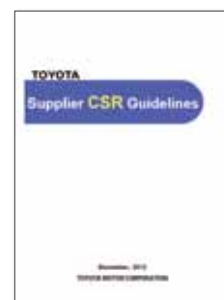
At Toyota, we believe it is important to engage in coordination with suppliers, and issued the Toyota Supplier CSR Guidelines in February 2009. Toyota suppliers are asked to implement their own independent CSR activities based on the Toyota Supplier CSR Guidelines, and in turn expand their individual CSR policies and guidelines to their own suppliers.

Furthermore, in December 2012, Toyota revised the guidelines to clearly indicate to companies in its supply chain its principles regarding human rights issues (strengthening of monitoring and corrective actions, and approaches towards conflict minerals) in order to enhance and strengthen the global scale of CSR initiatives.

For further information on the Toyota Supplier CSR Guidelines, please visit the following webpage



[http://www.toyota-global.com/sustainability/society/partners/supplier\\_csr\\_en.pdf](http://www.toyota-global.com/sustainability/society/partners/supplier_csr_en.pdf)



Toyota Supplier CSR Guidelines

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## Initiatives towards Respecting Human Rights in Supply Chains

Toyota developed the Toyota Supplier CSR Guidelines to its suppliers, clearly indicating its policy of respecting human rights and what it expects of its suppliers, and has expanded them. Furthermore, as part of efforts to strengthen its initiatives regarding human rights and labor issues, Toyota created a new questionnaire to assess the situation at each supplier. When necessary, Toyota asks the supplier to make improvements and follows up on improvement activities.

## Approaches towards Conflict Minerals Issue

Based on the Toyota's Policies and Approaches to Conflict Minerals Issues, Toyota strives for raw material procurement and usage that are free from conflict minerals, which can involve the infringement of human rights.

For further details, see [Chapter 7: Respect for Human Rights on pages 07-03 to 07-05](#).

## Support for the CSR activities of suppliers

Toyota asks its suppliers to practice CSR and sponsors the CSR Study Meetings every year in order to support their CSR activities.

Toyota is also working to propagate knowledge about CSR in general and to raise awareness about various issues such as "Why CSR needs to be promoted" and "Why the entire supply chain must also be included."

### Main Initiatives during FY2013

#### Japan

In 2013, CSR Study Meetings targeting about 600 people from approximately 340 suppliers were held based on the themes of compliance (management of confidential information and compliance with competition laws) and human rights/labor issues (respect for human rights, labor management).

On the subject of respect for human rights, the meeting addressed the issue of protecting human rights in supply chains to promote a better understanding of this issue.



CSR Study Meeting

#### Overseas

Toyota participates in the supplier CSR education program of the Automotive Industry Action Group (AIAG)\* to support its overseas suppliers in their activities to promote CSR.

In FY2013, when the program was held in South Africa, Toyota invited its South African suppliers and had them participate in the AIAG's CSR education.

\* Organization which lays down the code of conduct in the U.S. automobile industry (<https://www.aiag.org/>)

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## Suppliers' CSR Activities

Toyota suppliers also voluntarily engage in various activities to promote CSR.

### Main Initiatives during FY2013

The CSR Lecture	Toyota's supplier associations, Kyohokai and Eihokai, jointly hold a CSR lecture every year with the goal of improving each member company's understanding and awareness of CSR and efforts to engage in CSR activities. Ms. Mizue Unno of So-Tech Consulting was featured as a lecturer in July 2013. Ms. Unno lectured on CSR Initiatives in the Current Automotive Industry and presented specific case examples.
CSR workshop	Eihokai holds CSR workshops in which, after attending a CSR lecture and study meeting, participants divide into sub-groups and exchange opinions on each theme. Through these activities, participants study the initiatives being taken by member companies in order to improve the level of CSR initiatives at all suppliers.
Volunteer activities	As part of the initiative to promote CSR, Kyohokai and Eihokai, jointly held volunteer-staffed goods collection drives (collecting unneeded cell phones, miswritten pre-paid postcards, unused postal stamps, etc.) to help people in the areas hit by the Great East Japan Earthquake. The proceeds from these collection drives were donated to the local government in the affected area (Iwate Prefecture).



CSR Lecture



CSR workshop



Volunteer Welfare Council

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### Basic Philosophy regarding Sales Networks

Dealers/distributors are the front line where Toyota's "Customer First" principle will be directly observed. Toyota and its dealers/distributors always work as one to enhance customer satisfaction based on a strong relationship of trust, close two-way communication, and the shared value of Toyota products and services.

### Basic Philosophy regarding Dealers in Japan

Within Japan, Toyota has concluded contracts directly with approximately 280 dealers who operate around 5,500 sales outlets including used car outlets. Based on the policy of "Customer First, Dealer Second, Manufacturer Third," Toyota believes that dealer success, which ultimately leads to Toyota's growth, can be achieved if Toyota supports and collaborates with dealers to meet customers' expectations and raise their level of satisfaction.

### Organization and Structure

The Toyota National Dealers' Advisory Council (TNDAC) established the special CSR study group and created/issued the TNDAC CSR Guidelines in 2005. In 2006, Toyota dealers in Japan adopted the Toyota Dealers CSR Declaration to promote unified CSR activities involving all Toyota dealers in Japan. The TNDAC CSR Guidelines are based on the three pillars of Compliance, Environment, and Social Contribution, and are designed to help dealers improve the satisfaction level of various stakeholders, including customers. These guidelines also encourage the entire Toyota Group to work in concert to engage in CSR initiatives to become a presence that is respected and liked by people in communities.

Being on the frontline of contact with customers, dealers are actively engaged in CSR activities and Toyota supports these activities.

Specifically, in line with the decisions made at the CSR study group, each dealer has set up an internal CSR secretariat, a CSR Committee, and a basic CSR policy to promote CSR activities. Using a self-auditing tool called the "CSR Checklist" made up of nearly 400 items, dealers are consistently going through the Plan-Do-Check-Act cycle and reporting their activity results to TNDAC each year.

Toyota is sharing its know-how, including the checklist system, auditing method, and textbook creation, to support the CSR activities of its dealers.

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## Overview of Toyota's Support for the CSR Activities of Japanese Dealers

In 2006, Toyota created the CSR Checklist to help each dealer consistently go through the Plan-Do-Check-Act cycle for CSR. Every year, Toyota submits checklist improvements to TNDAC. In 2011, Toyota introduced a new system for the PDCA cycle and also began providing evaluation result feedback sheets to vehicle dealers and rental/leasing dealers.

Additionally, in response to the Toyota Dealers CSR Declaration issued at the 65th TNDAC General Meeting held in January 2006, Toyota set up a CSR Support Website designed to help dealers with their CSR activities. When it set up the Toyota Dealers Helpline, Toyota created the Helpline Leaflet and distributed copies to all staff members at dealers.

As for CSR-related education and promotion tools, Toyota has created and distributed various materials, such as CSR textbooks for staff, dealer compliance audit manuals, legal compliance leaflets, lecture DVDs, Helpline Report Digests, and a collection of initiatives rooted in and designed to help local communities. Toyota also cooperates with the CSR workshops and CSR lectures held by TNDAC, providing the necessary know-how and data.

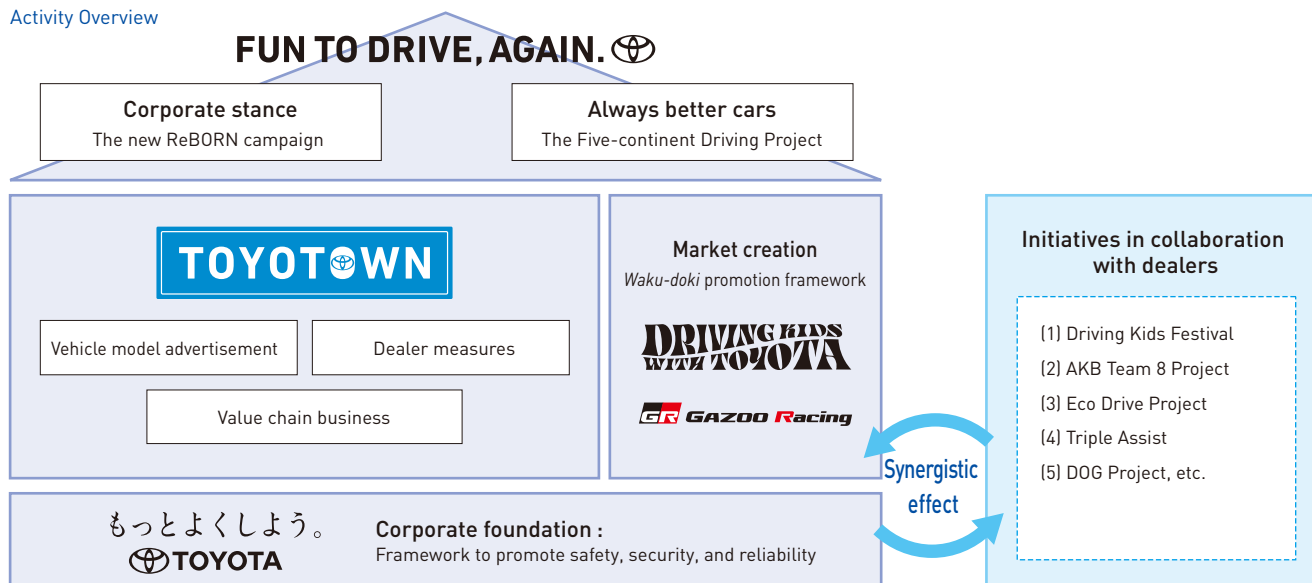
### TNDAC's Major CSR Initiatives

Distribution of the CSR Checklist and the evaluation result feedback sheet	Operation of the Toyota Dealers Helpline Distribution of the Helpline Report Digest, various types of tools, and handouts	CSR workshop	CSR lecture
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## Overview of Toyota's FY2013-2014 Activities Being Promoted Jointly with Dealers

The marketing activities for the entire Toyota Group, jointly carried out by Toyota and its dealers, are based on promoting Toyota hybrid vehicles through the TOYOTOWN campaign, promoting the feeling of *waku-doki* (excitement and exhilaration) through the Driving Kids with Toyota program, and promoting safety, security, and reliability through the "Let's Make It Better, Toyota!" campaign. Utilizing these promotional frameworks, Toyota is promoting various activities in collaboration with dealers. By better communicating the appeal of cars to customers through activities rooted in each community, Toyota aims to create more fans and become the No. 1 company in town, cherished by its customers even more.

### Activity Overview



### Main Events and Measures

<ul style="list-style-type: none"> <li>Driving Kids Festival (formerly the "Driving Festival")</li> <li>86 fan get-together</li> <li>GAZOO Racing activities, support of participatory motor sports, circuit-driving experience events, customized car show</li> </ul>	<ul style="list-style-type: none"> <li>Toyota First Experience Program</li> <li>Motor-show-related events</li> </ul>	<ul style="list-style-type: none"> <li>Assisted-mobility car exhibit</li> <li>Other co-sponsored events</li> </ul>
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## Start of the Driving Kids with Toyota Project, Designed to Increase the Number of Car Fans

### Overview

In February 2014, Toyota started the Driving Kids with Toyota project, a medium/long-term initiative aimed at revitalizing the market by stemming the loss of younger generations moving away from cars and losing interest in cars, and increasing the number of car fans.

Here, "Driving Kids" refers to young and old people of both genders who love cars with a pure feeling like that of a child. In addition to existing products such as the 86 and G's and events such as the 86 fan get-togethers and Gazoo Racing activities, in FY2014, Toyota began holding the Driving Kids Festival throughout Japan on a regional basis, an event designed to increase the number of car fans. Dealers are working together with Toyota to help many customers experience the joy of automobiles and the pleasure of driving through these activities, and to convey this excitement to even more customers.

## The Driving Festival Has Been Redesigned into the Driving Kids Festival

### Overview

The Driving Festival, a hands-on event designed to help customers experience the appeal of cars and their evolution, has been jointly held for seven years since 2007 by Toyota and its dealers. The first event, held in Odaiba, Tokyo, attracted 13,000 visitors (in two days). Since then, the hands-on activity program developed for large-scale events has been re-packaged so that it can be implemented on a dealer-by-dealer basis and dealers in each region have been continuing the event while adding the unique local flavor of their area.

In FY2014, capitalizing on the know-how gained through the Driving Festival, Toyota developed an enhanced new program, incorporating the three elements of experience, growth, and competition to create the new Driving Kids Festival with the primary goal of increasing the number of car fans.

### FY2013 Initiatives

As part of the Kokoro Hakobu Project (recovery and revitalization support activities following the Great East Japan Earthquake), Toyota vehicle dealers, rental/leasing dealers, and parts distributors in Fukushima Prefecture collaborated with Toyota to hold the Driving Festival in Fukushima for two days in May, attracting 14,000 visitors.

The number of other types of events held in individual regions under the leadership of dealers has also been steadily increasing, with such events becoming established as part of continuing efforts to revitalize local industries and regions.



Parent and child enjoying racing go-karts

### Event Participants' Comments

"Riding in a car so powerfully driven by a professional driver, I was able to experience the high level of basic performance first-hand."

"I never knew the joy of the Winglet until I actually rode in one! The joy of riding it while maintaining balance is a whole new experience!"

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## GAZOO Racing Activities Support Car Fans' Desire to Know More and Do More

### Overview

Together with car enthusiasts and fans, GAZOO\* Racing promotes activities that spread the joy and the dream of automobiles and bring more smiles to the faces of people. The pillars of GAZOO Racing activities are "always better cars" and "promoting the joy of cars" with the goal of expanding the platform for talking about cars and driving.

Under the pillar of "always better cars," Toyota entered its GAZOO Racing team in the 24 Hours Nürburgring endurance race in Germany in order to better train people and refine cars further to deliver always better cars to customers. Toyota makes the best use of the experiences gained there to promote the development of human resources capable of automotive seasoning, which leads to the development of production vehicles.

Under the pillar of "promoting the joy of cars," Toyota supports car enthusiasts' desires, such as "I want to drive on a circuit!" and offers hands-on experience, training, and racing options all over Japan in circuit race and rally genres. For example, Toyota holds or co-sponsors Waku-doki circuit events, which allow drivers to experience circuit driving in their own cars (of any make); the Sports Driving Lesson; the GAZOO Racing 86/BRZ Race, which is a race/rally that can be easily entered by beginners; the GAZOO Racing Netz Cup Vitz Race; and the TRD Rally Challenge. Toyota is also working on creating additional platforms where car enthusiasts and fans can enjoy automobiles, positioning the event venues and GAZOO Racing website as places where they can talk cars.

\* Portal site managed by Toyota for disseminating information about cars and the joy of riding in automobiles

### FY2013 Initiatives

As part of activities related to "promoting the joy of cars," Toyota enhanced the Waku-doki circuit event program, which enables customers to actually experience circuit driving. (This program has since been renamed, "Waku-Doki Driving!") The enhanced program offers three levels that match customer needs and skill levels, accommodating drivers with or without circuit driving experience. A total of 24 events were held at circuits throughout Japan.

In July, Toyota started the new GAZOO Racing 86/BRZ Race, a one-make race open to any car based on a front-engine, rear-wheel drive sports car that has a license plate. The event attracted more than 430 entrants who competed in a total of seven heated races.

#### Event Participants' Comments

##### Waku-doki circuit events

"I felt at ease because the instructor's advice was so thorough. I'm very satisfied with the rich content of the experience."

"I was able to learn the basic operations of the accelerator, the brake, and the steering wheel according to the behavior of the car."

"I didn't think my car was suitable for circuit driving, but it was really fun driving it on the circuit."

##### 86/BRZ Race

"This race is great because there are very few specification differences among the cars, allowing everyone from top-ranked professionals to amateurs to enjoy the race under the same conditions."



In Waku-doki circuit events, professional drivers offer advice on circuit driving techniques

## The Toyota First Experience Program, a Traveling Classroom at Elementary Schools All over Japan

### Overview

The Toyota First Experience Program aims to nurture future car fans by providing children of the "virtual era" with opportunities to gain real-life experience through all five senses and to experience the global environment and economy up close. In cooperation with dealers whose activities are rooted in local communities, the program conveys the appeal of cars to children while offering "classes by a corporation" as a way of contributing local communities.

Targeting fourth and fifth graders, the program provides a fun, hands-on learning experience as part of integrated studies or science or social study classes. Actual vehicles are used to teach students about the workings of cars, their appeal, and their relationship to the environment and economy. The fourth graders attend the First Car Experience Class while the fifth graders attend the Class to Fully Understand Cars. Real cars, scaled models, quizzes, and board games are all utilized in the classes. Started in 2008, the program has so far offered classes to approximately 80,000 children in 1,534 schools. Many of the fourth graders in the First Car Experience Class said, "Cars are awesome!" and "I want to drive a car when I get older." The fifth graders in the Class to Fully Understand Cars were frequently heard to say, "I was glad to learn about eco-cars and the initiatives that car companies are taking."

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The program held a traveling classroom for 21,049 pupils at 442 elementary schools all over Japan, and the number of dealers participating in the classroom initiative has also steadily increased to 261. Questionnaires returned from the teachers showed that a high 98 percent of the fourth graders and 99.1 percent of the fifth graders were "Somewhat satisfied" or "Satisfied." Besides the traveling classroom for elementary schools, Toyota took other measures to expand the connection with local communities, such as offering a special open class at the ESD\* Festa in Mikawa sponsored by UNESCO (November 30 and December 1) and a collaborative industry-academy class jointly with the Shibaura Institute of Technology (January 25, 2014). Notable examples of creative initiatives taken by dealers include coordinating with associations of former members and in training newly hired employees, having those who attended classes act as core members in supporting participation by other employees, and having the store manager from the nearest dealer attend.

\* Education for Sustainable Development. In November 2014, UNESCO is scheduled to hold the ESD World Conference in Aichi Prefecture

#### Event Participants' Comments

"The children had such lively expressions when they were conducting experiments or thinking hard."  
 "The classroom materials were really excellent because they encouraged the children to actively use their eyes, hands, and brain to see, touch, and think."  
 "The games also required thinking and were extremely enjoyable for the children who have a lot of intellectual curiosity."



Please also see [Social Contribution Activities \[P12-17\]](#). For further information, please visit the following webpage.



<http://www.toyota.co.jp/gentaiken/> (Japanese only)



Quiz-based learning about cars and the environment

## Nationwide Roll-out of Aqua Social FES (ASF) to Help Protect the Global Environment and Nature in Hometowns

### Overview

As part of its Aqua hybrid vehicle branding campaign, Toyota has been running the Aqua Social FES (ASF) nationwide since 2012, encouraging the general public to participate in this regional environment protection and preservation initiative named after Toyota's vehicle of the same name and focused on water (aqua). Through the ASF, a wide variety of action programs have been held in 50 locations closely related to water throughout Japan, from Hokkaido to Okinawa.

Toyota is responsible for the overall planning, announcements, and implementation of the ASF, while dealers on their own or in collaboration with local communities hold the actual events, and regional NPOs and local/regional newspapers are in charge of developing and managing action programs. With operational support from local governments, an increasing number of local voluntary events are also being held through collaboration between dealers and university students, etc., or between dealers and local companies using universities as operational headquarters. Furthermore, the ASF is also creating a social ripple effect. For example, some local universities have certified the ASF as a program eligible for academic credit. In addition, ASF activities have moved some prefectures to include environmental restoration costs in their budgets and some local government heads are participating in the ASF. In April 2013, the ASF was awarded the Fifth Japan Marketing Grand Prize (by the Japan Marketing Association) for presenting co-growth marketing, which does not require a product purchase to participate and in which society, individuals, and corporations are linked in a relationship for mutual growth. Furthermore, in June of the same year, the ASF was awarded the Gold Prize at the Cannes Lions International Festival of Creativity, the most prestigious advertisement award in the world.

### FY2013 Initiatives

Toyota certified the original activities of organizations participating in or cooperating with the ASF as certified ASF satellite activities, and distributed pamphlets to approximately 4,000 participants explaining the ASF philosophy. Furthermore, to encourage participation by young people in particular, Toyota worked on enhancing and improving the ASF programs and also created and distributed the *ASF Original Rurubu* in cooperation with the *Rurubu* leisure magazine. Dealers then strengthened their storefront PR activities utilizing this magazine.

Over a period of two years, ASF events were held 238 times and 22,580 people participated. A total of 2,383 dealer employees also participated. Questionnaires (multiple selections allowed) returned from participants showed that 86.4 percent of the participants in their 20's and 30's selected as the reason for participating, "The event looked like it would be fun to participate in," 83.6 percent selected, "I wanted to do something to benefit the environment," and 75.1 percent selected, "I felt it would allow me to experience a social contribution activity first hand." In terms of program evaluation (multiple selections allowed), 92.5 percent of the participants selected, "I can identify with the ASF," 71.5 percent selected, "I can identify with the brand," and 63.2 percent selected, "I'm interested in the Aqua."

#### Event Participants' Comments

"I hadn't known that Toyota was involved in these kinds of activities until I participated in this event. Now I have good feeling about Toyota."  
 "I enjoyed the opportunity to touch nature in my local environment. I want to become more interested in the natural world that surrounds me."  
 "There was an astonishing amount of trash but we were able to pick it up because a lot of people participated. It was fun! Thank you."



Please also see [Social Contribution Activities \[P12-08\]](#). For further information, please visit the following webpage.



<http://aquafes.jp/> (Japanese only)



Group photo following an event

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## The Prius Cup, Designed to Strengthen the Ties between Dealers and Toyota and Increase Their Enthusiasm for Cars

### Overview

In 2007, Toyota held the First Prius Cup as a platform for dealers and Toyota to socialize and exchange information, as well as to reaffirm together the joy and excitement of automobiles. This was a Prius-based eco-driving circuit race in which dealer teams and Toyota teams competed on fuel efficiency and service staff skills. In 2011, the National Prius Cup was held for dealer teams that had passed their regional preliminaries. In addition to competing on eco driving and service staff skills, the dealer and Toyota participants have the opportunity to experience together *waku-doki* of cars, for example, by riding in a racing car.

### FY2013 Initiatives

In August 2013, the Second National Prius Cup was held at the Fuji Speedway. 26 dealer teams from all over Japan that had passed their regional preliminaries and 8 special guest teams competed in the Cup. The special guest teams included four female drivers, including Ms. Keiko Kojima from *Very* magazine. President Akio Toyoda greeted everyone at the opening ceremony and also participated in the Cup under the racer name "Morizo." The Cup consisted of a competition in which the teams vied for fuel efficiency points calculated from their average fuel efficiency over a specified number of circuits, and a pit skills competition in which the winner was determined based on the accuracy and speed of each team's work. Overall ranking was determined based on the total score of the two competitions combined. The overall winner of the 2013 Cup was Aichi Toyota.



Racing vehicles taking off from the grid all together

### Event Participants' Comments

"Although it's difficult to achieve high fuel efficiency when you are trying to drive the circuit within the allotted time, this is an excellent event! It encourages sales and service staff to work together toward a single goal and reaffirms the joy of automobiles."

## Fun to Eco-drive Project

### Overview

In October 2013, Toyota started the Fun to Eco-drive Project, designed as a fun way to help customers learn eco-driving techniques. The Project, which is also linked to the eco-driving initiatives being promoted by the Ministry of the Environment and the Japan Automobile Manufacturers Association, began offering eco test drives in FY2014 in preparation for a full-scale nationwide debut. Held simultaneously with fun, hands-on events such as the Driving Kids Festival and GAZOO Racing, the Fun to Eco-drive Project aims to widely promote eco driving throughout society. The Project hired racer Kazuki Nakajima as the eco-driving navigator, who works together with the media to help participating customers experience the joy of eco driving.

Eco test drives are also positioned as a platform for training dealer staff and improve their skill levels by teaching them eco-driving techniques. Eco Drive Advice, a "Hybrid e Service" for Toyota hybrid vehicles, contains know-how unique to Toyota that customers can experience at Toyota dealers nationwide (excluding some dealers and outlets).

### Future Initiatives

Through joint initiatives designed for its dealers, such as the experience of eco-driving at the Prius Cup, Toyota aims to firmly establish activities that will support them in continuously communicating the fun and joy of eco-driving to customers. Toyota is also planning to hold other eco drive events under various themes such as *waku-doki*, Safety, Security, and PHV.

### Comments from Eco Test Drive Participants

"The EV-only acceleration was unexpectedly excellent."  
 "I had thought that driving a hybrid car would be difficult, but it turned out to be surprisingly simple."  
 "Driving a hybrid is a lot of fun once you learn the eco-driving tricks. I want to master them!"  
 "I want to test-drive a hybrid again and get a higher score than last time."  
 "I already drive an eco car, but this was my first time learning eco-driving techniques. I'm happy to improve the fuel efficiency of my car."



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Toyota's approximately 170 distributors and 8,900 dealers located overseas serve as key partners in highlighting the attractiveness of Toyota vehicles to customers. They also engage in a variety of activities to advertise the value of products and cars to customers.

### The 10th GKC Champions Conference Held, Aimed at "Customer-first Sales Approach"

#### Goals and Roles

To promote solid establishment of the Toyota Way in Sales and Marketing (TWSM), the goal of which is to ensure a "Customer First" orientation in every country, Toyota established the Global Knowledge Center (GKC) in Los Angeles, California in July 2002. The GKC's mission is to ensure the "Customer First" principle on a global scale by encouraging distributors from around the world to autonomously practice TWSM, providing a platform for sharing good practice from around the world, and achieving mutual improvement.

The GKC has held the Champions Conference every year since 2003 as part of its initiatives to spread the TWSM philosophy in accordance with each country's level and situation, and to share good practice. This conference began with the goal of developing the people who would become leaders of TWSM promotion activities within individual countries through information sharing, centrally coordinate the distributors in their countries, and act as the main contact person for GKC. Since 2011, the conference has focused on sharing good practice and holding discussions from the management perspective, toward the goal of practicing "Customer-first Sales Approach."

#### Progress in FY2013

In November 2013, the 10th GKC Champions Conference was held at the Nagoya Office over a three-day period. The conference was attended by 34 national champions from distributors and regional headquarters, as well as representatives from all related Toyota departments, including the executives in charge. The conference consisted of regional discussion and presentations given by the national champions and Toyota executives. These presentations reported on the details of regional activities to strengthen the bond with customers, the role of global support in these activities, the future vision for GKC activities and specific support measures, good practice from various countries, and initiatives being taken by distributors in their countries.

In this recent conference, a consensus was reached on the initiatives to be taken by distributors in various countries toward strengthening the bond with customers and the direction global support should take. Specific requests from distributors concerning future global support were also gathered. It was confirmed that Toyota would maintain good communication with regional headquarters to support each region's unified activities to strengthen the Toyota-customer bond.

To continue strengthening that bond, Toyota plans to build a framework for promoting attentiveness and mutual learning, which are part of the Toyota culture, to encourage the sharing of know-how and knowledge from various countries.

The next step will be to examine measures to respond to region-specific needs.

#### Example of Good Practice

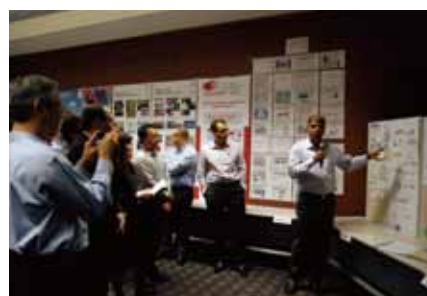
TGB (U.K.)	Shortening the replacement cycle and improving the retention rate through Access Toyota (a residual value-setting installment plan)
TMS (U.S.)	Improving the service retention rate through Toyota Care (a two-year free maintenance program)
Hotai (Taiwan)	Improving the retention rate through better linkage between sales and service



Discussion



Thirty-four national champions and representatives from all related departments, including the Toyota executives in charge



Presentation

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# Employees

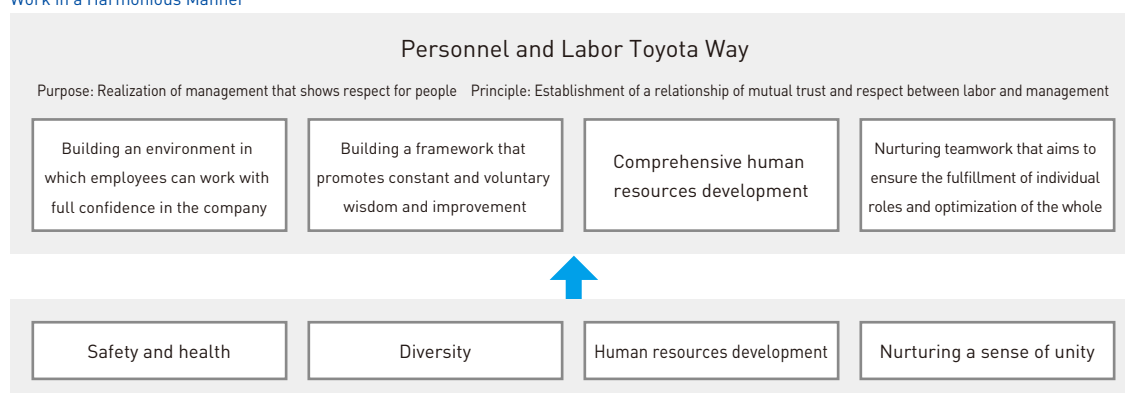
## Basic Philosophy regarding Employees

Toyota's philosophy regarding its employees, who support its stable base of business, has been systematically organized as the Personnel and Labor Toyota Way. The goal of the Personnel and Labor Toyota Way is the realization of management that shows respect for people, that is, to enable all employees to exercise their abilities to think, be creative, and utilize their strengths to the maximum extent possible by providing them with opportunities to achieve social contribution and self-actualization through their work.

For this goal to be achieved, a relationship of mutual trust and mutual respect\* is essential, in which the company gives the highest priority to ensuring stable employment for its employees and strives to improve labor conditions, while all employees execute their duties and responsibilities for the prosperity of the company.

This philosophy is shared by all Toyota affiliates around the world, and is reflected and implemented in management and various policies. Toyota believes that these initiatives will not only lead to the realization of management that shows respect for people, but also to customer satisfaction and social contribution.

[Relationship between the Concept of the Personnel and Labor Toyota Way and Initiatives to Build a Work Environment in which Employees Can Work in a Harmonious Manner](#)

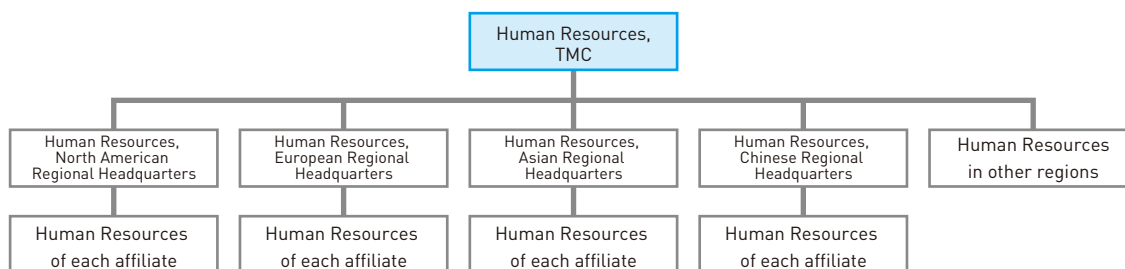


### \* Labor-management Relations based on Mutual Trust and Respect

Toyota experienced labor disputes and personnel cuts during the management crisis of the 1950's. These difficult experiences led Toyota to conclude the Joint Declaration of Labor and Management in 1962. Since then, both parties have worked to nurture a relationship in which employees proactively cooperate to improve productivity, while the company works to maintain and improve working conditions. Further, by sharing information and enhancing employee awareness in times of crisis, Toyota has also created a relationship of "mutual trust and respect between labor and management," based on which all employees execute their duties and responsibilities for the prosperity of the company. This concept is the foundation of Toyota's labor-management relations. Now, 50 years after the conclusion of the Joint Declaration of Labor and Management, Toyota is striving to further strengthen the labor-management bond.

## Organization and Structure

Every year, Toyota invites the personnel managers of its overseas affiliates to hold discussions on how to build a work environment in which employees can trust the company, how to build a framework that promotes constant and voluntary improvement, how to develop human resources, and how to work on nurturing teamwork, based on the Personnel and Labor Toyota Way.



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## Results of Employee Satisfaction Survey

By providing its employees with opportunities to achieve social contribution and self-actualization through work, Toyota aims to enable all employees to exercise their abilities to think, be creative, and utilize their strengths to the maximum extent possible. Toyota conducts an employee satisfaction survey every other year to provide an index for measuring the results of these efforts and utilizes the analysis results for planning and implementing measures that will enable employees to work with a sense of security.

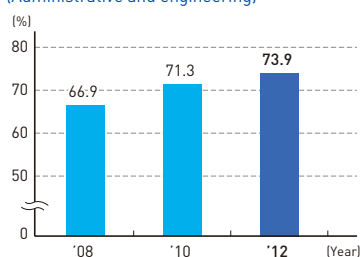
The employee satisfaction survey conducted in FY2012 on administrative and engineering employees revealed an affirmative response rate of over 70 percent regarding "satisfaction with company life" and "feeling that one's job is rewarding." The most common reason given for "satisfaction with company life" was "work quality and level" while young employees in particular gave "experiencing a sense of personal growth" as the most common reason for "feeling that one's job is rewarding."

The results of the survey conducted in FY2013 of shop floor employees revealed an affirmative response rate of close to 70 percent (with 69.2 percent indicating satisfaction). The most common reason cited for satisfaction was "salary level," but "quality and level of work" also came in third.

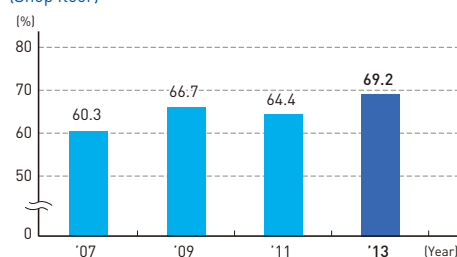
The FY2012 survey conducted overseas had an affirmative response rate of 74 percent for administrative and engineering employees and 72 percent for shop floor employees.

### Results of Employee Satisfaction Survey (Japan)

#### (Administrative and engineering)



#### (Shop floor)



### Results of 2012 Employee Satisfaction Survey (Administrative and Engineering Employees): Reasons for Affirmative Responses

Items	Most common reason	Second most common reason	Third most common reason
Satisfaction with company life	Work quality and level	Human relations at the workplace	Pay level (wage, bonus)
Feeling that one's job is rewarding	Experiencing a sense of personal growth	Social significance	Authority and responsibility

### Results of 2013 Employee Satisfaction Survey (Shop floor): Reasons for Affirmative Responses

Items	Most common reason	Second most common reason	Third most common reason
Satisfaction with company life	Pay level (wage, bonus)	Human relations at the workplace	Work quality and level

## Focus

### Planned Termination of Vehicle and Engine Production in Australia by the End of 2017

In response to the tough market environment, the appreciated Australian dollar, and the expected production cutback throughout the entire Australian automotive industry, Toyota Motor Corporation Australia Ltd. (TMCA) has decided to stop producing vehicles and engines by the end of 2017.

Based on the idea of providing the maximum level of support to the employees who will be affected, TMCA is considering various support measures, such as offering assistance for obtaining public qualifications toward re-employment, after assessing the needs of these employees. Both labor and management have reaffirmed their commitment to "make every car a quality car with pride and passion, including the very last one before production is terminated."



Toyota Motor Corporation Australia Ltd.

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Ensuring employee safety and health is one of Toyota's most important business activities and has a universal and timeless value. Upon assuming the position of General Safety and Health Supervisor in 1957, Honorary Advisor Eiji Toyoda explained his basic stance on safety and health: "Safe work is 'the gate' to all work. Let us pass through this gate." With this basic philosophy always in mind, Toyota is striving to create a dynamic working environment that is conducive to the mental and physical well-being of its employees.

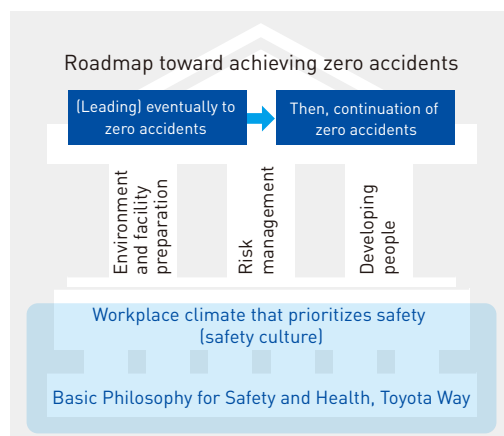


## Main Initiatives during FY2013

### Promotion of Three-pronged Approach to Safety and Health

In FY2013, "building a culture that promotes interactive development of safety and health" was set based on the annual global corporate direction. We implemented basic rule observance initiatives, with executives and managers taking a leadership role, and involving the whole company so that employees at every workplace realize the risks present and take independent preventive action with the aim of making safety and health a "custom and culture" at Toyota. Globally, the total number of accidents remained level with the total in the previous year.

#### Three-pronged Approach to Safety



#### Developing people

Safety education enhancement, activities for the whole company

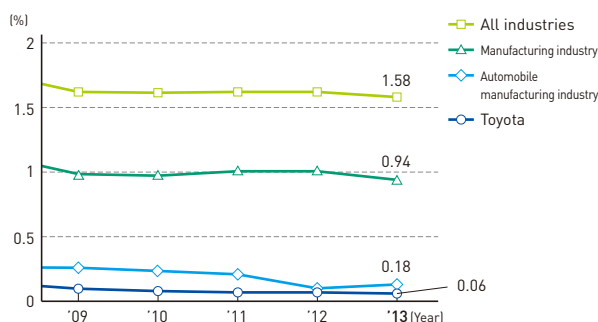
#### Risk management

Promotion of a safety management system

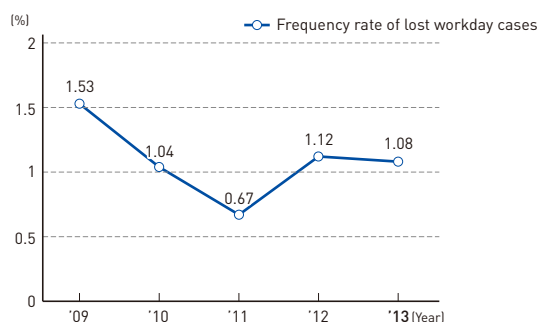
#### Environment and facility preparation

Provision of safe machines and a comfortable workplace environment

Frequency of Industrial Accidents  
(Frequency rate of lost workday cases: Japan)



Frequency of Industrial Accidents  
(Frequency rate of lost workday cases: Global\*)



\* Toyota's overseas production affiliates

Data source: All industries, management industry, and automobile manufacturing industry  
(2011 Survey on Industrial Accidents by the Ministry of Health, Labor and Welfare)

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## Global Safety Measures

Toyota is promoting safety and health measures primarily through regional headquarters overseas. It is undertaking overseas expansion of a safety management system that is based on the results of the Occupational Safety and Health Management System (OSHMS) developed in Japan. Based on this concept, the individual regions are proceeding to build management systems that incorporate unique regional requirements, as well as checking the deployment status and learning about the content of each other's systems on a *genchi genbutsu* basis.

Every year, Toyota also holds a global safety and health conference, attended by the managers responsible for safety and health in various regions. By together studying measures for handling common issues, and sharing activities and positive examples unique to individual regions, the conference participants improve the levels of their safety and health activities.



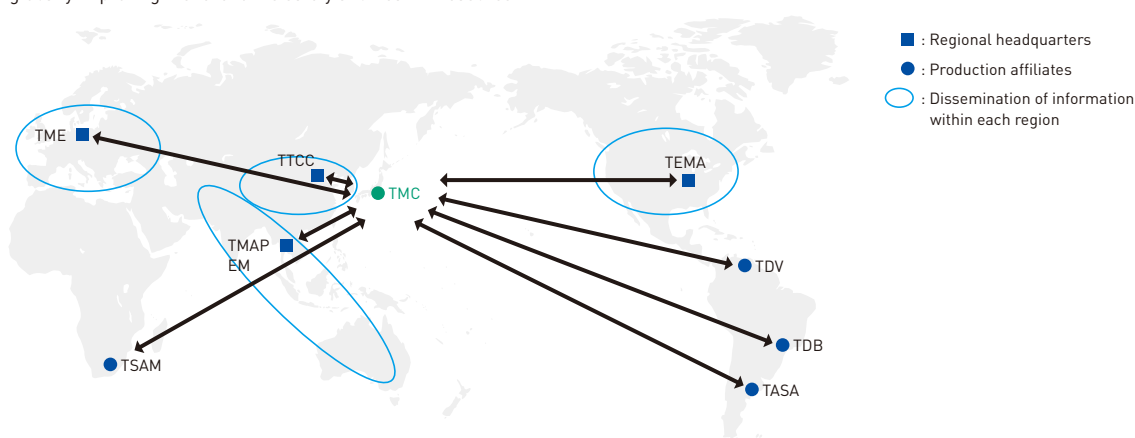
Global safety and health conference (held in North America in 2013)



Sharing of ergonomics measures implemented in North America

### Structure for Sharing Global Information and Collaboration

By collaborating with regional headquarters and production affiliates and sharing various types of information, Toyota is globally improving the level of its safety and health measures.



## Prevention of Industrial Accidents Overseas

Toyota categorizes six types of industrial accidents carrying an especially high risk level on the shop floor as "STOP6\*" and is focusing on completely eliminating these types of accidents. For example, when any STOP6 industrial accidents occur in the various regions, Toyota identifies the causes and shares recurrence prevention/source-oriented measures globally, in order to prevent similar accidents from occurring.

In recent years, several crane-caused accidents occurred overseas. Therefore, since 2013, Toyota has been taking various steps focused on preventing crane-caused accidents from recurring. Specifically, Toyota created a video manual that shows safe operational methods and danger points, which it has been distributing to overseas locations. Toyota does not stop, however, with the distribution of the manual but checks to ensure that operations are being correctly performed according to the manual on a *genchi genbutsu* basis.

\* STOP6 : Includes the following six types of industrial accidents: entrapment in a machine, contact with a heavy object, contact with an industrial vehicle, falling from a high place, contact with electricity, and contact with a high-temperature object



Sharing of information globally on a *genchi genbutsu* basis (pressing process)



Countermeasure-reporting meeting



Basic crane operation video manual

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## Building Up Good Health (Japan)

In FY2013, Toyota took measures to improve employees' "health mindsets" and encourage employees to manage their own health. Toyota also engaged in health-screening-focused initiatives to reduce potential health risks. Measures to improve "health mindsets" included support for physical exercise at work sites, dietary education activities and employee cafeteria menu revisions, and granting awards to work sites that take proactive measures to support good health.

Risk reduction activities focused on health BIP2<sup>1</sup> programs (BMI<sup>2</sup> reduction and anti-smoking measures) with lectures and mini-seminars at the workplace on dieting and giving up smoking.

Toyota also provided special health guidance for employees at risk of metabolic syndrome and took measures to improve lifestyle habits. As a result of these measures, BMI remained even with 2012 levels, smoking rates are steadily declining, and Toyota plans to continue these programs in the future.

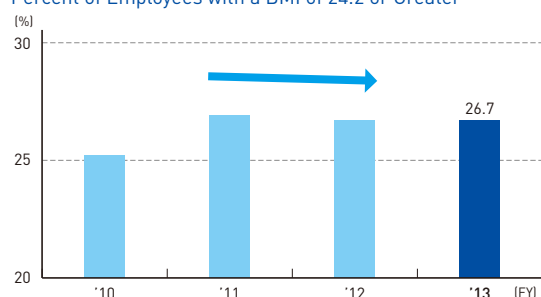


A quit-smoking lecture

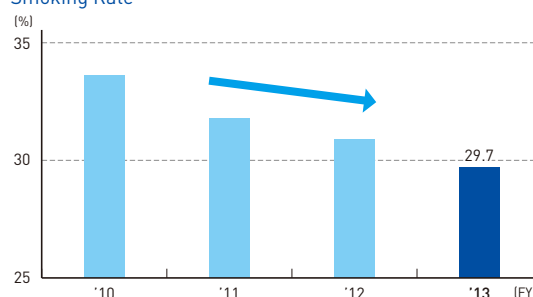
1. BIP2: Lifestyle habit improvement campaign that uses BMI and smoking rate as two indices as part of the Behavior Change Innovation Program

2. BMI: The body mass index is a measure of body fat that is calculated based on the following formula: Weight (kg) / [Height (m) × Height (m)]. The goal of Toyota's campaign for its employees is a BMI less than 24.2.

Percent of Employees with a BMI of 24.2 or Greater



Smoking Rate



## Bolstering Mental Health Care (Japan)

In FY2013, Toyota conducted Self-care Training for new assistant managers and young employees to teach them techniques of identifying issues and dealing with stress with the aim of preventing mental health problems. For young employees we conducted training on cognitive behavioral approaches.

For supervisors and managers, methods of improving communication skills with a focus on listening was added to Line Care Training with the aim of fostering caring for employees at the worksite and collaborating with other involved persons.

In addition, emphasis was placed on reviewing or furthering "assertion" training for individuals who took the listening course four years earlier. Guidelines were adopted for industrial health personnel who perform health consultations, and efforts to standardize and systematize the details of consultations began in 2012. In addition, Toyota distributed the "Safe Support Book," enhancing measures to help affected employees smoothly return to work and offer attention to those employees following their return.



Listening course

## Health Management of Overseas Personnel

In FY2013, we continued to provide health check-ups for overseas personnel and provided industrial physician advice by making use of health follow-up sheets. While industrial physicians routinely made rounds checking on medical conditions at local sites, medical information was also provided using the Internet for locally stationed staff and follow-up e-mails regarding self-health management were sent out. Teleconferences were also routinely held with local points of contact and information exchanged.



Making rounds at an overseas healthcare facility

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## Basic Philosophy regarding Development of Human Resources

Toyota is working to develop human resources by implementing an educational program based on on-the-job training (OJT), which is crucial for the development and generational transfer of excellent *monozukuri* (manufacturing), with the five Toyota Way keywords as a fundamental basis.

### Five Toyota Way Keywords

Challenge	<i>Kaizen</i>	<i>Genchi genbutsu</i>	Respect	Teamwork
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## Practice of the Toyota Way

So that the Toyota Way, which explains Toyota values and ways of thinking, can be understood and practiced by employees globally, we have organized and arranged job types and techniques into what we call "Global Contents."

These Global Contents are communicated to Toyota employees through courses and OJT both in Japan and overseas.

### List of Global Contents

	Administrative/ Engineering employees	Shop floor employees
Managers	Policy management Education of subordinates	Skills and roles of management and supervision
General employees	<i>Ji kotei-kanketsu</i> (built-in quality with ownership)	Production skills Basic skills
	Problem solving	
	Toyota Way	

### Global Contents

Toyota Way	Values and ways of thinking that should be held by those working for Toyota
Toyota problem solving techniques	Techniques for improving current conditions in order to realize ideal working conditions
<i>Ji kotei-kanketsu</i>	How to work in order to continually produce the best output
Education of subordinates	Systems for training subordinates through one's daily work
Policy management	Managing implementation items that should be initiated in order to accomplish workplace missions and create new value
Basic skills	Minimum skills necessary for production line work
Production skills	<ul style="list-style-type: none"> <li>Knowledge regarding recognizing irregularities and work points</li> <li>Trouble-shooting capability</li> </ul>
Skills and roles of management and supervision	<ul style="list-style-type: none"> <li>Manager and supervisor skills for soundly managing standard operations</li> <li>Group and team operational knowledge, etc. for managing irregularities</li> </ul>

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## Human Resource Development in the Workplace (OJT)

The foundation of human resource development at Toyota is on-the-job training (OJT) but we also provide off-the-job training (OFFJT) opportunities for development through guidance by supervisors or superiors. For example, in a globally-shared training program, employees, following group training, spend approximately six months attempting problem solving during actual work duties.

## ICT Program for Self-reliance of Affiliates and Contribution to Local Communities

In order to promote self-reliance in overseas affiliates, the Intra Company Transferee (ICT) program temporarily transfers employees of overseas affiliates to Toyota Motor Corporation for human resource development through OJT.

Transferees learn skills and know-how throughout their training periods which range from six months to three years. As of May 1 2014, a total of 491 transferees from 59 affiliates in 30 countries were working in Japan under the program.



**Monika Dabrowska**  
ICT, Human Resources Div.  
Dispatched from: TMIP (Poland)  
Dispatch period: Mar. 2013 - Feb. 2015

## Study-abroad Program for Job-offer Recipients Fosters Development of Global Human Resources

The study-abroad program for job-offer recipients is designed to foster human resources with the skills and perspectives to work anywhere in the world by enabling job-offer recipients the opportunity to study overseas before they begin work. Beginning in late April, participants spend five months at the prestigious University of Pennsylvania in the United States studying business English. They are immersed in an environment with a different culture and can use their communication skills while taking advance courses and preparing to begin work in October. In FY2012, 12 new job-offer recipients were selected to participate in the program, and in FY2013, 11 more were selected.



**Yusuke Furuhashi**  
Hybrid Vehicle Management System Development Div.  
Dispatch period: Apr. - Sep. 2013

## New Study Dispatch Program Created for Young Employees

The scale of existing activities to dispatch young employees to posts overseas has been expanded and a new Study Dispatch Program has been conducted since 2014 to accelerate the development and enhance the skills of young employees.

Employees in their fourth year or later with the company will be dispatched to an overseas subsidiary, overseas graduate program (including MBA programs), or a domestic affiliate to study for one to two years, acquire practical skills, deepen understanding of different cultures, and improve their language skills in the workplace. Toyota was previously dispatching approximately 100 trainees to overseas subsidiaries each year, and with the creation of this new program, the number has expanded to 180 persons.

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For companies engaged in business around the world, it is important to promote a diverse range of human resources activities while raising the skills of each individual employee.

Toyota is establishing a corporate culture with abundant vitality by fostering human resources that include a diverse range of individuals.

Although the focus of respect for diversity varies in different countries and regions, Toyota strives to be a company with a working environment that promotes self-realization while respecting diversity of values and ideas among its employees.



## Main Initiatives during FY2013

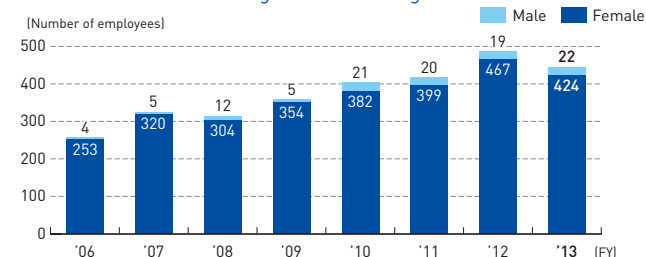
### Promoting Various Measures to Create a Workplace Full of Vigor and Enthusiasm (Japan)

Toyota is currently working to establish various programs to help employees balance work with childcare and to educate employees on effectively utilizing the programs while refining communication tools for these activities.

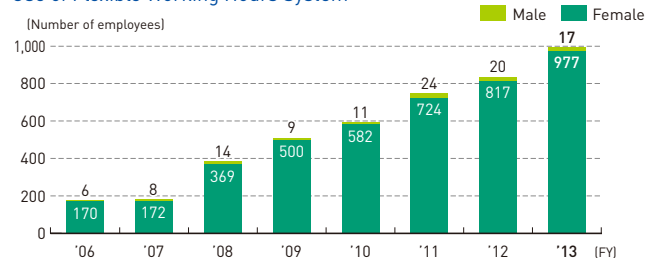
#### Recent Key Initiatives

Year	Support for balancing work with childcare	Support for career development
2009		• Networking Event for Female Shop Floor Workers hosted
2010	• Childcare Leave First Guidebook distributed	• Social Gathering with Overseas Female Officers hosted
2011		• Social Gathering with Overseas Female Officers hosted
2012	• Seminar on Maintaining Work-childcare Balance held • Flextime worksites: Work-childcare Balance Support Program revised	
2013	• (Work shift system worksites) Always One Shift Working System • (Flex time non-applicable worksites) Work-Childcare Balance Support Program interviews held	

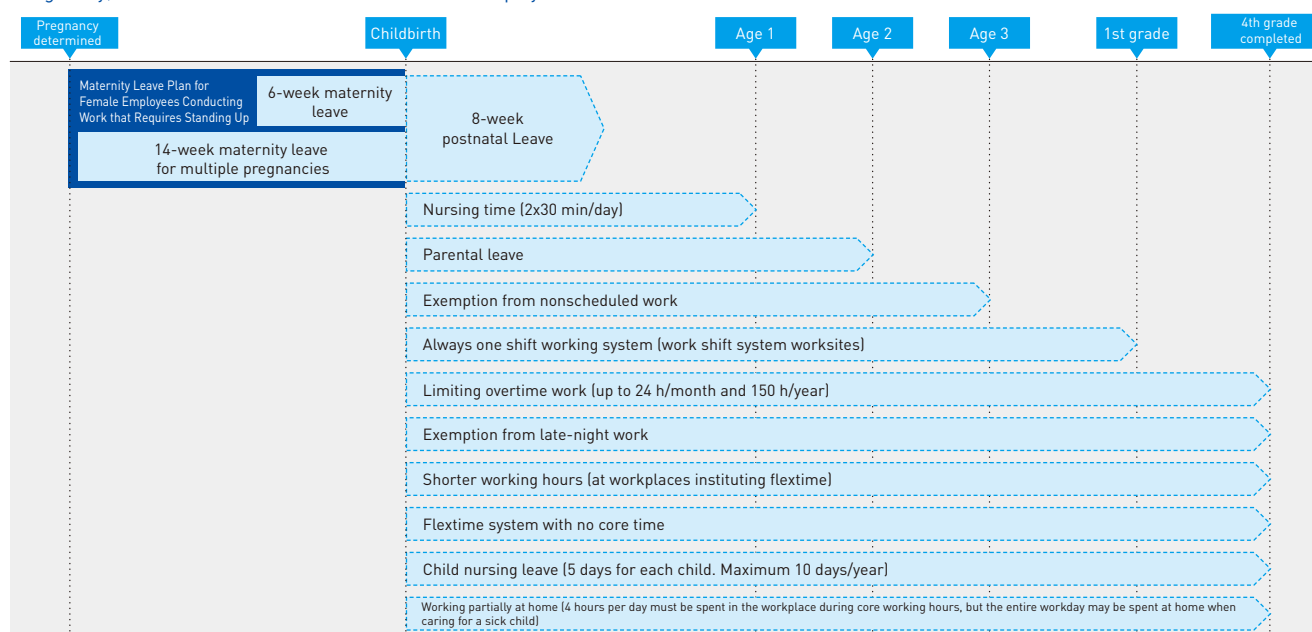
#### Use of Childcare and Nursing Care Leave Program



#### Use of Flexible Working Hours System



### Pregnancy, Childbirth and Care-related Benefits for Employees



\* A regular employee is entitled to take two years of nursing care leave (or four years including applicable periods for Working Hour Reduction, Core Time Exemption and Partial Work at Home)

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## Focus

## Female Employee Making the Most of Limited Time to Balance Family and Work

Kaoru Yanase, Production Control Division

Since joining Toyota, I have been involved in production control work and am currently responsible for production planning for the Prius.

I gave birth to a child in December 2011. But because I loved my job and did not want to stay away from it, I returned to work immediately after my maternity leave. Up until my child's first birthday, I gradually extended my work hours, utilizing help from my mother, the system of shorter work hours, and a childcare system allowing time for nursing. During that time, I was even able to produce tangible results. For example, the logistical improvement concept using a statistical quality control method that I had been working on since before my child's birth was recognized and announced to the companies within the Toyota Group.

Currently, with support from my husband, the Family Support Center, and my workplace, I pre-schedule the days I will work overtime. This allows me to work effectively while also treasuring the time I spend with my child. In my work as a team leader, the child-rearing experience has given me confidence I previously lacked and I am now able to advise younger workers with a positive attitude. It's clear to me that my child-rearing experience has paid off here in my work.

I hope to continue tackling my job with a sense of purpose, making the most of my limited time and receiving cooperation from many people.



### Having Your Own Sense of Values and Flexibly Coping with Change is the Key to Balancing Work and Private Life

Millie Marshall, President, TMMWV

I began my career with Toyota in 1991 as a Specialist in Information Systems at their Kentucky vehicle and assembly plant. Prior to joining Toyota, I had experienced two different manufacturing industries. I was told that Toyota was a different kind of company—a community leader with strong philanthropy. It was a company trying to make the community a better place to live and work. These attributes were close to my values.

After I started at Toyota, I had experienced a variety of jobs including earning my Bachelor's degree in computer technology while working full time, as Toyota wanted people to rotate in their jobs to strengthen our skills. In 2003, I was transferred to Toyota Motor Manufacturing, Alabama, Inc. (TMMAL) as General Manager of Administration. In 2012, I was appointed Senior Vice President of Manufacturing at Toyota Motor Manufacturing, West Virginia, Inc. (TMMWV), and in 2014, I assumed the role of President at TMMWV.

The values I have developed toward my working life are perfectly stated by Mark Twain: "If you think you can, you can. If you think you can't, you can't." Many of the limitations we face in life are self-imposed. We strive in the spirit of continuous improvement to see that each year will be better than the last. I think of myself as a work in progress.

The steps I took to balance my working and private life were as follows:

The first step I had to take was to clarify my values and then determine how I could incorporate them into both my work and my personal life. The second step I took, was to use those values to define my position with regard to my personal life and my work life. The order I placed on my choices determined my priority. As an example, when I took the job in Alabama, my family remained in Kentucky. At times, achieving a balance between



my personal life and my work life have been a challenge. I have to be able to make adjustments to both to achieve success. Sometimes I find that my work-life balance is 60 percent life and 40 percent work; sometimes it is 90 percent work and 10 percent life. You must be able to make those adjustments when needed. In order to be successful in both, I had to be flexible and to accept and embrace change.

As a leader, I must have a vision for the organization that includes clear objectives and strategies that draw on all of the resources available to the organization.

We have weathered some difficult storms during the economic downturn and other significant events we have experienced the past few years, but we invested in our Team Members and in our community and we emerged a stronger organization. We continued to think long term and it paid off. We trusted our values, leaned on them more than ever when times were tough, and today, as a result, I believe we are looking at a future that's possibly the brightest I've seen for our company and our industry.

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## Promotion of Localization of Management at Overseas Affiliates

Toyota has been promoting the localization of management at overseas affiliates from a medium- to long-term perspective. The division of roles has been clearly defined—the head office determines “what has to be done” and overseas affiliates decide “how they will be done.”

In principle, executives responsible for overseas operations (including chief officers) live at the respective overseas location and create a management system that has close ties with the local community. Appointment of local human resources is also being actively promoted and of eight regional headquarters, four are currently headed by chief officers who are not Japanese.

As of June 2014, the number of foreign executives at Toyota Motor Corporation was seven (of which one is an external director).

Toyota will continue to actively foster and promote local personnel on the principle that this ensures the right resources will be in the right places, driving forward the localization of decision-making, operation and management posts. This should facilitate the timely understanding of customer and employee needs in each region, enabling us to make appropriate business decisions.

North America Region	James E. Lentz, Senior Managing Officer
Europe Region	Didier Leroy, Senior Managing Officer
Africa Region	Johan van Zyl, Managing Officer
Latin America & Caribbean Region	Steve St. Angelo, Managing Officer

### Percentage of Local Employees Comprising Management at Overseas Affiliates

FY2009	FY2010	FY2011	FY2012	FY2013
49.7%	52.1%	54.0%	60.1%	64.7%

## Job Placement Program for Over-60s (Japan)

Following the 1991 introduction of the Internal Re-employment Program for Retired Professionals, an Optional Re-employment Application System was launched in 2001 to outplace applicants to external affiliates and other sites, providing a framework for helping over-60s to continue working at either external or internal workplaces. Based on the revisions to the Law on Stabilization of Employment of Older Persons in FY2006 and again in FY2013, programs were updated to their present state, in order to expand re-employment opportunities. A review was also initiated at the same time to refine policies on shortening work hours in response to growing diversity in job preferences and so on.

## Employment of Fixed-term Contract Employees (Japan)

With regard to fixed-term contract employees, while we already take steps to ensure that appropriate employment and contract renewals are conducted, we are also putting our utmost efforts into creating stable employment conditions and improving workers' employability. With the full-time staff appointment system, fixed-term contract employees who have worked for Toyota for at least one year and have a recommendation from their workplace get the chance to take an examination for regular employment. This leads to increased motivation and vitality. Fixed-term contract employees are also given the opportunity to re-try the examination in their third year.

Toyota plans to continue to promote appointment of fixed-term contract employees as full-time employees.

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## Employment of People with Disabilities (Japan)

Toyota believes that people with disabilities deserve the chance to become socially self-reliant and makes it a rule to provide them with opportunities to work together with non-challenged individuals. A number of such people are engaged in a range of roles at various workplaces.

As of June 2014, the number of people with disabilities employed was 1,107, accounting for 2.12 percent of the entire workforce (including special-purpose subsidiaries) which is above the legal requirement of 2.0 percent. Efforts are under way to create an even more employee-friendly working environment, including hosting an internal sign language workshop, deploying counselors to provide all kinds of support, and spreading good workplace examples across the organization.

## Increasing Employment Opportunities and Enhancing Support for People with Disabilities: Toyota Loops

Toyota Loops Corporation began operation in April 2009 with 28 people with disabilities and received certification from the Minister of Health, Labor and Welfare as a special-purpose subsidiary of Toyota Motor Corporation in October of that year.

Toyota Loops primarily handles Toyota's internal printing and mail services on an outsourcing basis, in addition to issuing visitor or employee identification cards, issuing asset number labels, and running consigned shredder operations. Toyota Loops has also begun efforts to receive new outsourced work, such as nursing assistance at the Toyota Memorial Hospital and data erasing of discarded PCs. In April 2014, the company opened a Tokyo Office with 4 newly hired employees, making a total of 102 employees with disabilities as of May 1. As employment has increased, the company has worked to create working environments where all employees can work comfortably through measures such as increasing the number of support staff, providing regular counseling by a clinical psychologist, reinforcing other support programs, and actively exchanging information with social welfare organizations, governmental bodies, and the local community.

In November 2013, Mami Suzuki, who participated in a national technical skills competition for people with disabilities (Abilympics) held in Chiba Prefecture, laudably won second place in the "Office Assistant" division. Her win is extremely encouraging to other employees, who are working hard daily toward entering the national technical skills competition to be held in Aichi Prefecture in November 2014.



Mami Suzuki of Toyota Loops Corporation, who won second place in the "Office Assistant" division at the Abilympics 2013

Number of employees (as of May 2014)	144
Employees with disabilities	102
Intellectually challenged employees	49
Employees with physical disabilities	33
Employees with psychological disorders	20
Number of people with disabilities accepted for practical training in FY2013	45 people from 24 groups
Number of people accepted for observation in FY2013	375 people from 29 groups

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In order to strengthen its human resource base, which supports Toyota's growth, the company has created a positive working environment in which employees can work with confidence, vigor and enthusiasm. Toyota strives to foster employees' pride and loyalty to the company, workplace and colleagues by encouraging a culture of teamwork through communication and friendly competition.

## Main Initiatives during FY2013

### "We Love Toyota" Initiative to Create an "All Toyota" Sense of Unity

In order to develop employee interest in the company's operations and products based on the notion of "All Toyota" and to deepen loyalty, an internal campaign called We Love Toyota has been carried out since FY2009.

As a part of these activities, We Love Toyota seminars were held April and May 2014. Approximately 600 participants attended including corporate executives. Teamwork and ties between participants were deepened by forming teams consisting of members who had never met before and discussing the joy of driving through the "Internal Prius Cup."



Participants at a We Love Toyota seminar conducted April 2014

### Athletic Clubs Provide Exciting Discussion Topics

Toyota has 35 clubs consisting of those for advanced athletes competing for national championships on behalf of the company and for employees who are engaged both in sports and a job function. All employees are proud of the clubs' good showing and, beyond that, feel motivated and encouraged to see workplace colleagues competing strongly.

In September 2013, the women's softball club, the Red Terriers, won the All Japan Women's Softball Championship.



Women's softball club that won the All Japan Softball Championship

### Communication Activities within the Workplace

Toyota is conducting a range of initiatives to ensure smooth communication within the workplace. One of these is lunchtime discussions held with foreign staff regarding anything from personal troubles and worries to differences in culture and ways of thinking, which deepens mutual understanding between Japanese and foreign staff.

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## Focus

## Creating a Great Place to Work for All Employees

## - NMD Action, an employee-driven movement at Toyota Motor Europe

TME was created in 2005 through the merger of two Toyota Companies: TMME (Sales and Marketing) and TMEM (Manufacturing and Engineering). Integration of two very different company cultures has proved challenging; also with around 40 different nationalities, representing almost as many mother tongue languages and so many different cultural styles, we need to work on a European company culture under the Toyota way.

In addition, TME members have been affected by the various crises Toyota endured since 2008 such as the global financial crisis, Toyota recalls, earthquake in Japan, and the floods in Thailand. For the first time in TME our members experienced reduction in pay and programs to reduce headcount. After four years of difficulties, their motivation and confidence were damaged.

NMD-Action was launched in 2012 as a mechanism to recover confidence in Toyota, energy in our members, and create a new way of working together. In this activity, seven themes were first identified, and then employees volunteered in engagement activities designed to improve recognition and practice in those themes.

## The seven themes of NMD-Action

- 1) Shared strategy
- 2) Leadership
- 3) Decision making
- 4) Performing together
- 5) People management
- 6) Knowledge management
- 7) Deprioritization



TME

Take "shared strategy" as an example—we recognized that many divisions were working in an isolated style, not sharing their tasks, directions, and strategies outside their own division. Therefore, we found that we needed a mechanism to make all division activities transparent in order to ensure co-operation, recognition and respect between divisions. This mechanism was the "VP Forums."

Every month, a function VP presents his division roles and direction to a cross-divisional audience of around 200 members. A 90-minute session is equally split between VP presentation and Q&A. These sessions have proved hugely popular, and month by month, the level of mutual understanding increases as a result.

Furthermore, in 2013, we launched a survey to ask TME members how they see company culture today, and how they thought it should be in the future. The responses were very consistent:

- 1) Today TME is dominated by control and micromanagement
- 2) For the future, we desire a culture where member creativity is encouraged and rewarded

In order to create that new creative TME culture, a group of 40 volunteers are working in cross functional groups on the following subjects.

The journey towards sustainable corporate culture change is long. Through NDM-Action, we firmly believe that we can deliver long-term motivation factors, sustainable business results, and therefore maximize TME's contribution to global Toyota.

TME mission	Seeking a re-definition that is meaningful and inspiration to us all
Working with a smile	Seeking to make TME a great place to work. Happy people are productive people
Communication	Promoting effective communication for good teamwork and collaboration
Knowledge management	Continuing the roll out of our AKARI system (information/file-sharing system utilizing the cloud)
Innovation	Providing an evaluation, development and sponsorship framework for members' ideas
Cross-functional collaboration	Working together across functions to achieve outstanding and innovative results
Talent management	Promoting best practice career planning across TME
Learning management	Fostering learning by line management coaching on the job
New Management behaviors	Defining the behaviors to be adopted by management and members to deliver our creative cultural and business goals

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# Stakeholder Engagement

## Basic Philosophy regarding Stakeholder Engagement

In the preamble of its CSR Policy, Toyota declares that it will engage in stakeholder-oriented management in order to contribute to sustainable development and strive to maintain and develop sound relationships with stakeholders through open and fair communications.

### Customers

Based on our "Customer First" philosophy, we take measures to reflect the comments and opinions of customers in better products and services

Related Information

Chapter 05: Customer First and Quality First Measures

### Global Society/ Local Communities

Dialogue with various stakeholders to build good relationships with local communities and to solve global social and environmental issues

Related Information

Feature 01: Always Better Cars

Feature 02: Enriching Lives of Communities

Chapter 06: Creating the Future Society

Chapter 12: Social Contribution Activities

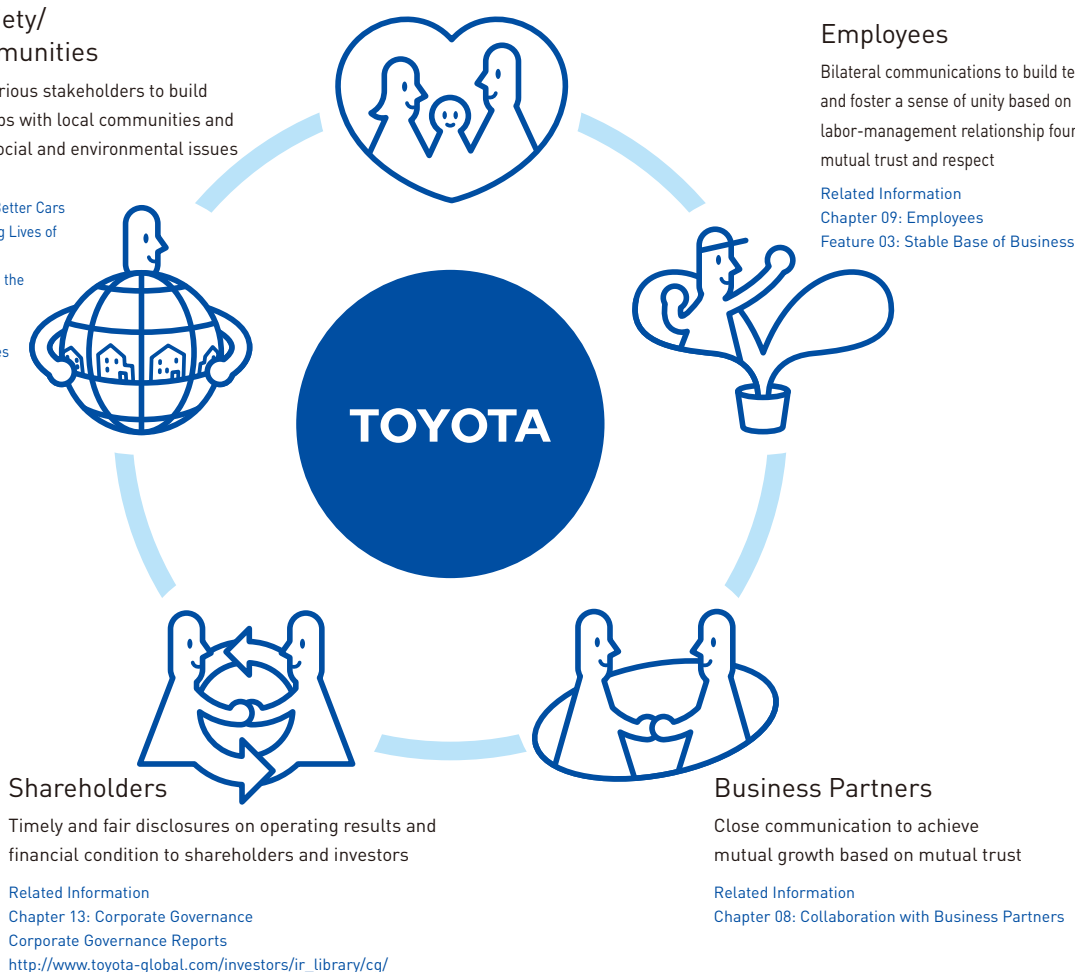
### Employees

Bilateral communications to build teamwork and foster a sense of unity based on a labor-management relationship founded on mutual trust and respect

Related Information

Chapter 09: Employees

Feature 03: Stable Base of Business



In addition to the above, Toyota engages in communications with outside experts to investigate the direction of its sustainability initiatives and to reinforce the sensitivity and capability of employees.

For further information on the Communication with Stakeholders, please visit the following webpage



<http://www.toyota-global.com/sustainability/society/stakeholder/communication.html>

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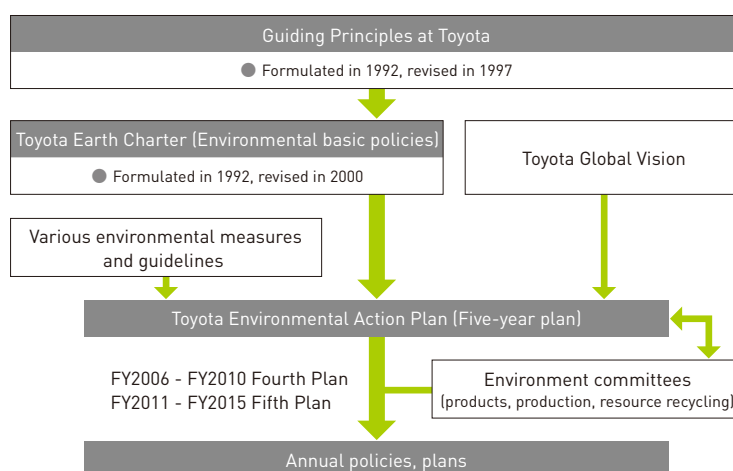
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# Environmental Management

## Environmental Philosophy, Policies and the Toyota Environmental Action Plan

Toyota's philosophy and policies on the environment are based on the Guiding Principles at Toyota, which were established in 1992 and revised in 1997. Policies for environmental initiatives were formulated as the Toyota Earth Charter in 1992 and then revised in 2000. This Charter is shared among 558 Toyota consolidated affiliates around the world. The Toyota Global Vision announced in 2011 stresses the importance of "respect for the planet." Based on the above philosophy and policies, Toyota will aim to realize a 25 percent improvement in global average fuel efficiency by FY2015, compared to FY2005, as well as launch new and fully redesigned hybrid vehicle models in 21 vehicle series by the end of 2015. Toyota will also concurrently proceed with the development of a wide range of technologies, including plug-in hybrids (PHVs), electric vehicles (EVs) and fuel cell vehicles (FCVs), so that customers can choose the type of eco-car best suited to their applications.

### Toyota Environmental Action Plan System



## Toyota Earth Charter

### I. Basic Policy

- 1. Contribution toward a prosperous 21st century society**  
Contribute toward a prosperous 21st century society. Aim for growth that is in harmony with the environment and set as a challenge the achievement of zero emissions throughout all areas of business activities.
- 2. Pursuit of environmental technologies**  
Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment and economy to coexist harmoniously.
- 3. Voluntary actions**  
Develop a voluntary improvement plan, based on thorough preventive measures and compliance with laws, which addresses environmental issues on the global, national and regional scales and promotes continuous implementation.
- 4. Working in cooperation with society**  
Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation, including governments, local municipalities, related companies and industries.

### II. Action Guidelines

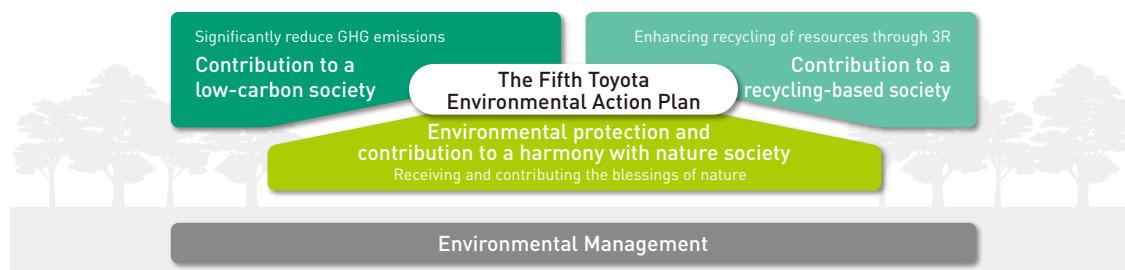
- 1. Always be concerned about the environment**  
Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization and disposal.  
(1) Develop and provide products with top-level environmental performance  
(2) Pursue production activities that do not generate waste  
(3) Implement thorough preventive measures  
(4) Promote businesses that contribute toward environmental improvement
- 2. Business partners are partners in creating a better environment**  
Cooperate with associated companies.
- 3. As a member of society**  
Actively participate in social actions.  
(1) Participate in the creation of a recycling-based society  
(2) Support government environmental policies  
(3) Contribute also to non-profit activities
- 4. Toward better understanding**  
Actively disclose information and promote environmental awareness.

### III. Organization in Charge

Promotion by the CSR Committee which consists of top management.

## The Fifth Toyota Environmental Action Plan

The Fifth Toyota Environmental Action Plan sets the future direction of Toyota's environmental activities, outlines the company's ideal form and defines the action plan and goals for the five-year period starting in FY2011. In developing the plan, Toyota streamlined actions from two points of view: environmental risks and business opportunities (such as penetration of eco-cars) in corporate operations and environmental initiatives expected of a company toward the decade between 2020 and 2030. The company positioned these issues under the three priority themes: of (1) contribution to a low-carbon society, (2) contribution to a recycling-based society and (3) environmental protection and contribution to a harmony with nature society. Embracing these themes, Toyota will contribute to the sustainable development of society and the world through *monozukuri* (manufacturing), *kurumazukuri* (car-making), and products and services that are in harmony with the global environment.



For the 24 targeted items, actions were pursued almost as planned and goals were achieved with the following results. For further information on the FY2013 Review, please visit the following webpage.



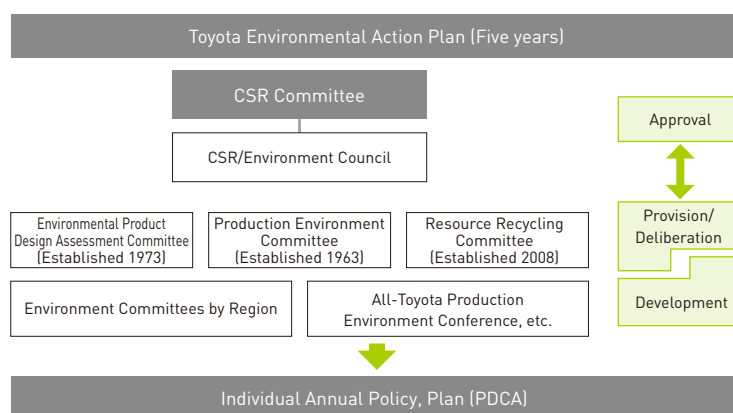
<http://www.toyota-global.com/sustainability/environment/data/data19.html>

## Promotion Structure and Framework

From April 2014, the existing CSR Committee and Toyota Environment Committee were integrated into the CSR Committee, headed by the Toyota Chairman. This enables thorough discussion and monitoring of planning in the lower committees.

Through the following three existing committees—the Environmental Product Design Assessment Committee, the Production Environment Committee, and the Resource Recycling Committee—issues and response policies in all areas are investigated, and all relevant divisions are liaised with to promote companywide initiatives.

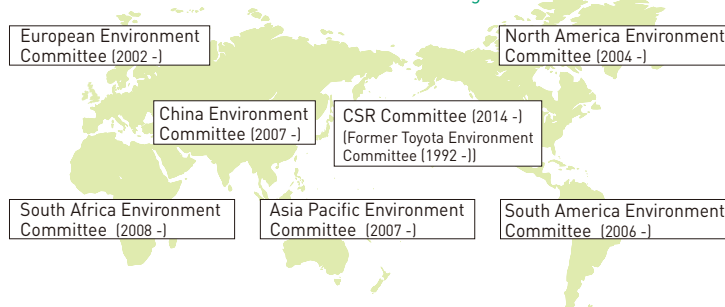
Organization  
Framework  
(As of June 30, 2014)



## Promotion of Global Environmental Management

Toyota positions the environment as a key management issue and has formed and promoted activities through a promotion structure for global environment management. From the standpoint of "more Toyota people should take the initiative in concern for the environment," the scope of our programs covers not only consolidated subsidiaries, but also voluntarily participating non-consolidated affiliate companies and production companies, for a total of 558 firms. This total covers 99 percent of the number of vehicles produced and 89 percent of the number of vehicles sold.

### Promotion Structure for Global Environmental Management



## Scope of Companies Subject to Consolidated EMS

Toyota's consolidated environmental management system (EMS) covers a total of 558 companies. This includes not only all financially consolidated subsidiaries, but also major production companies, overseas distributors and other companies not subject to consolidated accounting.

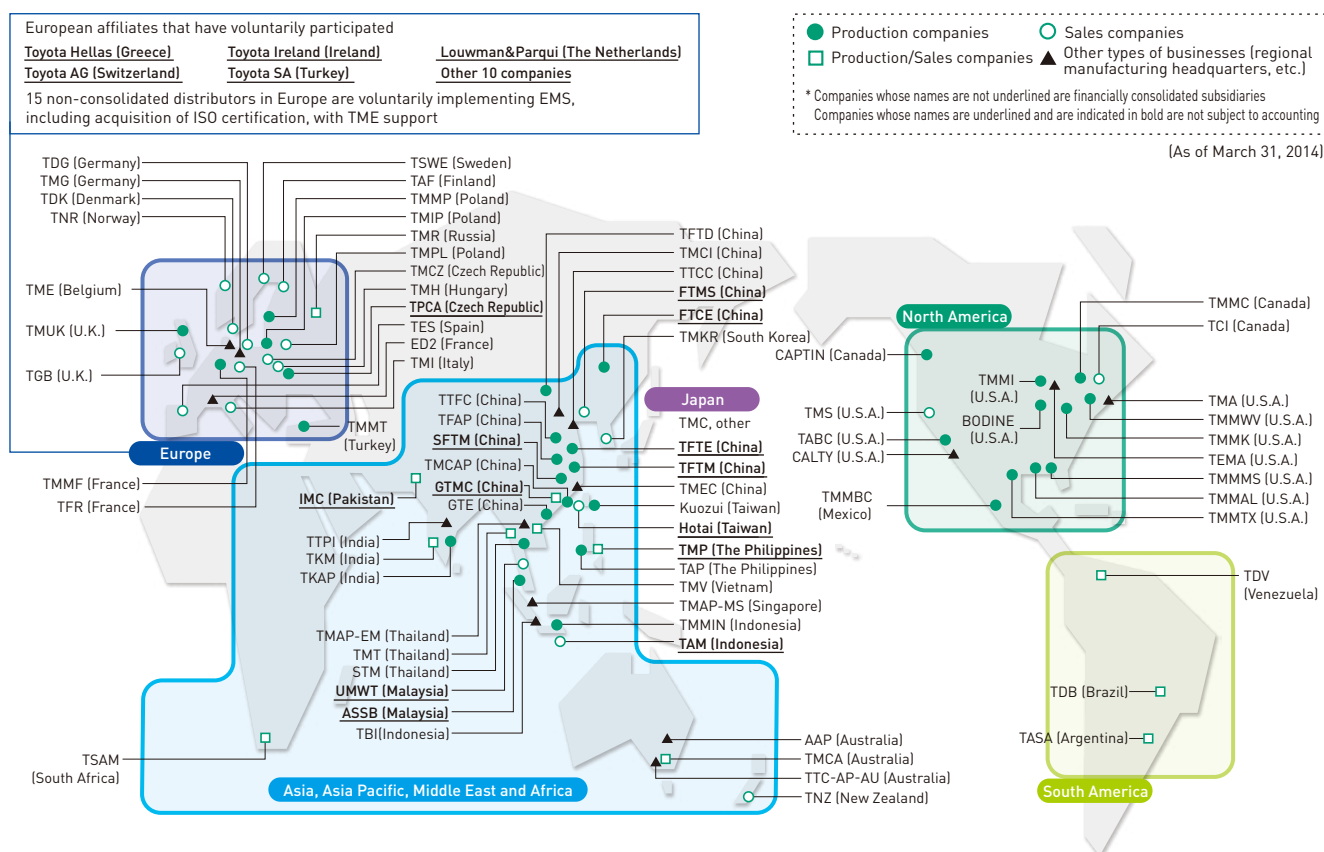
Specifically, companies subject to consolidated EMS fall into the following four major categories: (1) 164 subsidiaries which are financially consolidated and under the direct control of TMC; (2) 51 major production companies and overseas distributors that are not subject to consolidated accounting; (3) one organization from other types of businesses; (4) 342 subsidiaries that are financially consolidated and under the indirect control of TMC (managed via consolidated subsidiaries).

## Organization/Structure

1. Jointly adopt the Toyota Earth Charter and draft individual environmental policies
2. In production, set quantitative goals and follow up on those goals
3. In sales, create an environmental management system, carry out environmental communication and other initiatives
4. Implement top level environmental responses based on actual conditions in each country and region

\* TMC's requirements to companies not subject to consolidated accounting may vary according to region and the nature of business

## Main Companies Subject to Consolidated EMS



## Main Companies Subject to Consolidated Environmental Management System (EMS) in Japan (alphabetical order)

(As of March 31, 2014)

Production companies					Sales companies	Other businesses
Group 1	Group 2	Group 3	Group 4	Group 5		
<ul style="list-style-type: none"> <li>Consolidated subsidiaries</li> <li>Automotive production companies and others</li> <li>Toyota secondary companies</li> </ul>	<ul style="list-style-type: none"> <li>Companies not subject to consolidated accounting</li> <li>Main parts manufacturers</li> <li>Body manufacturers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated subsidiaries</li> <li>Parts manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated subsidiaries</li> <li>Various other products production companies</li> </ul>	<ul style="list-style-type: none"> <li>Companies not subject to consolidated accounting</li> <li>Parts manufacturers</li> </ul>	Tokyo Toyopet Motor Sales Co., Ltd. Toyota Tokyo Parts Distributor Co., Ltd. Toyota Tokyo Rental & Leasing Co., Ltd. Total 32 companies	Aichi Rikun Co. Tacti Corporation Toyofuji Shipping Co., Ltd. Toyota Central R&D Labs, Inc. Toyota Enterprises Inc. Toyota Modellista International Corporation Toyota Technocrat Co. Toyota Transportation, and others Total 50 companies *Includes one company not subject to consolidated accounting
Daihatsu Motor Co., Ltd. Gifu Auto Body Industry Co., Ltd. Hino Motors, Ltd. Toyota Auto Body Co., Ltd. Toyota Motor East Japan, Inc. Toyota Motor Hokkaido, Inc. Toyota Motor Kyushu, Inc.	Aichi Steel Corporation Aisan Industry Co., Ltd. Aisin AI Co., Ltd. Aisin AW Co., Ltd. Aisin Seiki Co., Ltd. Aisin Takaoka Co., Ltd. Denso Corporation JTEKT Corporation Tokai Rika Co., Ltd. Toyota Gosei Co., Ltd. Toyota Boshoku Corporation Toyota Industries Corporation Toyota Tsusho Corporation	Cataler Corporation Central Motor Wheel Co., Ltd. Kyoho Machine Works, Ltd. Primearth EV Energy Co., Ltd. Toyota Housing Corporation Yutaka Seimitsu Kogyo, Ltd.	Admatechs Co., Ltd. Japan Chemical Industries Co., Ltd. Shintec Hozumi Co., Ltd. Toyota Turbine and Systems Inc.	Chuoh Pack Industry Co., Ltd. Chuo Spring Co., Ltd. Fine Sinter Co., Ltd. FTS Co., Ltd. Koito Manufacturing Co., Ltd. Kyowa Leather Cloth Co., Ltd. Taiho Kogyo Co., Ltd. Toyoda Iron Works Co., Ltd. Trinity Industrial Corporation Tsuda Industries Co., Ltd.		
All-Toyota Production Environment Conference Members						
All-Toyota Production Environment Meeting Members						



## Management: Strengthen and Further Promote Consolidated Environmental Management

## Action Policies and Results of Action Taken by Major Affiliates Implementing Consolidate Environmental Management in FY2013

	FY2013 Action Policies and Activity Results			FY2014 Action Policies	
	Action Policy	Goals	Activity Results	Action Policy	Goals
Overall	<ul style="list-style-type: none"> <li>Promote environmental management through strengthened cooperation with each region</li> </ul>	<ul style="list-style-type: none"> <li>Achieve goals in all areas</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened consolidated environmental management</li> <li>Held environment meetings in Japan and overseas</li> <li>Held Global Environmental Awards</li> <li>Distributed collections of improvement activities and environmental near misses to Toyota affiliates</li> <li>Promoted activities under the Fifth Toyota Environmental Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>Continue to promote environmental management through strengthened cooperation with each region</li> <li>Promoted activities under the Fifth Toyota Environmental Action Plan</li> <li>Establish goals for 2020 (Sixth Toyota Environmental Action Plan)</li> </ul>	<ul style="list-style-type: none"> <li>Achieve goals in all areas</li> </ul>
Production (84 companies)	<ul style="list-style-type: none"> <li>All companies to implement initiatives toward achieving FY2013 goals</li> <li>Strengthen activities to prevent recurrence of non-compliance and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Achieve goals in Japan and in all regions</li> <li>Zero non-compliance and complaints</li> </ul>	<ul style="list-style-type: none"> <li>All companies implemented systematic measures and almost all goals were achieved</li> <li>Proactive preventive measures were implemented, but there were cases of minor non-compliance (7<sup>2</sup> instances of non-compliance and 0 complaints)</li> </ul>	<ul style="list-style-type: none"> <li>Promote initiatives to achieve FY2014 goals</li> <li>Continue to strengthen proactive measures to prevent recurrence</li> </ul>	<ul style="list-style-type: none"> <li>Achieve FY2013 goals in Japan and in all regions</li> <li>Zero non-compliance and complaints</li> </ul>
Sales (79 companies)	Japan (40 companies)	<ul style="list-style-type: none"> <li>Provide support to the Toyota National Dealers' Advisory Council for acquisition of third-party certification of its environmental management system</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of dealers that acquire EMS<sup>3</sup> certification</li> </ul>	<ul style="list-style-type: none"> <li>Continue providing support for the acquisition of EMS certification</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of dealers that acquire EMS certification</li> </ul>
	Overseas (44 companies)	<ul style="list-style-type: none"> <li>Overseas dealers to promote environmental risk audits through DERAP<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Achieve goals Percentage of dealers 80% or more</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation</li> </ul>	<ul style="list-style-type: none"> <li>Achieve goals Percentage of dealers: 80% or more (including new participating distributors and dealers)</li> </ul>

The 65 other Toyota Group companies in Japan and overseas are implementing individual activities on their own initiative.

<sup>1</sup> Includes the 12 production/sales companies <sup>3</sup> Environmental Management System  
<sup>2</sup> 7 in Japan and 0 overseas. <sup>4</sup> Dealer Environmental Risk Audit Program

## Global Environmental Awards

## Background and Purpose

The Global Environmental Awards began in 2006 for the purpose of promoting improvement activities of overseas affiliates and encouraging the sharing (*yokoten*) of the best improvement practices among affiliates worldwide. The process originally consisted of each affiliate selecting their best improvement practices for recognition by Toyota.

In 2011, to make the Global Environmental Awards even better and to increase interest in the activities, the process was changed to screening of teams selected in each region in order to select teams with excellent practices, and then those teams present their practices in Japan for selection of the final winners.

At the same time, the Award for Affiliates with the Best Performance was established to recognize the affiliate with the greatest outcomes from the improvement activities. This award was presented for the second time in 2013.

## Award Categories

Category	Award for On-site Kaizen Activity	Award for Affiliates with the Best Performance
Field	<ul style="list-style-type: none"> <li>Production/Production Affiliate (Plant)</li> <li>Logistics/Administration, Production and Logistics Affiliate</li> </ul>	<ul style="list-style-type: none"> <li>Production/Production Affiliate (Plant)</li> </ul>

## FY2013 Initiatives

## Award for On-site Kaizen Activity

From thirteen teams chosen in six regions around the world, the top four presented their practices in Japan. In a very close race, the Siam Toyota Manufacturing (STM) Thailand team took out the top award. From STM's removal of core sand from the casting process to lessen the defect rate, to Toyota Motor Manufacturing Canada's (TMMC) and Toyota Argentina's (TASA) reduced usage of water in the painting pre-treatment process, and Toyota Kirloskar Motor (TKM) India's reduced usage of paint and cleaning solvents in the painting process to reduce VOCs, each team's initiatives were extremely difficult but extremely important areas of concern for each of the affiliates. Although it was difficult, they worked hard and persevered to help solve these issues. At the awards ceremony, Shigeki Terashi, Senior Managing Officer and Executive in charge of the Environmental Affairs Division, expressed his respect and encouragement to the teams, saying that in addition to continuing their initiatives as *kaizen* leaders, he would also like them to help foster the growth of their junior colleagues.

On-site Kaizen Recipients	
Platinum Award	STM (Thailand)
Gold Award	TMMC (Canada) TKM (India) TASA (Argentina)
Affiliate Award Recipients	
Platinum Award	TSAM (South Africa) GTMC (China)



Award for On-site Kaizen Activity – Toyota representatives with members of four teams chosen for excellence awards



Senior Managing Officer Shigeki Terashi with STM members, winners of the Platinum Award

## Status of ISO 14001 Certification

The merger between an ISO 14001 certified overseas production company and sales company received ISO 14001 certification as a new production/sales company. Additionally, one Japanese sales company changed to an environmental management system for medium and small-sized companies.

### Number of ISO Certified Toyota Group Companies in Japan and Overseas

	Production companies	Production/Sales companies	Sales companies/Other businesses
Japan	39	—	13
Overseas	32	12*	19

\* Note: Omissions in previous years' totals have been corrected

## Management: Promote Environmental Management in Product Development through Eco-VAS

### LCA of New and Fully Redesigned Models in All Eight Vehicle Series

#### Purpose

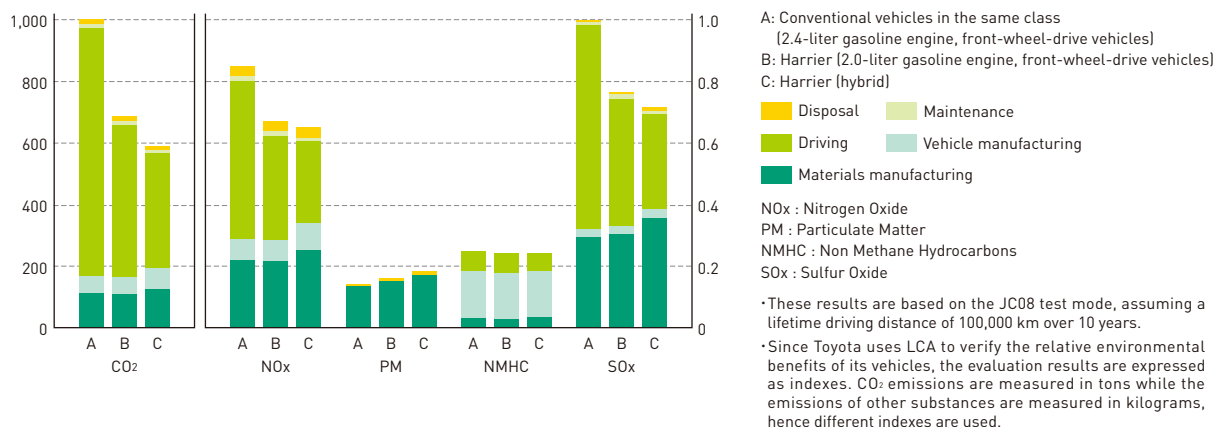
The Eco-Vehicle Assessment System (Eco-VAS) is a comprehensive environmental impact assessment system that allows systematic assessment of a vehicle's impact on the environment over the entire lifecycle from vehicle production and use to disposal stages. Toyota uses Eco-VAS to conduct lifecycle assessment (LCA) of a vehicle's total environmental impact from the materials manufacturing, vehicle manufacturing, driving and maintenance stages through to the disposal stage.

Since the system allows targets to be set from the initial stages of development to achieve steady improvements in environmental performance, Toyota's chief engineer establishes targets and scenarios to achieve them in relation to environmental performance criteria in the planning and development stage, and then follows up at points throughout the development process to ensure that targets are steadily being met.

#### Progress in FY2013

Toyota conducted LCA on new and fully redesigned models of eight vehicle series (Corolla Axio HV, Corolla Fielder HV, Crown Majesta, Harrier, Voxy/Noah, IS300h, GS300h).

#### LCA of the Harrier



## Continue Activities Focusing on Planting Trees at Plants

### Purpose

Since 2007, Toyota has been pursuing sustainable plant activities, positioning the Prius-producing Tsutsumi Plant as a model plant, to bring the concept of sustainability into *monozukuri*. With the concept of “a plant that fully utilizes natural resources while operating in harmony with the natural environment,” efforts are underway towards reducing energy consumption, switching energy sources, enhancing communication with local communities, and protecting ecosystems.

### Concept Underlying Sustainable Plant Activities

Aiming to become a plant that fully utilizes natural resources while operating in harmony with the natural environment

#### Reducing energy consumption:

Development and introduction of low CO<sub>2</sub>-emitting production technologies and *kaizen* activities

#### Switching energy sources:

Utilization of renewable energy (solar, etc.)

#### Community involvement and ecosystem conservation:

“Green for Tomorrow” -- tree planting activity at plants

Activities to increase employee environmental awareness

### Progress in FY2013

In FY2013, Japanese vehicle assembly plants promoted to develop and introduce low CO<sub>2</sub>-emitting production technologies and to conduct energy conservation activities in production areas, as well as introducing renewable energy (photovoltaic power generation) systems in regions such as North America and Asia. As part of its afforestation activities at plant sites, Toyota held tree-planting events at the Myochi Plant, the Kamigo Plant, the Hirose Plant, the Tajimi Service Center, and the Tsutsumi Plant with approximately 1,700 people, including employees, their families and local residents, planting approximately 11,000 seedlings. This brings the accumulated total number of trees planted at Japanese and overseas sites to approximately 840,000.



Tree planting at Myochi Plant

## Management: Promote Environmental Activities in Cooperation with Business Partners

### Promoting Dealer Environmental Initiatives

At CSR workshops held by the Toyota National Dealers' Advisory Council (TNDAC), all Toyota dealers have come together to promote voluntary activities based on the Toyota Dealer CSR Guidelines set forth in 2005. To further promote these initiatives, they called for increased acquisition of third-party certification of environmental management systems to accelerate the development of people and the creation of environmentally-friendly dealerships, and to bolster the level of trust from customers. All Toyota dealers are implementing power-saving initiatives, including adopting a Cool Biz/Warm Biz policy (whereby associates can work comfortably in offices even when A/C and heating temperatures are adjusted to reduce the greenhouse gas effect), and participating in the Light-Down Campaign of the Ministry of the Environment.



Green curtain at Toyota Corolla dealership at Iwakura Eki-nishi, Nagoya

### Number of Overseas Dealers Who Achieved DERAP Goals Increases

Toyota continues to carry out the Dealer Environmental Risk Audit Program (DERAP) to reduce environmental risks at overseas dealer service shops. These audits are aimed at establishing a framework to deal with five fundamental environmental requirements including the proper management of waste and treatment of wastewater.

In FY2013, 55 distributors and 3,338 dealers from 51 countries worldwide participated in the program, representing an increase of 9 distributors and 238 dealers compared to FY2012. Of that total number, 87 percent of participating dealers satisfied the five requirements.

From the global perspective, there are still many Toyota distributors and dealers not participating, so Toyota will continue to encourage even greater participation going forward, and to support those participating companies in their activities.

## Achieving Zero Non-compliance and Complaints

In FY2013, an incident occurred at a vehicle test ground in an area of heavy snowfall where the weight of snow on a pipe, which ran from an outside kerosene tank used for heating, caused a joint to break and allowed kerosene to flow into a river. Toyota immediately reported the incident to the relevant governmental agency and recovered the leaked kerosene.

Toyota is taking measures to prevent any similar recurrence with this equipment or any other similar types of equipment, with the aim of developing systems with alarms and automatic shutoff if leaks should occur. It is also continuing other preventive measures already being undertaken for non-compliance near misses\* and other issues.

\* Non-compliance near misses: Cases that pose high potential risks although they did not result in incidents.

## Reporting and Storing Electrical Devices Containing PCBs

Since FY2005, Toyota has been using outside subcontractors to process electrical devices containing polychlorinated biphenyl (PCB). To date, 4,401 transformers and condensers have already been processed. The remaining 846 units will continue to be handled on an outsourcing basis in FY2014 and beyond.

## Soil and Groundwater-related Measures

In 1997, Toyota completed the implementation of measures to prevent outflow of groundwater at six production plants. Toyota is continuing groundwater remediation using pump and aeration treatment and reports on the levels of trichloroethylene to the government as well as to local councils in the surrounding communities.

### Trichloroethylene Levels

Plant	Levels in groundwater
Head Office	Less than 0.002 - 1.73
Motomachi	Less than 0.002 - 0.19
Kamigo	Less than 0.002 - 0.17
Takaoka	Less than 0.002 - 0.43
Miyoshi	Less than 0.002 - 0.11
Tsutsumi	Less than 0.002 - 0.38

Environmental standards: 0.03  
Unit: mg/liter

Note 1: Measurements are taken at all plants

Note 2: Has not been detected in plants other than those listed

Note 3: The level has a range since each plant includes multiple measurement points

## Management: Eco-factory Activities

### Eco-factory Activities Implemented at Nine Plants

Toyota continues with Eco-factory activities for plants being newly constructed and converted or expanded on a large scale to ensure that its factories set the highest worldwide standards for environmental consideration and sustainability. Activities include on-site verification of environmental solutions incorporated into each phase—namely planning, engineering, trial production and full-scale operation—and, should a failure be discovered, corrective actions are taken, and the process is re-examined.

#### Progress in FY2013

Eco-factory activities were continued at a total of nine plants in North America, India, Indonesia, Thailand, Brazil, China and Europe.

### Eco-factory Activities

	North America		India	Indonesia	Thailand			Brazil	China		Europ	
	TMMMS	TMMAL	TKM No. 2 Plant	TMMIN	TMT Gateway Plant	STM	STM No. 2 Plant	TDB Sorocaba	SFTM Changchun New Plant	TMCAP	GTE	TMMR
Planning stage												
Audits of facility specifications												
On-site audit							14			14	14	
Compliance and risk evaluation		14					15			14	15	
Performance evaluation (CO <sub>2</sub> , VOC, etc.)	14								14	15		14

■ : Performance enhancement projects (from FY2012) ■ : Implementation completed in FY2013

□ : Implementation completed by FY2012

Numbers indicate planned year of implementation

## Focus: Examples of Plant Environmental Protection Activities

## Efforts to Reduce Waste Volume at Honsha Plant

Toyota's Honsha Plant is taking measures at the source to help reduce waste volumes. One of those measures was having another look at the component materials of waste products that were previously difficult to recycle, and asking whether recycling by selling was an option. As a result, the following five items were able to be sold to reduce the volume of waste.

## Waste products eligible for recycling by selling

- End-of-life batteries from USPs (Fig. 1)
- Metal scrap deposited in dust collectors (Fig. 2)
- End-of-life small lead acid storage batteries
- Old plastic pallets
- Hydraulic oil discarded when decommissioning production lines

USPs (uninterruptible power supplies) used with computer servers have until now been treated as waste because the batteries and attachments were integrated into a single unit. With the cooperation of recyclers, recycling by selling has been made possible by removing the external case, thereby creating a waste with value. In FY2013, Toyota was able to reduce waste volume by 6.6 tons through this initiative.

Through a similar initiative, the small lead acid storage batteries used in automatic guided vehicles and other equipment were also able to be sold, which also succeeded in reducing waste volume.



Fig. 1. Saleable end-of-life UPS power supplies



Fig. 2. Metal scrap deposited in dust collectors

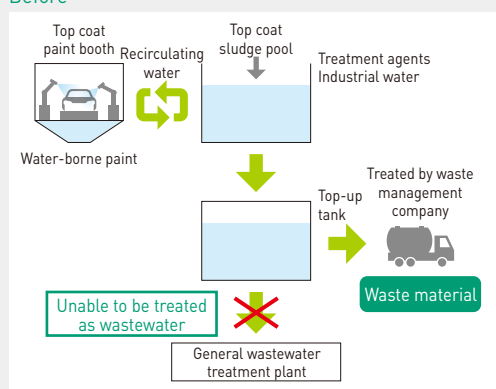
## Efforts to Reduce Waste Volume at Motomachi Plant

Toyota's Motomachi Plant produces models such as the Crown and Mark X. The plant has been using water-borne paints in the top coat painting process to help reduce emissions of volatile organic compounds (VOCs), but has now made further improvements to the process as part of its efforts to reduce waste.

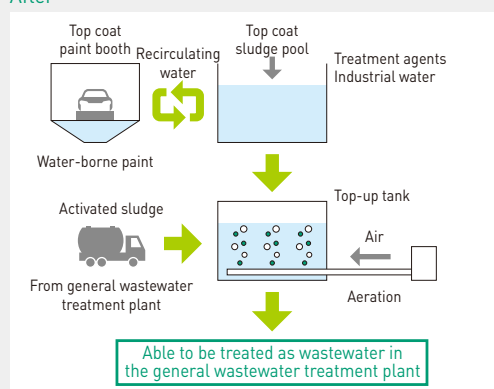
In the top coat paint booth, paint mist that does not adhere to the vehicle body is carried away in recirculating water to be deposited in a top coat sludge pool, which must be periodically cleaned. The waste fluid from cleaning the sludge pool was too concentrated to be treated at the plant's general wastewater treatment plant, so until now treatment was outsourced to waste management companies.

The Motomachi Plant now treats the waste from the top coat sludge pool in a top-up tank containing activated sludge (aerobic microorganisms), which is able to reduce the concentration of contamination by aerating the mixture over an extended period. In this way, the resulting fluid can be treated as wastewater in the plant's general wastewater treatment plant, which has enabled the Motomachi Plant to reduce waste volume from the sediment tank by approximately 500 tons in FY2013.

## Before



## After



# Contribution to a Low Carbon Society

## Basic Approach to a Low Carbon Society

The Intergovernmental Panel on Climate Change (IPCC) published its latest Fifth Assessment Report in installments between September 2013 and April 2014, covering scientific assessments, climate change-related impacts, adaptation and vulnerability, and measures to mitigate climate change.

The report states that (1) warming of the climate system is unequivocal, (2) it is virtually certain that the upper ocean has warmed, and (3) it is extremely likely that human activities have been the main cause of the observed warming since the mid-20th century. The impact of global warming is not limited to increases in average temperatures but, as shown in the diagrams, also includes a range of potential risks associated with climate change globally.

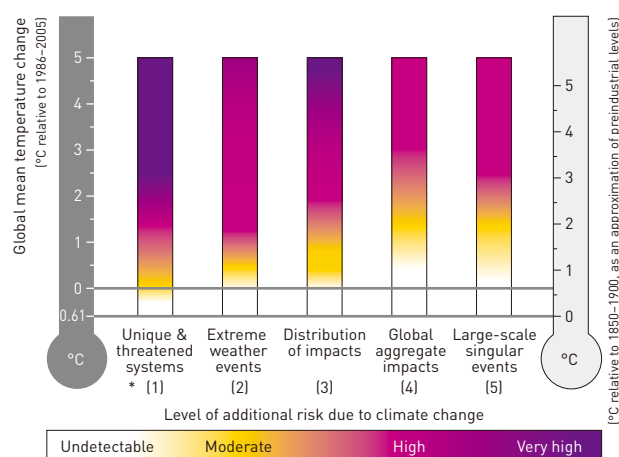
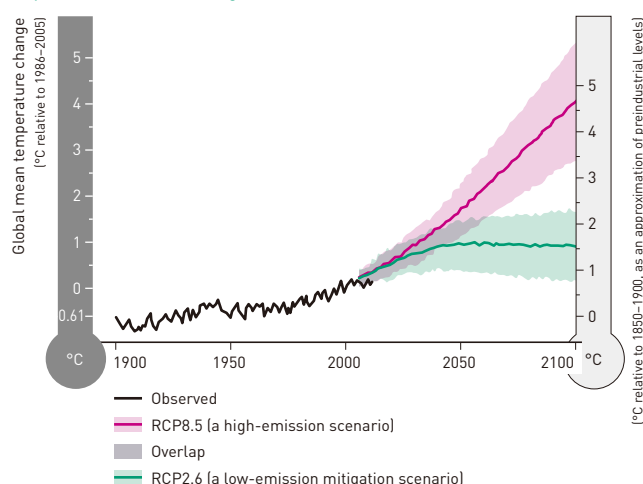
Examples of such weather events are increased frequency of heavy precipitation events and increased maximum wind velocity associated with tropical cyclone activity. Evidence of change is already being felt in Japan, such as sudden downpours causing extensive damage, and record amounts of heavy precipitation.

When floods and other natural disasters occur, caused by typhoons and heavy rain thought to be the result of climate change, they have the potential to cause damage or delays to Toyota's business operations, including the procurement of raw materials, parts and other materials for the manufacture of Toyota products in the main markets where Toyota manufactures, distributes and sells products.

Climate change also increases the occurrence of droughts and it impacts biological diversity and agricultural production. To prevent such a situation, the entire world must commit to building a low carbon society with a lower level of CO<sub>2</sub> emissions.

Toyota positions taking action to reduce further global warming as a top priority management issue, and is working to reduce greenhouse gas emissions at all stages of the vehicle lifecycle, including development, design, production, logistics, and sales, as well as in all of Toyota's business areas.

### Impacts of Climate Change



\* Example of potential risks

- (1) Impacts on vulnerable systems (Arctic-sea-ice and coral-reef systems)
- (2) Events such as extreme precipitation, extreme heat and coastal flooding
- (3) Uneven distribution of impacts in each country and region
- (4) Impacts on biodiversity and the overall global economy
- (5) Large-scale and irreversible changes (sea level rises due to loss of the Greenland ice sheet, and ecosystem changes)

Source: [Ministry of the Environment, Japan] IPCC, 2014: Summary for Policymakers. In: *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*

### Toyota's Basic Stance Regarding Issues Related to Energy, Climate Change and Global Warming

#### Development and Design



- Development of next-generation vehicles focusing on fuel efficiency improvements, and hybrid and plug-in hybrid vehicles

#### Production



- Promote activities to reduce CO<sub>2</sub> emissions through development and introduction of innovative low CO<sub>2</sub>-emitting production technologies, and daily improvement activities
- Utilize renewable energies considering characteristics of each country and/or region
- Management of GHG emissions from sources other than energy sources

#### Logistics



- Promote CO<sub>2</sub> reduction activities by further improving transport efficiency

#### Sales



- Conform to the Energy Savings Act and reduce per-unit energy at the annual rate of 1%



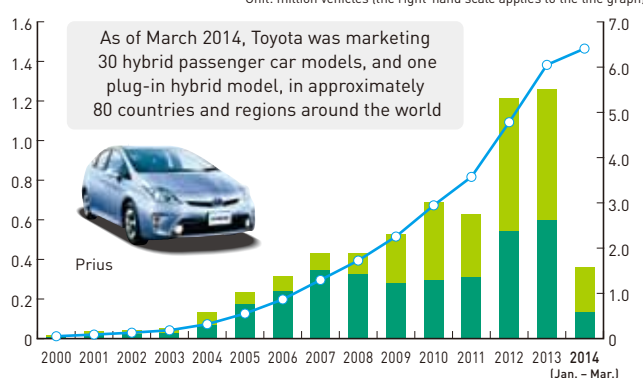
## Promoting Development of Next-Generation Cars and Widespread Use of Their Features

## Worldwide Sales of Toyota Hybrids Top 6 Million Units

Since launching the Prius—the world's first mass-produced hybrid passenger vehicle—in December 1997, Toyota has received tremendous support from consumers, with cumulative global sales reaching 6.43 million units as of March 31, 2014.

Toyota calculates that as of that date, Toyota hybrid vehicles have resulted in approximately 43 million fewer tons of CO<sub>2</sub> emissions than would have been emitted by gasoline-powered vehicles of similar size and driving performance, and have saved approximately 16 million kiloliters of gasoline compared to the amount used by gasoline-powered vehicles of similar size.

Cumulative Sales of Hybrid Vehicles Unit: million vehicles (the right-hand scale applies to the line graph)



## Hybrid Vehicle Lineup (as of March 2014)

## Toyota Brand

Sedan	Camry Hybrid, Crown Athlete hybrid model, Crown Royal hybrid model, SAI, Prius, Prius PHV, Avalon Hybrid (for overseas markets only), Corolla Axio hybrid model, Crown Majesta
Wagon	Prius α, Corolla Fielder hybrid model
Minivan	Alphard hybrid model, Vellfire hybrid model, Estima Hybrid, Voxy hybrid model, Noah hybrid model
Hatchback/Station wagon	Aqua, Auris Hybrid (for overseas markets only), Yaris Hybrid (for overseas markets only)
SUV	Highlander Hybrid (for overseas markets only), Harrier hybrid model
Commercial	Dyna/Toyoace hybrid models

## Lexus Brand

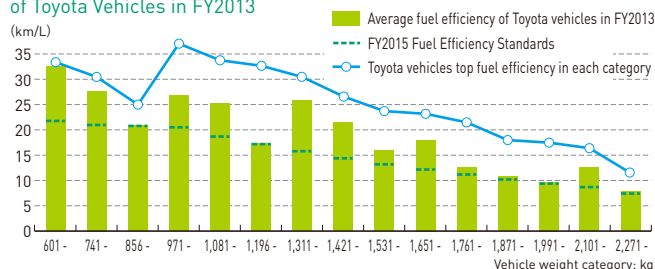
Sedan	LS600h/LS600hL, GS300h, GS450h, HS250h, IS300h, ES300h (for overseas markets only)
Hatchback/Station wagon	CT200h
SUV	RX450h

## Development and Design: Develop Technologies to Achieve the Best Fuel Efficiency Performance and Meet Standards in Each Country and Region

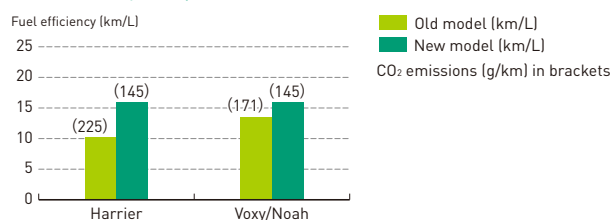
## FY2015 Fuel Efficiency Standards Cleared by All 15 Vehicle Weight Categories

- In FY2013, vehicles met the FY2015 fuel efficiency standards in all 15 vehicle weight categories
- In FY2013, new vehicles and fully redesigned models of eight vehicle series met the FY2015 fuel efficiency standards
- Of the vehicles manufactured by Toyota in FY2013, 86 percent achieved the fuel efficiency standards for gasoline-powered passenger vehicles

## Achievement of Fuel Efficiency Standards and Actual Fuel Efficiency of Toyota Vehicles in FY2013



## Fuel Efficiency Comparison between Selected Old and New Models



## Achievement of FY2015 Fuel Efficiency Standards in FY2013

Weight category (vehicle weight: kg)	Fuel efficiency standards (km/L)	FY2013 average fuel efficiency (km/L)	New vehicles and fully redesigned models that met the standards in FY2013
601 - 740	21.8	32.4	
741 - 855	21.0	27.7	
856 - 970	20.8	20.9	
971 - 1,080	20.5	26.9	
1,081 - 1,195	18.7	25.1	Corolla Axio HV, Corolla Fielder HV
1,196 - 1,310	17.2	17.2	
1,311 - 1,420	15.8	25.9	
1,421 - 1,530	14.4	21.4	
1,531 - 1,650	13.2	16.0	Harrier, Voxy/Noah, Voxy/Noah hybrids
1,651 - 1,760	12.2	18.0	IS300h, GS300h, Voxy/Noah, Harrier, Harrier hybrid
1,761 - 1,870	11.1	12.8	GS300h, Crown Majesta, Harrier hybrid
1,871 - 1,990	10.2	10.7	
1,991 - 2,100	9.4	9.8	
2,101 - 2,270	8.7	12.5	
2,271 -	7.4	7.9	

Note 1: [ ] indicates a category that has achieved the Fuel Efficiency Standards

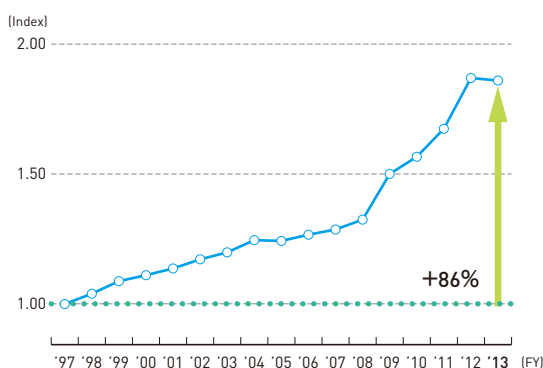
Note 2: Vehicles that achieved the efficiency standards before FY2012 are not included

Note 3: All fuel efficiency values are the average for vehicles that have specification values under the Japanese Ministry of Land, Infrastructure, Transport and Tourism's JC08 test cycle (vehicles that do not have specification values under the JC08 test cycle are not included).

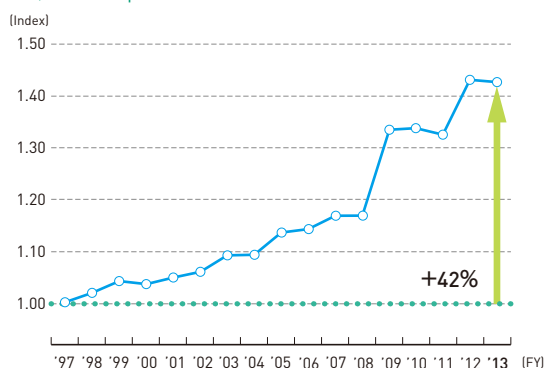
## Increase in Average Fuel Efficiency

In FY2013, Toyota worked to promote its hybrid technologies, positioning them as the core technologies necessary for developing various types of eco-cars. In Japan, Toyota launched hybrid versions of the Corolla Axio, Corolla Fielder, and Harrier, as well as the Voxy and Noah, both of which achieved overwhelmingly superior fuel efficiency levels within their class. As of the end of March 2014, Toyota was selling 30 hybrid models in 80 countries and regions around the world, and the number of hybrid vehicles as a percentage of all Toyota vehicles has been increasing, greatly contributing to improvements in its average fuel efficiency. Toyota also took other fuel efficiency improvement measures, such as improving the powertrain efficiency of vehicles equipped with conventional engines. As a result, the average fuel efficiency index of passenger cars in Japan, the United States, and Europe combined reached nearly the same levels as in FY2012, which saw a major improvement in fuel efficiency.

Average Fuel Efficiency of Toyota Vehicles in Japan



Average Fuel Efficiency of Toyota Vehicles in Japan, US, and Europe



### Focus

## Expanding Hybrid Vehicle Lineup and Developing a Series of Fuel Efficient, High Thermal Efficiency Engines to Promote More Widespread Use of Eco-cars

Toyota has been working to promote widespread use of hybrid vehicles because we believe that environment-friendly vehicles can only truly have a positive impact if they are used widely. With the addition of the following six hybrid models launched in FY2013, Toyota was marketing 30 hybrid passenger car models, and one plug-in hybrid model, in approximately 80 countries and regions around the world as of March 2014.

Within the next two years, Toyota will launch a total of 15 new hybrid vehicles worldwide, and will continue augmenting its product lineup even further and increasing the number of countries and regions where it sells hybrid vehicles.

### Hybrid Models Launched in FY2013

May 2013	IS300h
Aug. 2013	Corolla Axio/Fielder hybrids
Sep. 2013	Crown Majesta hybrid
Oct. 2013	GS300h
Dec. 2013	Harrier hybrid
Jan. 2014	Voxy/Noah hybrids



Harrier hybrid



Voxy hybrid

Toyota is positioning its hybrid technologies, which contain all the component technologies necessary for development of various eco-cars and which enable the use of different fuel combinations, as core environmental technologies for the 21<sup>st</sup> century, and is also working to develop other non-hybrid eco-cars.

Specifically, Toyota has employed its Atkinson-cycle engine technology, which had been exclusively used in hybrid models, in its current 1.3-liter engine. It has also boosted the compression ratio from 11.5 to 13.5, while pursuing improved combustion and reduced power loss through electric-powered Variable Valve Timing-intelligent (VVT-i) technology, a cooled Exhaust Gas Recirculation (EGR) system, and a combination of its other accumulated technologies to achieve world-class maximum thermal efficiency for mass-produced gasoline engines of 38 percent. With the new engine installed, the Vitz couples the idling-stop function with other technologies to achieve 15 percent better fuel efficiency than the previous model.

The 1.0-liter gasoline engine incorporates such developments as a new intake port shape to generate tumble flow, a cooled EGR system and a higher compression ratio to achieve maximum thermal efficiency of 37 percent. With the new engine installed, the Passo also couples the idling-stop function with a range of fuel-efficient technologies to achieve up to 30 percent better fuel efficiency than the previous model.

### Focus: Example of Toyota Dealer's Environmental Activities

Toyota dealers are also committed to protecting the environment. Yokohama Toyopet is one of those dealers conducting companywide environmental protection activities.

### Energy Saving, Energy Generation and Energy Storage—Eco-friendly Showrooms Achieved through Energy Management

Having adopted the environmental policy of "Active participation and contribution to environmental protection activities in the local community," all 80 of Yokohama Toyopet's showrooms acquired ISO 14001 certification in 2007. The company's Shinomiya-Gingaohashi Showroom, opened in Hiratsuka City, Kanagawa Prefecture in September 2008, has been actively involved in environmental initiatives from early on, with CO<sub>2</sub> emission reductions and other environmental effects achieved through plant-covered exterior walls and roof, heat-shielding film applied to the large glass area of the showroom, and the resulting improved air-conditioning effect.

Yokohama Toyopet is expanding these energy saving measures to its other sales outlets as well, with the Sagami-hara-Chuo Showroom opening as its main total eco-friendly showroom in January 2014.



Sagami-hara-Chuo Showroom opened in January 2014

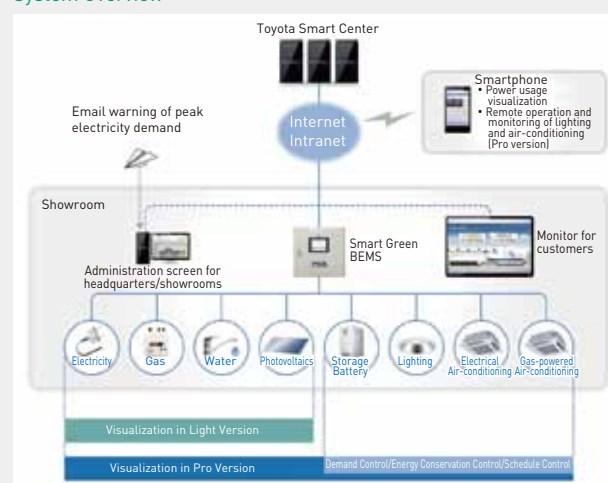
### Energy Management Employing Storage Battery System that Recycles End-of-life Nickel-metal Hydride Batteries from Hybrid Vehicles

With photovoltaic panels lining the front wall of the showroom, this sales outlet has a very eye-catching facade that uses a stationary storage battery system, called Smart Green Batteries, that recycles end-of-life batteries from hybrid vehicles. End-of-life batteries from 10 Prius vehicles are used in the storage battery system, with electricity from the system being supplied during periods of peak electricity demand to reduce energy costs.

Electrical usage is made more efficient when combining this system with BEMS (Building Energy Management System), energy efficient air-conditioning and LED lighting, while providing easy-to-understand visualization of power usage inside the showroom also contributes to improving energy efficiency through such things as improved staff awareness and consideration of other measures.

Yokohama Toyopet is helping to create showrooms in harmony with the environment and the community by consuming renewable energy generated locally to reduce CO<sub>2</sub> emissions, and by using Smart Green Batteries to provide an emergency power supply during disasters.

#### System Overview



#### Environmental Considerations

Energy saving	All-LED lighting and energy efficient air-conditioning used at showrooms
Energy generation	Electricity generation through photovoltaic power generation and other renewable energies Use of solar carports for recharging by photovoltaic power (for recharging Prius PHV and electric vehicles)
Energy storage	Generated electricity is stored in Smart Green Batteries for recharging PHVs and EVs and for use as an emergency power supply during disasters
Management	BEMS (Building Energy Management System) enables efficient control of the electrical supply through an understanding and control of the power situation
Greening	Green parking lot using waste bumpers and other materials



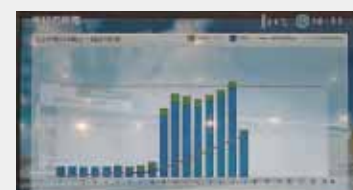
Smart Green Batteries recycling end-of-life Prius batteries



Smart Green carport and green parking lot



BEMS system monitor



Monitor for customers

## Focus

## Responses to Scope 3

Scope 3 is a new standard established to encourage corporations to visualize and account for indirect greenhouse gas emissions from the value chain that occur outside their own company and consolidated companies (purchased goods and services, transportation, business travel, employee commuting, use of sold products, etc.).

Toyota has assessed emissions from 12 of the 15 categories.

Upstream	1	Purchased goods and services	X	Downstream	9	Downstream transportation and distribution	✓
	2	Capital goods	✓		10	Processing of sold products	✓
	3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	✓		11	Use of sold products	X
	4	Upstream transportation and distribution	✓		12	End-of-life treatment of sold products	✓
	5	Waste generated in operations	✓		13	Downstream leased assets	✓
	6	Business travel	✓		14	Franchises	-
	7	Employee commuting	✓		15	Investments	✓
	8	Upstream leased assets	✓				

Note: Currently investigating "Purchased goods and services" and "Use of sold products." "Franchises" is not applicable.

## Focus

CO<sub>2</sub> Emission Reduction Activities (Energy Saving) of Toyota Motor Hokkaido, Inc.

Aiming to become a leading environmental company, the production, administration and engineering divisions of Toyota Motor Hokkaido, Inc. have united to promote *dantotsu* (overwhelmingly no.1) activities for improving quality and operation rates.

As a result, they have succeeded in reducing CO<sub>2</sub> emissions per unit in FY2013 by 5.3 percent compared with FY2012.

Of particular concern in the north, heating in the winter months generates considerable CO<sub>2</sub> emissions. As one measure to combat this tendency, the company installed its third cogeneration system in FY2013. This enabled them to achieve considerable reductions in CO<sub>2</sub> by reducing the load on boilers that use A-type heavy oil. This has lifted the company's electricity self-sufficiency rate to about 50 percent (Fig. 1), thereby reducing the risk of power supply shortages in both summer and winter. The no-waste system also uses excess steam in summer to generate electricity.

Holding an energy saving month in February each year, the company conducts various awareness activities and events (Fig. 2). The Companywide Energy Saving Presentation is held, whereby selected examples of activities from each division are presented. Employees are able to report the outcomes of their day-to-day improvements to executives, and to share this information across the whole company.

Going forward, everyone will continue to actively participate in activities aimed at becoming a leading environmental company as they work to create the "top local company" trusted by their local community.

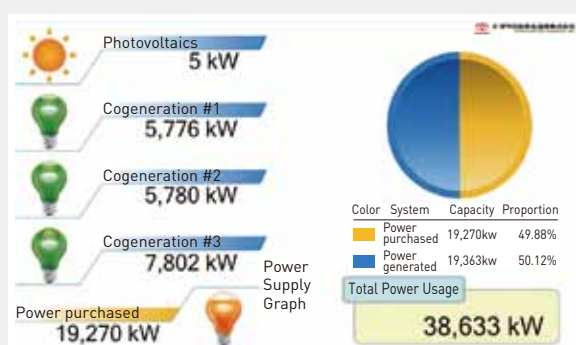


Fig. 1. Status of Power Generated/Purchased



Fig. 2. Companywide Energy Saving Presentation

## Continuing to Conduct Activities Aimed at Reducing CO<sub>2</sub> Emissions in Production Activities

FY2013 CO<sub>2</sub> emissions reduction goal in the domestic production area: Reduce total CO<sub>2</sub> emissions to 1.29 million tons or less

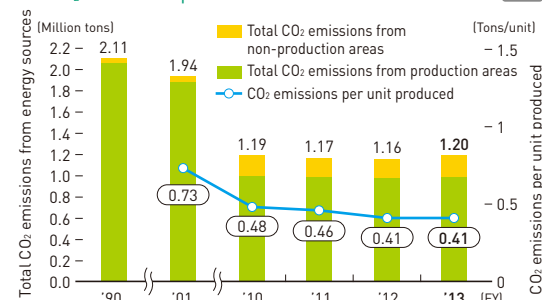
TMC has set CO<sub>2</sub> emissions reduction goals that include both production bases and non-production bases such as offices.

In FY2013, production line consolidation (mainly through process merging and discontinuance of casting and forging lines) and installation of efficient air-conditioning units and chillers produced annual CO<sub>2</sub> emissions of 1.20 million tons (43 percent lower than the FY1990 level), and CO<sub>2</sub> emissions of 0.41 tons per unit produced.

To achieve Toyota's global 5-year plan targets, the latest low-CO<sub>2</sub> production technologies have been adopted in new plants and production lines, while daily activities to reduce CO<sub>2</sub> emissions have been implemented in existing plants.

As a result, in FY2013, CO<sub>2</sub> emissions per unit produced decreased to 0.76 tons (1.6 percent lower than the FY2012 level), however 7.84 million tons of CO<sub>2</sub> emissions were produced from increased production volumes (3.3 percent higher than the FY2012 level).

Trends in Total CO<sub>2</sub> Emissions from Energy Sources and CO<sub>2</sub> Emissions per Unit Produced at TMC\*



\* Toyota Motor Corporation

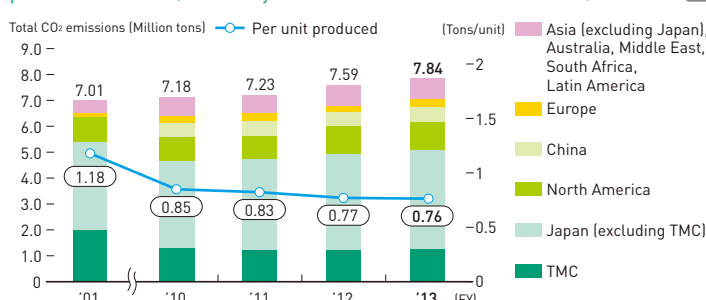
Note 1: For facilities in non-production areas for which FY1990 emissions data is not available, the oldest subsequent data available is used for the graph.

Note 2: Until FY2011, the total CO<sub>2</sub> emissions volume included emissions from production and non-production divisions (excluding the Toyota Biotechnology & Afforestation Laboratory and employee benefit facilities). Beginning in FY2012, the Laboratory was included as a non-production division.

Note 3: The CO<sub>2</sub> emissions were calculated using the Nippon Keidanren's FY1990 CO<sub>2</sub> conversion coefficient.

For more information on the conversion coefficient, please visit the webpage below: <http://www.toyota-global.com/sustainability/environment/data/data28.html> (information scheduled to be posted in October)

Trends in Global CO<sub>2</sub> Emissions (from Energy Sources) and CO<sub>2</sub> Emissions per Unit Produced (Stationary Sources such as Plants and Offices)



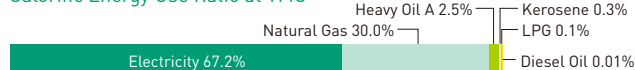
\* 120 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)  
Japan: Companies listed in Groups 1-5 on page 11-03 (including sub-subsidiaries; excluding Toyota Tsusho)

Overseas: Production companies and production/sales companies listed on page 11-03 (excluding TMCAP in China)

Note 1: Companies for which FY2001 emissions volumes could not be determined, the oldest subsequent data is used

Note 2: The CO<sub>2</sub> emissions were calculated using the Greenhouse Gas (GHG) Protocol CO<sub>2</sub> conversion coefficient. Please visit the webpage below: <http://www.toyota-global.com/sustainability/environment/data/data28.html> (information scheduled to be posted in October)

### Calorific Energy Use Ratio at TMC



## Promoting the Use of Renewable Energy

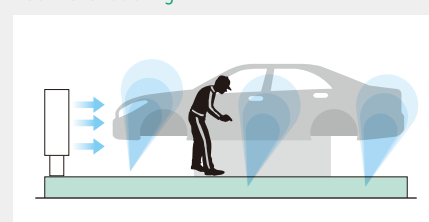
In March 2008, the Toyota Tsutsumi Plant installed a photovoltaic system rated at 2,000 kW (sufficient to provide power for some 500 households). During FY2013, the system generated 2,120 MWh of electricity.

### Focus: Example of Plant Energy Saving Activities

#### CO<sub>2</sub> Emissions Reduced through Energy Saving Activities Reviewing Air-conditioning Methods

In the automobile production process, air-conditioning of the automobile assembly line accounts for as much as 50 percent of energy usage because of the many workers manually assembling parts. Plants are normally air-conditioned through ceiling ducts, but this time a more efficient air-conditioning method using stratified air conditioning with floor-level ducting was used to blow cool or warm air from close to the workers and thereby reduce the energy needed for air-conditioning. A production line with electric air-conditioning, instead of the steam air-conditioning system that suffers from high energy loss, was also installed to save energy, which is projected to result in approximately 40 percent lower CO<sub>2</sub> emissions than the previous production line. These changes will continue being implemented in-house as needed to pursue further reductions in CO<sub>2</sub> emissions.

Illustration of stratified air conditioning with floor-level ducting





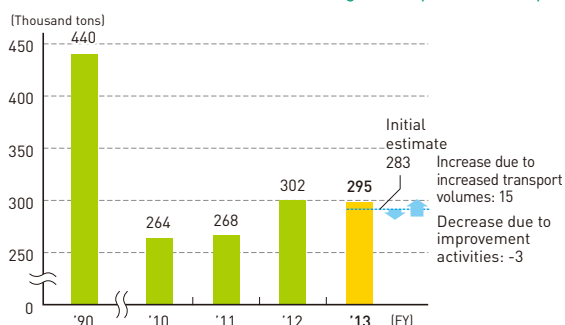
## Continuing to Conduct Activities Aimed at Reducing CO<sub>2</sub> Emissions

FY2013 CO<sub>2</sub> emissions reduction goal in the logistics area: Reduce CO<sub>2</sub> emissions to 280,000 tons or less

In FY2013, TMC implemented various initiatives, including activities to increase the loading efficiency of trucks, modal shifts, and ongoing fuel-efficiency improvement activities with logistics partners.

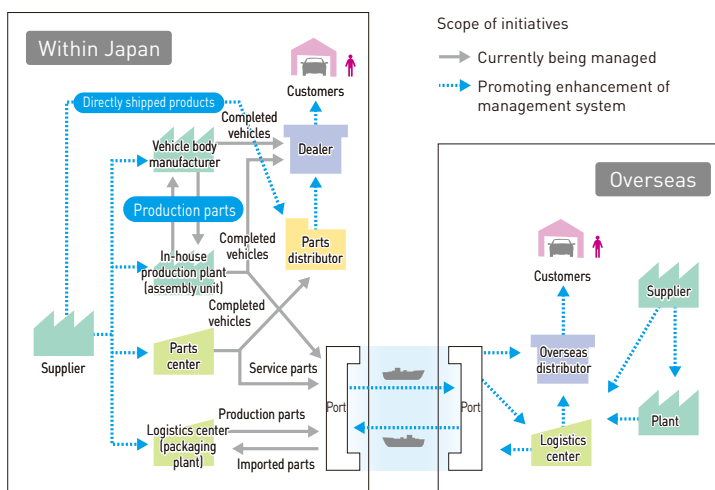
Through these activities, CO<sub>2</sub> emissions from logistics operations were reduced by 3,000 tons, but an increase in production volume from the initial plan contributed to total CO<sub>2</sub> emissions of 295,000 tons. CO<sub>2</sub> emissions per ton-kilometer (the transport of one ton of goods over a distance of one kilometer) were 105.0g- CO<sub>2</sub>/tkm.

### Trends in CO<sub>2</sub> Emissions from TMC Logistics Operations (Japan)

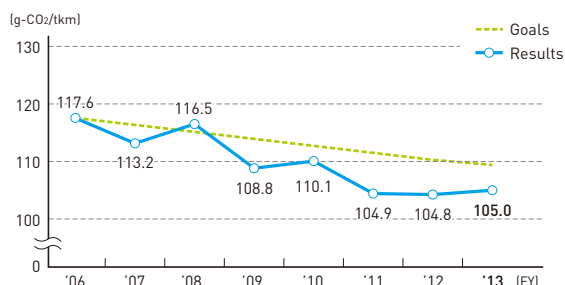


Note: The CO<sub>2</sub> conversion coefficient was calculated based on the "Guidelines on Disclosure of CO<sub>2</sub> Emissions from Transportation & Distribution [version 3.0]" issued by the Japanese Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism, etc. For more information on the conversion coefficient, please visit the webpage below:  
<http://www.toyota-global.com/sustainability/environment/data/data28.html> (information scheduled to be posted in October)

## Scope of CO<sub>2</sub> Emissions Calculations from TMC Logistics Operations



### Trends in CO<sub>2</sub> Emissions per Ton-kilometer from TMC Logistics Operations (Japan)



## Results of Activities to Reduce CO<sub>2</sub> Emissions

Improvement item	Product	Details of activity	Reduction volum (thousand tons)
Reduction in total transport distance	Completed vehicles	Reviewed shipping routes, increased the number of vehicles loaded	2.1
	Production parts	Enhanced the loading efficiency of trucks, increased container filling rate, etc.	0.7
	Service parts	Reviewed allocation of vehicles and delivery routes, increased loading efficiency, etc.	0.3
Total			3.1

## Assessment of CO<sub>2</sub> Emissions and Implementation of Reduction Activities Worldwide

In FY2007, Toyota began activities to assess CO<sub>2</sub> emissions from worksites worldwide. Reduction targets were set for each country and region based on global guidelines disclosed in FY2013, and activities are being implemented.



Focus: Example of Reductions in CO<sub>2</sub> Emissions in the Logistics Area

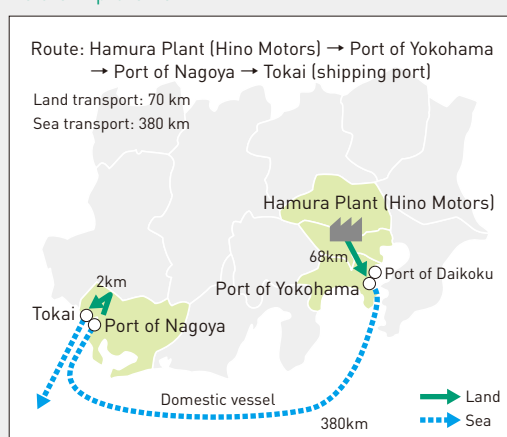
## Change of Shipping Port (Tokai to Daikoku) for Hamura Automobiles Bound for Saudi Arabia

Automobiles produced at the Hamura Plant that are bound for Saudi Arabia were previously exported from the Port of Tokai in the Tokai area, but following the approach of shipping directly from the place of manufacture, the shipping port was changed to Daikoku Pier in Yokohama. Without having to transport the vehicles to the Port of Tokai, lead time is reduced by 2.4 days and transshipment requirements are reduced, which reduces the number of times the cars are handled by five times each and also contributes to overall quality.

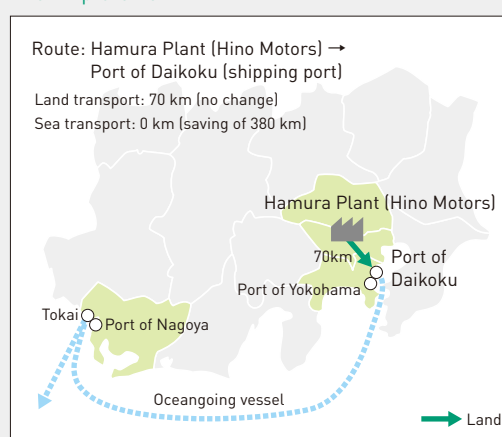
One secondary effect of this change is that the shipments do not have to pass through the busy ports of Yokohama and Nagoya, so space at those ports can be used for other purposes. The result is a benefit to the environment of 346 tons fewer CO<sub>2</sub> emissions during FY2013. From the risk management perspective as well, this is expected to achieve change from overconcentration of exports from the one area of Central Japan to a more decentralized approach, which Toyota will expand upon going forward.

(Refer to the maps below)

## Before improvement



## After improvement



## Review of Kyushu ⇄ Chubu ⇄ Kanto Shipping Routes

Located centrally on the coast of the Seto Inland Sea, the Port of Mizushima acts as the port for Okayama. Only small vessels are able to call into this port, so the Port of Tamashima was constructed nearby for access by large vessels. Toyota took this opportunity to review its Kyushu/Chubu/Kanto shipping routes centered on the Seto Inland Sea.

As a result, the route between Kyushu and Chubu in particular was simplified and ports-of-call reduced, at the same time as consolidating freight from other shipping routes onto this route. This improvement allowed the Pacific shipping routes to be avoided and enabled greater use of Toyota's own ships, which reduced CO<sub>2</sub> emissions by 1,070 tons in FY2013.

(Refer to the results below)

## Before improvement

1. Port of Mizushima used (access by small vessels only)
2. Motomachi Plant → Port of Jinno → Mizushima (Okayama)
3. Non-Toyota ships used for Toyota Motor Kyushu production bound for Kansai
4. Use of ocean shipping routes south of Shikoku

## After improvement

1. Port of Mizushima changed to Port of Tamashima allowing use of large vessels  
Simplification of ship allocation patterns
2. Motomachi Plant → Port of Nagoya → Port of Tamashima (reduced land transport)
3. Toyota ships used for Toyota Motor Kyushu production bound for Kansai
4. Avoiding ocean shipping routes and moving back-and-forth through the Seto Inland Sea enabled improved fuel efficiency

# Contribution to a Recycling-based Society

## Basic Approach to a Recycling-based Society

The Earth's resources are limited, yet consumption continues to grow as populations increase, emerging nations grow economically and living standards improve.

Of the mineral resources required to produce industrial products, there are concerns in particular about the potential near-future depletion of some of the unevenly distributed rare metals and other resources essential for the production of auto parts, with price volatility linked to social trends. Additionally, the increasing production of agricultural produce accompanying population growth is driving up water usage, which some say is the No. 1 strategic resource of the twenty-first century. In developing nations, population growth in particular is causing shortages of safe water supplies.

The other side of the resources problem is the issue of waste. Proceeding with source reduction measures to make more effective use of resources can reduce waste. Currently however, there is a shortage of treatment plants, while illegal dumping, transboundary movement of hazardous waste and other issues are occurring, and countries around the world are therefore facing a range of problems. Various initiatives are required to solve this waste problem, including the 3Rs (Reduce, Reuse, and Recycle) initiative for resources, and appropriate disposal of waste.

Since the 1970s, Toyota has been taking initiatives toward developing methods of effectively recycling the earth's limited resources embedded in end-of-life vehicles, rather than simply discarding them. These initiatives have now expanded to include not only the disposal stage, but also the vehicle design stage and the entire vehicle lifecycle, and have resulted in the building of a vehicle-to-vehicle recycling value chain, a model recycling-based social system in Japan.

### Reserves of Non-Ferrous Metals and Major Producing Countries

Resource	Major resource producing countries [2009]						Total share of top 3 countries
	1st		2nd		3rd		
Rare Earth	China	97%	India	2%	Brazil	0.5%	99%
Vanadium	China	37%	South Africa	35%	Russia	26%	98%
Platinum	South Africa	79%	Russia	11%	Zimbabwe	3%	93%
Tungsten	China	81%	Russia	4%	Canada	3%	88%
Molybdenum	China	39%	United States	25%	Chile	16%	80%
Lithium	Chile	41%	Australia	24%	China	13%	78%
Indium*	China	50%	Korea	14%	Japan	10%	74%
Cobalt	DR Congo	40%	Australia	10%	China	10%	60%
Manganese	China	25%	Australia	17%	South Africa	14%	56%
Nickel	Russia	19%	Canada	13%	Indonesia	13%	45%

\* Indium is not measured as the amount of mineral ore production, but as the amount of unprocessed indium produced as a by-product.

Source: Annual Report on the Environment, the Sound Material-Cycle society and the Biodiversity in Japan 2012

Furthermore, in response to the recent expansion in sales of its hybrid vehicles, Toyota has already developed several world-first initiatives, including establishing a battery-to-battery recycling network for end-of-life batteries—which are expected to increase in volume in the future—and a vehicle-to-vehicle recycling system and efficient dismantling technologies for the magnets containing neodymium, dysprosium and other rare-earth metals. In this way, Toyota will continue promoting cutting-edge initiatives in the field of resource recycling as well.

### Medium- to Long-term 3Rs (Reduce, Reuse, and Recycle) Initiative Focused on End-of-Life Vehicles

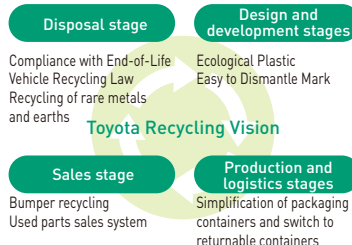
#### Stage 1 Past

Became the first automaker in the world to begin taking actions in preparation for the era of automobile mass production and disposal

- 1970 Established Toyota Metal Co., Ltd., an end-of-life vehicles shredding company (a world's first)
- 1973 Established Toyota Chemical Engineering Co., Ltd. to process and recycle lubricants and other materials used at Toyota production plants
- 1985 Established Toyota Recycle Corporation, a collection company for catalytic converters (recovery of precious metals) used in vehicles

#### Stage 2 Present

Proposing a model social system by constructing a value chain



#### Stage 3 Leading the Way to the Future

Evolving the 3Rs initiative for rare metals, etc. and spreading it from Japan to the rest of the world

- 2010 Started the world's first "battery-to-battery" business to recover nickel and other metals from end-of-life batteries
- 2012 Started recycling the rare earth magnets from end-of-life hybrid motors
- 2013 Started reusing batteries from end-of-life hybrid vehicles as stationary storage batteries and providing them to Toyota dealers (first in the world)
- 2014 Started vehicle-to-vehicle recycling of copper resources in wiring harnesses



## Design and Development: Further Promotion of Design for Recycling to Encourage Effective Use of Resources

## Incorporating Initiatives to Improve Vehicle Dismantlability into Designs

To promote resource recycling for end-of-life vehicles, Toyota has developed structural designs that make it easy to dismantle and separate parts, based on surveys of actual conditions at dismantling companies, and is actively adopting these designs for new models.

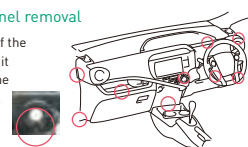
## Examples of Easy to Dismantle Vehicle Parts

Use of the Easy to Dismantle Mark  
Easy to Dismantle marks are added to show key points for dismantling tasks.



## Instrument panel removal

The installation of the V grooves makes it easy to remove the instrument panel by pulling it strongly.

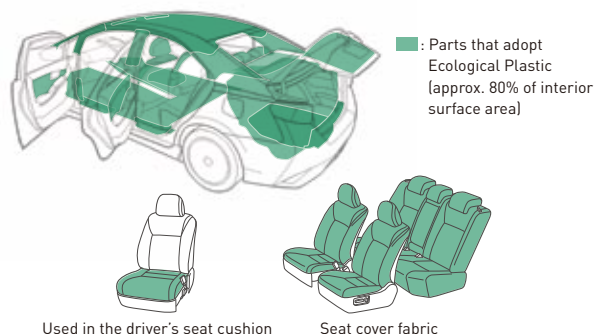


## Development and Utilization of Plant-derived Ecological Plastic

Toyota has developed Ecological Plastic\*, a plastic derived from plant material, for the world's first automotive application.

As a result, Toyota successfully used Ecological Plastic to cover 80 percent of the total interior surface area of the new SAI model launched in August 2013. Toyota also used recycled plastic materials extensively in the SAI, thereby achieving the goal of its Toyota Recycle Vision—establish a technology that enables 20 percent usage of ecological plastics and recycled resin materials in resin parts by 2015—ahead of schedule.

\* This type of plastic is derived from plants that absorb CO<sub>2</sub> while growing. Its usage eliminates the CO<sub>2</sub> emitted during petroleum resource drilling and helps reduce the usage of petroleum resources.



## Production and Logistics: Reduce the Waste Volume and Use Resources Effectively in Production and Logistics Stages

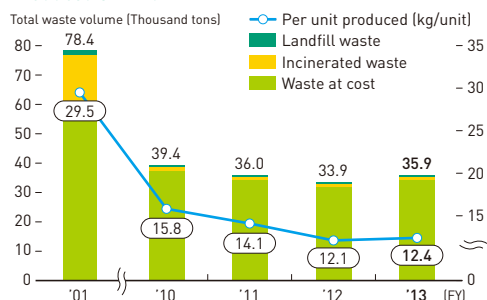
## Continuing to Conduct Activities Aimed at Reducing Waste Volume

FY2013 goal in the domestic production area: Reduce waste volume to 43,000 tons or less

In FY2013, TMC continued implementing waste reduction measures such as sludge volume reduction, but because of increased production, new production lines and other factors, the total waste volume was 36,000 tons, for a 5.9 percent increase from the previous fiscal year. The waste volume per unit produced was 12.4 kg, up by 2.6 percent compared to FY2012.

On the global level, Toyota is engaging in waste reduction activities, including reuse of materials within processes and the introduction of recycling by selling, at plants throughout the world. In FY2013, waste volume per unit produced was 47.7 kg (3.4 percent lower than the FY2012 level), however, as a result of increased production and other factors, 494,000 tons of waste volume were produced (1.4 percent higher than the FY2012 level).

## Total Waste Volume and Waste Volume Per Unit Produced at TMC



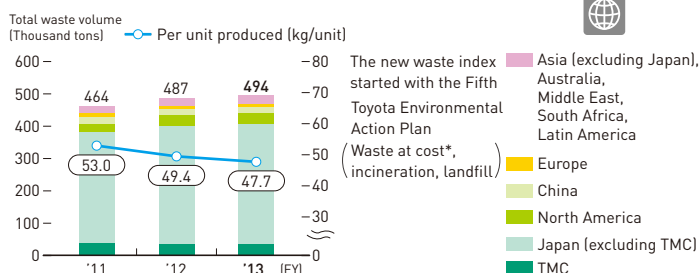
Note 1: The total waste volume includes both production and non-production divisions (excluding employee benefit facilities)

Note 2: The total waste volume in production divisions covers the waste generated as a result of production activities

Note 3: Waste at cost: Waste that is recycled for a fee

Note 4: Errors in the figures disclosed in FY2012 have been corrected

## Global Waste Volumes and Waste Volume per Unit Produced



\* 120 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)

Japan: Companies listed in Groups 1-5 on page 11-03 (including sub-subsidiaries; excluding Toyota Tsusho)

Overseas: Production companies and production/sales companies listed on page 11-03 (excluding TMCAP in China)

\* Waste that is recycled for a fee

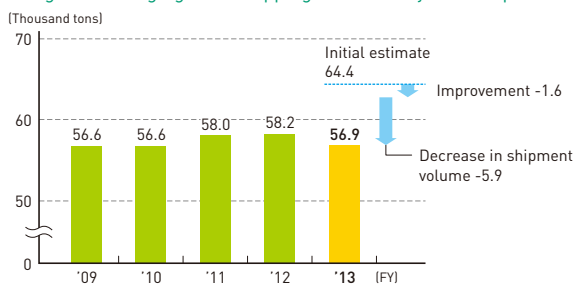
## Continuing to Conduct Activities Aimed at Reducing Packaging and Wrapping Material Use

FY2013 goals in the logistics area: Reduce usage of packaging and wrapping materials to 63,100 tons or less

In order to reduce the use of packaging and wrapping materials, TMC continued implementing measures that included simplifying wrapping specifications and expanding the use of returnable shipping containers. As a result of these measures, usage decreased by 1,600 tons. Together with the impact of a decrease in shipment volume and other factors, total usage was reduced to 56,900 tons. Usage of packaging and wrapping material per shipment unit was 7.03 kg/m<sup>3</sup>.

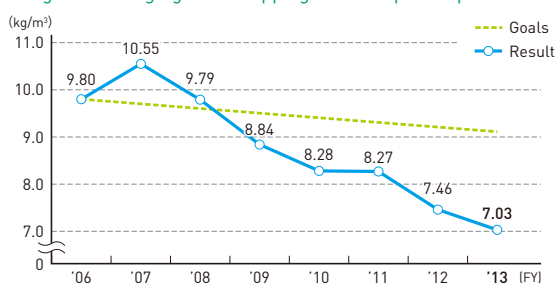
In FY2008, TMC began implementing measures to grasp the usage volume of packaging and wrapping material at affiliates worldwide. Assessments for all regions, excluding North America, have almost been completed. Because it has been difficult to assess the usage at suppliers in North America, TMC is currently reviewing the assessment method.

### Usage of Packaging and Wrapping Materials by TMC (Japan)



Note: Errors in previously published totals have been corrected

### Usage of Packaging and Wrapping Material per Shipment Unit by TMC (Japan)



Note: Errors in previously published totals data have been corrected

### Results of Activities to Reduce Usage of Packaging and Wrapping Material

Improvement item	Products	Main details of activity	Reduction volume (thousand tons)
Simplification of specifications	Service parts	Changing packaging specifications, reuse etc.	0.8
		Increasing lean specifications for wrapping	0.2
	Production parts	Improvement of parts quantity per box, simplification of packaging specifications	0.1
Use of returnable containers	Service parts	Expanding the use of returnable containers (increased number of items)	0.5
Total			1.6

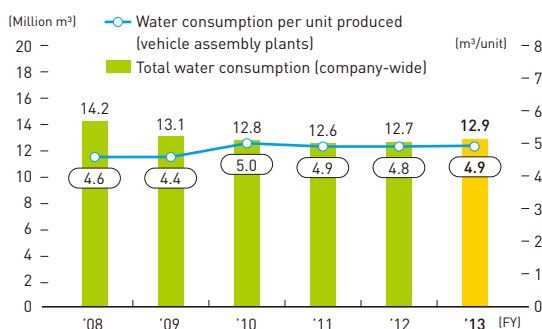
## Continuing to Conduct Activities Aimed at Reducing Water Consumption

TMC continued activities to reduce water consumption in FY2013, but because of increased production, the launch of a new production line, and other factors, the total water consumption was 12.9 million m<sup>3</sup> (an increase of 1.6 percent from FY2012). Water consumption per unit produced was 4.9 m<sup>3</sup>, an increase of 1.9 percent from FY2012.

On the global level, Toyota is setting individual goals for affiliates worldwide, taking into account the situation with the water environment in each region. In FY2013, Toyota continued efforts to reduce water consumption in line with the actual conditions at each company, employing initiatives from steady water-saving measures to reuse of wastewater.

As a result, water consumption per unit produced was 3.1 m<sup>3</sup> (a decrease of 3.7 percent from FY2012), however, because of increased production and the addition of companies to the scope of calculation, total water consumption was 31.2 million m<sup>3</sup> (an increase of 6.9 percent from FY2012).

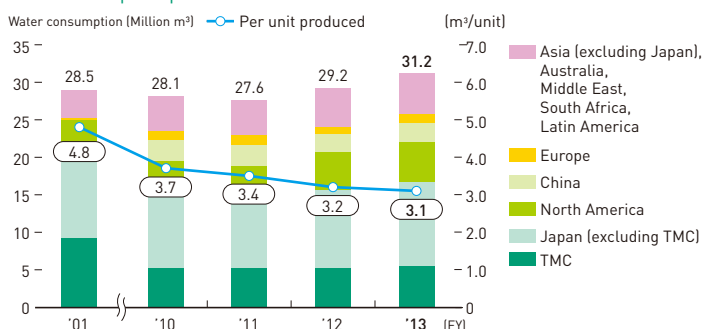
### Total Water Consumption and Consumption Per Unit Produced at TMC



Note 1: The total water consumption includes both production and non-production divisions (excluding employee benefit facilities)

Note 2: Water consumption per unit produced indicates the consumption per unit produced at vehicle assembly plants

### Global Water Consumption at Vehicle Assembly Plants and Consumption per Unit Produced



\* 36 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)

\* Companies added to the scope of calculation in FY2013

## Focus

## Promotion of Water Savings, Forming a North American Water Group

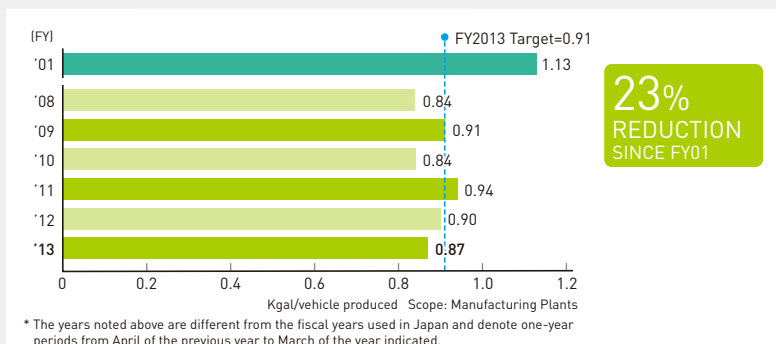
There is growing concern about the availability of sufficient fresh water to meet people's needs in the coming decades. In North America, we are concerned with the declining quality of fresh water sources and scarcity during droughts. Water issues concern a growing number of communities, and many of our North American manufacturing sites have experienced water-related stresses firsthand. For example, at our Georgetown, Kentucky, assembly plant, drought conditions have led to restrictions on water use.

Toyota globally considers water to be a high-priority environmental issue. Effective water management requires consideration of many factors, such as the volume of water used, discharged, recycled and reused, the quality of the water we discharge, and stormwater management. To help us manage these issues, we formed a North American Water Group to develop a water strategy and set targets.

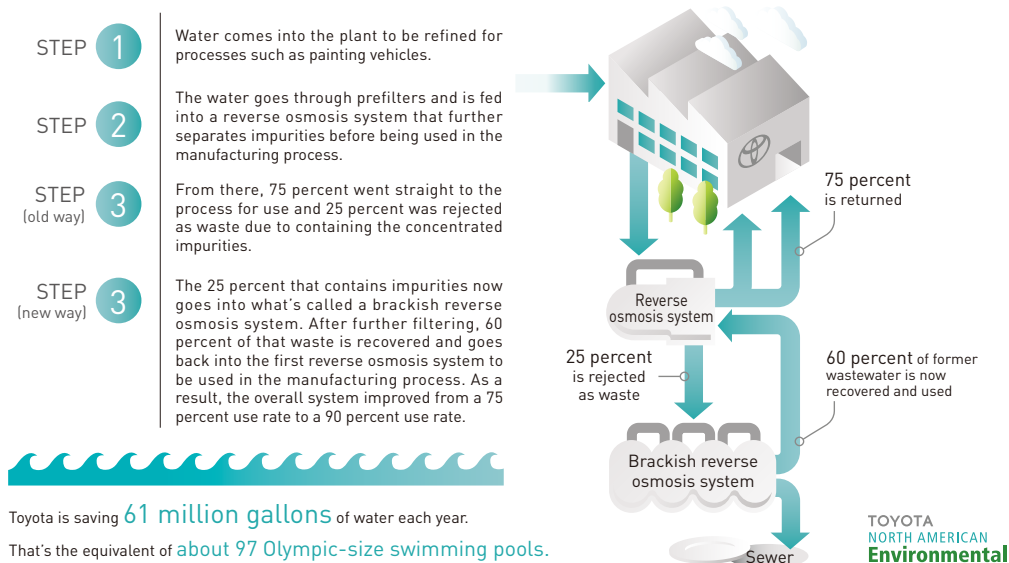
Our water management strategy addresses each level in the water conservation pyramid—Reduce, Reuse and Recycle. Reduce is the foundation, providing the most opportunities for improvement at the lowest cost. It is the fundamental first step in water management. The middle level, Reuse, maximizes the value of the water used. At the top of pyramid is Recycling, the most costly and difficult to implement. Innovation is needed to make recycling a more viable option than it currently is.

Toyota's manufacturing plants had a fiscal year 2013 target to reduce water usage from our 2012 target level of 0.92 kilogallons/vehicle, to 0.91 kilogallons per vehicle. We achieved this target and reduced water usage by three percent, to 0.87 kilogallons per vehicle. At Toyota, we are saving over 61 million gallons of water each year by implementing reverse osmosis concentrate recovery systems. That's the equivalent of about 97 Olympic-size swimming pools, 61 million gallons that we don't have to withdraw from an aquifer or buy from a utility. These systems are being shared and transferred through *yokoten* from one plant to the next, and each time, it gets better and better. They are in place at our plants in Cambridge, Ontario; Princeton, Indiana; Georgetown, Kentucky; and Tecate, Mexico.

## Trends in Water Consumption Per Unit Produced at North American Manufacturing Plants



## How the Reverse Osmosis Concentration Recovery System Works



## Focus

## Reduction of Wastewater Discharge into the Environment (Toyota Samrong Plant)

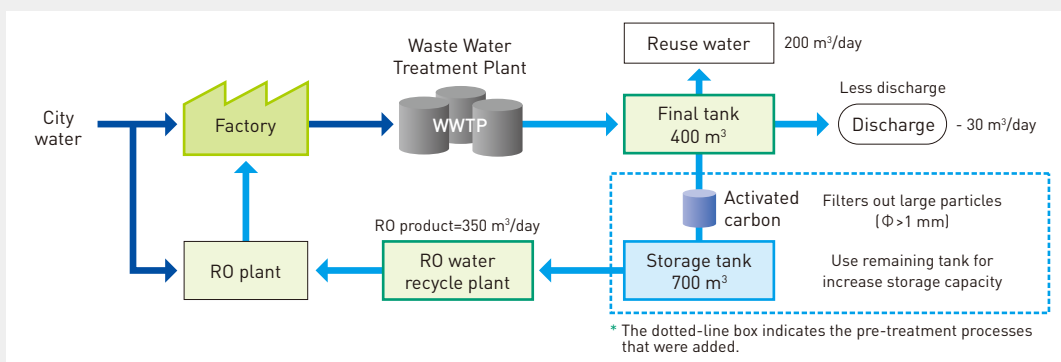
The Samrong Plant of Toyota Motor Thailand Co., Ltd. (TMT) is aware of environmental problems and cooperated with the Marine Department in an effort to reduce wastewater discharge into the environment through the project called "Zero Discharge."

This was accomplished through treatment of the wastewater, which can then be reused in the plant. As a result, effects on the environment have been lessened and water resource has been consumed less. Therefore, the company has established this as a policy in order to achieve the target systematically from the beginning of the project to present as well as the future to achieve "Zero Discharge"

In November 2012, Maintenance and Utility sections improved on the process of water recycling by increasing steps in the pre-treatment process before the water goes to RO (Reverse Osmosis) Recycle machine to filter out the particles of suspended matters. Consequently, the membrane is less burdened before the water enters the RO recycle. Moreover, there has been an increase in the 700 m<sup>3</sup> water drums to prepare water for the RO recycle system in order to increase the period of microbes killing by chlorine and enhance water capacity, thereby maximizing the water recycling capacity.

As a result, wastewater discharge was reduced from approximately 13,596 m<sup>3</sup> per month (Apr.-Oct.2012) to approximately 1,235 m<sup>3</sup> per month (Nov.2012-Mar. 2013), or a decline of 91%. In addition, tap water consumption for RO production was reduced from approximately 16,195 m<sup>3</sup> per month (Apr.-Oct. 2012) to approximately 7,934 m<sup>3</sup> per month (Nov. 2012-Mar. 2013), or a decline of 51%.

## Waste Water Treatment Plant (WWTP) System Improvement at RO Recycle (Install Pretreatment System by Carbon Filtration &amp; Storage Tank)



## Focus

## Reducing Water Consumption by Proactively Promoting Reuse and Optimal Use

Toyota Kirloskar Motor (TKM)'s manufacturing units get their supply of water from Karnataka Industrial Area Development Board (KIADB), catered by River Kaveri. TKM does not depend on any other source for its water demand.

Water and wastewater handling systems, take utmost care in conserving the precious natural resource—water. We are proactively promoting reuse and optimal use of water.

The state-of-the-art Combined Effluent Treatment Plant (CEPT) is equipped with MBR (Membrane Bio-Reactor) and Reverse Osmosis for enhancing the re-usability of the water. Thus, TKM has been able to recycle 60 percent of the treated wastewater back to the process, at the same time reducing its freshwater consumption by 60 percent.

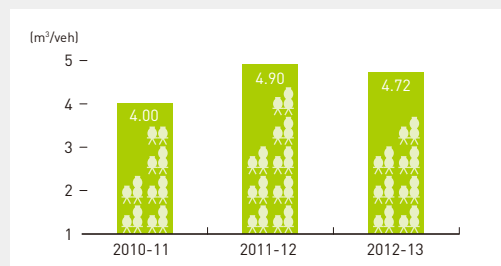


Reverse osmosis unit

## Steps Taken to Strengthen Water Management:

- Establishment of water and wastewater *Ohbeya* to enhance the water management
- Pursuing *Kaizen*-led ideas & enhancing Team Members skill through establishment of Energy & resources *doujou* [kaizen idea demonstration centre]
- Affiliate benchmarking to gather best practices in water reduction
- Review involving cross functional teams and top management

## Water Consumption





## Steady Progress in Recycling at Dealers and Parts Distributors

### Promoting the collection and recycling of damaged and removed parts

Toyota dealers and parts distributors nationwide are promoting recycling as much as possible in their use stage of vehicles through initiatives including the collection of damaged and removed parts such as bumpers and lead from wheel balance weights, using tanker trucks in order to reduce drums for transporting oil and promoting the sales of used parts.

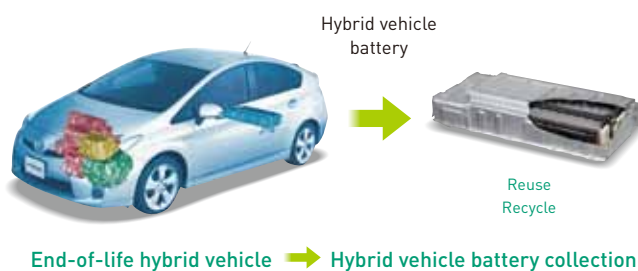


Damaged and removed bumpers collected by parts distributors

## Promoting the Recycling of End-of-life Batteries

Since launching the Prius—the world's first mass-produced hybrid passenger vehicle—in December 1997, Toyota has built its own recovery network to collect end-of-life hybrid vehicle (HV) batteries to be recycled. As of March 31, 2014, Toyota has collected approximately 32,000 end-of-life HV batteries and is recycling all of them. HV batteries contain precious resources such as nickel, cobalt, and rare earth elements. Toyota is developing the world's first vehicle-to-vehicle recycling technologies to enable these precious resources to be reused in new batteries.

Because it is expected that tens of thousands of end-of-life HV batteries will be generated by the middle of the 2020s, Toyota has also developed the world's first technologies for reusing those HV batteries. The batteries are reused as replacement batteries or as stationary storage batteries in photovoltaic power generation systems. Toyota further plans to promote the skillful reuse of batteries from end-of-life vehicles as part of measures to utilize renewable energy in an environmentally considerate manner. When even these reused batteries finally reach the end of their use cycle, their metal parts are recycled into new batteries again.



### STEP1

Reusing HV batteries as replacement Prius batteries

### STEP2

Reusing HV batteries as batteries in photovoltaic power generation systems

\* See "Focus: Example of Toyota Dealer's Environmental Activities" on page 11-12 for more information

### STEP3

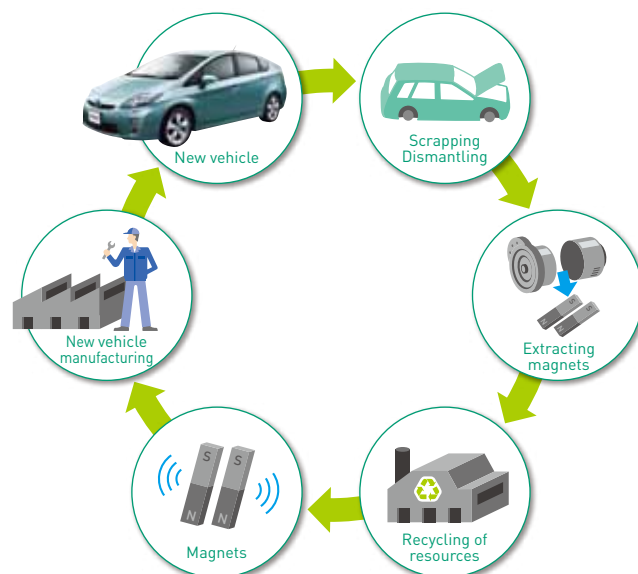
Recycling of rare metals and rare earth elements

## Recovery of Neodymium and Dysprosium from HV Motors

Neodymium and dysprosium, two types of rare-earth elements, are used to make magnets. Toyota is working on the research and development of a motor that uses as little as possible of these rare-earth elements and is also developing vehicle-to-vehicle recycling technologies. It is collaborating with magnet manufacturers to launch a world-first recycling system for extracting neodymium and dysprosium from end-of-life HV motors to be reprocessed back into new magnets.

In FY2012 and FY2013, Toyota affiliates Toyota Metal Co., Ltd. and Toyotsu Recycle Corporation received support from the New Energy and Industrial Technology Development Organization to conduct a verification project. It has now installed equipment for separating magnets from motors and has developed related recycling technologies.

### Toyota's Goal of Magnets Vehicle-to-Vehicle Recycling



## Vehicle-to-vehicle Recycling of Copper Resources in Wiring Harnesses

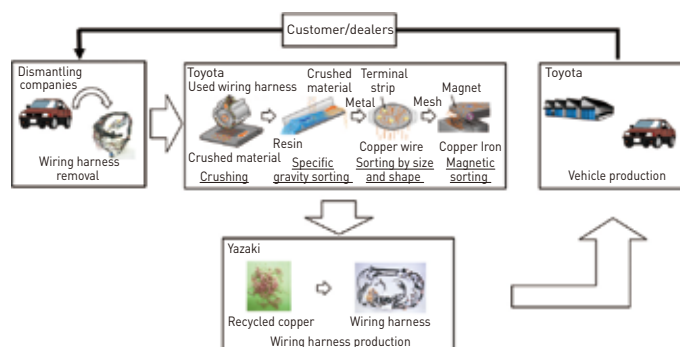
Copper is used in power transmission and other wiring, but roughly 40 years' worth of mineable copper resources remain worldwide and demand for wiring in emerging nations is increasing. In addition, large amounts of copper are used in the motors of hybrid and other next-generation vehicles, which are expected to become increasingly popular going forward. For these reasons, recycling the copper used in wiring harnesses has become a critical issue for the automotive industry. Toyota has therefore collaborated with Yazaki Corporation, Toyota Tsusho Corporation and eight of Toyota Tsusho's dismantling partners in the Chubu region of Japan to develop vehicle-to-vehicle recycling technologies.

Wiring harnesses removed from end-of-life vehicles contain impurities such as fuse boxes and other components, so it has not previously been possible to recycle them into new wire harnesses using mechanical sorting methods. By collaborating with dismantling companies, in 2011 Toyota developed the world's first mechanical sorting method that can prevent contamination from minute impurities. Trial production involving small amounts of recycled copper began at Toyota's Honsha Plant in 2013, with the prospect of being able to stably produce copper with a purity of 99.96 percent being evident in March 2014.

### The Eight Dismantling Companies in the Chubu Region of Japan (in random order)

Company name	Location
New Iwata Corporation	Ichinomiya City, Aichi Prefecture
Johoku Jidosha Kogyo Co., Ltd.	Kasugai City, Aichi Prefecture
Auto Recycle Sanri	Toyota City, Aichi Prefecture
Morita Sharyo Corporation	Handa City, Aichi Prefecture
Yamauchi Shouten Co., Ltd.	Inazawa City, Aichi Prefecture
Kawaguchi Shouten Co., Ltd.	Okazaki City, Aichi Prefecture
Kobayashi-shouten Inc.	Tsu City, Mie Prefecture
Marudai Sangyo Corporation	Ina City, Nagano Prefecture

### Vehicle-to-vehicle Copper Recycling for Wiring Harnesses



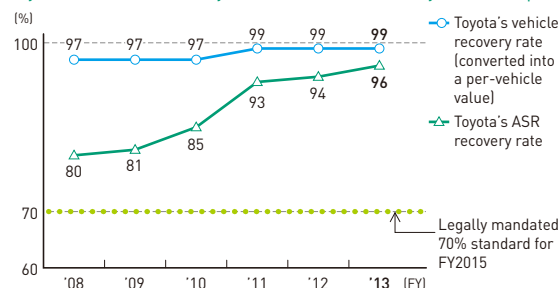
## Sales and Recycling: Promote Compliance with End-of-life Vehicle Recycling Laws and Regulations Worldwide

### Ensuring Compliance with the End-of-life Vehicle Recycling Law in Japan

Toyota has been steadily working with dismantling and recycling companies to ensure compliance with the Japanese End-of-life Vehicle (ELV) Recycling Law that went into effect in January 2005. Toyota collects and treats CFCs/HFCs, recycles/recovers airbags and automobile shredder residue (ASR<sup>1</sup>) from end-of-life vehicles.

In FY2013, the ASR recycling rate was 96 percent, and the vehicle recycling rate, converted into a per-vehicle value, reached 99 percent<sup>2</sup> exceeding the Toyota Recycling Vision goal of 95 percent.

#### Toyota's Vehicle Recovery Rate<sup>2</sup> and ASR Recovery Rate in Japan



<sup>1</sup> Residue after vehicles are shredded

<sup>2</sup> Calculated by adding to the percentage recycled and recovered up to the dismantling and shredding processes (approximately 83%, quoted from the April 2003 joint council report) the remaining ASR rate of 17% × ASR recovering rate of 96%

## Compliance with End-of-life Vehicle Recycling Laws Overseas

All EU member states have established vehicle recycling laws based on the EU ELV Directive enacted in 2000, and as of January 2007 automakers started to take back end-of-life vehicles (ELVs) in most member states. In cooperation with Toyota Motor Europe (TME) and distributors in Europe, Toyota completed the construction of ELV collection networks in 28 EU member states.

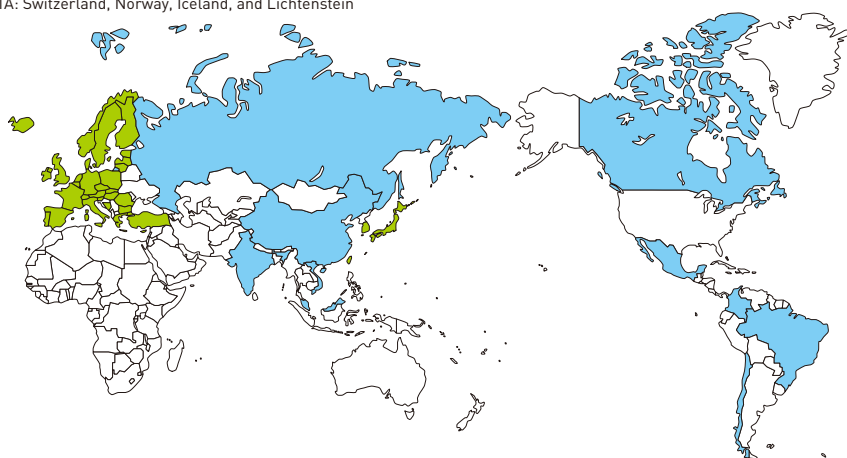
In China, the Recycling Working Group, under the Toyota China Environment Committee, is working closely with local affiliates to promote compliance activities with local automobile recycling laws through measures such as ascertaining regulatory trends and surveying local infrastructure conditions. At the end of February 2014, a plant that received 32 percent of its capital from Toyota Tsusho Group opened in Beijing, with the goal of becoming a model dismantling plant for ELVs in China. This plant receives support such as technical guidance from the Automobile Recycle Technical Center established within Toyota Metal Co., Ltd.

In other countries that are currently considering the introduction of automobile recycling laws, Toyota is implementing necessary responses, including the collection and analysis of relevant information.

### Legislation status

Status	Country/region	Legend
Enacted	EU, EFTA*, Japan, Taiwan, South Korea, and Turkey	
Under study	Russia, India, Malaysia, Singapore, Vietnam, China, Canada, Mexico, Brazil, Chile, and Columbia	

\* EFTA: Switzerland, Norway, Iceland, and Lichtenstein



### Focus

## Toyota Honored with Two Awards from the Japanese Government for Reducing, Reusing, and Recycling

In October 2013, Toyota Motor Corporation was honored for its ongoing efforts to promote a sustainable society by reducing, reusing and recycling resources. At the 3Rs (Reduce, Reuse, and Recycle) Awards hosted by the 3Rs Promotion Council, which is supported by the Japanese government, Toyota and Toyota Tsusho Corporation shared the 2013 Prime Minister's Prize. Toyota was one of the first automakers to respond to the implications of mass production and disposal of vehicles. In 1970, Toyota and Toyota Tsusho Corporation founded Toyota Metal Co., Ltd., the first end-of-life vehicle (ELV) shredding plant established by an automaker, with the goal of reducing the impact of ELVs on the global environment. The Toyota Group has remained committed to the responsible disposal of ELVs, and has developed a wide variety of world-first recycling technologies and systems to recover materials.

As for recycling the hybrid vehicles that have recently been given high priority at Toyota, we are working on developing a world-first technology for recycling the nickel metal hydride batteries as well as motor magnets and other components from end-of-life hybrid vehicles.

Additionally, in an effort to recycle rare metals used in products other than hybrid vehicles, Toyota through collaboration with Sumitomo Electric Industries, Ltd. in 2010 established a business venture involving a system for recycling tungsten, which is used in cemented carbide tools, etc. By applying a new world-first recycling technology to sorted and collected cemented carbide tools generated at Toyota plants, the venture has recovered for re-use 100 percent of the tungsten they contained. By the end of March 2014, approximately 93 tons of tungsten had been recycled.

In the same year, Toyota and Sumitomo Electric Industries, Ltd. were honored for these efforts with a Rare Metal Recycling Award at the 2013 Awards for Resources Recirculation Technologies and Systems, hosted by the Japan Environmental Management Association for Industry, which is supported by Japan's Ministry of Economy, Trade, and Industry.



Collected battery pack



Recovered nickel



Award ceremony for the Prime Minister's Prize

## Focus

## Waste Reduction Based on Two Founding Principles of the Toyota Production System: Eliminate *Muda* and *Kaizen*

As the sales and logistics arm of Toyota in the USA, Toyota Motor Sales operates vehicle and parts distribution operations, bringing vehicles from our assembly plants (our sister company) to the dealerships (independent franchise companies), as well as parts from our suppliers to dealerships to service customers' vehicles. Toyota owes the integration of waste reduction as part of its corporate culture to two founding principles of the Toyota Production System: eliminate *muda* and *kaizen*.

Some bullet points to summarize the big efforts in TMS waste reduction:

- Our largest effort at waste reduction is the packaging reduction from the use of returnable shipping modules. This includes several logistics routes including the Japan-US service parts shipments and many different NA routes
- Our most prominent partnership with the US Zero Waste Business Council. This is the most forward-thinking group in North America and we are working together to shift the focus of waste from landfill avoidance to eliminating waste through design and *kaizen*. They have been a very supportive partner and have both helped us understand the future of the issue as well as provided third-party validation that we are on the right track
- We have been recognized by the US Environmental Protection Agency in their WasteWise\* award for four years now (2010-2013).

\* WasteWise is a free, voluntary EPA partnership program assisting and recognizing businesses, governments and organizations that reduce or eliminate costly municipal solid waste and select industrial wastes, benefiting both the environment and their bottom line

2000

TMC begins using returnable containers to ship parts from Japan to California

2002

North American central parts centers begin using returnable containers to ship service parts to regional parts distribution centers

2013

Returnables are now used by more than 1850 dealers, 150 suppliers and all 22 North American parts and vehicle distribution centers



Last year we were presented our award by the head administrator for our EPA Region who was appointed by the president of the US

### Overall savings

308 million lbs of wood\*

185 million lbs of cardboard

\* 1lb=0.454 kg

That's the equivalent of

2.5 million trees\*



in packaging costs savings

\$445 million

\* Environmental impact estimates for cardboard only were made using the Environmental Paper Network Paper Calculator Version 3.2

TOYOTA  
NORTH AMERICAN  
Environmental

# Environmental Protection and Contribution to a Harmony with Nature Society

## Basic Approach to Environmental Protection and Contribution to a Harmony with Nature Society

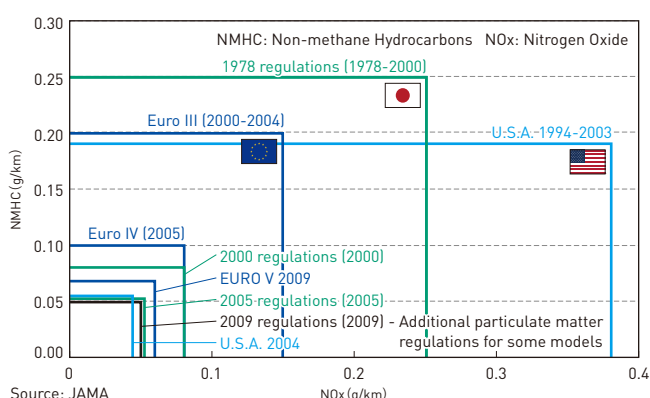
Modern society is built upon the bedrock of our natural environment, cultivated by and inherited from our ancestors. To be able to pass this beautiful, rich natural environment along to our future children, we must do all we can to solve air pollution and other issues. We must also protect the biodiversity cultivated in our natural environment, formed and evolved over our long history, so that we can pass it along to the next generation.

Toyota is implementing various environmental protection measures, such as measures to reduce exhaust gas emissions and manage the usage of chemical substances. At the same time, it is also aware of the critical need for nature and biodiversity conservation, and is engaged in contributing to a society in harmony with nature through its automotive business and social contribution activities.

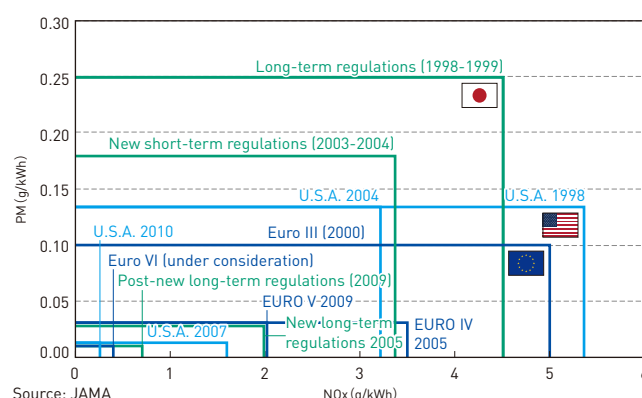
Although it has continued to improve the air pollution situation in Japan and has greatly reduced exhaust gas emissions from vehicles, Toyota is still working hard to develop low-emission technologies, which it is expanding globally, and to reduce volatile organic compounds (VOCs).

In relation to substances of concern (SOCs) Toyota is continuing to reduce the release of chemical substances, covered by the PRTR Law, from its plants. Additionally, in cooperation with its supply chain, Toyota is working to reduce the amount of SOC contained in its products. In line with guidelines compiled in 2008, Toyota is implementing concrete initiatives for biodiversity. With full awareness of the history of local residents, communities and nature, and with their interaction with businesses, Toyota is promoting community contribution activities in order to help build prosperous local communities.

Emission Regulations for Gasoline-Powered Passenger Cars:  
Japan/U.S.A./EU Comparisons



Heavy-Duty Diesel Vehicle Emission Regulations:  
Japan/U.S.A./EU Comparisons



### Toyota's basic stance toward managing usage of chemical substances

#### Production

##### Primary and secondary materials used in vehicle production

- Air Pollution Control Law
- Water Pollution Control Law
- PRTR Law, etc.



#### Products

##### Substances in products and parts

- European ELV Directive and REACH Regulation (SOC standards)
- JAMA voluntary commitments (Four SOC: lead, mercury, cadmium and hexavalent chrome) etc.



#### Sales

##### Substances related to after-sales service

- Body paint
- Long-life Coolant (LLC), etc.



## Development and Design: Reducing Vehicle Exhaust Emissions to Improve Urban Air Quality

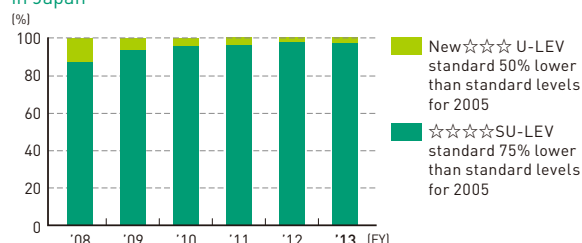
## Vehicles that Meet Japanese LEV Emission Standards

In FY2013, almost 100 percent of Toyota vehicles produced were certified as meeting the Ultra-Low Emission Vehicle (U-LEV) or higher standards by the Japanese Ministry of Land, Infrastructure, Transport and Tourism.

## Percentage of Total Production in FY2013 that Qualifies as LEVs Based on 2005 Exhaust Emissions Standards

Classification	Reduction level	Percentage of total production
New☆☆☆☆ U-LEV standard	50% lower than standard levels for 2005	2.4%
☆☆☆☆ SU-LEV standard	75% lower than standard levels for 2005	97.2%

## Low-Emission Vehicles as a Percentage of Total Production in Japan



## FY2013 Vehicles that Meet Japanese LEV Emissions Standards

Low-emissions level	★★★★ SU-LEV	★★★ U-LEV
Vehicle series	No. of models	No. of models
GS300h	1	0
IS300h	1	0
Crown Majesta	1	0
Harrier	3	0
Noah	5	0
Voxy	5	0
Corolla Axio	1	0
Corolla Fielder	1	0
Total	18	0

## Development and Design: Strengthen the Management of Chemical Substances Contained in Products

## Management and Reduction of 4 Key SOC's

All of Toyota's production affiliates in Japan and overseas are completely eliminating the use of the four key substances of concern (lead, mercury, cadmium, and hexavalent chrome). In October 2013, the United Nations adopted the Minamata Convention on Mercury, which bans the manufacture and import/export of products containing mercury as a rule beginning in 2020. However, mercury has already been eliminated from automobiles.

In FY2013, hexabromocyclododecane (HBCD), named as a substance for restriction and elimination under the Stockholm Convention on Persistent Organic Pollutants, better known as the POPs treaty, became a Class 1 Specified Chemical Substance, banning its manufacture and use, under the Japanese Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Law). Toyota has already ceased use of HBCD as a flame retardant for car fabric.

## Status of Initiatives to Eliminate the Usage of the 4 Key SOC's

4 key SOC's	All production affiliates in Japan	Major overseas plants
Lead, mercury, cadmium and hexavalent chrome	Eliminated*	Eliminated*

\* Excluding uses exempt under laws and regulations in each location



## Ensuring Compliance with REACH and Other Global Regulations on Chemical Substances

Following the World Summit on Sustainable Development, held in Johannesburg in 2002, and adoption of the Strategic Approach to International Chemicals Management (SAICM), there have been an increasing number of chemical substance management regulations being implemented globally. The international trend in regulations on chemical substances is changing from one of hazard management, which focuses only on the toxicity of individual substances, to one of risk management, which takes into consideration the degree of impact on people, plants and animals. For this reason, it is now necessary to also consider in what sort of situation the chemical substances are being used. In addition to the Japanese Chemical Substances Control Law, and the European ELV Directive<sup>1</sup> and REACH Regulation<sup>2</sup>, North America and Asia are introducing their own regulations on chemical substances.

These regulations require corporations to collect information on the chemical substance content of their products and manage their supply chains. Toyota has built and is operating a chemical substance management framework in cooperation with its suppliers.

In FY2013, Toyota standardized compliance with the European REACH Regulation and other chemical substance management regulations, and has propagated the framework globally. To promote compliance, it is sharing the Toyota Green Purchasing Guidelines with suppliers through each Toyota affiliate.

<sup>1</sup> ELV Directive: European directive on end-of-life vehicles

<sup>2</sup> REACH Regulation: European regulation on registration, evaluation, authorization and restriction of chemicals

### Toyota Green Purchasing Guidelines published around the world



## Production and Logistics: Reduce Substances of Concern (SOC) in Production Activities

### VOC\* Emissions from Paint Reduced to an Average of 19g/m<sup>2</sup> in Body Painting Processes

#### Purpose of Activities

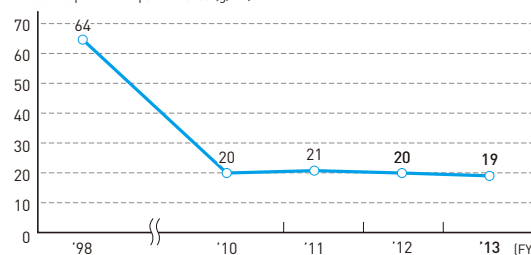
Volatile organic compounds (VOCs) are one of the causes of photochemical oxidation, the cause of photochemical smog. TMC is promoting initiatives to reduce VOCs emitted in the painting process.

#### Progress in FY2013

TMC has continued efforts to limit use of solvents in washing processes and recapture a larger percentage of solvent, and as a result has reduced total VOC emissions from TMC body paint lines to 19g/m<sup>2</sup>.

#### Trends in VOC Emissions Volume in TMC Vehicle Body Painting Processes (Average for All Lines)

Emissions per unit of painted area [g/m<sup>2</sup>]



\* Volatile Organic Compounds

## Promoting Measures in Accordance with the Toyota Biodiversity Guidelines

### Purpose of Activities

Biodiversity delivers many benefits in the way of blessings from nature. However, overhunting and overfishing of rare species and destruction of forests and other ecological systems is causing the extinction of approximately 40,000 different species every year, so biodiversity is facing a real crisis.

In 1992, the United Nations Conference on Environment and Development, informally known as The Earth Summit, was held in Rio de Janeiro, Brazil, where they adopted two conventions addressing important global environmental issues; The Convention on Biological Diversity and The United Nations Framework Convention on Climate Change. In 2010, the Conference of the Parties to the Convention on Biological Diversity (COP10) was held in Nagoya, Japan, where they reached agreement on a number of matters including the Aichi Biodiversity Targets, common targets to halt the loss of biodiversity, and the Nagoya Protocol, providing a framework for access to genetic resources and the fair and equitable sharing of benefits arising from their utilization to the Convention on Biological Diversity.

Ahead of the COP10 conference, as part of activities aimed at realizing a sustainable global environment and a sustainable society, Toyota formulated the Biodiversity Guidelines based on the Toyota's Guiding Principles in March 2008. The Guidelines describe our fundamental approach to biodiversity-related activities and specify three areas of activity: contribution through technology, collaboration and cooperation with society, and information disclosure. Based on the guidelines, we conduct concrete activities in the area of biodiversity.

### Progress in FY2013

In FY2013, Toyota continued to steadily implement these initiatives with a focus on full communication with stakeholders and enhancement of environmental education (developing human resources).

May 2013	In May 2013, the Toyota Environmental Activities Grant Program held its first meeting for reporting activity results and promoting information exchange. Eight environmental organizations in Japan and overseas, from among the projects supported by the program, presented their results at the meeting.
July 2013	As a result of increased environmental awareness, the Toyota Shirakawa-Go Eco-Institute revised its basic principles and launched new programs from FY2014 for the purpose of further enhancing its environmental education activities, and contributing to and building trust with local communities.
December 2013	At the Eco-Products Exhibition, an area of the Toyota booth was set up for presentations, and personnel from the Forest of Toyota and the Toyota Shirakawa-Go Eco-Institute explained Toyota's environmental education programs and held quizzes and other activities for approximately 500 visitors in a total of 21 sessions.
March 2014	Toyota co-sponsored the Junior Eco-clubs' All-Japan Festival with the Japan Environment Association, where the Toyota Shirakawa-Go Eco-Institute was introduced and information on the hands-on nature programs conducted at the institute were explained to approximately 200 children and their guardians using videos and pamphlets.



Meeting to report activity results for the Toyota Environmental Activities Grant Program



Environmental education for visitors to the Eco-Products Exhibition

### Main Examples of Toyota's Biodiversity Conservation Activities

Classification	Action Item	Details
Contribution through technology	Measures to help prevent further global warming	<ul style="list-style-type: none"> <li>Improved fuel efficiency on a global scale</li> <li>Reduced CO<sub>2</sub> emissions in production and logistics activities</li> </ul>
	Measures to reduce atmospheric pollution	<ul style="list-style-type: none"> <li>Reduced emissions of vehicle exhaust gases</li> <li>Reduced VOC emissions</li> </ul>
	Promotion of resources recycling	<ul style="list-style-type: none"> <li>Recycling of rare metals and rare earth elements</li> <li>Expanded the use of recyclable materials</li> </ul>
	Afforestation activities at plant sites	<ul style="list-style-type: none"> <li>Planted native vegetation types in Toyota plants in Japan and overseas</li> </ul>
	Reforestation	<ul style="list-style-type: none"> <li>Conducted forest thinning in Mie Prefecture to restore undergrowth</li> </ul>
	Initiatives for new Toyota R&D Center (lot)	<ul style="list-style-type: none"> <li>Engaged in preservation of habitats for rare animals and plants</li> <li>Undertook environmental improvements around <i>yatsuda</i> rice paddies</li> <li>Conducted maintenance of <i>satoyama</i></li> </ul>
Collaboration and cooperation with society	Human resource development and the protection of rare species	<ul style="list-style-type: none"> <li>Education for Sustainable Development at Toyota Shirakawa-Go Eco-Institute and Forest of Toyota</li> </ul>
	Global afforestation	<ul style="list-style-type: none"> <li>Conducted afforestation in the Philippines using indigenous plant species</li> </ul>
	Toyota Environmental Activities Grant Program	<ul style="list-style-type: none"> <li>Provided support to environmental programs, focusing on the issues of biodiversity and global warming</li> <li>Created pamphlet introducing Grant Program</li> </ul>
	Initiatives for new Toyota R&D Center	<ul style="list-style-type: none"> <li>Provided information on local governments' environmental measures</li> </ul>
Information disclosure	Reports and website	<ul style="list-style-type: none"> <li>Disclosed information regarding Toyota's environmental initiatives in the report "Respect for the Planet—Toyota's Environmental Initiatives" and on the Toyota website</li> </ul>
	Strengthened communication with relevant organizations	<ul style="list-style-type: none"> <li>Explained Toyota's environmental education programs and other activities at the Eco-Products Exhibition</li> <li>Provided information on hands-on nature programs at the Junior Eco-clubs' All-Japan Festival</li> </ul>
	Initiatives for new Toyota R&D Center	<ul style="list-style-type: none"> <li>Published booklets for children introducing creatures representative of <i>satoyama</i> environments</li> <li>Compiled and published findings from survey in academic journals</li> </ul>

## Focus: Initiative for Conserving Biodiversity

## Initiatives at the New Toyota R&amp;D Center Promoting Harmony with the Natural Environment and Local Communities

In order to develop sustainable next-generation mobility, Toyota is proceeding with plans to construct a new R&D facility in Toyota City and Okazaki City. In pursuing this project, Toyota set out to build a technical center that operates in harmony with both the natural environment and local communities. About 60 percent of the total project site will be preserved as areas for the regeneration of forest and restoration of *yatsuda* rice paddies, and their management. Toyota is also actively sharing information that includes the status of these initiatives and the knowledge gained through them.



Site map of the new R&amp;D Center

Progress in FY2013: Conserving biodiversity through conservation of the grey-faced buzzard, the apex predator in *satoyama*

The grey-faced buzzard is a rare migratory raptor that has been classified as “vulnerable” on the Ministry of the Environment’s Red List. When spring arrives, this bird migrates to Japan to build nests in *satoyama* consisting of forests and *yatsuda* rice paddies, feeding on the frogs and snakes that inhabit the rice paddies and surrounding areas. However, due to the aging of farmers and the lack of successors in recent years, increasing farmland is being abandoned and forests are being left unmanaged, gradually reducing the habitat suitable to the grey-faced buzzard.

Therefore, in this project, we are doing our best to avoid altering areas the grey-faced buzzard has been confirmed to inhabit and to preserve the remaining forests and *yatsuda* rice paddies as new habitat for the bird. Specifically, we are thinning the forests and restoring the abandoned rice paddies to improve the biodiversity of the areas that the buzzard’s prey inhabit, installing hunting perches, and widening the ridges between rice paddies to make them hunting-friendly. We are also managing fallowed fields and keeping them under water throughout the year to make them better habitat for prey. Thanks to these initiatives, a grey-faced buzzard was observed using the installed perch in April 2014, marking the first step toward conservation of this species.

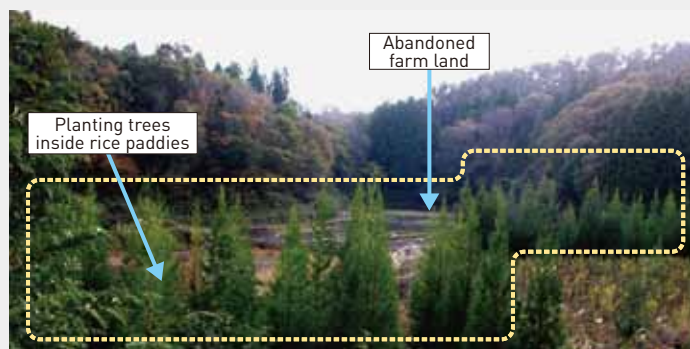
## Status of initiatives



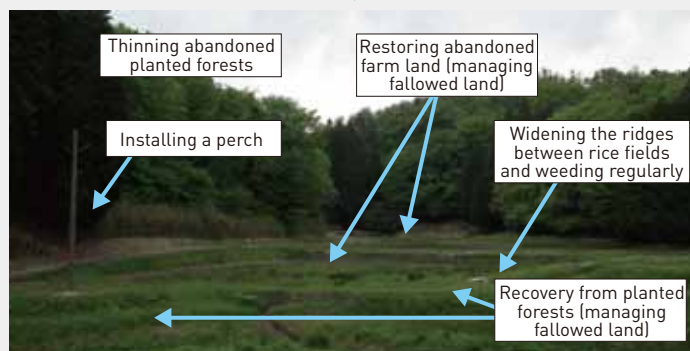
Grey-faced buzzard (photographed by Aichi Public Enterprise Bureau in May 2012)



Grey-faced buzzard utilizing an installed perch (photographed by Aichi Public Enterprise Bureau in April 2014)



Before the initiative (November 2008)



After the initiative (May 2014)



## Focus

## Toyota Forges Ground-breaking, Long-term Partnership with Kew Gardens to Foster Biodiversity at Its UK Operations

Toyota has established a partnership with the Royal Botanic Gardens at Kew to strengthen the environmental quality of its UK operations, supporting Toyota's global principle of working in harmony with the environment. The aim is to demonstrate how an industrial site can support biodiversity and secure a green legacy for the future, without compromising the cost or efficiency of its core business.

Toyota's UK vehicle plant site covers 235 hectares and is home to more than 400 recorded plant and animal species, some of them rare and protected. Toyota plans to restore more than 230,000 m<sup>2</sup> by 2020 with Kew providing expert advice in horticulture, land restoration, seed quality and project implementation.

The project has already revealed an area of ancient meadowland on the site, from which large quantities of grass seed have been harvested, dried and stored in Kew's Millennium Seed Bank, ready for planting in other locations.

The Derbyshire Wildlife Trust is also collaborating in the project which is also being used to teach employees the importance of biodiversity and sustainability.

At Toyota's UK Sales headquarters in Surrey, new landscaping and planting has been undertaken restoring natural habitats using native plant species from the surrounding countryside to create an Eco-HQ.

Further afield, Kew experts have also been engaged to help biodiversity projects at Toyota's European headquarters in Brussels, technical centre in Zaventem and parts logistics centre in Diest, in Belgium.



On the Planting at Toyota photo names left to right are: Andy Jackson, Director of Wakehurst Place, Royal Botanic Gardens, Kew, Tony Walker, Deputy Managing Director, Toyota Manufacturing UK and Heather Wheeler, South Derbyshire MP planting the County flower of Derbyshire the Jacob's Ladder



## Outline and Purpose of Program

The Toyota Environmental Activities Grant Program was inaugurated in 2000, commemorating Toyota's receipt of the prestigious Global 500 Award, to further demonstrate Toyota's responsibility for the environment and sustainable development. Since then, as part of its social contribution activities, Toyota has been conducting the Grant Program to support environmental activities implemented by NPOs and other non-profit private groups.

## Scope of Grant Projects

In the belief that "*monozukuri* is about developing people," Toyota is supporting the activities of non-profit organizations that promote projects to foster individuals seeking solutions of environmental issues, and to contribute to practical problem-solving for those issues (grant themes: biodiversity conservation and global warming).

In October 2013, 24 projects were selected for support under the grant program in FY2013. Including the project titled "Development of Sustainable Rural Communities based on Conservation and Responsible Use of Biological Diversity," conducted by the Japan Council on the UN Decade of Education for Sustainable Development (ESD-J), a number of the projects selected were related to education for sustainable development and helping with Tohoku Revitalization.

## Examples of Grant Recipient Projects in FY2013

## Indonesia

### Promotion of Environmental Education in Indonesia through Oral Tradition Project Kyouzonomori Network (Network for Coexistence with Nature)

For Indonesia, the problem of forest loss has become a serious problem, so there is a pressing need to promote environmental education to the next generation.

This project aims to promote environmental education programs using an oral tradition technique that involves high school children visiting local experts on the forests, seas and rivers, asking them about their knowledge, technologies, thoughts and personalities, and recording that information. They listen to the experts again and again and the speech is written down so that the values and feelings of those experts can be understood. In multiracial Indonesia, listening to the speech of experts, who speak languages other than the official language, is providing local high school children with opportunities to reflect on the traditional culture of the region and ethnic groups.



Oral tradition interview

## Comments from participating students

- "I felt that life is long. The experts overcame difficulties and survived."
- "I live in a city, but this has enabled me to feel closer to life in rural communities."
- "I would like to try this oral tradition technique in my own local area to discover the beauty of my area."

## Japan

### Planting of Trees to Cultivate New Plant Life in Tohoku

NPO Donguri-Mongori

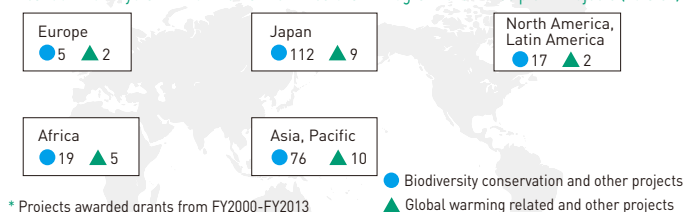
The City of Iwanuma in Miyagi Prefecture suffered severe damage through the Great East Japan Earthquake, and entire coastal villages were forced into mass migrations due to the tsunami. This project is constructing a park area called the "Millennium Hope Hills" to provide a safe area to escape to if a tsunami comes again. The hills are being built on the flooded areas from the rubble left in the wake of the tsunami, and participants are planting trees together to create new forests.

This project involves children in the Tokai Region receiving seeds from the Tohoku Region, from trees that can withstand tsunamis, and raising them into seedlings. The practical activity then involves the group of children sending the seedlings back as a present of nature to the Millennium Hope Hills. The project aims to foster sympathetic minds among the children who will one day lead the century of the environment, enabling them to learn about the symbiosis between oak forests, rivers and seas, the wonders of nature, and diverse ecosystems, and providing them with actual experience in raising seedlings and creating forests in river catchment areas.



City of Iwanuma children planting trees raised by children in the Tokai Region

## Breakdown of Toyota Environmental Activities Grant Program Grant Recipient Projects (Totals\*)



\* Projects awarded grants from FY2000-FY2013

## Assistance Provided to Date

Over the 14 years since the Grant Program was established in 2000, it has provided support to 257 projects in 51 countries and regions worldwide.

Country/region of implementation	Asia (excluding Japan), Pacific	North America Latin America	Africa	Europe	Japan	Total
FY2013	8	0	2	0	14	24
Cumulative total*	86	19	24	7	121	257

\* FY2000-FY2013

# Appendix

## Status of Major Environmental Data in Japan for FY2013

Area	Item	Key indicator (unit)		FY1990	FY1995	FY1998	FY2001	FY2011	FY2012	FY2013	Related pages	
Product	Exhaust gases	Percentage of total production that achieves emission levels 50% lower than 2005 gasoline standards		—	—	—	—	4.0%	2.3%	2.4%	11-27	
		Percentage of total production that achieves emission levels 75% lower than 2005 gasoline standards		—	—	—	—	95.5%	97.4%	97.2%		
	Clean-energy vehicles	Number of units sold [units]		—	—	—	—	456,936	658,585	718,541	—	
		Electric vehicles [units]		—	—	—	—	0	19	0		
		Hybrid vehicles [units]		—	—	—	—	456,873	658,517	718,497		
		CNG vehicles [units]		—	—	—	—	63	49	44		
	Average fuel efficiency by weight category [km/L] (gasoline-powered passenger vehicles)	10·15 test-drive mode (Note 1)	703 - 827kg		17.6	17.6	—	—	—	—	—	—
			828 - 1,015kg		12.3 (average)	12.3 (average)	—	—	23.2	—	—	
			1,016 - 1,265kg						21.5	—	—	
			1,266 - 1,515kg						27.0	—	—	
			1,516 - 1,765kg		8.5 (average)	8.0 (average)	—	—	14.1	—	—	
			1,766 - 2,015kg						11.5	—	—	
			2,016 - 2,265kg						11.3	—	—	
			2,266kg -						8.0	—	—	
		JC08 test-drive mode	601 - 740kg		—	—	—	—	—	30.0	32.4	11-10
			741 - 855kg						—	26.2	27.7	
			856 - 970kg						—	20.9	20.9	
			971 - 1,080kg						—	27.1	26.9	
			1,081 - 1,195kg						—	24.4	25.1	
			1,196 - 1,310kg						—	16.7	17.2	
			1,311 - 1,420kg						—	25.9	25.9	
			1,421 - 1,530kg						—	21.6	21.4	
			1,531 - 1,650kg						—	14.7	16.0	
			1,651 - 1,760kg						—	14.4	18.0	
1,761 - 1,870kg			—	11.7					12.8			
1,871 - 1,990kg			—	10.9					10.7			
1,991 - 2,100kg			—	10.7					9.8			
2,101 - 2,270kg			—	14.0					12.5			
2,271kg -			—	8.2					7.9			
Production			CO2 (Note 2)	Total emissions volume [calculated in CO2 equivalent in million tons]					2.11 (Note 4)	—	—	
	Emissions volume per unit produced [calculated in CO2 equivalent in tons/unit]			—	—	—	—	0.46	0.41	0.41		
	Substances of concern	VOC emissions volume per body area (g/m²)		—	—	64	—	21	20	19	11-28	
	Waste (Note 3)	Volume of waste per unit produced (kg/unit)		—	—	—	29.5	14.1	12.1	12.4	11-18	
Recycling	Recycling rate	Vehicle recycling/recovery rate (%)		—	—	—	—	99	99	99	11-23	

Note 1: The fuel efficiency figures for FY1990 were calculated by converting the figures obtained in the Japanese 10 test-drive mode to the 10-15 test-drive mode

Note 2: Since non-production bases were also brought under the scope of the reduction goals in FY2005, figures include company-wide emissions from FY1990

Note 3: Zero landfill waste was achieved in FY2000 and has been maintained ever since

Note 4: Total figure for the period from January to December 1990

For information on indices other than in the environmental data listed above, please visit the following webpage

 <http://www.toyota-global.com/sustainability/environment/data/>



Environmental accounting at Toyota is based on a classification of environmental costs into “environmental investments”<sup>1</sup> and “maintenance costs”<sup>2</sup>. Toyota also calculates the economic effects and eco-efficiency of its activities. For details on the effects of measures implemented to reduce environmental impact, please see the section “Status of Major Environmental Data in Japan for FY2013” on page 11-33.

<sup>1</sup> Environmental costs, such as those for research and development of environmentally considerate products, whose effects are judged to extend beyond the current term into the future  
<sup>2</sup> Environmental costs other than environmental investments

## Environmental Costs Calculation scope: Toyota Motor Corporation (unconsolidated)

### Actual Results Based on Toyota's Format

(Unit: billion yen)

Classification	Item		Details	FY2011	FY2012	FY2013
Environmental investments	Research and development			262.4	270.6	303.2
	Recycling-related			0.7	0.7	0.7
	Other (social contribution, ISO certification, education and training, etc.)			1.1	0.8	0.3
	Plant and equipment investment <sup>2</sup> primarily for environmental action	Prevention of global warming		0.4	0.2	0.2
		Waste processing		0.1	0.0	0.1
		Pollution prevention, etc.		1.1	0.8	0.6
				1.6	1.0	0.9
		Expenses for environmental action included in normal plant and equipment investment		6.8	7.9	7.2
Subtotal for environmental investments			272.6	281.0	312.3	
Maintenance costs	Expenses related to environmental measures	Waste processing	1.9	1.9	2.0	
		Waste water treatment	0.3	0.3	0.5	
		Atmospheric pollution and odor abatement	0.8	0.9	1.0	
		Global environmental preservation	0.8	0.7	0.6	
	Awareness-building	Advertising, public relations, etc.	10.3	16.9	27.2	
	Professional environmental staff	Personnel <sup>4</sup>	1.9	2.0	2.1	
	Environmental restoration	Vehicle recalls	0.0	4.6	0.0	
		Soil and groundwater remediation	0.3	0.3	0.2	
	Subtotal for maintenance costs			16.3	27.6	33.6
Total (as a percentage of net sales)			288.9 (3.5%)	308.6 (3.2%)	345.9 (3.1%)	

### FY2013 Actual Results Based on the Ministry of the Environment's Format

(Unit: billion yen)

Classification		Toyota		5 body manufacturers <sup>5</sup>	
		Investment	Costs	Investment	Costs
1. Business area costs	(1) Pollution prevention	0.3	1.5	0.5	2.4
	(2) Global environmental conservation	7.6	0.6	2.9	0.4
	(3) Resource circulation	0.1	2.0	0.3	1.8
2. Upstream/downstream costs	Amount allocated to recycling related and industry organizations	0.0	0.7	0.1	0.1
3. Administration costs	Environmental advertisements, environmental report publication, professional environmental staff, etc.	0.0	29.4	0.3	2.1
4. Research and development costs	R&D for reducing substances of concern	0.0	303.2	0.4	35.4
5. Social activity costs	Contribution to environmental preservation organizations, etc.	0.0	0.2	0.0	0.0
6. Environmental remediation costs	Soil and groundwater remediation, etc.	0.1	0.2	0.0	0.3
Total		8.1	337.8	4.5	42.5
		345.9		47.0	

<sup>3</sup> Depreciation expenses of investments in plant and equipment are not included in these costs. Reference: FY2013 total R&D expenses: 796.1 billion yen; total investment in plant and equipment: 179.3 billion yen

<sup>4</sup> The figures for FY2011 and FY2012 have been revised due to errors in the totals

<sup>5</sup> Five body manufacturers: Toyota Motor East Japan, Inc., Daihatsu Motor, Toyota Auto Body, Hino Motors, and Toyota Motor Kyushu (Calculations made on the basis of standards used by each company)

### FY2013 Actual Results for Overseas Affiliates

(Unit: billion yen)

	Investment	Costs	Total
TMT (Thailand)	0.7	0.4	1.1
Kuozui Motors (Taiwan)	0.4	0.6	1.0

## Economic Effects

### Actual Effects

(Unit: billion yen)

	FY2011	FY2012	FY2013	FY2013 results for the 5 body manufacturers
Reduction in energy costs through energy saving measures	0.8	1.3	1.0	1.7
Reduction in waste processing costs	0.2	0.0	-0.2	0.0
Sales of recyclable goods	6.5	4.4	5.8	8.4
Other (income from environment related technologies, etc.)	0.2	9.5	9.8	0.0
Total	7.7	15.2	16.4	10.1

### Customer Benefits: reduction in gasoline consumption due to a switch to hybrid vehicles

(Unit: billion yen)

	FY2012 <sup>6</sup>	FY2013	Cumulative reduction since the launch of the first generation Prius in December 1997 <sup>7</sup>
Japan	158.1	233.5	802.9
Worldwide	469.5	685.6	2,590.2

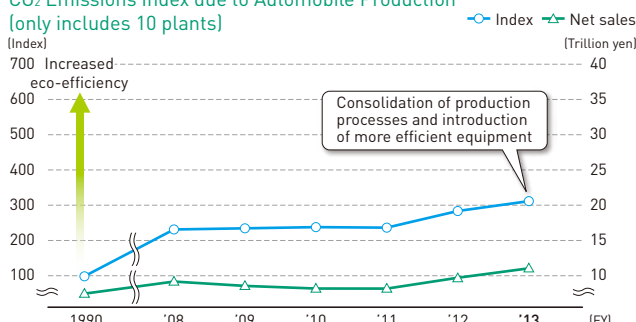
### Calculation Method for Customer Benefits in Japan in FY2013

- Cumulative Difference in average annual fuel efficiency<sup>7</sup> x number of vehicles owned in the particular fiscal year<sup>8</sup> x average annual distance traveled<sup>9</sup> x average gasoline price in FY2013<sup>10</sup>
- Fiscal year (Difference in average annual fuel efficiency x number of vehicles owned in the particular fiscal year x average annual distance traveled x average gasoline price in FY2013)—customer benefits to FY2012

- <sup>6</sup> The figures for FY2012 have been revised due to errors in the totals  
<sup>7</sup> Difference in fuel efficiency between hybrid vehicles on the road in the particular fiscal year and corresponding models of gasoline-powered vehicles. Fuel efficiency converted into actual fuel efficiency based on the 10-15 Japanese test mode until 2012, and on the JC08 Japanese test mode from January 2013  
<sup>8</sup> Of the total number of hybrid vehicles sold each year, the number of vehicles owned by each customer as estimated by Toyota based on the average vehicle age  
<sup>9</sup> Average annual distance traveled by passenger cars according to the Japanese Ministry of Land, Infrastructure, Transport and Tourism's "Automobile Transportation Statistics": 10,000 km  
<sup>10</sup> National average gasoline price (including consumption tax) in FY2013, according to the Oil Information Center of The Institute of Energy Economics, Japan: 157.1 yen

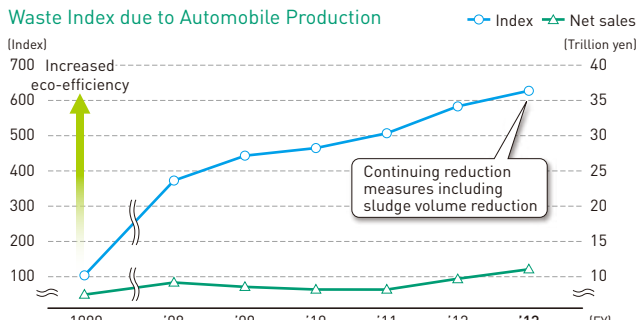
## Eco-efficiency (Net Sales/Environmental Impact)

### CO<sub>2</sub> Emissions Index due to Automobile Production (only includes 10 plants)



\* The CO<sub>2</sub> emission index shown in the graph above is the ratio of net sales to the volume of CO<sub>2</sub> emissions, with a value of 100 assigned to the FY1990 level

### Waste Index due to Automobile Production



\* The "waste index" shown in the graph above is the ratio of net sales to the volume of waste generated, with a value of 100 assigned to the FY1990 level

# Social Contribution Activities

## Basic Philosophy regarding Social Contribution Activities

### Toyota Has Maintained Its Founding Principle of Contributing to Society and Undertaking Active Measures in a Wide Range of Fields to Enrich the Lives of Communities

Toyota conducts social contribution activities around the world for the developing of thriving societies and their continuous development with the aim of being a good corporate citizen that is respected by society.

Toyota has a long history of social contribution activities that can be traced back to Sakichi Toyoda. Sakichi devoted his life to research, development, and support that was useful to society including the invention of the automatic loom in 1890 and a pledge of 1 million yen (at the time) to the Imperial Invention Institute in 1925 to encourage battery-related inventions. This spirit was handed down to Kiichiro Toyoda, the founder of Toyota Motor Corporation, and the Five Main Principles of Toyoda, which espouse contributing to the development and welfare of the country and feelings of gratitude were formulated in 1935 in accordance with his dying request. The precepts have been handed down in an unbroken line to the present.

Since its foundation, Toyota has sought to contribute to the development of society based on the fundamental principle of creating a thriving society through manufacturing and car making. The Corporate Citizenship Activity Committee was established in 1989 under the leadership of the president, and the CSR Principles were adopted in 1995 and revised in April 2005. Toyota has established systems for the steady implementation of CSR programs and is undertaking collaboration on a global scale.

In the 1960s and 1970s, the focus of activities was on measures to improve traffic environments including research and proposals on traffic policy and traffic safety educational programs. In the 1990s, in addition to traffic safety programs, Toyota also conducted programs in Japan to support science and technology, promote culture, and address environmental issues. Toyota also expanded the scope of its CSR activities globally to include education and the environment. In 1998, we set the environment, traffic safety, and human resource development as three global priority fields, and in Japan supplemented their fields with the arts and culture and a society in harmony with nature, undertaking active CSR measures by using our resources including technology and expertise. In November 2009, the CSR Committee consolidated the arts, culture, and a society in harmony with nature into society and culture. Also, emphasis was placed on support for volunteerism and sustaining automotive culture and manufacturing culture.

The Toyota Global Vision announced in March 2011 incorporates our commitment to pursuing ever-better cars that exceed customer expectations and enriching the lives of communities to make people's lives better. The global development of Toyota's business is supported by numerous customers and stakeholders, and it is precisely for this reason that we believe it is essential that we work to enrich the lives of communities by addressing the social issues of each region and country where our business has benefited as a member of the community.

Some of these initiatives are introduced here in the "Social Contribution Activities" Section.

### The Guiding Principles at Toyota and the Basic Principles and Policies of Social Contribution Activities

The Basic Principles and Policies of Social Contribution Activities are positioned below the Guiding Principles at Toyota and the explanatory Contribution towards Sustainable Development are intended to clarify the objectives of Toyota's stance concerning social contribution activities as well as the scope of those activities. The central theme of the principles is "creating a prosperous society and achieving sustainable development." This fundamental notion is shared throughout Toyota globally.

#### Guiding Principles (Abstract)

1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities

Wherever we do business, we actively promote and engage, both individually and with partners, in philanthropic activities that help strengthen communities and contribute to the enrichment of society.

### Principles of Social Contribution Activities

Principles and Policies for Social Contribution Activities were formulated based on the Toyota Guiding Principles at Toyota and the CSR Policy created in 2005.

Purpose	We in the Toyota Group will undertake social contribution activities to contribute to sustainable social vitality
Stance	We will maximize the benefits of our social contribution activities by working with partners; by using our resources effectively; and by concentrating on initiatives that address real social needs, including the need for fostering human resources
Employee participation	We will support independent social contribution activities that our employees undertake as members of the community
Information disclosure	We will disclose information about our social contribution activities, aiming to promote the development and improvement of societies
Global perspective	We will adopt a global perspective on social contribution activities while adapting our activities to needs and circumstances in each nation and region where we operate

### Social Contribution Activity Initiative Fields (Focus Areas)

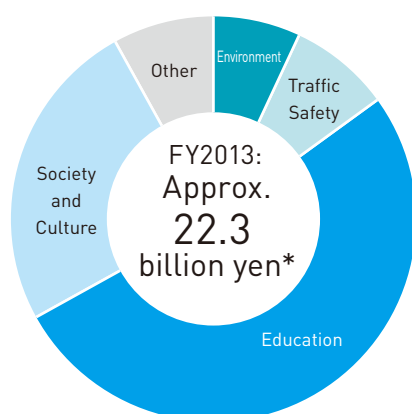
All Toyota affiliates conduct independent social contribution activities centered on three focus fields—environment, traffic safety and education—with other fields added in accordance with local societal needs.

In Japan, support of the “society and culture” has been added to the three focus fields. Emphasis is also placed on employee volunteer activities, with programs promoted through utilization of Toyota’s expertise and resources.

Furthermore, as we aim to contribute to society through *monozukuri* (manufacturing), we will put our efforts into carrying on automobile and manufacturing culture.

### Results of Social Contribution Activities (FY2013)

The results of social contribution activities by field are as follows.



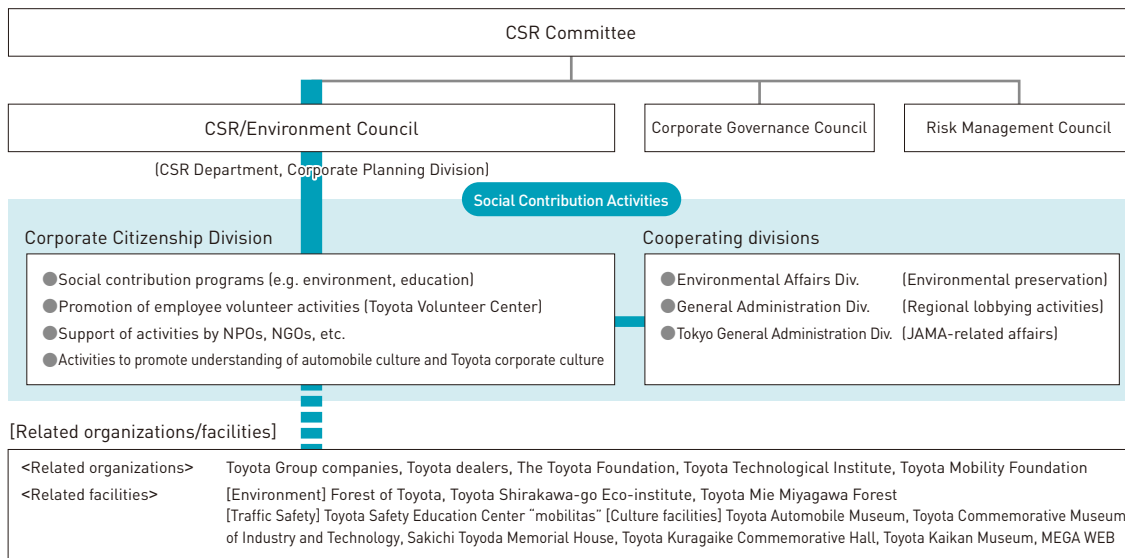
\* Toyota and major subsidiaries on a consolidated basis

Results for overseas affiliates have been calculated in Japanese yen based on the average exchange rate for fiscal 2013.

## [Japan] Domestic Implementation Structure centered on Corporate Citizenship Division

In 1989, Toyota established the Corporate Citizenship Activity Committee chaired by the company president and comprised of relevant directors to act as the highest level decision-making body. It was renamed the CSR Committee in October 2007 after taking on several new functions previously carried out by other internal organizations. The Corporate Citizenship Division, a specialized division for corporate social contribution activities, plays a lead role in deploying activities. In April 2014, in order to allow CSR and environment issues to be discussed together, the CSR Committee and the Environment Committee were integrated and the CSR/Environment Council placed thereunder. Social contribution activities are planned by this council.

### Domestic Implementation Structures



## [Overseas] Implementation Structure Centered on Toyota Regional Headquarters

Toyota and Toyota regional headquarters in North America, Europe, Asia and China have formed a network to strengthen their promotional efforts. The regional headquarters conduct promotional activities within their regions while maintaining close communications with Toyota.

### Overseas Implementation Structure

U.S.	Society Contribution Committee meetings are held at TMA <sup>1</sup> three or four times a year to discuss separate projects, budgets and policies having to do with strategic donations
Europe	Society Contribution Committee meetings are held at TME <sup>2</sup> twice a year to review and support projects by businesses in countries within the region
Asia	TMAP <sup>3</sup> reviews and supports projects by businesses in countries within the region
China	TMCI <sup>4</sup> promotes activities in China based on local needs, with advice from various experts

<sup>1</sup> TMA: Toyota Motor North America

<sup>2</sup> TME: Toyota Motor Europe

<sup>3</sup> TMAP: Toyota Motor Asia Pacific

<sup>4</sup> TMCI: Toyota Motor (China) Investment

## Basic Philosophy regarding Environmental Measures

With regard to the environment, one of the priority areas of social contribution activities, Toyota actively undertakes environmental education, support for environmental programs, and reforestation to support the sustainable development of thriving societies. Considering that forests are the basis of a sustainable society because of their public functions such as absorbing carbon dioxide, recharging water sources, and protecting biodiversity, Toyota has positioned the forests that it owns as valuable environmental infrastructure that must be protected and performs appropriate management and continuous ownership and preservation.

Starting with the adoption of the Forest of Toyota Plan in 1992, Toyota has implemented activities in Japan and overseas with an emphasis on collaboration with society and regions, and employees have undertaken independent regional environmental preservation through volunteer activities.

## Project Examples

Japan

### Helping to Realize a Sustainable Society through Forestry Activities—'Forest of Toyota': A Model Forest to Vitalize *Satoyama*

Forest of Toyota, located in the suburb of Toyota City in Aichi Prefecture, used to be *satoyama*, which means forests in the interface between cities and nature that have been utilized by people.

It had been neglected because fewer people relied on *satoyama* for their lives such as firewood. In 1992, Toyota drew up the Forest of Toyota plan and conducted forestry activities that introduced sunlight and wind into the forest in order to restore a natural environment with rich biodiversity. A model forest was established in 1997 and made open to the public. The accumulated data from monitoring the effects of forestry work over 10 years starting in 1998 has been made publicly accessible online. Know-how gained through the monitoring has been utilized to review methods of *satoyama* forestry and for environmental education programs.

At the Forest of Toyota, not only can visitors stroll around, but also hands-on nature programs for local elementary children and forest play events are implemented. Every year, more than 7,000 school children join Forest of Toyota nature programs, and the number of visitors by the end of FY2013 topped 125,000.



Hands-on nature program

Japan

### Valuing Nature's Wisdom, Expanding Environmental Programs Rooted in the Community 'Toyota Shirakawa-Go Eco-Institute'

The institute opened in the World Heritage site Shirakawa-Go in 2005 with the goal of providing opportunities for many more people to gain a deeper understanding of the environment. Visitors learn the importance of nature through hands-on environmental education programs including walking tours of the forest guided by "interpreters" in the morning, at night and sometimes in the snow.

In 2011, it received the Minister's Prize in the Ministry of Environment's 2nd Contest for Corporate Activities on Biodiversity, and in 2013, the cumulative number of visitors topped 130,000.



Toyota Shirakawa-Go Eco-Institute

Society

Environment

Social Contribution

Governance

04-10

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12-01 Basic Philosophy

12-14 Education

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12-04 Environment

12-18 Society and Culture

12-27 Other

12-09 Traffic Safety

12-22 Supporting Employees' Volunteer Activities

13-15

## Human Development Program 'Toyomori' to Restore the Relationship between Cities and Mountainous Villages

Toyota City, the Support Center for Sustainable Regional Design (an NPO) and Toyota Motor Corporation have been running a joint project called "Toyomori," which focuses on human resource development. It aims to foster people who can create new business and lives utilizing local natural resources by touching on farming and mountain villages and lives of the people in Toyota City, where 70 percent of the area is forest.

The Toyomori Nariwai Juku, a core element of the Toyomori project, opened in May 2009 to teach people about forestry resources, food, and agriculture in farming and mountain villages as well as the arts and culture through fieldwork and coursework conducted over one to two years. As of March 2014, approximately 70 persons had completed the program.

Among the course takers are individuals who started businesses with strong local ties, people who moved from cities to farming and mountain villages and started activities to disseminate information on nature and their lives, people who live in a city but conduct agricultural tasks with local residents, and people who remain involved with traditional festivals. In May 2014, 23 fourth-term students selected through open applications entered the program and began one year of activities based in the Asahi district of Toyota City, an area that is experiencing depopulation and an aging population.

Recognized as a socially responsible business approach contributing to local revitalization in association with a variety of entities by the Ministry of Economy, Trade and Industry, the program was introduced in the ministry's Social Business Case Book in March 2011.

In November 2013, the program won the Selection Committee Chairman's Prize of the Alright! Nippon Awards for city and rural village mutual benefit and exchange projects sponsored by the Ministry of Agriculture, Forestry, and Fisheries and other organizations. The program was also selected in April 2014 as a finalist of the Second Nikkei Social Initiative Award, a prize presented to outstanding social businesses that use business methods to address various social issues, and was highly evaluated.



Fourth-term Toyomori Nariwai Juku entrance ceremony



Field work to learn about the area of the fourth-term Toyomori Nariwai Juku

## Forestry Volunteer Activities to Develop Rich and Beautiful Forests

Volunteers gathered in Asuke Town, Toyota City, Aichi Prefecture with a commitment to conserving local forests, and started forest maintenance activities such as cutting underbrush and pruning in 2000. Their activities have expanded, and in 2008, the internal volunteer circle "Forest Keepers" was formulated and made an agreement with Toyota City to work on forestry activities in city-owned forests. Thinning operations that keep forests in a healthy condition also immerse the participants in nature and contribute to their health and well-being. Another initiative, a woodcraft workshop utilizing timber from forest thinning, has been conducted for local residents.



Forest maintenance volunteers



## Establishing a Model Forest with the Aim of Revitalizing Japan's Forestry Industry 'Toyota Mie Miyagawa Forest Project'

Toyota acquired 1,702 ha of mountainous forest in Odai Town, Taki District, Mie Prefecture in 2007 and began efforts to restore the forest, which was largely a man-made forest consisting of cedar and cypress. Large number of cedar and cypress trees were planted in Japan's forests during the post-war period, but the domestic forestry industry declined as a result of slumping demand for Japanese timber, and today, many forests have been abandoned without maintenance and are overcrowded. The Toyota Mie Miyagawa Forest too was overcrowded, so work began with an emphasis on maintenance of areas where thinning was lagging. The aim is not just to create a forest suitable for timber production, but also to guide it towards a forest that can perform public functions such as recharging water sources and preventing landslide disasters. To make forest management sustainable, Toyota has also started research information on forest resources, introducing management systems using geographic information systems, and conducting tests to curtail the costs of forest maintenance.

Toyota Mie Miyagawa Forest obtained Forest Stewardship Council®\* certification in 2010.

\* Forest Stewardship Council®:

A nonprofit international membership organization that operates the Forest Certification System, established by environmental groups, forestry companies, groups of native peoples, etc.



Uncontrolled forest (a dark forest)



The forest after thinning (a bright forest)

## Volunteer Activities to Preserve Loggerhead Turtle Spawning Beach

Omotehama beach on the Atsumi Peninsula in Aichi Prefecture is known as a haven for spawning loggerhead turtles, but has suffered growing erosion due to factors such as a decrease in the amount of earth and sand deposited by the Tenryu River. Its ecosystem is now in jeopardy. Since 2011, once a year in spring, employees from Tahara Plant near the beach and the Head Office turn out with their families and work in cooperation with a local NPO, "Omotehama Network", to build hedges out of bamboo to serve as windbreaks and reduce erosion. They also clean the beach to prepare for the loggerhead turtles' arrival for spawning, which starts in May.



Volunteers with completed sand arresting hedges in the background

## 'Toyota Environmental Activities Grant Program,' Research, Other Activities Related to Global Warming Countermeasures and Biodiversity Conservation

Toyota received a Global 500 Award from the United Nations Environment Programme (UNEP) in 1999, after the organization evaluated the effect of the world's first mass-produced, mass-marketed hybrid vehicle, the Toyota Prius, and the implementation of our Environmental Management System. To commemorate this, since FY2000, Toyota has been soliciting proposals for, selecting, and providing subsidies to the activities of non-profit organizations and other groups that undertake projects that contribute to the development of the next generation of human resources who will be responsible for environmental preservation in the future and to practical solutions to environmental issues. From FY2000 through FY2013, the program has supported 257 projects in 51 countries worldwide.



Project to develop educational materials for elementary school students and nurture educators in Thailand (Japan Environmental Education Forum)

## Promoting the Environmental Protection through the 'Toyota TogetherGreen' Program

In 2008, Toyota Motor North America and the National Audubon Society launched the "Toyota TogetherGreen" program.

Toyota TogetherGreen funds projects each year that employ creative approaches and engage diverse communities in efforts to help achieve measurable results in land, water, and/or energy conservation. The program offers special training to as many as 240 environmental leaders. Grant recipients launch projects at sites across the country.

Toyota TogetherGreen, which encourages people of all ages to take part in environmental activities, has produced tangible results throughout North America.



Grant program participants

China/Philippines

## Toyota Supports Rainforest Restoration in the Philippines, Backed by Expertise Developed in 'Desertification Prevention Activities in China'

Toyota has been implementing an initiative to stop desertification in Fengning Man Autonomous County, Hebei Province for 10 years since 2001 in collaboration with partners such as the Chinese Academy of Sciences.

It has taken measures to combat desertification while improving the lives of local residents and protecting the environment. The third phase of the program ended in 2011 with trees planted on 3,000 hectares. Toyota established a training center and developed a system for sustainable tree-planting activities, and then transferred both the center and system to the local community.

Starting in 2007, Toyota collaborates with Conservation International, an environmental NGO, and other organizations to restore the tropical forest in the town of Peña Blanca, Cagayan Province, located in the north of the Filipino island of Luzon. As a countermeasure to destruction of the forest, a firewood forest was created for harvesting wood to be used for cooking and special-purpose stoves that use rice husks for cooking rather than firewood were introduced. Also, mango trees were planted to generate cash income for the residents by harvesting trees, and a system was established to continue tree planting after the end of the project. By the end of the project in July 2013, some 2,500 ha of trees were planted.



Tree planting ceremony for the second phase of the Philippine tree planting project (September 2010)

China

## 'Toyota China Youth Environmental Protection Aid Program' Backs Projects Inspired by Young People

Toyota Motor (China) Investment Co., Ltd. worked with the Central Committee of the Communist Youth League of China and the All-China Youth Federation to solicit proposals for and support environmental preservation activities by youth from around China under the Toyota China Youth Environmental Protection Aid Program.

The program's theme is "Everyone's world, everyone's responsibility." Proposals regarding concerning environmental education, ecosystem restoration, pollution prevention and resource conservation were solicited and a screening committee made up of environmental preservation experts selected 10 proposals based on benefits, efficiency, originality, and other criteria. The winners receive financial support for their proposals, and representatives were invited to study in Japan.

In 2013, the Power of Seeds Environmental Preservation Program, which allows for easy participation, was launched to foster interest in environmental preservation among the general public. Ideas that lead to environmental preservation are collected on a website and through a micro-blog and calls are made for new techniques to make environmental preservation a more immediate presence.



Appealing to pedestrians to comply with traffic signals in order to reduce emissions by mitigating traffic congestion

## 'Toyota Costa dos Corais (Coral Coast) Project' Contributes to Conservation of Coast Ecosystem

Covering 11 municipalities in the northeastern Brazilian states of Alagoas and Pernambuco is Costa dos Corais, the largest marine protected area in the country and second largest in the world. Established in 1997 by the Brazilian government, with more than 413,000 hectares of protected area. However, preservation activities in the area have been insufficient and the ecosystem of the area is on the ropes.

The investment of Toyota do Brasil Foundation (TBF)—formed in April 2009 by Toyota do Brasil—in the project since 2011 makes possible the effective protection of the coral reefs and mangroves, and all flora and fauna existing in this unique ecosystem, including the manatee, the most endangered aquatic mammal in Brazil. To date, more than five manatees have been reintroduced to natural habitat.

In addition, the Toyota Costa dos Corais project also promotes scholarships for students in the region, encourages scientific research and knowledge cultivation by local universities and invests in the empowerment of local communities towards the development of economic activities compatible with environmental conservation. The project encourages environmental preservation activities by local residents, and by working with local volunteers, more than three tons of garbage have been collected from the seashore so far.

In 2014, the Toyota do Brasil Foundation is marking the fifth anniversary of its establishment by conducting a stakeholder trip and providing information concerning the project to its many stakeholders.



Marine Manatee reintroduced to natural habitat

### Focus

## Aqua Social Fes!! Protects the Global Environmental and Local Nature

As a part of its launch branding for the Aqua hybrid car, Toyota conducted regional environmental preservation and conservation activities open to the public with water, taken from the vehicle name, as the theme in more than 50 sites all over Japan.

Toyota collaborated with local dealers, university students, and others to plan and carry out a wide range of action programs tailored to each region including beach and river cleanup, juvenile fish release, growing organic rice in *satoyama*, and planting broad-leaved trees to protect mountain forests. In the two years since the program was launched, more than 25,000 persons have participated.



For further information, see [Collaboration with Business Partners](#) on pp. 08-09 and the program website.



<http://aquafes.jp/> (Japanese only)

WEB

# Traffic Safety

## Basic Philosophy regarding Traffic Safety Measures

In the area of traffic safety, Toyota is addressing traffic safety through integration of people, cars, and the traffic environment with the aim of completely eliminating traffic casualties. As a part of these efforts, Toyota has been conducting educational activities since the 1960s targeting at people such as drivers and pedestrians to raise awareness of traffic safety and has continuously implementing various programs for a wide range of targets. Recently, overseas affiliates also have conducted such programs.

## Project Examples

Japan

### Toyota 'Traffic Safety Campaigns' Conducted Every Spring and Autumn in Concert with Japan's National Traffic Safety Campaigns

Every spring and autumn, Toyota, Toyota dealers, and other affiliated companies conduct Toyota Traffic Safety Campaigns in cooperation with national traffic safety campaigns.

During the campaign, traffic safety picture books and story cards are donated to children entering kindergartens and nursery schools nationwide.

These educational materials show children the dangers of running into the streets and help them to learn how to cross streets correctly. The picture books also includes statistics on accidents involving young children for parents, and show parents the advantages of using child restraint systems. These activities started in 1969 and have continued every year for more than 40 years. More than 134 million picture books and 1.47 million story cards have been published to date.

In addition, Toyota produces leaflets on the traffic safety theme for the year. The leaflets are distributed to all Toyota dealers to help make people more aware of the need for traffic safety. In recent years, about half of all traffic fatalities involved people over 65 years old (according to the National Police Agency). Therefore, Toyota calls attention to this statistic with a leaflet entitled "Traffic Safety for the Elderly."



Picture book donation ceremony at a kindergarten



Traffic safety educational materials (picture books and story cards)

Japan

### 'Toyota Driver Communication' at 'mobilitas' Aims to Raise Awareness of Traffic Safety

Toyota has its own safe-driving program, which is conducted for drivers at companies and other organizations.

The program, which includes actual driving, helps drivers to learn correct driving postures, how a vehicle moves, and how to use safety equipment. The drivers are also instructed about being more aware of their surroundings from a safety viewpoint.

The program was launched in 1987 with the goal of reducing the number of traffic accidents involving younger drivers. Since then, both target age groups and venues have extended, and programs are held year-round at Toyota Safety Education Center "mobilitas" (located at Fuji Speedway), the MEGA WEB, Toyota Driving School Tokyo, Toyota Driving School Gunma, and Chubu Nippon Driver School.

At "mobilitas," the expansive facilities and various road surfaces are used to their fullest to allow drivers to experience the effectiveness of and proper techniques for using safety equipment, and they safely experience how a car acts when it goes beyond the skid point.



Toyota Safety Education Center "mobilitas"



The "mobilitas" program allows drivers to experience "dangerous" driving in a safe environment.

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## Hands-On Traffic Safety Events, Held Wherever People Gather, Allowing them to Understand Effective Traffic Safety through Various Experiences

Aiming to provide cordial traffic-safety programs that take root in communities, Toyota ties up with local government organizations nationwide as well as private companies to present hands-on traffic safety events.

The program uses a part of the “mobilitas” programs (experience proper driving positions and the effectiveness of seatbelts) with an instructor, gives drivers lessons in the dangers of driving inebriated “simulated drunken walking experience”, shows how reflective materials help see things at night “experience the effectiveness of reflective materials”, and allows people to easily experience these important aspects of traffic safety. The effectiveness is very high because the program uses actual automobiles, seats, and other real items.



Traffic safety event at the Tressa Yokohama shopping mall

## ‘Toyota Safety School’ Teaches Local Children about Traffic Safety

Every year, Toyota Safety School, which takes place at the Toyota Kaikan Museum and Toyota Safety Education Center “mobilitas,” invites children from kindergartens and nursery schools located near Toyota City and Oyama-cho, Shizuoka Prefecture.

At the Toyota Kaikan Museum, the children participate in a “What’s that Sound?” game that helps them identify automobile horns and other city sounds. They also get to practice crossing streets with traffic lights and striped crosswalks. At “mobilitas,” actual traffic situations are recreated so the children feel that using the crosswalk is the real thing.

In 2014, Toyota Safety School celebrated the 40th anniversary of its opening at the Toyota Kaikan Museum in 1975 by holding a 40th Anniversary Commemorative Ceremony. More than 250,000 people participated in the Museum and “mobilitas.”



A traffic safety instruction featuring Anzen (safety) Man (Toyota Kaikan Museum)



How to cross the street (“mobilitas”)

## The Safe Child Site ‘Kodomo-bilita’ Helps Children Learn Bicycle Safety while Solving Anime Riddles

The Kodomo-bilita (a mixture of *kodomo*, “children” in Japanese, and “mobilitas”) website was launched in April 2008. In the virtual Mobilitown, the hero, Bilita, helps children learn about traffic safety related to various themes including bicycles. In 2011, a new series of riddle-solving anime called Safety Detective Bilita began, making the website even more fun and educational for children.



The popular website Kodomo-bilita lets kids learn about traffic safety while having fun.

## 'Kurapika Box' and 'Pikkari Reflective Screen'—Traffic Safety Educational Tools to Demonstrate the Effects of Reflective Material and Encourage Widespread Use

Every year, many elderly people are killed in traffic accidents that happen when they are walking at night. To address this issue, Toyota created the 'Kurapika Box' and 'Pikkari Reflective Screen.' The Kurapika Box is a box about 1.5 m long that recreates dark conditions. Simply by looking through generally available goggles with lights, it is easy to see the effects of reflective materials. Since the spring 2010, the Kurapika Box has been used at directly managed driving schools when lectures are given to the elderly. The box is also used in combination with a program that allows people to make their own reflective keyrings at various events. These programs help people realize the advantages of reflective materials and start using them. Toyota takes a positive stance in donating the box to the Cabinet Office, Aichi Prefecture, Shizuoka Prefecture, Tokyo, JAF, and many others to promote its extensive use.

The Pikkari Reflective Screen is a screen that makes it possible to confirm that various reflective materials are shining. Large numbers of people have experienced the screen at various events held since the autumn 2013.



Looking into darkness of Kurapika Box and experiencing reflectors



Pikkari Reflective Screen

## Developing the 'White Road Campaign' Nationwide

Toyota Motor Thailand (TMT) has promoted a traffic safety campaign called "White Road" (connotes "safe road" in Thailand) since 1988. As part of that, it opened two White Road Theme Parks inside and outside of Bangkok. These popular parks have courses where children aged 4 to 12 can have fun learning about traffic safety. In 2005, TMT started a traffic safety campaign featuring mascots called "Milky Way and the Gang" for elementary school students, and distributes animated films to schools nationwide. In all, 2.27 million children have benefited from these programs.

Starting in 2011, TMT, acting in cooperation with Toyota dealers, has conducted traffic safety campaigns targeting young people at 77 locations nationwide with the aim of raising traffic safety awareness.

Furthermore, from 2013, TMT started a new program in which they train dealer trainers (100% of dealers in Thailand) about safe driving, in cooperation with Thailand's Department of Land Transport and Toyota dealers. Training is five days long (in theory and in practice). Our trainers include TMT TPA (Transportation Administrator) instructors and Department of Land Transport instructors. TMT's goal is to transfer safe driving knowledge to its dealer's trainers, who will then transfer this knowledge to their employees, customers and eventually to their communities by conducting their own safe driving. Since TMT's nationwide dealer network is their strength, they encourage their dealers to be the driver and promoter of safe driving to their communities to enhance the sustainability of TMT's initiative. Much of the knowledge used in this course is from TMC's "mobilitas."

TMT's activities are conducted with cooperation from the Thai Ministry of Education, Traffic Police, Ministry of Transport, Bangkok Metropolitan Administration, and other bodies, and the Thai government has praised these ongoing measures.



At White Road traffic park



## 'TeenDrive365' Promotes Traffic Safety Education for Teens

Automobile accidents are the leading cause of death for teenagers in the U.S.\*, with the first year a teenager gets their driver's license in particular the most dangerous. Based on these facts, Toyota in North America is conducting TeenDrive365, a driving safety initiative where teens learn about safe driving with the help of their families.

TeenDrive365 provides articles, videos, and other content to spark dialogue between teens and parents about safe driving and hosts various events at dealerships and high schools. At these events, participants can learn about the dangers that can occur during driving, how driving techniques relate to fuel efficiency, and the knowledge and skills necessary to avoid accidents. TeenDrive365 provides a variety of initiatives to help families learn about teen safe driving.

\* According to National Safety Council data



A scene from activities

## Increasing Children's 'Traffic Awareness Activities'

In Turkey, the number of traffic accidents has increased, with more and more children being killed and injured.

Toyota Motor Manufacturing Turkey (TMMT) recognizes the importance of early education in traffic safety, and has distributed traffic-safety kits to elementary schools every year since 2005.

This was originally developed for the annual "Traffic Safety Week" in May.

Currently, TMMT also contributes National Traffic Week events in Sakarya with drawing contest on the theme of traffic safety through the active participation of TMMT traffic volunteers. In addition, since 2010, TMMT has started a Traffic Safety School which aims to explain basic traffic rules to Grade 2 students with traffic safety movies and practical training.



Children learn about traffic safety together.

## Safety Home & Away Campaign Conducted through Sports Clubs

Louwman & Parqui, a Toyota dealer in the Netherlands, is conducting a campaign targeting children between 6 and 12 years old who practice a team sport, their parents, and others involved with sports clubs, with the aim of raising awareness of safety while traveling to and from sports clubs.

The campaign encourages safe practices such as good bicycle lighting, safe parking, wearing seatbelts, and not taking too many children in the car. Information is also provided on a website and methods of checking sports parks for unsafe conditions are explained.

In addition, information about unsafe road and traffic conditions is provided to the Dutch Traffic Safety Association.

To encourage children to participate in the campaign, a design contest for team cars that can be driven safely to away games was conducted, and the design that received the most votes was created and donated as a team car. To date, more than 20,000 children have participated in the campaign, and the website was viewed by more than 350,000 users. The campaign was shared widely in social media, reaching large numbers of people.



<http://www.veilguitenthuis.nl>



Logo of the Safety Home & Away program



A donated team car

## Supporting Road Safety Education for Young People through “Toyota and You”

Statistics in Argentina on road safety show that young drivers with less than two years of experience are involved in a disproportionately high percentage of car accidents. Toyota Argentina’s response to this alarming trend is the development of a free three-hour program called “Toyota and You.” It is targeted at teen drivers and their parents, with the aim of making them acknowledge the critical relationship between distractions and time reaction. The program has been in operation since 2008.

The participants learn safe driving habits and the importance of basic techniques, and how much a simple act such as drinking a beverage or talking on a cell phone while driving can diminish their responsiveness in braking and steering. In other sequences, they can practice driving on dry and wet surfaces and undergo a slalom course, all under the supervision of professional drivers.

Parents also learn about the fundamentals of road safety, and they experience the importance of wearing a seatbelt aboard a collision simulator. Children and parents reunite at the end of the session to discuss what they learned. Every family group receives a “contract” checklist of safety pledges at the end of the program.

Toyota Argentina has also implemented a new activity “Toyota and You Kids” a safety educative program for children between five and nine years. During the activity a Theater Group taught about pedestrian and driver awareness. To date, the program has reached more than 5,000 children.



Children participating in the Toyota and You Kids program

## Making It Fun to Learn about Traffic Safety: ‘Toyota Safety Education Program’

Toyota Kirloskar Motor (TKM) began developing the Toyota Safety Education program (TSEP) in India’s major cities in 2007. The move was a response to traffic management issues stemming from the increase in traffic accidents in urban areas and the growing population of children between 10 and 14 years old. Children learn basic road safety measures and etiquette while enjoying an interactive session with animated films and various games on road safety. To date, over 660,000 school children have already participated in this program.

TKM developed a related training program for teachers to bring TSEP to more children in 2008, and is now expanding the program to regions outside major cities and tier two cities. It also holds the special Traffic Safety Week event in cities conducted in collaboration with the Traffic Police department contributing to increase awareness of traffic safety.



Traffic Police personnel instruct children on traffic safety



Children participating in a traffic safety program

# Education

## Basic Philosophy regarding Education, Human Resource Development Programs

In the area of education, human resource development, Toyota provides support for the human resources that will become the leaders of tomorrow in accordance with our principle that “Monozukuri is about Developing People.”

By respecting the culture and practices of each country and region and engaging in business activities with close community ties, we are working to create an enriching society while promoting measures that support labor and education, instill sensitivity, and convey the importance of manufacturing to achieve the sustainable development of such a society.

## Project Examples

Japan

### ‘Toyota Children Meet Artists Program’

#### —Workshop-Style Classes that Enhance Sensitivity and Cultivate Dreams

Toyota hopes children, who will be the leaders of tomorrow, can discover their own individuality and accept the individuality of others so that they can contribute to building a prosperous society. Conducted in cooperation with the NPO Artist’s Studio in a School (ASIAS), this educational program has been carried out throughout Japan since 2004. Dancers and contemporary artists visit schools and work with teachers to create workshop-style classes that emphasize the learning process through hands-on activities involving music and movement. In addition, these workshops are a means for educators and other adults to pick up hints for new educational activities.

So far, more than 60 workshops have been held in 14 areas around the nation, and more than 6,000 children have attended.



The mirroring dance, at an elementary school workshop



Giant Paper Sumo Wrestlers

Japan

### ‘Scientific Jack-in-the-Box! The Why/What Lecture’ Spurs Interest in Science and Technology and Fosters Dreams

Toyota has been addressing the problem of youth moving away from the sciences by holding a scientific workshop program for children annually since 1996. Interested Toyota Engineering Society\* members serve as instructors of free lectures held at science and other museums and Toyota related facilities nationwide.

The lecture curricula are all original Toyota programs, including “vehicle aerodynamics” and “electric power recovery vehicles.” The programs aim to elicit children’s creative thinking as well as develop interest in “making things.” So far, more than 350 of these lectures have been held, and some 28,000 children have participated.

\* Toyota Engineering Society:

A voluntary organization created to enhance the technical skills and talents of members, promote friendship and contribute to the development of technological fields in various business areas. There are approximately 30,000 members.



Making air flows visible using a simple wind tunnel

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## Automobile Technical Training Course for Brazilian Residents in Japan

This course was created in 1999 as a part of Toyota's social contribution programs in response to a 1998 request from Fernando Guimarães Reis, then the Brazilian Ambassador to Japan for cooperation with the education of the children of Brazilian citizens living in Japan. A full-time, one-year automobile maintenance skills course (with maximum capacity of 20 students) conducted in Portuguese was created at the Toyota Technical College Nagoya to support employment after the students return to Brazil. The course is taught by Brazilian instructors and is tailored to local automotive conditions in Brazil. Over 15 years, approximately 290 students have completed the course. Many of the students have returned to Brazil, where they use the knowledge and skills they acquired to contribute to the development of the automobile industry in their home country.



Automotive maintenance skills course for Brazilians living in Japan



At the opening ceremony

## 'Toyota Technological Institute' Cultivates International Industrial Leaders

As a part of Toyota's social contribution activities, Toyota Technological Institute (TTI) was established in 1981 with the founding philosophy of "Always be studious and creative, striving to stay ahead of the times" as stated in the precepts of the founder Sakichi Toyoda. TTI has been training highly creative engineers proficient in practical development skills through small-group instruction (one teacher to about 10 students) and a curriculum rich in experiments and hands-on training, maintaining a 100% student employment rate.

In 2003, the university tied up with University of Chicago to open the Toyota Technological Institute at Chicago (TTI-C), which acquired U.S. accreditation in 2009, enabling it to grant degrees. TTI will focus on cultivating engineers who play key leadership roles in international society.



Toyota Technological Institute



Toyota Technological Institute at Chicago



## Toyota Family Learning Program Marks 20th Anniversary Contributing to the Development of U.S. Society

Toyota Motor North America promotes the Toyota Family Learning Program all over the United States in partnership with the National Center for Families Learning (NCFL). The program began with an approach that focused on improving the education of preschool children. It continued to evolve and identify emerging needs in immigrant families. Parents and children alike gain both education and economic opportunities through efforts to boost literacy rates. Today families are learning and working together for progress in education, environmental leadership, community involvement and civic engagement.

Today, 1 million families in 256 locations across 52 cities and 30 states have benefited from the \$36 million investment. The year 2011 marked the 20th anniversary of the program's founding. Toyota continues to support this program to offer a helping hand to people in need.



Participants in the Toyota Family Learning Program

## 'Toyota Study Assistance Fund' Supports Chinese Students

Toyota and the China Soong Ching Ling Foundation jointly established the Toyota Study Assistance Fund in 2006 to support high-achieving Chinese students who face financial hurdles to entering universities or pursuing graduate degrees. Each year, 10 students for each selected universities in inland regions of China are given for four-year scholarships.

Other enrichment programs such as leadership training are also provided, students are invited to Japan to tour Toyota dealers and plants, and support for student job-search activities is also offered.

The program, which began with 20 universities, was extended for an additional three years in 2014. The scope was expanded to 26 universities and an online community was created for students, graduates, the Foundation, and Toyota to create networking opportunities.

Inland regions of China are expected to undergo further economic development. The support for students who will become the leaders of tomorrow is expected to reach some 2,600 persons over the 11-year period from 2006 to 2017.



Kick-off ceremony for extension of the program



Students on a trip to Japan

## Increasing Basic Academic Skills through 'Toyota Teach'

In 1992, Toyota South Africa and the South Africa Toyota Fund developed the Toyota Teach Primary School Project (TTPSP) jointly with an NGO and educational institute.

TTPSP is an educational program targeting elementary schools where the basic fundamental skills and knowledge are instilled in the young learners. Training teachers to follow graded reading programs has improved the reading ability and improved the understanding of the written word. TTPSP have well trained facilitators who have the expertise to assist school staff in the following areas, e.g. curriculum implementation and development, library and school governance management. Facilitators of the TTPSP also expose teachers and learners to part take in Math Olympiads, Science Expos and language festivals. The main thrust of the program is to promote Language literacy, Mathematics, Natural Science, Technology education and Early childhood Development. By mentoring the schools, the teachers are able to incorporate different teaching methodologies to improve cognitive thinking and encouraging learners to be independent. Since its inception the project has benefitted 300 schools, 1,100 teachers and some 205,000 learners.



Learners examining onion skins



The South Africa Toyota Foundation members doing a school visit

### Focus

## Toyota Gentaiken Program Sends Employees to Schools Nationwide to Teach Courses

The Toyota Gentaiken Program is a local social contribution activity conducted around Japan in cooperation with dealers to foster future car fans. Toyota personnel are sent to elementary schools where they conduct lessons with cars as the subject matter. The courses are for fourth and fifth grade students and are conducted as a part of comprehensive education, science, or social studies classes. Actual cars are used to teach students about automobile mechanisms as well as the relationship with the environment and economy through games and other fun hands-on activities.

Toyota conducted the courses in a total of 442 schools nationwide, reaching 21,049 students in FY2013. To date, the total number of students who have participated in the program exceeds 80,000.



For further information, see [Collaboration with Sales Networks](#) on pp. 08-09 and the program website.



<http://www.toyota.co.jp/gentaiken/>



## Basic Philosophy regarding Social and Cultural Programs

Toyota set the environment, traffic safety, and human resource development as global priority areas for its social contribution activities, and in Japan society and culture has been added for maximum utilization of Toyota's expertise and resources for the implementation of programs. Support is provided primarily in two areas with the aim of creating an enriching society. With regard to the arts and culture, Toyota supports music, theater, and other programs with an emphasis on promoting local culture, supporting youth, and expanding perspectives. In the social sphere, Toyota supports mécénat programs, social welfare, and autonomous lifestyles through communication and the pursuit of mutual benefit with local communities in order to create a society where various people respect and support each other.

## Project Examples

Japan

## 'Toyota Community Concerts' Contribute to Promotion of Regional Culture through Music

Toyota and its domestic sales companies, along with the Federation of Japan Amateur Orchestras Corp., support concerts by amateur orchestras in various communities all over Japan. The concerts, which include challenging performances by community orchestras as they play with professional conductors or soloists as well as concerts performed in social welfare facilities and hospitals in communities that have few opportunities to hear live music, are enjoyed by all including classical music aficionados and first time concert-goers. Since the program was launched in 1981, a total of 1,459 concerts have been held throughout Japan with some 1.18 million people attending. The Toyota Music Library, which provides free loans of orchestra sheet music, opened in 1986 and has been used by a wide range of groups from school orchestras to community orchestras.



Visiting concerts  
A performance at a local children's hall in  
Toyohashi City, Aichi Prefecture

Japan

## Toyota Youth Orchestra Camp Supports Future Leaders of Local Culture

The Toyota Youth Orchestra Camp is a four-day music camp conducted each year since 1985 in collaboration with the Federation of Japan Amateur Orchestras to foster youth through music. Leading professional musicians are invited to serve as instructors, and participating youth who gather from around Japan are taught performance skills under the motto "operations through our own efforts." A feature of the camp is that the participants bring the experiences they gain back to their home communities and make use of them in their local orchestra activities. The camp is organized in two-year units, and at the end of the second year, the participants give performances to show the results. The 30th camp was held in March 2014 with Junichi Hirokami serving as conductor. A special performance was given at the Suntory Hall on March 30, the final day of the camp.

To date more than 5,000 youth have participated in the camp, and they are using their experiences as leaders of local culture as they take various paths through life.



A rehearsal by the entire orchestra

## 'Toyota Master Players, Wien' Providing Quality Time to Enjoy World-class Music

These concerts feature some 30 members of the world famous Vienna Philharmonic Orchestra and Vienna State Opera with the aim to provide fans to enjoy first-rate music at affordable prices, and to help nurture a rich spirit through music.

The concerts began in 2000, and have played about 82 concerts so far. More than 140,000 people have attended them.

To further the appeal of the concerts, especially to younger people, several new programs were started in 2007. They include Welcome Seat (free invitations), open rehearsals, Fureai Concerts (concerts held at elementary schools) and more.



Toyota Master Players, Wien  
©Ayumi Kakamu

## 'Toyota Lobby Concerts'—Good Music for Our Neighbors

In 1995, Toyota began to hold two concerts a year in the lobby of the Tokyo Head Office building so neighbors and people at nearby welfare centers could hear high-class music. The concerts are held on the ground floor of the building. With the assistance ration of artists who share the concerts' objectives, the events are presented mainly by employee volunteers working closely with the community.

The concerts run the gamut from classical to popular music, and people who attend are asked to bring used postage stamps and pet bottle caps, which the Toyota Volunteer Center collects to help fund education for children in Laos and Thailand and provide medical supplies to other emerging countries.



Toyota Lobby Concert

## 'Toyota Choreography Award' Discovers the Next Generation of Choreographers

The Toyota Choreography Award, established in 2001 in conjunction with the Setagaya Public Theater, seeks to discover and cultivate the next generation of choreographers. The winner of the "Next-generation Choreography Award" is given the opportunity to present their work at the Setagaya Public Theatre in Tokyo and a residency program in Kanazawa (space for rehearsals and lodging while creating a new work is provided). This program was honored by the Association for Corporate Support of the Arts, Japan in 2003.

In addition, Toyota has offered the gymnasium at the Head Office in Tokyo as a rehearsal room at no charge since 1999.



Kaori Seki, 2012 winner of the Next-generation  
Choreography Award  
©Jun Ishikawa

## 'Net TAM,' an Art Management Site

This comprehensive Arts Management information site was established in 2004 as an archive of the Toyota Art Management Seminars and as a source for a variety of information related to arts management, in collaboration with the Association for Corporate Support of the Arts, Japan. Net TAM aims to promote and heighten awareness of arts management for the encouragement and development community-based arts activities all over Japan. To achieve this mission, Net TAM provides a wide range of information such as a job list, column, web lectures, BBS, reference, useful links and directory of arts management programs. The site is used by many people, with approximately 550,000 page views each month.

In 2013, the Arts Management concept was expanded to society, and activities that support persons involved in the arts have been commended, with this program honored by the Association for Corporate Support of the Arts, Japan in 2013.



<http://www.nettam.jp/en/>

WEB



Net TAM's logo

## Venezuela

### From the 'Pinta Tu Escuela' Program to Building a New School

As part of its social responsibility initiative, Toyota de Venezuela (TDV) launched the "Pinta Tu Escuela" (Paint Your School) program in 2005. The original idea was to help improve schools by painting the buildings. However, after learning about the actual needs of the schools, TDV realized the necessity to go beyond painting. For the first school, Unidad Educativa Republica de Argentina, TDV restored part of the school building. In addition, TDV built a new school in the Laguna Chica community and provided materials and classrooms for 70 pre-school through sixth grade children in Laguna Chica who did not have a proper school building—in fact, they attended classes in a local saloon building.

When the local community recognized TDV's commitment to building an elementary school, a synergy and trust between the company and the townspeople began to evolve. School Director Luisa Ferrer expressed her gratitude by saying "We thought it was only a dream. Now we know that our dreams do come true."



Children celebrate the opening of their new school.

## Philippines

### Providing Regular Medical Service in Impoverished Areas

In cooperation with medical hospitals, dental associations, pharmaceutical companies and local governments, the Toyota Motor Philippines Foundation in 1992 began a project to provide medical care to local constituents of its host communities, who would otherwise have no access to healthcare. The foundation finances the project and two pharmaceutical companies provide medicines at no cost. In addition, around 250 volunteers comprising Toyota employees, doctors and nurses from medical hospitals, dentists from dental associations, and pharmaceutical staff actively take part in the project. Two diagnostic vans provided by the foundation, likewise, provide vital services such as X-ray and various laboratory examinations.

Patients are treated for a range of illnesses, from colds to disorders requiring minor surgery. Those with serious illnesses are referred to specialized hospitals.

To date, the program has already accommodated over 99,000 constituents.



Provision of regular medical service

### 'Toyota Production System Support Center' Improves Activities Based on Sharing TPS

The Toyota Production System Support Center (TSSC) was founded in Lexington (now located in Erlanger), Kentucky, in 1992 with "contributing to society by sharing Toyota Production System (TPS) and helping to improve North American industries, especially manufacturing," as one of its missions. Not limited to Toyota suppliers, TSSC shares TPS knowhow with North American companies and organizations that are truly interested in learning and implementing TPS. Since its foundation, TSSC has helped implement TPS at more than 230 companies and organizations. More than 3,600 people have participated in the workshop.

In April 2011, Toyota Production System Support Center, Inc. became a nonprofit corporation, and it is actively making efforts to support more public service and nonprofit organizations. In healthcare, TSSC helped reduce wait time at emergency rooms and helped reduce inventory in a stock room. As an example of supporting a nonprofit organization, TSSC helped reduce wait time at New York City Food Bank/Community Kitchen. With the philosophy of TPS, TSSC aims to support more companies and organizations through development of people.



Before improvement



After improvement

### 'Toyota Concert Tour Vietnam' Spreads the Joy of Classical Music

The Toyota Vietnam Foundation sponsors the Toyota Concert Tour Vietnam in association with the Vietnam National Symphony Orchestra every July and August, offering Vietnamese music lovers the chance to experience live classical music. There are performances at opera houses or theaters in major cities including Hanoi and Ho Chi Minh City and others, popularizing classical music all over the nation and supporting the orchestra in its effort to reach world-class standards. The concerts include solo performances by renowned musicians and even give lucky members among audiences the chance to conduct the orchestra for part of the performance. Meanwhile, all proceeds from ticket are used for "Toyota scholarship for Young Vietnamese Music Students."



Toyota Concert Tour Vietnam (July 2011)

### Natural Disaster Relief in Japan and Overseas

When disaster strikes in Japan or around the world, Toyota responds swiftly to support the afflicted people and areas, providing vehicles to support disaster relief efforts and making donations to relief organizations such as the Japan Red Cross, Central Community Chest of Japan and Japan Platform.

# Supporting Employees' Volunteer Activities

## Basic Philosophy regarding Support for Volunteerism

In accordance with its fundamental principle of contributing to economic and social development through corporate activities with close community ties, Toyota supports volunteer activities by employees undertaken on their own initiative and seeks to establish communities where people respect and support one another. We plan and implement volunteer programs that will lead to solutions to various challenges that local communities are facing with emphasis on the environment, natural disasters, and social welfare.

## Project Examples

Japan

### 'Toyota Volunteer Center' Provides Opportunities for Employees to Address Community Issues

The Toyota Volunteer Center, established within the company in 1993, works with all plants and offices to support volunteer activities targeting employees (including their family members and retirees). Currently, the center plans and conducts activities that address various issues surrounding communities in three key fields: environment, disaster relief and welfare.

The center encourages many employees who say "I am interested in volunteering, but have no chance to get involved," to participate in its original programs and other activities held by local organizations. It also issues a newsletter that provides a broad overview of employee volunteer activities.



The symbol mark of  
Toyota Volunteer center

Japan

### 'Great East Japan Earthquake Recovery Support Volunteer' by Toyota Group Companies

Employees from sixteen Toyota Group companies have engaged in continuous recovery support volunteer activities in the Kesen district (Ofunato City, Rikuzentakata City, and Sumita Town) of Iwate Prefecture since June 2011, three months after the Great East Japan Earthquake, with the aim of returning people of the afflicted area to their normal lives at the earliest possible time.

In 2011 and 2012, activities were coordinated by local disaster volunteer centers, and volunteers assisted in removing debris and setting up temporary housing. In 2013, the volunteers performed maintenance, grass mowing, and other day-to-day activities in temporary housing areas and cooperated with local governments, tourism associations, and non-profit organizations to support local festivals, workshops for children, and other events, engaging in closer contact with local residents and promoting interpersonal exchanges.

Over the course of three years, programs were conducted a total of 32 times with the participation of 544 employee volunteers. As a result of their repeated visits to the Kesen district, the participants have established strong ties with local residents. Through these activities, the Toyota Group and individual Group companies have conducted independent support programs and made donations, fostering a spirit of generosity.



Removing rubble and wreckage



### 'Table For Two' Program to Support School Lunches in Africa

In a move to support hunger relief efforts in Africa and promote healthy eating among employees at the same time, Toyota began assisting the "Table For Two" program run by the authorized NPO "Table For Two International" in June 2011. A total of 20 yen—10 yen from the employee and 10 yen from the company—is donated to provide one school lunch to a child in Africa when an employee orders a reduced-calorie lunch in one of 43 company cafeterias on every Wednesday.

This activity provides a casual opportunity for employees to take part in social contribution activity and helps boost their volunteer-related awareness.



TABLE FOR TWO

### Further Promoting Volunteer Activities with 'Team Toyota'

Toyota's manufacturing operations in the U.S. have promoted volunteer activities among employees, their families and friends since the first facilities were established more than 3 decades ago. Through company-sponsored volunteer activities, employees are connected with organizations that need assistance, creating a precious asset for communities.

In recent years, and as new plants have been added, many of the manufacturing affiliates have begun recognizing team members' volunteer efforts. One recognition program provides a budget from which each team member can designate Toyota funding to charitable organizations of choice, based on the number of volunteer hours performed by the team member during the year. Last fiscal year, more than 465 team members at corporate offices of Toyota Motor Engineering and Manufacturing North America (TEMA), alone, volunteered 13,000 hours through their Team Toyota Volunteer Program. TEMA team members designated more than \$41,000 of Toyota funding to local charitable organizations that assist those in need.

Another recognition program, implemented at many U.S. manufacturing affiliates, acknowledges "top volunteers" annually. Team members who have had a special impact on the local community are selected as "volunteers of the year". Toyota honors these volunteers through donations directly to the organizations for which these team members volunteer. Each year, TEMA awards \$18,000 to local agencies in Kentucky and Michigan in honor of the volunteers at TEMA and TTC.

Executives and management support team members, events and the local communities by participating in volunteer events.



A scene of 2014 volunteer activities

### 'Living Trail' Supporting Environmental Projects

Every year, Toyota Slovakia executives, employees and Slovak automotive journalists conduct volunteer activities such as cleaning, restoring and marking routes on a 14km-long trail in Slovakia's High Tatras National Park, as part of the Toyota-sponsored "Living Trail" project. The "Green Ways Project," which Toyota Slovakia launched in cooperation with the Ekopolis Foundation in 2005, restored 600km of hiking and cycling trails across the Living Trail over three years. The project's focus then shifted to restoring High Tatras National Park and maintaining the infrastructure for tourists. Those projects were supported by the Toyota Fund for Europe. In 2010, Toyota Slovakia received recognition for its initiatives in corporate social responsibility and received the Via Bona Award established by the Pontis Foundation.



Volunteer participants



## The Toyota Community Foundation

The Toyota Community Foundation (TCF) was founded in 2011 to consolidate Toyota Australia's community giving. TCF launched the "Toyota Employee Community Grants" program in 2013. It provides employees the opportunity to direct philanthropic giving and support to their local communities where they volunteer across Australia.

15 employees were awarded \$1,000 each to donate to their community group which the employees themselves or their family members belong to, such as their local sports or charity organizations. In the case of the Serbian Sports Center, the grant was used to purchase playing uniforms and basketballs. The uniforms are used for all competitions and a special competition was organized where teams came from across Australia to compete in Melbourne in 2013.

The Employee Community Grants encourage employees to continue to volunteer with their community groups by providing a small monetary donation to help with group activities.



Uniforms and basketball purchased with donations

## Volunteer Activities at a Homeless Support Center

Employees of Toyota Motor Korea and Lexus dealers participate in volunteer activities at Anna House, a facility in suburban Seoul that assists the homeless population. Anna House provides free meals for 400-450 homeless people every day, and Toyota Motor Korea and Lexus dealer employees help cook and serve meals on a rotating basis once or twice a month. Dealers in other regions are also participating in similar volunteer activities at local facilities. Non-governmental organizations that assist the homeless praise the enthusiasm of the volunteers from Toyota and Lexus.

Koreans have a strong sense of responsibility for sharing wealth with the less fortunate members of society. Toyota Motor Korea continuously contributes to Korean society not only through monetary donations, but also by helping people through hard physical work to promote environmental causes, safety and education.



Smiling employees pitch in on volunteer activities.

# Cultural and Exhibit Facilities

## Basic Philosophy regarding Cultural and Exhibit Facilities

A Toyota car was successfully completed following repeated efforts and improvements in the 1930s through the passionate desire of Kiichiro Toyoda and others to build car in Japan, and Toyota Motor Co., Ltd. was established in 1937. From its foundation to the present, the ideas of Sakichi Toyoda, which were organized by Kiichiro Toyoda as the Five Main Principles of Toyoda, have been at the core of Toyota's management. The precepts include the ideas of contributing to society through manufacturing and leading the times through research and creativity and have been maintained to the current day.

To create an enriching future for people and cars, Toyota puts considerable effort into preserving the founding spirit and concepts in the form of automotive and manufacturing culture.

## Project Examples

Japan

### Toyota Automobile Museum

The Toyota Automobile Museum was built in April 1989 in commemoration of Toyota Motor Corporation's 50th anniversary and has a permanent display of about 140 classic cars collected from all over the world. Its main feature is the original vehicles preserved in working condition. The museum not only holds original exhibits several times a year, but also hosts a classic car festival, workshops, Backyard Tour, and other various events.

41-100 Yokomichi, Nagakute City, Aichi Prefecture



<http://www.toyota.co.jp/Museum/english/>



Japan

### Toyota Commemorative Museum of Industry and Technology

The Toyota Commemorative Museum of Industry and Technology was established in June 1994 in a building that dates back to the origins of the Toyota Group. Located on the site of the former Toyoda Spinning & Weaving Co., Ltd. main plant, the museum is a cultural center created for the purpose of broadly conveying the importance of the spirit of being studious and creative as well as *monozukuri*. The museum introduces textile machinery and the history of automotive technology as well as the history of the Toyota Group, with demonstrations using real machines and video presentations.

1-35, Noritake Shinmachi 4-chome, Nishi-ku, Nagoya City, Aichi Prefecture



<http://www.tcm.it.org/english/>



Japan

### Toyota Kuragaike Commemorative Hall

The Toyota Kuragaike Commemorative Hall was built in September 1974 in commemoration of the manufacturing of Toyota's 10 millionth vehicle. It introduces the great dreams and passionate days of Toyota founder Kiichiro Toyoda and his colleagues with the history of the company's founding through videos, photos, vehicles and other items.

A vacation home used by Kiichiro Toyoda during his lifetime was relocated and restored on the hall grounds, reminding visitors of earlier times.

250 Ikeda-cho Minami, Toyota City, Aichi Prefecture



[http://www.toyota.co.jp/en/about\\_toyota/facility/kuragaike/](http://www.toyota.co.jp/en/about_toyota/facility/kuragaike/)



Society

Environment

Social Contribution

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## Sakichi Toyoda Memorial House

Sakichi Toyoda, who was born in this area in 1867, not only explored the creation of the automatic loom, but Sakichi's visions led to the expansion of Japanese industry including the automotive business. Displays include a restoration of the home where he was born, the loom he invented and other precious items.

113-2 Yamaguchi, Kosai City, Shizuoka Prefecture



[http://www.toyota-global.com/company/profile/facilities/sakichi\\_toyoda\\_memorial\\_house.html](http://www.toyota-global.com/company/profile/facilities/sakichi_toyoda_memorial_house.html)



## Toyota Kaikan Museum

Established in November 1977. The Toyota Kaikan Museum was established in parallel with the Head Office. Its displays cover state-of-the-art environmental and safety technologies, high-quality automobile manufacturing with the Toyota Production System and new Toyota and Lexus models. The Toyota Partner Robots entertain visitors with a trumpet performance. Professional guides are also available for tours of the facility (reservations required).

1 Toyota-cho, Toyota City, Aichi Prefecture



[http://www.toyota.co.jp/en/about\\_toyota/facility/toyota\\_kaikan/](http://www.toyota.co.jp/en/about_toyota/facility/toyota_kaikan/)



## MEGA WEB

A car-themed park where visitors can see, ride, and feel cars in the waterfront subcenter district of Tokyo.

MEGA WEB includes the Toyota City Showcase, a display area with information on Toyota's global environmental and safety programs, motorsports, and other activities and Toyota vehicles from Japan and overseas, the History Garage, a display of historical vehicles from Japan, America, and Europe, the Ride Studio, an indoor driving course where even children without driver's licenses can experience the joy of driving while learning traffic rules, and Ride One, a course that allows participants to test drive various vehicles including cars that are sold in Japan. Other attractions include a kart course and hands-on events for receiving and distributing information on car culture.

1-3-12 Aomi, Koto-ku, Tokyo



<http://www.megaweb.gr.jp/about/english.html>



### Focus

#### First Collaborative Exhibits Planned to Celebrate the 120th Anniversary of Founder Kiichiro Toyoda's Birth

In commemoration of the 120th anniversary of Toyota founder Kiichiro Toyoda's birth, Toyota held related exhibits at the Toyota Commemorative Museum of Industry and Technology, Toyota Kuragaike Commemorative Hall, Toyota Automobile Museum, MEGA WEB, and Toyota Kaikan Museum. This was the first time that the five facilities have held collaborative exhibits. The exhibits presented Kiichiro Toyoda's research and his spirit of creativity tailored to the concept of each facility.



Logo for the 120th anniversary of Kiichiro Toyoda's birth

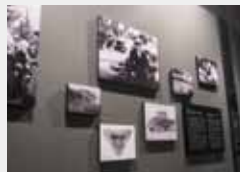


Exhibit at the Toyota Commemorative Museum of Industry and Technology



Exhibit at the Toyota Automobile Museum



Exhibit at the MEGA WEB

## Other

Japan and Overseas

## The Toyota Foundation

The Toyota Foundation was established in 1974 to support research and programs that address issues in various fields according to the specific needs of the times from a global perspective. In the midst of various changes, the Foundation currently conducts support programs centered on the activities of local organizations working to invigorate local communities in Japan and international cooperation concerning measures relating to aging populations, cultural diversification, and renewable energy, issues that are common to Japan and Southeast Asian countries, as well as research on the creation of new value that can serve as social infrastructure in the future.

In 2014, the Toyota Foundation celebrated the 40th anniversary of its establishment, and going forward will make new attempts to support advance measures for the many issues that will arise in modern society as it undergoes rapid change. As of the end of FY2013, the Foundation's endowment was approximately 41.3 billion yen and has provided some 7,700 grants totaling about 17.2 billion yen.



WEB

<http://www.toyotafound.or.jp/english/index.html>


A workshop conducted with Foundation support



Reports from grant recipients

Japan and Overseas

## Toyota Mobility Foundation

The Toyota Mobility Foundation, a general incorporated foundation, was established in August 2014 to provide support to non-profit organizations, research institutions, and other organizations that engage in business or other activities with high social value in the development of a better mobile society. The Foundation provides grants totaling 3.0 billion to 4.5 billion yen annually to programs designed to eliminate disparities in mobility, contribute to the sound development of automobile industries in developing countries, and to develop next-generation mobility in developed countries.

Society

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# Corporate Governance

## Basic Philosophy regarding Corporate Governance

Toyota has positioned the stable long-term growth of corporate value as a top-priority management issue. Toyota believes that in carrying this out, it is essential to achieve long-term and stable growth by building positive relationships with all stakeholders, including shareholders and customers as well as business partners, global society/local communities and employees, and by supplying products that will satisfy customers.

Toyota has a range of in-house committees and councils responsible for monitoring and discussing management and corporate activities. This is in order to make prompt decisions for developing global strategy, speed up operation, and ensure heightened transparency and the fulfillment of social obligations.

## Organization and Structure

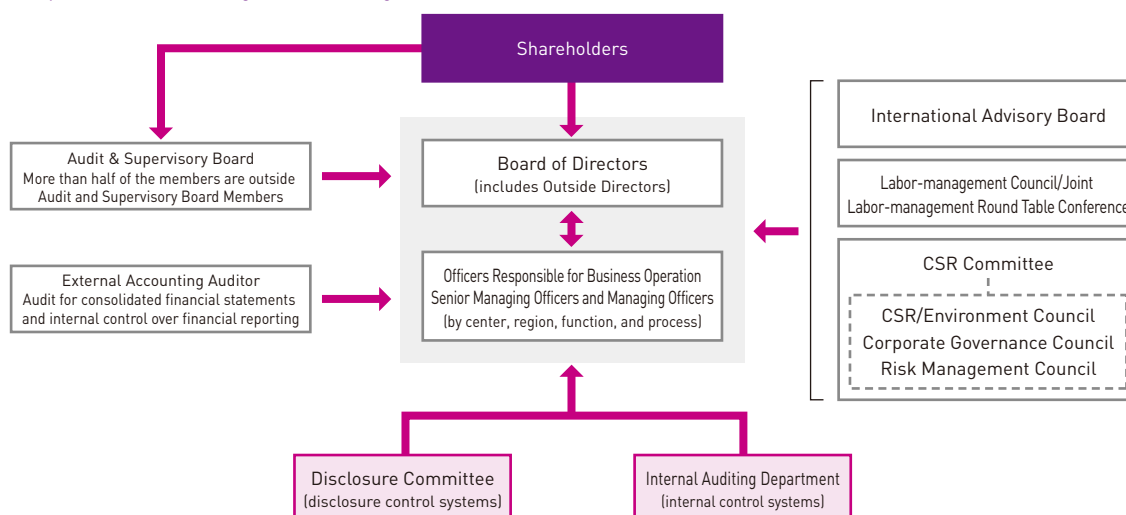
In March 2011, Toyota announced the "Toyota Global Vision" and commenced "Visionary Management." Toyota reduced the decision-making layers and reduced the size of the Board of Directors, in order to swiftly communicate the views of customers and information from operations on-ground to management and facilitate rapid management decision making.

In April 2013, Toyota made organizational changes with the aim of further increasing the speed of decision-making by clarifying responsibilities for operations and earnings. The automotive business was divided into four units and an Executive Vice President was put in charge of the operations of each unit in order to realize organizational change that supports operations and earnings responsibility.

Additionally, in June 2013, three Outside Directors were appointed in order to further reflect the opinions of those from outside the company in management's decision-making process. The Outside Directors have advised Toyota in the management decision-making process based on their broad experiences and insight in their respective fields of expertise.

Toyota has adopted an auditor system to monitor management. Three of Toyota's six corporate auditors are external auditors employed to increase transparency of corporate activities. Since 1996, Toyota has convened periodic meetings of its International Advisory Board (IAB). The IAB consists of approximately 10 distinguished advisors from overseas with backgrounds in a wide range of fields, including politics and economics. Since 2011, Toyota has also convened Regional Advisory Committees as needed in major regions—such as North America, Europe and Asia—and receives advice on diverse business issues from a global perspective.

Corporate Governance Organizational Diagram



## Measures Related to Internal Controls

### Basic Philosophy

Toyota Motor Corporation (TMC), together with its subsidiaries, has created and maintained a sound corporate climate based on the "Guiding Principles at Toyota" and the "Toyota Code of Conduct." TMC integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.

Accordingly, TMC has developed its basic policy regarding the following items as stipulated in the Companies Act:

### Basic Approach to Internal Control System Development

#### (1) System to ensure that the Directors execute their responsibilities in compliance with relevant laws and regulations and the Articles of Incorporation

- 1) TMC will ensure that Directors act in compliance with relevant laws and regulations and the Articles of Incorporation, based on the Code of Ethics and other explanatory documents that include necessary legal information, presented on occasions such as trainings for new Directors.
- 2) TMC will make decisions regarding business operations after comprehensive discussions at the Board of Directors' meeting and other meetings of various cross-sectional decision-making bodies. Matters to be decided are properly submitted and discussed at the meetings of those decision-making bodies in accordance with the relevant rules.
- 3) TMC will appropriately discuss significant matters and measures relating to issues such as corporate ethics, compliance, and risk management at the CSR Committee and other meetings. TMC will also discuss and decide, at the meetings of various cross-sectional decision-making bodies, policies and systems to monitor and respond to risks relating to organizational function.

#### (2) System to retain and manage information relating to performance of duties by Directors

Information relating to exercising duties by Directors shall be appropriately retained and managed by each division in charge pursuant to the relevant internal rules and laws and regulations.

#### (3) Rules and systems related to the management of risk of loss

- 1) TMC will properly manage the capital fund through its budgeting system and other forms of control, conduct business operations, and manage the budget, based on the authorities and responsibilities in accordance with the *Ringi* system (effective consensus-building and approval system) and other systems. Significant matters will be properly submitted and discussed at the Board of Directors' meeting and other meetings of various bodies in accordance with the standards stipulated in the relevant rules.
- 2) TMC will ensure accurate financial reporting by issuing documentation on the financial flow and the control system, etc., and by properly and promptly disclosing information through the Disclosure Committee.
- 3) TMC will manage various risks relating to safety, quality, the environment, etc. and compliance by establishing coordinated systems with all regions, establishing rules or preparing and delivering manuals and by other means, as necessary through each relevant division.
- 4) As a precaution against events such as natural disasters, TMC will prepare manuals, conduct emergency drills, arrange risk diversification and insurance, etc. as needed.

#### (4) System to ensure that Directors exercise their duties efficiently

- 1) TMC will manage consistent policies by specifying the policies at each level of the organization based on the medium- to long-term management policies and the Company's policies for each fiscal term.
- 2) The Directors will promptly determine the management policies based on precise on-the-spot information and, in accordance with Toyota's advantageous "field-oriented" approach, appoint and delegate a high level of authority to officers who take responsibility for business operations in each center, region, function, and process. The responsible officers will proactively compose relevant business plans under their leadership and execute them in a swift and timely manner in order to carry out Toyota's management policies. The Directors will supervise the execution of duties by the responsible officers.
- 3) TMC, from time to time, will make opportunities to listen to the opinions of various stakeholders, including external experts in each region, and reflect those opinions in TMC's management and corporate activities.

#### (5) System to ensure that employees conduct business in compliance with relevant laws and regulations and the Articles of Incorporation

- 1) TMC will clarify the responsibilities of each organization unit and maintain a basis to ensure continuous improvements in the system.
- 2) TMC will continuously review the legal compliance and risk management framework to ensure effectiveness. For this purpose, each organization unit shall confirm the effectiveness by conducting self-checks among others, and report the result to the CSR Committee and other committees.
- 3) TMC will promptly obtain information regarding legal compliance and corporate ethics and respond to problems and questions related to compliance through its corporate ethics inquiry office and other channels.

#### (6) System to ensure the appropriateness of business operations of the corporation and the business group consisting of the parent company and subsidiaries

- 1) TMC will expand the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" to its subsidiaries as Toyota's common charter of conduct, and develop and maintain a sound environment of internal controls for Toyota. TMC will also promote the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" through personnel exchanges.
- 2) TMC will manage its subsidiaries in a comprehensive manner appropriate to their positioning by clarifying the roles of the division responsible for the subsidiaries' financing and management and the roles of the division responsible for the subsidiaries' business activities. Those divisions will confirm the appropriateness and legality of the operations of the subsidiaries by exchanging information with those subsidiaries, periodically and as needed.

#### (7) System concerning employees who assist the Audit & Supervisory Board Members when required

TMC has established the Audit & Supervisory Board Office and has assigned a number of full-time staff to support this function.

#### (8) Independence of the employees described in the preceding item (7) from Directors

Any changes in personnel in the Audit & Supervisory Board Office will require prior consent of the Audit & Supervisory Board or a full-time Audit & Supervisory Board Member selected by the Audit & Supervisory Board.

#### (9) System for Directors and employees to report to Audit & Supervisory Board Members, and other related systems

- 1) Directors, from time to time, will properly report to the Audit & Supervisory Board Members any major business operations through the divisions in charge. If any fact that may cause significant damage to the Company is discovered, they will report the matter to the Audit & Supervisory Board Members immediately.
- 2) Directors, Senior Managing Officers, Managing Officers, and employees will report to Audit & Supervisory Board Members on the business upon requests by the Audit & Supervisory Board Members periodically and as needed.

#### (10) Other systems to ensure that the Audit & Supervisory Board Members conducted audits effectively

TMC will ensure that the Audit & Supervisory Board Members attend major Executives' Meetings, inspect important Company documents, and make opportunities to exchange information between the Audit & Supervisory Board Members and Accounting Auditor periodically and as needed, as well as appoint external experts.



# Compliance

## Basic Philosophy regarding Compliance

The Guiding Principles at Toyota states that Toyota will "honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world." It is through this process that Toyota seeks to fulfill the responsibilities expected of it, which leads to compliance. In accordance with its Basic Approach to Internal Controls, Toyota is promoting initiatives centered on the construction of frameworks such as those for adopting and implementing the Code of Conduct and human resource development through education and other means. Toyota has also established consultation hotlines to ensure that no issue is overlooked and detailed responses can be made.

## Toyota Code of Conduct

The Toyota Code of Conduct (adopted in 1998 and revised in March 2006) organizes fundamental concepts and sets forth concrete guidelines for all Toyota personnel so that we can put the Guiding Principles at Toyota into practice and carry out our social responsibilities.

In August 2006, a pocket version entitled "Toyota Code of Conduct I Make," was distributed to all employees. The pocket version serves as a tool to help employees maintain proper awareness as employees of Toyota, to consider independently the conduct in which they should engage, and to put that conduct into practice.

For further information on the Toyota Code of Conduct, please visit the following webpage

 [http://www.toyota-global.com/company/vision\\_philosophy/toyota\\_code\\_of\\_conduct.html](http://www.toyota-global.com/company/vision_philosophy/toyota_code_of_conduct.html)

## Organization and Structure

The CSR Committee changed its systems and functions to enable closer planning reviews and supervision by its subordinate organizations starting in April 2014. Under the CSR Committee, which is headed by the chairman, are the CSR/Environment Council, Corporate Governance Council, and Risk Management Council. Also, the former Corporate Ethics Subcommittee became the Corporate Governance Council, and in addition to compliance matters, the council supervises and deliberates on corporate governance.

### Organizational Diagram



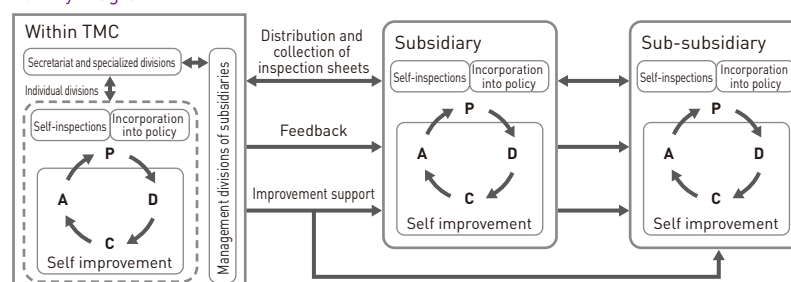
## Checking Activities to Enhance Compliance

In FY2008, Toyota started checking activities to enhance its compliance structure. In FY2009, Toyota also started the checking of subsidiaries in addition to internal checking. These activities are being implemented annually, with improvements incorporated on an ongoing basis. The results of the activities were reported to the CSR Committee, and Toyota continues to push ahead with improvements based on the results.

By incorporating areas that need improvement into action plans for each fiscal year, we are able to undertake continuous measures without interruption.

We also make visits to subsidiaries and take other actions to determine actual conditions and provide suitable support.

### Activity Diagram



## Education and Training to Ensure Thorough Compliance

To ensure that awareness of compliance issues extends from senior managers to all other employees, Toyota conducts education and training programs for directors, newly-appointed departmental general managers and newly-recruited employees in addition to company-wide e-learning programs.

In addition to standard legal areas including labor law, antitrust law, and subcontracting law, we conduct business compliance seminars on copyrights, confidentiality controls, product liability, and other topics. Approximately 1,500 persons attended these seminars in FY2013. Toyota also conducts on-demand seminars at individual divisions on a wide range of topics based on the specific needs of each division.

### Main Past Educational Themes

- |   |   |   |
|---|---|---|
| • Contracts                                       | • Antimonopoly Law                              | • Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors/Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation |
| • Corporation Law/Regulations for Insider Trading | • Copyright                                     | • Intellectual Property   |
| • Product Liability Act                           | • Act on the Protection of Personal Information | • Confidentiality Control   |
| • Anti-bribery                                    |   |   |

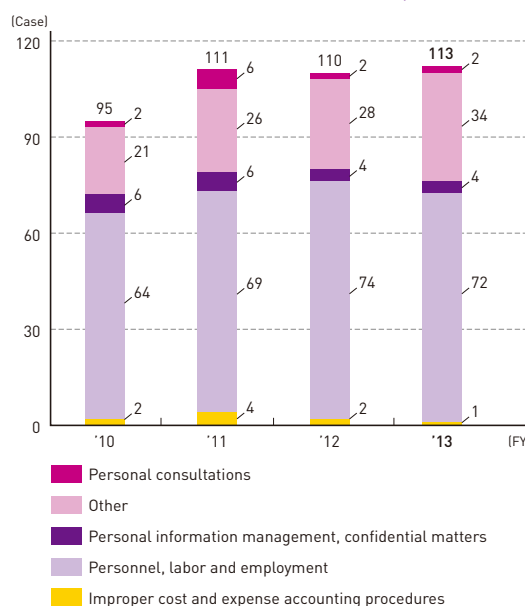
## Corruption Prevention Measures

In response to the global expansion of its business and rising societal demands, Toyota adopted the Anti-Bribery Guidelines in 2012 to completely eliminate corruption. Toyota is strengthening its preventive measures and working to prevent corruption by raising awareness and spreading the anti-corruption message through internal training and education and informing business partners of its anti-corruption stance. Furthermore, Toyota has been incorporating anti-bribery into its checking activities since 2013, and has been promoting improvement activities towards reinforcing its anti-bribery systems at Toyota as well as its subsidiaries.

## The Compliance Hotline

Toyota has established a number of hotlines for swift and appropriate resolution of issues related to compliance, gender harassment, working conditions, and mental and physical health. The Compliance Hotline allows employees to have consultations concerning these compliance-related issues and has been set up at an outside law firm (subcontractor). Upon request, the content of consultations is conveyed anonymously to a secretariat within Toyota and the details are investigated with scrupulous care to ensure that the identity of the employee having the consultation is not revealed. If the results of the investigation indicate a compliance-related issue, a response is immediately implemented.

Content and No. of Consultations with the Compliance Hotline



# Risk Management

## Basic Philosophy regarding Risk Management

In response to the series of quality-related issues in 2010, Toyota has been reinforcing its risk management systems. A Risk Management Council was established under the CSR Committee in June 2010, and the appointing of risk managers and other measures were taken globally to prevent and reduce all risks that may occur in business activities.

## Organization and Structure

### Appointment of Risk Management Personnel

Toyota appointed a Global Chief Risk Management Officer (CRO) to head global risk management and established systems under the Global CRO to monitor risks on a daily basis. This makes it possible to respond immediately in the event that a risk occurs. Regional CROs are appointed under the Global CRO to oversee individual regions, and each region has its own risk management system. In addition, Chief Officers and functional secretariats are responsible for managing risks within the company according to function, and they coordinate and support regional risk management relating to their specific functions.

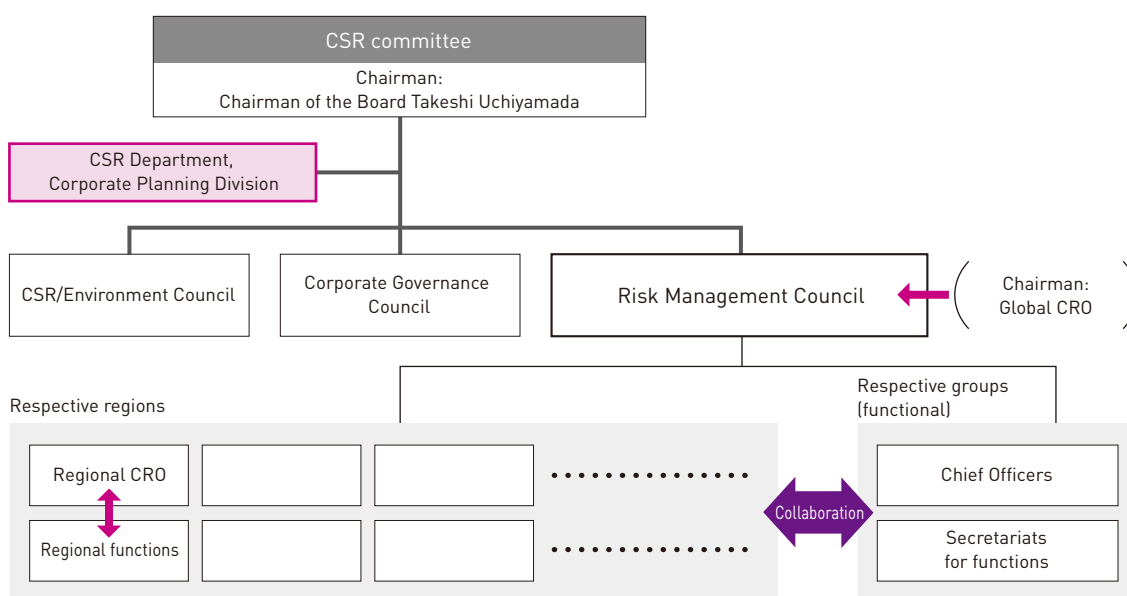
### Actions of the Risk Management Council

The Risk Management Council meets twice annually to identify all risks that may impede business activities and take action to prevent those risks. The Council is chaired by the Global CRO, and its members include regional CROs and all Senior Managing Officers and Chief Officers.

The Council works to manage and prevent risks by reporting on major risks in each region, confirming all current risks, and reporting on the status of measures addressing immediate and serious risks.

In March 2014, in addition to regional issues, BCM and other issues being tackled in recent years were discussed.

### Organization of the Risk Management Council



## Basic Philosophy and Background regarding Business Continuity Management

Even though Toyota was not directly affected by the past large-scale disasters such as the Great East Japan Earthquake and the Thailand floods, it was temporarily unable to fulfill its mission of continuing to deliver always better cars and services to its customers. Furthermore, Toyota Group's main functions are concentrated in areas that are likely to be hit by a Nankai Trough earthquake and the risk that Toyota would suffer damage in that event is rising. Damage to Toyota and various Group companies could severely impact production and other activities. Given this scenario, it is essential to assume that Toyota itself would suffer and to make preparations to enable early recovery with limited resources. For all these reasons, Toyota is reassessing its business continuity plan (BCP).

As it aims to enrich the lives of communities, Toyota works on recovery after disaster in the following priority order along with the Basic Guidelines:

### Toyota's Basic Guidelines Priorities following a Disaster



## Humanitarian Aid and Early Recovery of Disaster-affected Sites

To improve the feasibility of the Basic Guidelines, which give higher priority to regional recovery following a disaster, and help build disaster-resilient communities, Toyota concluded a comprehensive disaster support agreement in October 2013 with Toyota City, where Toyota's Head Office is located, and with Miyoshi City, where neighboring plants are located, in February 2014.

Specifically, these agreements call for Toyota to provide humanitarian and regional recovery support in seven areas through collaboration with the governments. Toyota has incorporated these requirements into its BCP and is taking various steps to remain prepared, such as establishing implementation structures. Toyota plans to accordingly study and discuss optimum methods for working with other municipalities where its offices are located.

### Details of Aid

1. Post-disaster rescue and relief
2. Provision of temporary evacuation sites (taking in regional citizens affected disaster)
3. Provision of facilities for use as evacuation sites
4. Provision of food, drinking water and daily necessities to the government (citizens)
5. Cargo handling assistance at Toyota/Miyoshi City relief supply facilities
6. Provision of land necessary for regional infrastructure (plumbing, roads, etc.) recovery construction
7. Employee participation in local recovery activities



Toyota City Agreement-signing Ceremony (Oct. 30, 2013)  
Toyota City Mayor Toshihiko Ota (left) and TMC Senior  
Managing Officer Naoki Miyazaki (right)



Miyoshi City Agreement-signing Ceremony (Feb. 6, 2014)  
Miyoshi City Mayor Kenji Onoda (left) and TMC SMO  
Naoki Miyazaki (right)

## Restoration of Company Operations and Production

To ensure that Toyota will be able to continue delivering always better cars and services to customers all over the world even when affected by a disaster that limits its resources, Toyota reassessed its existing disaster-preparedness plan to achieve the following three objectives: (1) Recovery from the customer's viewpoint, (2) Preparedness during normal times to enable autonomous recovery, and (3) Involvement of the entire supply chain including "All Toyota" and all suppliers.

To enable recovery from the customer's viewpoint, Toyota has defined production resumption goals for high-priority vehicle models and strives to be prepared at all times, in order to minimize impact on customers. To maintain preparedness during normal times, Toyota aims to fortify its production facilities while making them easy to repair should they be damaged. Finally, the supply chain required for purchasing the extremely large number of parts and materials utilized in car manufacturing has become a huge network and restoring production means restoring the entire supply chain. Thus, Toyota shares its restoration goals with its entire supply chain in order to achieve the quickest possible recovery in the event of a disaster. Toyota has also surveyed the entire supply chain to build a database that will give a visual representation of the entire situation to allow assessment of the impact a disaster-damaged parts or material plant would have on the entire supply chain.

# CSR Achievement Data

CSR activity results for the past three years are listed in the table below.

Data List (fiscal year-end)

 : KPI Strategic Focus

Area	Items			Unit	FY2011	FY2012	FY2013	
Always better cars	Overall	Vehicle sales (consolidated) <sup>1</sup>		Thousand vehicles	7,352	8,871	9,116	
		Those sold in Japan			2,071	2,279	2,365	
		No. of Welcabs sold (Japan)		Vehicles	15,887	17,922	16,452	
		Market share of Welcab (Japan)		%	68.5	71.0	67.0	
		No. of Welcab models (Japan)		Models	30	29	28	
	Quality	J.D. Power (US) Initial Quality Study (IQS) ranking No. 1		Segments	4	5	2	
		Good Design Award (Japan)		—	Ractis, Prius α , FJ Cruiser	Porte/Spade (Best 100), Aqua	i-Road (Gold Prize, Best 100)	
		No. of calls to customer call centers (Japan)		Thousand calls	397	420	362	
		Call response rate at customer call centers (Japan)		%	95.0	94.4	93.9	
	Safety	No. of models with NCAP 5-star safety rating	Japan	Models	1	2	3	
			U.S.		1	5	12	
			Europe		7	7	10	
			China		8	8	9	
		U.S. IIHS Top Safety Pick models <sup>2</sup>		—	—	2		
		No. of vehicles with units capable of providing and gathering traffic information (Japan)	No. of shipped vehicles fitted with VICS (cumulative) No. of vehicles registered as G-BOOK users (cumulative)	Thousand vehicles	9,310	10,300	11,300	
	2,580				3,200	3,800		
	Environment (products)	Annual sales of hybrid vehicles (worldwide) <sup>3</sup>		Thousand vehicles	629	1,219	1,279	
		Cumulative sales of hybrid vehicles (worldwide) <sup>3</sup>			3,574	4,794	6,073	
		Cumulative CO <sub>2</sub> emissions reduction effect of hybrid vehicles (worldwide)		Million tons	26 (as of Apr. 30, 2012)	34 (as of Mar. 31, 2013)	41 (as of Dec. 31, 2013)	
Enriching lives of communities	Environment	Contribution to a low-carbon society	Passenger car average fuel consumption (Japan, US, Europe)		Index with 1997-1 base value	1.33	1.43	1.42
			Global CO <sub>2</sub> emissions (from energy sources) <sup>4</sup>		Million tons	7.23	7.59	7.84
			CO <sub>2</sub> emissions per unit produced <sup>4</sup>		Tons/vehicle	0.83	0.77	0.76
			CO <sub>2</sub> emissions from Toyota Motor Corporation (TMC) logistics operations in Japan (unconsolidated)		Million tons	0.268	0.302	0.295
		Contribution to a recycling-based society	Total waste volume at TMC (unconsolidated)		Thousand tons	36.0	33.9	35.9
			Waste volume per unit produced at TMC (unconsolidated)		kg/vehicle	14.1	12.1	12.4
			Water consumption at vehicle assembly plants <sup>4</sup>		Million m <sup>3</sup>	27.6	29.2	31.2
			Water consumption at vehicle assembly plants per unit produced <sup>4</sup>		m <sup>3</sup> /vehicle	3.4	3.2	3.1
			Recycling/recovery rate (unconsolidated)	ASR	%	93	94	96
				Airbag	%	94	94	94
		Vehicle recycling/recovery rate (unconsolidated)			%	99	99	99
			Environmental protection and contribution to a harmony with nature society	Total production in FY2012 that qualifies as U-LEVs based on 2005 Exhaust Emissions Standards (Japan)		%	4.0	2.3
	Total production in FY2012 that qualifies as SU-LEVs based on 2005 Exhaust Emissions Standards (Japan)			95.5	97.4		97.2	
	VOC emissions from TMC vehicle body painting processes (average for all lines) (unconsolidated)			g/m <sup>2</sup>	21.0	20.0	19.0	
	Environmental management	No. of violations of environmental laws and regulations (unconsolidated)		No. of violations	0	0	1	
		Dealers/distributors and suppliers	No. of parts suppliers (worldwide total)		Companies	2,519	2,686	2,949
	No. of parts suppliers (overseas total)		2,056	2,242		2,505		
	No. of non-Japanese parts suppliers		1,056	1,157		1,296		
	No. of dealers (total outside Japan)		Dealerships	8,474	8,725	8,948		
	No. of countries/regions sold to		—	176	176	176		
	Social contribution activities	Total expenses for social contribution activities <sup>4</sup>		Billion yen	14.4	13.7	22.3	
		No. of Toyota Community Concert participants (Japan)		No. of visitors	26,000	35,600	38,100	
		No. of Why/What Lecture participants (Japan)			1,226	1,119	1,084	
		No. of visitors to the Forest of Toyota (Japan)			10,447	12,101	12,807	
		Toyota Environmental Activities Grant Programs		No. of programs (cumulative)	214	233	257	
Stable base of business	Employees	No. of foreign executives at Toyota Motor Corporation (unconsolidated)		Persons	5	7	7	
		Local employees comprising management at overseas affiliates		%	54.0	60.1	64.7	
		Non-Japanese CEOs/COOs in major overseas subsidiaries		%	46	46	46	
		Female managers (unconsolidated)	Assistant manager or higher	%	2.4	2.6	2.6	
			Project manager or higher	%	0.7	0.9	1.1	
		Employment ratio of people with disabilities (including Japanese and special-purpose subsidiaries) <sup>5</sup>		%	2.045	2.08	2.12	
		Employment of people with disabilities (including Japanese and special-purpose subsidiaries) <sup>5</sup>		Persons	1,075	1,081	1,107	
		No. of employees using the childcare and nursing care leave program (unconsolidated)	Male	Persons	419	486	446	
			Female		20	19	22	
		No. of employees using the flexible working hours system (unconsolidated)	Male	Persons	399	467	424	
			Female		748	837	994	
				Male	24	20	17	
				Female	724	817	977	

Area	Items		Unit	FY2011	FY2012	FY2013
Stable base of business	Employees (unconsolidated)	Frequency rate of lost workday cases	—	0.06	0.07	0.06
		Excessive BMI rate	%	26.9	26.7	26.7
		Smoking rate	%	31.8	30.9	29.7
		Full-time employees	Persons	68,961	68,617	68,223
		Male		61,543	61,185	60,831
		Female		7,418	7,432	7,392
		Average age	Years	38.1	38.4	38.7
		Male		38.9	39.2	39.4
		Female		31.5	32.1	32.8
		Average years of service	Years	17.0	17.3	17.6
		Male		17.8	18.1	18.3
		Female		10.5	11.1	11.8
		New employees	Persons	1,103	1,141	1,193
		Male		999	1,018	1,071
		Female		104	123	122
		Administrative		93	81	89
		Male		69	60	65
		Female		24	21	24
		Engineering		460	511	530
		Male		443	476	498
		Female		17	35	32
		Shop floor		550	549	574
		Male		487	482	508
		Female		63	67	66
		Re-employed retirees		798	679	817
		Employees who feel their own growth	%	72.6	74.8	76.5
		Employees who feel pride and loyalty <sup>6</sup>		78.1	79.0	83.1
		Employees who feel their jobs are rewarding <sup>6</sup>		68.3	79.0	72.0
		Employees who are satisfied with company life <sup>6</sup>		64.4	73.9	69.2
	Financial information (Consolidated)	Net revenues	Billion yen	18,583.6	22,064.1	25,691.9
		Japan		11,167.3	12,821.0	14,297.4
		North America		4,751.8	6,284.4	8,117.0
		Europe		1,993.9	2,083.1	2,724.9
		Asia		3,334.2	4,385.4	4,877.6
		Other		1,760.1	2,094.2	2,336.6
		Operating income (Operating income ratio: %)	Billion yen	355.6 (1.9)	1,320.8 (6.0)	2,292.1 (8.9)
		Japan		-207	576.3	1,510.1
		North America		186.4	221.9	326.0
		Europe		17.7	8.6	58.2
		Asia		256.7	376.0	395.7
		Other		108.8	133.7	42.5
		Net income	Billion yen	283.5	962.1	1,823.1
		Shareholders' equity		10,550.2	12,148.0	14,469.1
		Total assets		30,650.9	35,483.3	41,437.4
		Net assets		11,066.4	12,772.8	15,219.0
		ROE	%	2.7	8.5	13.7
		Dividend per share	Yen	50	90	165
		Capital expenditures	Billion yen	706.7	852.7	1,000.7
		R&D expenses		779.8	807.4	910.5
		Vehicle production	Thousand vehicles	7,435	8,698	9,032
	Global Expansion	No. of plants and manufacturing companies	Plants and manufacturing companies	16	16	16
		Japan		11	11	11
		North America		8	8	9
		Europe		22	24	23
		Asia		9	9	9
		No. of distributors	Distributors	5	5	5
		North America		31	31	30
		Europe		16	16	16
		Asia		117	116	117
	Governance (unconsolidated)	Outside Directors	Persons	—	3 <sup>7</sup>	3
		No. of consultations made to the Compliance Hotline	Consultations	111	110	113
	CSR evaluation	FTSE4Good Index (listed)		○	○	○

1. Including Daihatsu and Hino.

2. Assessment methods for US IIHS Top Safety Pick changed in 2013.

3. No. of hybrid vehicles sold is number of vehicles sold each year, not each fiscal year.

4. Toyota and consolidated subsidiaries in Japan and overseas (consolidated base differs by item).

5. No. of people with disabilities employed and their employment ratio are as of June each year.

6. The employee satisfaction survey is conducted every second year on administrative/engineering and shop floor employees.

Results for 2012 are of surveys conducted on administrative/engineering employees and those for 2011 and 2013 are of surveys conducted on shopfloor employees.

7. Outside Directors were appointed at the Ordinary General Shareholders' Meeting held in June 2013.



# ISO 26000 Comparison

We organized specific initiatives described in the report according to ISO 26000's seven core subjects and issues.

Core Subjects and Issues in ISO 26000		Page
Organizational Governance		
1	Organizational governance	02-01 - 02-06, 13-01 - 13-02, 14-01 - 14-02, 15-01 - 15-02
Human Rights		
2	Due diligence	07-01 - 07-05, 08-01 - 08-04
3	Human rights risk situations	07-01 - 07-05
4	Avoidance of complicity	
5	Resolving grievances	14-02
6	Discrimination and vulnerable groups	09-08 - 09-11
7	Civil and political rights	
8	Economic, social and cultural rights	
9	Fundamental principles and rights at work	09-01 - 09-02
Labor Practices		
10	Employment and employment relationships	09-01 - 09-02
11	Conditions of work and social protection	09-01 - 09-02, 09-08 - 09-11
12	Social dialogue	09-12
13	Health and safety at work	09-03 - 09-05
14	Human development and training in the workplace	03-13 - 03-16, 09-06 - 09-07
The Environment		
15	Prevention of pollution	11-26 - 11-28
16	Sustainable resource use	11-17 - 11-25
17	Climate change mitigation and adaptation	11-09 - 11-16
18	Protection of the environment, biodiversity and restoration of natural habitats	11-26, 11-29 - 11-32
Fair Operating Practices		
19	Anti-corruption	14-01 - 14-02
20	Responsible political involvement	
21	Fair competition	08-01 - 08-11, 14-01 - 14-02
22	Promoting social responsibility in the value chain	
23	Respect for property rights	
Consumer Issues		
24	Fair marketing, factual and unbiased information and fair contractual practices	08-05 - 08-11
25	Protecting consumers' health and safety	04-01 - 04-06
26	Sustainable consumption	03-01 - 03-06, 11-09 - 11-25
27	Consumer service, support, and complaint and dispute resolution	05-04 - 05-06, 08-05 - 08-11, 14-02
28	Consumer data protection and privacy	
29	Access to essential services	
30	Education and awareness	12-04 - 12-24
Community Involvement and Development		
31	Community involvement	12-04 - 12-24
32	Education and culture	12-04 - 12-05, 12-09 - 12-21, 12-25 - 12-26
33	Employment creation and skills development	12-05 - 12-06, 12-15 - 12-16, 12-21
34	Technology development and access	03-07 - 03-12, 04-01 - 04-03, 06-01 - 06-04
35	Wealth and income creation	12-21, 12-23 - 12-24
36	Health	12-20, 12-23
37	Social investment	03-07 - 03-12, 04-01 - 04-03, 06-02 - 06-04

CSR POLICY: Contribution towards Sustainable Development		ISO 26000 Ref. No.
Preamble		
We, TOYOTA MOTOR CORPORATION and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.		1 2 4 22 23 24
Customers		
■ Based on our philosophy of "Customer First," we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world. (Guiding Principles 3 and 4)		25, 27 29, 30
■ We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country's privacy laws. (Guiding Principles 1)		24, 28
Employees		
■ We respect our employees and believe that the success of our business is led by each individual's creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5)		14
■ We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)		5, 6, 10
■ We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)		11, 13
■ We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principles 5)		3, 4, 9
■ Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principles 5)		5, 7 8, 12
■ Management of each company takes a leadership role in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)		19, 20
Business Partners		
■ We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7)		21
■ Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7)		37
■ We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)		21
Shareholders		
■ We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)		—
■ We provide our shareholders and investors with timely and fair disclosure of our operating results and financial condition. (Guiding Principles 1 and 6)		1
Global Society/Local Communities		
Environment	■ We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)	15, 16 17, 18
Community	■ We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)	2, 7, 8
	■ We constantly search for safer, cleaner and superior technology that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)	26, 34
	■ We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)	19, 20
Social contribution	■ Wherever we do business, we actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principles 2)	31, 32 33, 35 36, 37

# Independent Practitioner's Assurance of the "Environment" Section

To improve the accuracy and objectivity of the Sustainability Report 2014 (hereafter referred to as "the Report"), Toyota received independent practitioner's assurance on the FY2013 quantitative environmental information (excluding quoted data and columns) listed on pp. 11-01 to 11-34 from Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd., an affiliate of Deloitte Touche Tohmatsu LLC, a member firm of Deloitte Touche Tohmatsu Limited. The process leading to the submission of the Independent Practitioner's Assurance Report is described below.

- (1) Plan creation ► (2) Performance of review ► (3) Communication of findings ► (4) Final draft check ►  
(5) Submission of the Independent Practitioner's Assurance Report



## Independent Practitioner's Assurance Report (TRANSLATION)

August 8, 2014

Mr. Akio Toyoda,  
President,  
Toyota Motor Corporation

Hiroshi Inanaga  
Chief Executive Officer  
Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.  
3-3-1, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the quantitative environmental information (the "quantitative environmental information") (excluding column and publicly released data) for the year ended March 31, 2014 that included in pp. 11-01 to 11-34 in the "Sustainability Report 2014" (the "Report") of Toyota Motor Corporation (the "Company").

### The Company's Responsibility

The Company is responsible for the preparation of the quantitative environmental information in accordance with the calculation and reporting standard adopted by the Company (as described in the footnotes of graphs and tables, etc., included in the quantitative environmental information in pp. 11-01 to 11-34 in the Report).

CO<sub>2</sub> quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and the values needed.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the quantitative environmental information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's quantitative environmental information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance Report issued in the Japanese language.

# Third-party Opinion on the Sustainability Report 2014

Eiichiro Adachi

Counselor, The Japan Research Institute (JRI)

## Biography

Currently the head of JRI's ESG Research Center, he previously served in the Corporate Strategy Research Department and Technology Research Department in JRI. Adachi is responsible for providing financial institutions with corporate information for socially responsible investment (SRI). He specializes in industrial research and corporate assessment from the viewpoints of environmental management and CSR. From March 2005 until May 2009, he was one of the experts in the Japanese delegation to the ISO/Social Responsibility Standards (ISO 26000) Working Group.



I have continuously reviewed Toyota Motor Corporation's Sustainability Report since 2011 and I have clearly observed the steady progress of the initiatives being taken by Toyota Motor Corporation and its consolidated subsidiaries toward the sustainable growth of society and the planet.

The president's message at the beginning of the report indicates the basic recognition that cars have had unintended impacts on society, creating various issues such as global warming, environmental problems, energy and resource shortage, traffic accidents and congestion. This can be considered a position that matches the internationally agreed-upon definition of CSR, which states, "CSR is a corporation's responsibility for its impact on society." His message, which quite clearly shows the company's commitment to earnestly work on "contributing to society by making automobiles" and "resolving social issues related to vehicles," also corresponds to Toyota Motor Corporation's vision of "Always Better Cars" and "Enriching the Lives of Communities."

In terms of information disclosure, I can see that a descriptive style consisting of current status recognition, basic philosophy, initiatives, and results has been consistently used throughout this year's report, making it easier to understand and more convincing to readers. The number of overseas examples included in the report, which was not enough in past reports, has also steadily increased. The use of key performance indicators (KPI) also appears to have solidly taken root.

I was also impressed by the fact that Toyota resolutely continued to advance its initiatives in FY2013. In this year's report, the articles on the following were especially notable: reorganization and functional enhancement of the subcommittees of the CSR Committee; progress in FCV development and promotion of its wider use; opening of the Tajimi Service Center, which accepts enrollees from inside and outside Japan; and the Fun to Eco Drive Project for conducting full-scale eco test drives nationwide.

Furthermore, articles on assessing conflict mineral usage, handling water problems in North America, terminating vehicle and engine production in Australia, and implementing job and workplace reform activities at TME were impressive in that they signified a change from the previous reporting style of focusing on infallibility. These stories reveal Toyota's sincerity in the various initiatives it is taking and should be lauded.

In viewing the overall report, however, I noticed that it contained significantly more descriptions about "Always Better Cars" than "Enriching the Lives of Communities." I also observed that the former focused mostly on Toyota's independently directed initiatives.

When I think about it, in the course of promoting fuel-cell vehicles, the questions of who will be responsible for extracting the hydrogen to be used as the fuel and what methods will be used will be key in determining the true environmental performance of fuel-cell vehicles. For the realization of a smart mobility society, the easing of various regulations will also be essential. To achieve the ultimate goal of completely eliminating traffic casualties, understanding and cooperation from drivers will also be essential. Taking steps toward easing traffic congestion will require collaboration with local governments, etc. In other words, Toyota must deepen the recognition that there are limits to the "Always Better Cars" approach having positive effects all by itself.

Instead of equating "Enriching the Lives of Communities" with social contribution initiatives, the stage for the next initiatives to contribute to the sustainable growth of society and the planet will be taking a leadership role in creating communities and societies in which "Always Better Cars" have real benefit through broad collaboration with organizations outside the company. The new Toyota Mobility Foundation being established might become one of the carriers of such initiatives. I hope that next year's report will disclose what Toyota has done to engage other stakeholders in the context of "Always Better Cars."

In March 2014 the World Health Organization (WHO) estimated that approximately 7 million people died in 2012 due to air pollution, and proclaimed that air pollution continues to be the No. 1 environmental health risk in the world. The *Caigentan*, a collection of essays from the Ming Dynasty, has a passage that says, "Even if you start a successful business, if it does not benefit future generations, it is like a brilliantly blooming flower that withers after showing momentary beauty." There is more work to be done. I look forward to a report next year that will once again exceed readers' expectations.



**Shinya Kotera**  
Managing Officer

Thank you very much for your valuable comments concerning the Sustainability Report 2014. In preparing this year's report, we tried to provide comprehensive information in a comprehensible structure, to more clearly communicate to our stakeholders Toyota's initiatives on "contributing to society by making automobiles" and "resolving social issues related to vehicles." In terms of comprehensiveness, we paid more attention to explaining our initiatives related to the issues we must tackle head-on, including conflict minerals, as well as global information disclosure. We appreciate your noticing our efforts.

On the other hand, you pointed out that there is more description about "Always Better Cars" and a greater focus on Toyota's independently directed initiatives. In "Always Better Cars," we are continuing to work to realize Toyota's global vision, with the understanding that "Always Better Cars" must always go hand-in-hand with "Enriching the Lives of Communities." We have renewed and strengthened our aim to deepen our dialogue and collaboration with communities in the future. We will endeavor to connect this aim to as many initiatives as possible and communicate them in an easier-to-understand way.

We will also consider other opinions and comments as we work harder towards becoming a company that contributes to the sustainable growth of society and the planet.

Toyota has participated in activities of the WBCSD (World Business Council for Sustainable Development) as a member of this organization.

WBCSD engages in advocacy activities aimed at realizing sustainable development based on the three pillars of economic growth, environmental protection and social development.



World Business Council for Sustainable Development

Toyota is a supporter of Education for Sustainable Development (ESD).

ESD activities are aimed at creating a sustainable society.  
(ESD: Education for Sustainable Development)



+ Education for Sustainable Development

**Cover design:** The tree on the cover represents the Toyota Global Vision and illustrates what kind of company Toyota wants to be: the firm roots stand for Toyota's shared values, the fruit for always better cars and enriching lives of communities, and the trunk for the stable base of business. The firm roots produce fruit and allow the trunk to grow thick and strong, ensuring the next crop of fruit. This virtuous circle reflects Toyota's vision to be a company achieving sustainable growth.

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